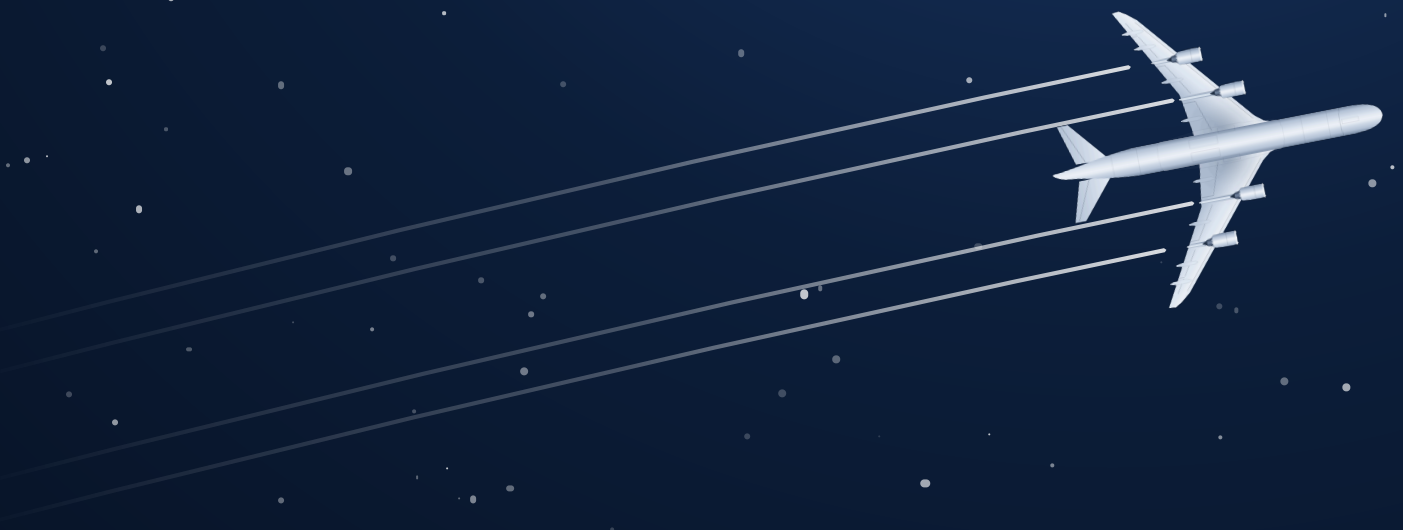
TOTAL FRESH



Practical guide

Incoterms® 2020

Who pays for what, and who carries the risk at every stage.
All 11 rules, clearly explained.

A guide by Total Fresh, freight forwarders and customs agents since 1996.

2026 edition

Before you start

The rules that set out who does what between seller and buyer. Explained rule by rule, focusing on what really matters.

The essentials

They're trade rules, not laws. They apply to both domestic and international trade.

They form part of the sale contract, but they aren't the contract itself: they help allocate obligations between seller and buyer.

They were created by the International Chamber of Commerce (ICC) in 1936 and are revised periodically. The current version is Incoterms® 2020, in force since 1 January 2020.

What they cover

Delivery
Where the goods are placed at the buyer's disposal.

Risk
How far each party is liable if the goods are lost or damaged.

Costs
Who pays for transport, insurance, loading and unloading, packaging, checks and security.

Customs
Who handles customs formalities when the transaction is international.

What they don't cover

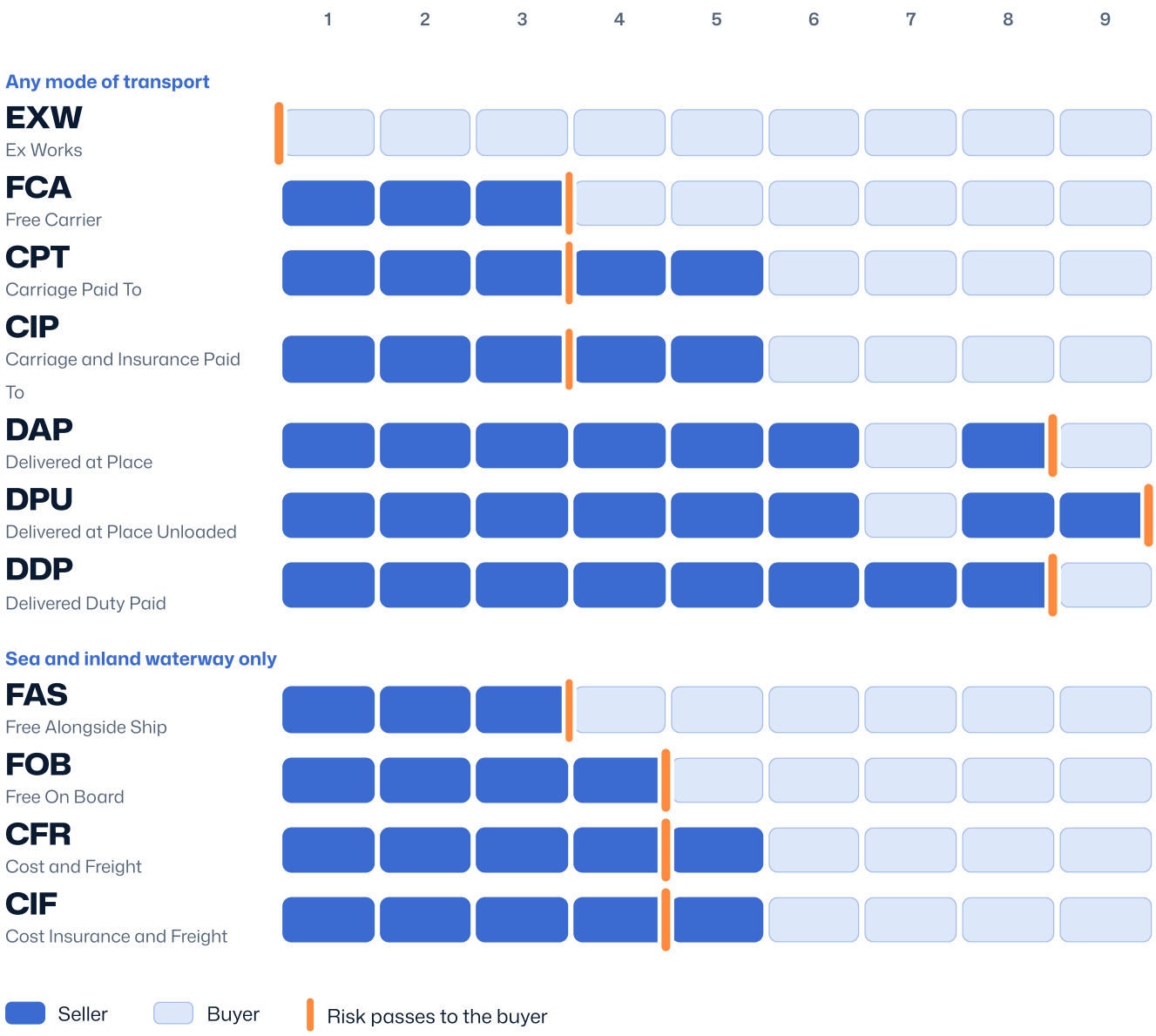
- Ownership of the goods
- Penalties for breach of contract
- Force majeure
- Intellectual property
- Applicable law and jurisdiction
- Method of payment

Place

Always be specific: '[rule] [named place] Incoterms® 2020'. For example: FCA Barcelona Airport Incoterms® 2020.

The 11 rules at a glance

Who pays for each stage, and the point where risk passes from seller to buyer.



Stages of the shipment

1. Loading at the seller's premises
2. Transport to the point of departure
3. Export clearance
4. Loading at origin (terminal or vessel)
5. Main carriage
6. Unloading at the destination terminal
7. Import clearance and duties
8. Transport to the final destination
9. Unloading at the final destination

Simplified diagram. The exact point depends on the named place in the contract and on the contract of carriage.

Rule by rule

EXW

Any mode of transport

Ex Works

The seller makes the goods available to the buyer at its own premises or another agreed place, without loading them or clearing them for export. Everything else is down to the buyer. It's the most suitable rule for domestic transactions.



Risk to buyer: Loading at the seller's premises

FCA

Any mode of transport

Free Carrier

The seller delivers the goods, cleared for export, to the carrier nominated by the buyer at the agreed place. Very useful for air freight and containers. New in 2020: if both parties agree, the buyer can ask the carrier to issue an 'on board' B/L to the seller.



Risk to buyer: Loading at origin (terminal or vessel)

CPT

Any mode of transport

Carriage Paid To

The seller pays for carriage to destination, but risk passes to the buyer as soon as the goods are handed over to the first carrier.



Risk to buyer: Loading at origin (terminal or vessel)

CIP

Any mode of transport

Carriage and Insurance Paid To

As CPT, but the seller also takes out insurance in the buyer's favour. Since 2020, with broad cover: ICC (A) clauses.



Risk to buyer: Loading at origin (terminal or vessel)

ICC insurance (A)

DAP

Any mode of transport

Delivered at Place

The seller bears the costs and risks up to the agreed place of destination, with the goods ready for unloading. The buyer unloads them and clears them for import.



Risk to buyer: Unloading at the final destination

DPU

Any mode of transport

Delivered at Place Unloaded

The only rule where the seller unloads at destination. It replaced DAT in 2020, and the place can be anywhere, not just a terminal.



Risk to buyer: Unloading at the final destination

DDP

Any mode of transport

Delivered Duty Paid

The maximum obligation for the seller: delivery at destination with import clearance done and duties paid.



Risk to buyer: Unloading at the final destination

FAS

Sea and inland waterway only

Free Alongside Ship

The seller places the goods alongside the vessel at the port of shipment, cleared for export. Common for bulk and breakbulk cargo.



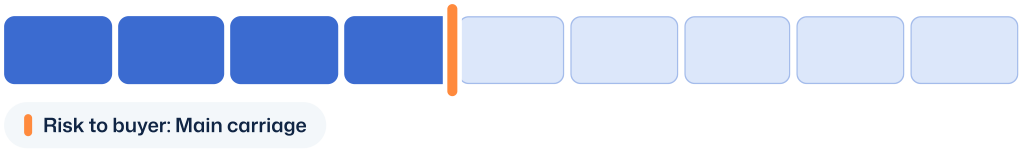
Risk to buyer: Loading at origin (terminal or vessel)

FOB

Sea and inland waterway only

Free On Board

The seller delivers the goods loaded on board the vessel nominated by the buyer. Risk passes at that moment.



CFR

Sea and inland waterway only

Cost and Freight

The seller pays the freight to the port of destination, but risk passes to the buyer once the goods are on board at origin.



CIF

Sea and inland waterway only

Cost Insurance and Freight

As CFR, but the seller also takes out minimum insurance, ICC (C) clauses, in the buyer's favour.



Not sure which Incoterm to use for your next deal? We'll help you before you close the sale.

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What's new in Incoterms® 2020

FCA

If the parties agree, and the seller needs a bill of lading with an 'on board' notation to get paid under a letter of credit, the buyer can instruct the carrier to issue one.

CIF and CIP

Different levels of insurance: CIF keeps the minimum ICC (C) cover, while CIP raises it to ICC (A).

DAT → DPU

DAT disappears and is renamed DPU. The destination can be any place, not just a terminal, and the goods must be unloaded.

FCA, DAP, DPU and DDP

The rules now recognise that the seller or buyer may use their own means of transport for delivery or collection.

Security

Every rule now explicitly sets out the security obligations in transport and who pays for them.

Format

The rules are set out article by article, with cost and risk pictograms and explanatory notes to help you choose the right rule.

Recommendations

EXW

Better suited to domestic transactions than to exports.

Place

Always be specific: '[rule] [named place] Incoterms® 2020'. For example: FCA Barcelona Airport Incoterms® 2020.

FOB and CIF

Not recommended for containers: they're sea rules for goods loaded on board a vessel. For containers, FCA, CPT or CIP are a better fit.

Variants

Don't invent or alter the rules. Use them as they were intended.

Shall we talk about your next shipment?

We'll help you choose the right Incoterm, transport mode and route before you close the sale. 24 hours a day, 365 days a year.

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