

Incoterms 2010: Breakdown of costs and risk¹

Incoterm		Mode ²	Packaging	Loading	Outbound customs clearance	Pre-positioning	Terminal handling charges	Sea freight	Insurance	Unloading	Terminal handling charges	Inbound customs clearance	Delivery
EX WORKS	EXW	All	S ³	B	B	B	B	B	B	B	B	B	B
FREE CARRIER	FCA	All	S	S	S	S/B	B	B	B	B	B	B	B
FREE ALONGSIDE SHIP	FAS	Sea	S	S	S	S	S/B	B	B	B	B	B	B
FREE ON BOARD	FOB	Sea	S	S	S	S	S	B	B	B	B	B	B
COST AND FREIGHT	CFR	Sea	S	S	S	S	S	S	B	B	S/B	B	B
			S	S	S	S	S	S	B	B	B	B	B
COST, INSURANCE AND FREIGHT	CIF	Sea	S	S	S	S	S	S	S	B	S/B	B	B
			S	S	S	S	S	S	B	B	B	B	B
CARRIAGE PAID TO	CPT	All	S	S	S	S	S	S	B	S/B	B	B	B
			S	S	S	S	S	S	B	B	B	B	B
CARRIAGE, INSURANCE PAID TO	CIP	All	S	S	S	S	S	S	S	S/B	B	B	B
			S	S	S	S	S	S	B	B	B	B	B
DELIVERED AT TERMINAL	DAT	All	S	S	S	S	S	S	S	S	S	B	B
DELIVERED AT PLACE	DAP	All	S	S	S	S	S	S	S	S	S	B	S
DELIVERED DUTY PAID	DDP	All	S	S	S	S	S	S	S	S	S	S	S

¹ Responsibility for costs and risk is the same for all Incoterms except CFR, CIF, CPT and CIP. For these Incoterms, the blue line shows the sharing of costs, while the yellow line shows the sharing of risk. For CFR, for example, the seller pays for transport as far as the main carriage step but the buyer is responsible for risk as soon as the merchandise is loaded onto the ship.

² All includes road, rail, air, and seaway transport.

³ S = seller, B = buyer.

Thus the choice of an Incoterm is the result of negotiations between the buyer and seller, reflecting how able and willing they each are to assume responsibility for transportation costs and the risk. We created the following decision-making flowcharts to represent this process, based on ICC definitions of Incoterm rules:



