

INCO Terms



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1 Introduction/Disclaimer

This document is a suggestion and may not match all/any suggestions found in WiseTech videos or provided by the WiseTech help desk. This guide is meant to enhance and condense the WiseTech Global documentation - it is not intended to be comprehensive. Refer to the individual documentation and videos on the WiseTech page for complete information from WiseTech.



The WiseTech Academy has an extensive course available on INCO terms, which goes into much greater detail than this document.

<https://wisetech.academy/course/I-ICO-A01/html/?S=I-ICO-A01&M=0&P=0>

2 What are INCO Terms?

The INCO terms rules or International Commercial Terms are a series of pre-defined commercial terms published by the International Chamber of Commerce (ICC).

A series of three-letter trade terms related to common contractual sales practices, The INCO terms rules are intended primarily to clearly communicate the tasks, costs, and risks associated with the transportation and delivery of goods.

INCO Terms are required on all shipments in CargoWise

The screenshot shows the 'Details' tab of a shipping form in CargoWise. The 'INCO Term' field is highlighted with a red box and set to 'EXW Ex Works'. Other fields include 'House Bill' (S00001699), 'Origin' (USHOU), 'Destination' (GBLON), 'Weight' (999.000 KG), 'Goods Value' (20,000.00 USD), and 'Description' (SOFTWARE). The 'Shipper' and 'Consignee' information is also visible on the left side of the form.

Field	Value
Mode - Transport	AIR - Air Freight
Mode - Container	LSE - Loose
Mode - Type	STD - Standard House
Shipper	INISOFAUS
Shipper Address	4120 FREIDRICH LN INITECH SOFTWARE 4120 FREIDRICH LN ASDF 12345 AUSTIN TX 78744 UNITED STATES
Consignee	PREWORODR
Consignee Address	123 CATALINA WAY PRESTIGE WORLDWIDE 123 CATALINA WAY AVALON CA 90704 UNITED STATES
House Bill	S00001699
Origin	USHOU
Destination	GBLON
Weight	999.000 KG
Goods Value	20,000.00 USD
Description	SOFTWARE
INCO Term	EXW Ex Works
Freight Collect	Yes



The grids below list a brief explanation of all INCO Terms and is for reference only.

2.1 General INCO Terms



Services	Packing Marketing Checking	Insurance	Loading Charges	Inland Freight	Terminal Charges	Loading Departure	Freight	Arrival Charges	Duty & Taxes	Delivered to Destination
EXW Ex Works	Buyer Pays	Buyer Pays	Buyer Pays	Buyer Pays	Buyer Pays	Buyer Pays	Buyer Pays	Buyer Pays	Buyer Pays	Buyer Pays
FCA Free Carrier	Buyer Pays	Buyer Pays	Seller Pays	Note	Buyer Pays	Buyer Pays	Buyer Pays	Buyer Pays	Buyer Pays	Buyer Pays
CPT Carriage Paid To	Buyer Pays	Buyer Pays	Seller Pays	Seller Pays	Seller Pays	Seller Pays	Seller Pays	Seller Pays	Buyer Pays	Buyer Pays
CIP Carriage Insurance Paid to	Buyer Pays	Seller Pays	Seller Pays	Seller Pays	Seller Pays	Seller Pays	Seller Pays	Seller Pays	Buyer Pays	Buyer Pays
DAP Delivered At Place	Buyer Pays	Buyer Pays	Buyer Pays	Buyer Pays	Buyer Pays	Buyer Pays	Buyer Pays	Buyer Pays	Buyer Pays	Seller Pays
DPU Delivered at Place Unloaded	Buyer Pays	Buyer Pays	Buyer Pays	Buyer Pays	Buyer Pays	Buyer Pays	Buyer Pays	Buyer Pays	Buyer Pays	Seller Pays
DDP Delivered Duty Paid	Buyer Pays	Buyer Pays	Buyer Pays	Buyer Pays	Buyer Pays	Buyer Pays	Buyer Pays	Buyer Pays	Buyer Pays	Seller Pays

■ Seller Pays
 ■ Buyer Pays



2.2 Ocean Inly INCO Terms

The below INCO terms are for Ocean Shipments only:



Services	Packing Marketing Checking	Loading Charges	Inland Freight	Terminal Charges	Insurance	Loading Departure	Freight	Arrival Charges	Duty & Taxes	Delivered to Destination
FAS Free Alongside Ship										
FOB Free On Board										
CFR Cost and Freight										
CIF Cost Insurance and Freight										

Seller Pays
 Buyer Pays



2.3 INCO Term Groups

E Group

In group E (Departure), the seller makes the goods available to the buyer at the delivery point indicated by the seller. The seller is not obliged either to customs or export clearance and does not bear the risk and costs of loading.

In group E, there is only Incoterm, EXW.

F Group

Group F (Main Carriage Unpaid) obliges the seller to perform export customs clearance. The seller does not pay transport and insurance costs.

FCA (all modes of transport), FAS and FOB (sea and inland waterways) belong to this group.

C Group

In group C (Main Carriage Paid), the seller concludes a transport contract with the carrier and bears the costs. In this case, the seller is responsible for carrying out the export clearance. The risk is transferred once the goods are delivered to the buyer at the agreed place. Except for costs related to the contract of carriage. All costs after delivery are the responsibility of the buyer.

Group C includes the following Incoterms rules: CFR and CIF (sea and inland waterway) and CPT and CIP (all modes of transport).

D Group

Group D (Arrival) means that the seller is obliged to deliver the goods to a specific place or the port of destination and bears the risk until delivery is completed.

This group includes such Incoterms as DAP, DPU, and DDP.



3 INCO term definitions

Below are more details and definition for each INCO Term. If more detail than below is needed, a good source is: <https://www.tradefinanceglobal.com/freight-forwarding/incoterms/>

3.1 Ex Works

Ex Works is a trading scenario in which the Seller of the goods responsible for the production and packaging of the goods at their place of manufacture only. This is In contrast with Free Carrier Arrangements, in which the seller is responsible for clearing the goods through customs at the place of transport – i.e. a shipping port.

This then means that the buyer (and/ or any co-signers they have involved) is then responsible for the rest of the transaction proceeds. This liability includes aspects such as the loading and transportation of goods, unloading and final transportation.

With domestic trade, Ex-works is preferable to other liability arrangements. This is because, within the domestic market, the buyer is likely to have transport links/ existing supply chains that they may be able to use – potentially being cheaper than the seller's preferred arrangement.

3.2 FCA

Free carrier is one of the most common incoterms used. It is a trade arrangement that depicts the seller holding liability of the goods packaging and the loading into the mode of transport at the port or truck hub. The buyer is therefore responsible for the following:

- Shipment of the goods
- Unloading the goods at the buyer's port of choice
- Transporting the goods to the end destination.

To be clear, it is the liability of the seller which separates this trade arrangement from Ex Works.

3.3 FAS

FAS stands for Free Alongside Ship, an international commerce term (incoterm) used to describe the delivery of goods where the seller takes on some responsibility for the shipment of goods.

Under FAS, the exporter is responsible for clearing the goods at customs and delivering them to the vessel at the point of origin. Free Alongside Ship only applies to sea or inland waterway ports.

3.4 FOB

FOB (or Freight on Board) translates to sellers including the cost of the product being delivered to the nearest port in the purchase price. However, buyer is liable to pay for the shipping costs from that port, and any other fees associated with transporting the goods to their desired destination.



3.5 CFR

CFR stands for Cost and Freight – it is a legal term used in international shipping which translates into the seller assuming more responsibility for the delivery of goods and needs to pay for transport to an agreed port.

Furthermore, the seller will also need to pay for delivery of goods and export, up until the point the goods are loaded on board the ship.

3.6 CIF

CIF stands for Cost, Insurance and Freight – it's a legal incoterm term which is used in international shipping for the delivery of goods to a port. In this case, the seller must pay for the delivery of goods, and their export, including insurance, and has responsibility of the goods right up until they're loaded on the ship.

3.7 CIP

CIP (or Carriage and Insurance Paid To) is an Incoterm where the seller is responsible for the delivery of goods to an agreed destination in the buyer's country and must pay for the cost of this carriage. The seller's risk however, ends once they have placed the goods on the ship, at the origin destination. The buyer can pay for additional insurance during carriage of the goods.

The risk is passed when the goods are received by the first carrier. Carriage and Insurance Paid to is eligible for any form of transportation.

3.8 CPT

Carriage Paid To is a fairly uncommon incoterm where the seller is responsible for the freight and shipping of the goods up until they arrive at the terminal or warehouse in the country of the buyer. Under CPT, the seller is not responsible for providing insurance of the goods when they are shipped. As with Free Carrier, the seller is also responsible for clearing the goods for export at the port or terminal.

CPT is common for large importers who have their own port agents that can manage the delivery of goods when they arrive in their country.

However, the risk of the seller passes on to the buyer once the goods leave their country or port, despite the seller paying for the transport of the goods.

The buyer (or consignee) is then responsible for everything else.



3.9 DAP

DAP, or, Delivery at Place is an incoterm defining the buyer and seller's responsibilities when moving goods. In this case, the seller is responsible for moving the goods from the country of origin right through to the end destination, which includes responsibility for loading, transport and unloading. DAP means that seller bears the risk of any issues with the goods until the agreed delivery point. If there are any extra fees for unloading the goods, the seller must incur these.

3.10 DPU

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DPU is where the seller completes delivery and transfers risks to the buyer when the goods, unloaded from the arriving delivery vehicle, are placed at the buyer's disposal at the agreed place of destination, or point within that place, making delivery and arrival the same. The main difference between DAP and DPU is that the goods are unloaded at destination rather than being presented still loaded on the delivery vehicle.

DPU is suitable for all modes of transport. DPU replaces the term DAT or Delivered at Terminal, which had become confusing due to the many definitions of a Terminal.

3.11 DDP

Under DDP, the supplier is responsible for paying for all of the costs associated with the delivery of goods right up until they get to the named place of destination. The buyer is then responsible for unloading the goods at the end destination.

It's also expected that the seller clears the goods at export and import customs.

