

Which Incoterm Should I Use? Free Incoterms Reference Guide

by Michelle Kelley - Thursday, December 31, 2009

What are the best Incoterms to use if you're a buyer? What if you're a seller? Use our quick reference guide to help you choose the Incoterm that's best suited to your transaction. See the end of this article for a printable version of our guide and a link to our Incoterms Reference Chart, which outlines who is responsible for the costs and risks under each term.

Best Terms For Buyers

FOB | Freight On Board

Ocean only. FOB point must be the origin port. Buyer controls ocean freight routing. Seller must deliver the freight to the named origin port.

FCA | Free Carrier

All modes. Best when used from seller's premises but can be from the carrier's terminal at origin. Unlike FOB, the loading charges come forward to the buyer. Buyer controls ocean/air freight routing or in the case of "FCA seller's premises," door to door.

DDU | Delivered Duty Unpaid

All modes. Seller must deliver all the way to the buyer's door and is responsible for any loss along the way. Buyer takes care of Customs clearance. This term is for shipments of replacement parts or when the buyer has little resources to handle international logistics.

EXW | Ex Works

All modes. Buyer takes care of everything once the freight is pushed out of the seller's door and onto a truck. Seller provides documents but the buyer must arrange export formalities at origin (export Customs clearance). "EXW seller's premises" is the preferred term. Buyer controls freight from door to door.

Best Terms For Sellers

CFR | Cost & Freight

Ocean only. CFR point must be a destination ocean port (no inland points allowed, see CPT). Seller controls the freight all the way to the destination port but risk for loss passes to the buyer at the ship's rail at the origin port.

CPT | Carriage Paid To

All modes. CPT point can be inland or to the buyer's door. Seller controls the freight all the way to the CPT point but risk for loss passes when the goods are handed over to the carrier. In many cases this

happens at the seller's warehouse, as the goods are loaded on the truck.

DDU | Delivered Duty Unpaid

All modes. Seller must deliver all the way to the buyer's door and is responsible for any loss along the way. Buyer takes care of Customs clearance. This term is for shipments of replacement parts or when the buyer has little resources to handle international logistics.

FCA | Free Carrier

All modes. Best when used from seller's premises but can also be from the carrier's terminal at origin. Unlike FOB, the loading charges come forward to the buyer. Buyer controls ocean/air freight routing or in the case of "FCA seller's premises," door to door. Use "FCA Seller's Premises" in lieu of EXW to control export filing of AES.

Note: This is a general listing. Certain circumstances may dictate the use of other terms. Terms with insurance were not included because insurance, in general, is best handled outside the Incoterm. Consult with Mohawk Global Logistics if you are unsure of which term to use.

 [Incoterms 2000 Quick Reference Guide \[pdf\]](#)

 [Incoterms Reference Chart \[pdf\]](#)



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