TRADING TERMS

EXW (Ex Works): Seller fulfills the obligation to deliver when he or she has made the goods available at his/her premises (i.e., works, factory, warehouse, etc.) to the buyer. In particular, the seller is not responsible for loading the goods in the vehicle provided by the buyer or for clearing the goods for export, unless otherwise agreed. The buyer bears all costs and risks involved in taking the goods from the seller's premises to the desired destination. This term thus represents the minimum obligation for the seller.

FCA (Free Carrier): Seller fulfills their obligation when he or she has handed over the goods, cleared for export, into the charge of the carrier named by the buyer at the named place or point. If no precise point is indicated by the buyer, the seller may choose, within the place or range stipulated, where the carrier should take the goods into their charge.

FAS (Free Alongside Ship): Seller fulfills his obligation to deliver when the goods have been placed alongside the vessel on the quay or in lighters at the named port of shipment. This means that the buyer has to bear all costs and risks of loss of or damage to the goods from that moment.

FOB (Free On Board): Seller fulfills his or her obligation to deliver when the goods have passed over the ship's rail at the named port of shipment. This means that the buyer has to bear all costs and risks to loss of or damage to the goods from that point. The FOB term requires the seller to clear the goods for export.

CFR (Cost and Freight): Seller pays the costs and freight necessary to bring the goods to the named port of destination, Terms of Sale but the risk of loss of or damage to the goods, as (continued) well as any additional costs due to events occurring after the time the goods have been delivered on board the vessel, is transferred from the seller to the buyer when the goods pass the ship's rail in the port of shipment. The CFR term requires the seller to clear the goods for export.

CIF (Cost, Insurance and Freight): Seller has the same obligations as under the CFR but also has to procure marine insurance against the buyer’s risk of loss or damage to the goods during the carriage. The seller contracts for insurance and pays the insurance premium. The CIF term requires the seller to clear the goods for export.

CPT (Carriage Paid To): Seller pays the freight for the carriage of the goods to the named destination. The risk of loss of or damage to the goods, as well as any additional costs due to events occurring after the time the goods have been delivered to the carrier, is transferred from the seller to the buyer when the goods have been delivered into the custody of the carrier. If subsequent carriers are used for the carriage to the agreed upon destination, the risk passes when the goods have been delivered to the first carrier. The CPT term requires the seller to clear the goods for export.

CIP (Carriage and Insurance Paid To): Seller has the same obligations as under CPT, but with the addition that the seller has to procure cargo insurance against the buyer’s risk of loss of or damage to the goods during the carriage. The seller contracts for insurance and pays the insurance premium. The buyer should note that under the CIP term the seller is required to obtain insurance only on minimum coverage. The CIP term requires the seller to clear the goods for export.

DAF (Delivered At Frontier): Seller fulfill their obligation to deliver when the goods have been made available, cleared for export, at the named point and placed at the frontier, but before the customs Terms of Sale border of the adjoining country.

DDU (Delivered Duty Unpaid): Seller fulfills his obligation to deliver when the goods have been made available at the named place in the country of importation. The seller has to bear the costs and risks involved in bringing the goods thereto (excluding duties, taxes and other official charges payable upon importation) as well as the costs and risks of carrying out customs formalities. The buyer has to pay any additional costs and to bear any risks caused by failure to clear the goods for in time.

DDP (Delivered Duty paid): Seller fulfills his obligation to deliver when the goods have been made available at the named place in the country of importation. The seller has to bear the risks and costs, including duties, taxes and other charges of delivering the goods thereto, clear for importation. While the EXW term represents the minimum obligation for the seller, DDP represents the maximum.

DES (Delivered Ex Ship): Seller fulfills his/her obligation to deliver when the goods have been made available to the buyer on board the ship, uncleared for import at the named port of destination. The seller has to bear all the costs and risks involved in bringing the goods to the named port destination.

DEQ (Delivered Ex Quay, [Duty Paid]): When the goods have been available to the buyer on the quay (wharf) at the named port of destination, cleared for importation. The seller has to bear all risks and costs including duties, taxes and other charges of delivering the goods thereto.

Letter of Credit (L/C): A letter issued by a bank authorizing the bearer to draw a stated amount of money from the issuing bank, its branches, or other associated banks or agencies.

Cash in Advance: Upfront cash to exporters before shipment.

Open Account: An unpaid credit order.

Consignment: Payments deferred until goods sold.

Telegraphic Transfer (T/T): Electronic transfers of funds through banks.
