Incoterms® 2020: Delivery, Shipping Costs and Risk Transfer

Payment obligations and risk transfer are not always the same.

Payment bars illustrate the main carriage arrangement. Risk bars show when risk passes from seller to buyer. Actual locations depend on the agreed Incoterms® rule and named place.

Incoterms® 2020	Delivery / risk transfer point	1 Seller / collection	2 Carrier handover	3 Shipment port	4 On board vessel	5 Main carriage	6 Destination port / terminal	7 Named destination	8 After unloading	Transport mode	Seller insurance required?	Export clearance by	Import clearance by
		Illustrative shipment stages only. Not every Incoterms® rule uses every stage.											
A. Rules for Any Mode of Transport													
EXW Ex Works	Goods made available at the named place, before loading.	Payment: Buyer pays main carriage; Risk: Made available at named place								Any mode	No	Buyer	Buyer
FCA Free Carrier	Delivery to the nominated carrier or other person at the named place. At seller's premises: loaded. At another named place: ready for unloading.	Payment: Buyer pays main carriage; Risk: Named delivery place								Any mode	No	Seller	Buyer
CPT Carriage Paid To	Risk transfers on delivery to the carrier; seller pays carriage to named destination.	Payment: Seller pays carriage to named destination; Risk: Delivery to carrier								Any mode	No	Seller	Buyer
CIP Carriage and Insurance Paid To	Risk transfers on delivery to the carrier; seller pays carriage and arranges insurance to named destination.	Payment: Seller pays carriage to named destination; Risk: Delivery to carrier								Any mode	Yes — broader default	Seller	Buyer
DAP Delivered at Place	Named destination, ready for unloading.	Payment: Seller pays carriage to named destination; Risk: Ready for unloading								Any mode	No	Seller	Buyer
DPU Delivered at Place Unloaded	Named destination, after unloading.	Payment: Seller pays carriage and unloading; Risk: After unloading								Any mode	No	Seller	Buyer
DDP Delivered Duty Paid	Named destination, ready for unloading; seller handles import clearance.	Payment: Seller pays carriage to named destination; Risk: Ready for unloading								Any mode	No	Seller	Seller
B. Rules for Sea and Inland Waterway Transport													
FAS Free Alongside Ship	Alongside the vessel at the port of shipment.	Payment: Seller pays to alongside ship; Risk: Alongside ship								Sea / inland waterway	No	Seller	Buyer
FOB Free on Board	On board the vessel at the port of shipment.	Payment: Seller pays to on-board delivery; Risk: On board vessel								Sea / inland waterway	No	Seller	Buyer
CFR Cost and Freight	Risk transfers on board at shipment port; seller pays freight to destination port.	Payment: Seller pays freight to destination port; Risk: On board vessel								Sea / inland waterway	No	Seller	Buyer
CIF Cost, Insurance and Freight	Risk transfers on board at shipment port; seller pays freight and arranges insurance to destination port.	Payment: Seller pays freight to destination port; Risk: On board vessel								Sea / inland waterway	Yes — minimum default	Seller	Buyer

Seller (pays or bears risk) · Buyer (pays or bears risk) · ◆ Risk transfers (delivery point)

1. Actual delivery locations depend on the selected Incoterms® 2020 rule and the named place or port.
2. Payment for carriage and transfer of risk are not always the same.
3. Export and import clearance columns show the default allocation under each rule; local customs law may require a different party to act.
4. This is a simplified educational reference; consult the applicable Incoterms® 2020 rules and the sales contract.
5. Seller-arranged insurance is required only under CIP and CIF. Default coverage is generally broader under CIP than under CIF, unless the parties agree otherwise.

Source check: International Chamber of Commerce (ICC) guidance, ICC Academy, and U.S. International Trade Administration (trade.gov).

Incoterms® is a registered trademark of the International Chamber of Commerce. This is an independent educational reference, not an official ICC publication.

Full guide: freightclasscalculator.tools/incoterms-2020

FreightClassCalculator.tools By Greenspark.Group