















The Incoterms



The Incoterms rules or International Commercial Terms are a series of pre-defined commercial terms published by the International Chamber of Commerce (ICC). They are widely used in International commercial transactions or procurement processes. A series of three-letter trade terms related to common contractual sales practices, the Incoterms rules are intended primarily to clearly communicate the tasks, costs, and risks associated with the transportation and delivery of goods.

SELLER										BUYER
					 THC		 THC			
EXW	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	EXW
FOB	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Buyer	Buyer	FOB
CIF	Seller	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Buyer	CIF

EXW - ExWorks

Ex-works (EXW) is one of most basic shipping arrangements between seller and buyer. Under these terms, the seller simply must make the goods available at his or her factory or warehouse for the buyer to collect in order to fulfill his or her obligation. All cost and risks for the international transportation, including export customs clearance and insurance is therefore with the buyer.

FOB - Free on Board

Free on board (FOB) is a common Incoterm where the cost and risk of the goods pass from seller to buyer when the cargo has passed over the ship's rail at the named port of loading. The seller has therefore fulfilled his or her obligation and the buyer bear all cost and risks of loss or damage to the goods from that point onwards.

CIF - Cost, Insurance, Freight

Cost, insurance and freight (CIF) is similar to CNF, except in this case the seller is responsible for the cargo insurance.