Incoterms 2020 Cheat Sheet

Every international sale answers three questions — who arranges the transport, who pays for each leg, and where the risk of loss passes from seller to buyer. All eleven Incoterms 2020, split into their two families, with the letter logic and the one trap that quietly costs importers money.

ANY MODE OF TRANSPORT 7

TERM	NAME	SELLER'S RESPONSIBILITY ENDS / RISK PASSES
EXW	Ex Works	Seller's premises; buyer handles everything after
FCA	Free Carrier	Handover to buyer's carrier, export-cleared (origin)
CPT	Carriage Paid To	Handover to first carrier; seller pays carriage to destination
CIP	Carriage & Insurance Paid To	Like CPT + seller buys **all-risk** insurance
DAP	Delivered At Place	At destination, ready to unload; duty **not** paid
DPU	Delivered at Place Unloaded	At destination, **unloaded by seller**; duty not paid
DDP	Delivered Duty Paid	At destination, import cleared & duty **paid**

SEA & INLAND WATERWAY ONLY 4

TERM	NAME	SELLER'S RESPONSIBILITY ENDS / RISK PASSES
FAS	Free Alongside Ship	Goods alongside the vessel at origin port
FOB	Free On Board	Goods on board at origin port
CFR	Cost & Freight	On board at origin (seller pays freight, no insurance)
CIF	Cost, Insurance & Freight	On board at origin (seller pays freight + **min.** insurance)

Using a sea-only term (FOB, CIF) for **air or containerised** cargo is the classic mistake — a container handed over at a terminal isn't "on board." **FCA** (or **CIP**) is the correct any-mode term.

THE FIRST LETTER TELLS YOU THE SHAPE

E **EXW**
Seller does the least — buyer collects at origin. Risk passes at **origin**.

F **FCA · FAS · FOB**
Buyer arranges the main carriage; risk passes at **origin**.

C **CPT · CIP · CFR · CIF**
Seller **pays** the main carriage — but risk still passes at **origin**.

D **DAP · DPU · DDP**
Seller delivers to destination; risk passes at **destination**.

Who pays ≠ who's at risk

Under the **C-terms** the seller books and pays the main freight — but risk has **already passed to the buyer at origin**. If the box is lost mid-ocean under CIF, the seller paid the freight; the claim is yours.

Cover differs too: **CIF** needs only minimum insurance (Institute Cargo Clauses C); **CIP** since 2020 requires **all-risk** (Clauses A). Buying CIF? Top up your own cover.

A term is only half an instruction without a **named place** — write it **"FCA Shenzhen"** or **"DDP Houston"**, and put it on both the purchase order and the commercial invoice.