AN INDEPENDENT PRACTICAL GUIDE

INCOTERMS® 2020

POCKET HANDBOOK

Delivery · Costs · Risk

All 11 rules explained with diagrams and practical examples



QUAZI ASIF NEWAZ

August 2026 · Edition 1.0

Publication and copyright

Incoterms® 2020 Pocket Handbook
An independent practical guide to delivery, costs and risk

Quazi Asif Newaz
Edition 1.0 · August 2026 edition

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The explanations simplify normal contract performance. Read the chosen rule in full before using it in a transaction; obtain advice for the actual contract, cargo and jurisdictions. Examples, prices, companies and operational locations are fictional teaching scenarios.

Cover and warehouse artwork were created with AI assistance. Diagrams are original teaching illustrations. Research checked 1 November 2026. This handbook's Edition 1.0 is separate from the ICC rules' 2020 edition.

Permissions and author portfolio

About the author

Quazi Asif Newaz is a logistics and supply chain professional whose career began in 2004. He joined GEODIS Bangladesh in 2013 and became Managing Director in 2020.

His work has covered air and ocean freight, road transport, customs, pharmaceutical logistics, contract logistics, project logistics and control tower operations. His leadership experience includes country operations, trade lane development, business excellence and people development.

He also develops practical digital tools, including Logistics Toolbox, ShipBrief and FreightQuote Studio, to make everyday logistics work easier to understand and manage.

A note to the reader

A shipment can be perfectly booked and still start with the wrong delivery term. This handbook helps you ask better questions before the purchase order is signed, then turn the answer into clear instructions for the people moving the goods.

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This is a personal educational publication. Organisations mentioned in the biography do not endorse the book.

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CHAPTER 01

01

The essentials

Begin with the delivery event, the responsibilities of each party and the wording of the sale.

IN THIS CHAPTER

Separate delivery, costs and risk

Name the place and the edition

Choose a rule for the actual handover

Start with the current rules



Illustrative warehouse scene

Incoterms® 2020 is the current ICC edition as checked on 1 November 2026. Its 11 rules help buyers and sellers agree responsibilities for the movement of goods. They can be used in domestic as well as international sales. [1]

This pocket book explains every current rule. It also flags the changes from 2010 and the older terms you may find on inherited paperwork. It does not teach withdrawn editions as current practice.

Read pages 9–13 first. Each chapter has its own cover; each rule then has two pages of explanation and a worked example. Blue shows the seller’s risk; amber shows the buyer’s risk. See the diagram qualifications on page 9.

Numbered references lead to the consolidated reading list on pages 58–60. Answers and reusable material are together at the back.

Delivery costs and risk

When someone says “delivery”, ask what they mean. A warehouse team usually means arrival. In an Incoterms® rule, delivery is the contractual event that normally transfers the risk of loss or damage. It may happen much earlier. [2, 13]

1. **DELIVERY**
   What event completes delivery?
2. **RISK**
   Who bears loss or damage now?
3. **COSTS**
   Who pays each charge?

A seller may pay the freight while the buyer carries the transit risk. That is the central feature of CPT, CIP, CFR and CIF. A freight-paid invoice alone does not tell you who bears a cargo loss. [9]

Risk allocation also does not excuse a seller’s separate breach, such as inadequate packing. Carrier liability, insurance recovery and ownership are separate questions.

Diagrams show events, not distance. They assume identified contract goods and normal performance. Failure to nominate transport, give notice, clear goods or take delivery can change the result. Check the selected rule’s exceptions and the sale contract. [2, 3]

Write a usable sale clause

Use the **rule + precise place or port + Incoterms® 2020**. Add the address, terminal, berth or unloading point that the operation actually needs. [2]

A complete example

FCA seller's Warehouse 2, loading bay 4, Plot 18, Gazipur, Bangladesh, Incoterms® 2020.

For a C rule, also agree the earlier delivery point separately. A named destination tells the seller how far to buy carriage; it does not by itself locate the risk transfer. [9]

Keep the rest of the contract

Specify the goods, price, payment, ownership, dates, remedies, governing law and dispute process separately. The rules allocate certain responsibilities; they are not a complete sale contract. [2]

Send matching instructions to the forwarder, insurer and bank. Those parties work under their own contracts. A sales clause cannot silently rewrite a carrier's tariff or a documentary credit.

The address above is fictional. On a real order, replace it with a verified location and the agreed delivery point.

Seven rules for any mode

Air, road, rail, sea or a combination. These are concise normal-delivery summaries. [3, 13]

Rule	Risk normally transfers	Main carriage
EXW	Goods available, before loading	Buyer
FCA	Handover to buyer's nominated carrier*	Buyer
CPT	Handover to seller's carrier	Seller
CIP	Handover to seller's carrier	Seller
DAP	Destination, ready for unloading	Seller
DPU	Destination, after unloading	Seller
DDP	Destination, ready for unloading	Seller

***FCA has two delivery situations.** At the seller's premises, the seller loads. At another named place, the goods arrive on the seller's vehicle, ready for unloading, at the nominated carrier's disposal. See page 18.

The seller handles export clearance except under EXW. The buyer handles import clearance except under DDP. Only CIP and CIF require the seller to obtain cargo insurance for the buyer's risk. [3, 10]

"Main carriage" identifies the party arranging and paying for it under the normal rule. The detailed allocation of individual charges still matters.

Four rules for water transport

Use these rules for sea or inland waterway movements where delivery is alongside or on board a vessel. [8, 11]

Rule	Risk normally transfers	Main freight
FAS	Alongside the nominated vessel at origin	Buyer
FOB	On board the nominated vessel at origin	Buyer
CFR	On board at origin	Seller
CIF	On board at origin	Seller

FAS and FOB name the shipment port. CFR and CIF name the destination port, although risk passes at the shipment end.

For a container handed to a carrier at an inland depot or terminal before vessel loading, examine FCA, CPT or CIP. Choose the rule that matches the actual handover. [12]

One useful check

If your proposed term says “FOB airport”, stop and correct it. Current FOB is a vessel rule. For an air shipment, start with the seven any-mode rules on the facing page.

Choose around the actual handover

Begin with the physical operation and the responsibilities the parties can perform. These questions help narrow the choice; they do not replace the full rule. [12]



Then test the candidate against export and import capability, insurance, bank documents, handling equipment and the quoted charges. A familiar abbreviation is a poor reason to accept an unfamiliar responsibility.

This is an original orientation diagram. It is not a reproduction of an ICC flowchart. Use pages 11–12 to check the transport-mode restrictions.

CHAPTER 02

EXW

Ex Works

Plan the collection before accepting the term.

IN THIS CHAPTER

Clarify the loading arrangement

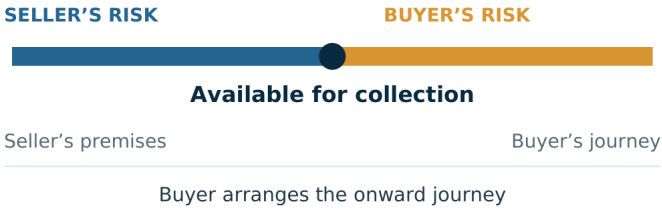
Check export responsibilities

Worked example: The forklift question

EXW

Ex Works

ANY MODE



The seller makes the goods available at the named place, without loading the collecting vehicle. That is the normal delivery and risk point. The buyer takes on transport and export, transit and import formalities. [4]

Before you agree

Agree who will physically load. EXW can be awkward in an export sale when the overseas buyer cannot complete local export formalities; consider FCA.

The forklift question

FICTIONAL WORKED EXAMPLE

A local packaging company buys 20 pallets EXW from a nearby converter. Its truck arrives, but the driver expects the converter to load. The order says nothing about loading equipment or damage during the lift.

Before collection, the parties should settle the loading arrangement and its risk allocation in writing. If the intended deal is seller-loaded collection, FCA at the seller's premises is a clearer starting point.

Example sale wording

EXW finished-goods area, Bay 3, seller's warehouse, Narayanganj, Bangladesh, Incoterms® 2020.

Put it into the job file

Record pallet count, packing condition, collection slot and the loading plan. A signed collection record should identify the actual goods, rather than just "one truckload".

CHAPTER 03

FCA

Free Carrier

Make the agreed carrier handover precise.

IN THIS CHAPTER

Distinguish the two delivery situations

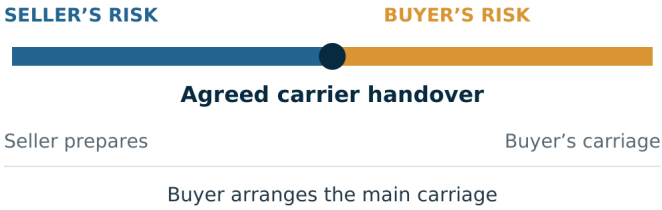
Keep clear handover evidence

Worked example: A factory pickup

FCA

Free Carrier

ANY MODE



The seller clears export and delivers to the buyer's nominated carrier or person. At the seller's premises, delivery is after loading onto the buyer-arranged vehicle. At another named place, it is on arrival, ready for unloading, at the nominated carrier's disposal. [3, 4]

Before you agree

Name the exact point. "FCA Dhaka" is too loose for a job with several depots and cargo terminals.

A factory pickup

FICTIONAL WORKED EXAMPLE

A garment exporter sells 80 cartons FCA its Gazipur factory. The buyer appoints the forwarder and collecting truck. The exporter loads the cartons and completes export formalities. The buyer's transport arrangement continues from that handover.

The warehouse should retain the collection receipt, carton count and loading photographs. If the contract instead names a cargo terminal, the team must work to that different handover point.

Example sale wording

FCA seller's factory, loading bay 2, Plot 21, Gazipur, Bangladesh, Incoterms® 2020.

Put it into the job file

Confirm carrier nomination, truck details, collection time and the form of handover evidence. If a bank needs an on-board bill of lading, plan the optional FCA mechanism on page 50.

CHAPTER 04

CPT

Carriage Paid To

Trace the delivery point separately from the paid destination.

IN THIS CHAPTER

Separate freight payment from transit risk

Check the carriage price and scope

Worked example: Airfreight already paid

CPT

Carriage Paid To

ANY MODE



The seller pays carriage to the named destination and clears export. Risk passes when the goods are delivered to the seller-contracted carrier at the agreed delivery point. With successive carriers and no agreed point, it normally passes at the first carrier. [5, 9]

Before you agree

The buyer handles import clearance. CPT does not require seller-arranged cargo insurance. Agree both the delivery point and destination.

Airfreight already paid

FICTIONAL WORKED EXAMPLE

A Dhaka exporter sells samples CPT a named cargo terminal at Frankfurt Airport. The sale also identifies the airline's acceptance point in Dhaka as delivery. The shipment is accepted there in good order, then damaged in transit.

The buyer normally bears that transit risk even though the seller paid the airfreight. Any insurance or carrier recovery needs its own evidence and procedure. Paying freight does not promise arrival without damage.

Example sale wording

CPT named handler's cargo terminal, Frankfurt Airport, Germany, Incoterms® 2020. Delivery point: agreed carrier acceptance desk, Dhaka.

Put it into the job file

Ask for the carrier receipt and delivery notice. Check whether destination handling or unloading is already included in the carriage price before accepting a second charge.

CHAPTER 05

CIP

Carriage and Insurance Paid To

Connect the carrier handover with the insurance arrangement.

IN THIS CHAPTER

Locate delivery and risk transfer

Check cover, value and conditions

Worked example: A precision instrument

CIP

Carriage and Insurance Paid To

ANY MODE



CIP follows the same delivery and carriage pattern as CPT, but the seller also obtains insurance for the buyer's transit risk. The default is Institute Cargo Clauses (A) or equivalent, subject to permitted agreement on cover. [5, 10]

Before you agree

The buyer still bears risk after carrier delivery and handles import clearance. Read the policy, route, insured value and exclusions. Insurance does not move the delivery point.

A precision instrument

FICTIONAL WORKED EXAMPLE

A seller dispatches a USD 40,000 laboratory instrument CIP the buyer's receiving centre in Lyon. The contract fixes delivery at the first carrier's acceptance in Singapore. The instrument requires shock protection and controlled handling.

The team should obtain the insurance document before dispatch and check that the packing and handling arrangements meet the policy conditions. An "insured" label cannot repair unsuitable packing or an excluded loss.

Example sale wording

CIP receiving centre, Building B, Lyon, France, Incoterms® 2020. Delivery point: agreed first-carrier acceptance point in Singapore.

Put it into the job file

At 110% of the contract price, the teaching example's minimum insured amount is USD 44,000. This is a sum insured, not an automatic claim payment. See page 49.

CHAPTER 06

DAP

Delivered at Place

Turn a destination address into a workable delivery plan.

IN THIS CHAPTER

Check access to the receiving point

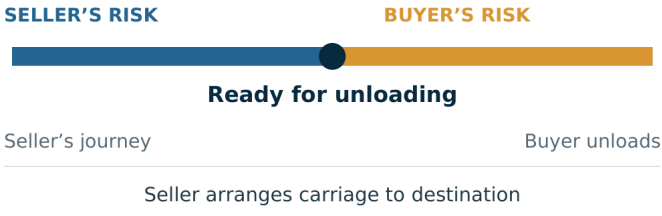
Coordinate import clearance and unloading

Worked example: A truck at the wrong gate

DAP

Delivered at Place

ANY MODE



The seller delivers at the named destination with the goods on the arriving vehicle, ready for unloading. The seller bears the journey risk up to that point and handles export and transit formalities. The buyer handles import clearance and unloading. [6, 7]

Before you agree

Make the destination physically reachable. The buyer's import arrangements must be ready in time for the seller's transport plan.

A truck at the wrong gate

FICTIONAL WORKED EXAMPLE

A machinery shipment is sold DAP a factory near Pune. The truck reaches the industrial estate, but the receiving building is through a height-restricted entrance. The buyer's purchase order names only the estate.

The shipment team needs an exact receiving point, access limits and a booked unloading slot. A place name that looks adequate on an invoice can be useless to a driver.

Example sale wording

DAP buyer's factory, Receiving Gate 2, Plot 14, Pune, India, Incoterms® 2020.

Put it into the job file

Confirm the importer, customs release, gate access, vehicle limits and unloading equipment. If unloading cost is already included in the seller's carriage contract, do not assume the buyer must pay it twice. [9]

CHAPTER 07

DPU

Delivered at Place Unloaded

Prepare the unloading operation as part of the delivery plan.

IN THIS CHAPTER

Define the exact unloading point

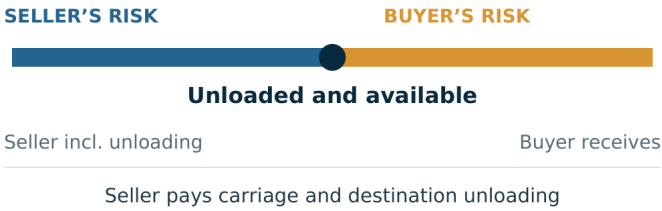
Check equipment, access and handover

Worked example: A transformer at a project site

DPU

Delivered at Place Unloaded

ANY MODE



The seller delivers after unloading the goods at the agreed destination and placing them at the buyer's disposal. It is the only current rule that requires seller unloading at destination. The seller handles export and transit formalities; the buyer handles import clearance. [7]

Before you agree

The destination can be a suitable site, not only a terminal. The seller needs a workable unloading plan.

A transformer at a project site

FICTIONAL WORKED EXAMPLE

A transformer is sold DPU an unloading pad at a solar project. The seller arranges the low-loader and crane. The buyer confirms import clearance and provides the agreed access information before mobilisation.

A lift plan, ground assessment and clear exclusion zone matter as much as the delivery abbreviation. The commercial handover should identify where the unit will rest after unloading. Installation and commissioning need separate agreement.

Example sale wording

DPU unloading pad A, Project East site, Khulna, Bangladesh, Incoterms® 2020.

Put it into the job file

Name the pad on the site drawing. Assign responsibility for ground preparation and access in the contract. Record the unit’s condition after the lift and any reservations on the handover report.

CHAPTER 08

DDP

Delivered Duty Paid

Test the import arrangements before making a delivery promise.

IN THIS CHAPTER

Confirm importer and tax capability

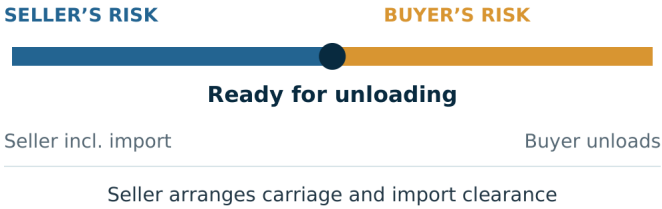
Check the responsibilities behind the quote

Worked example: A promise the seller must check

DDP

Delivered Duty Paid

ANY MODE



The seller takes the goods to the named destination, ready for unloading, and handles export, transit and import formalities, including applicable import duties and taxes. The buyer normally unloads. [6, 16]

Before you agree

Confirm that the seller can legally and practically arrange import clearance and meet local tax requirements. A broad “door delivery” service quote does not prove that it can.

A promise the seller must check

FICTIONAL WORKED EXAMPLE

An equipment supplier offers DDP a customer’s warehouse in another country. Its transport quote includes delivery, but the forwarder has excluded import taxes and has not confirmed who can act as importer.

The supplier should resolve the importer and tax arrangements before signing. If it cannot perform the import obligations, the parties should consider DAP with the buyer importing and revise the price accordingly.

Example sale wording

DDP buyer’s warehouse, Dock 5, 18 Trade Road, destination city and country, Incoterms® 2020.

Put it into the job file

Verify the legal importing party, registrations, broker mandate, duty and tax funding, and any recoverable tax treatment. Never insert a guessed tax rate into a binding DDP offer.

CHAPTER 09

FAS

Free Alongside Ship

Identify what placing cargo alongside the vessel means for the job.

IN THIS CHAPTER

Agree the berth and vessel nomination

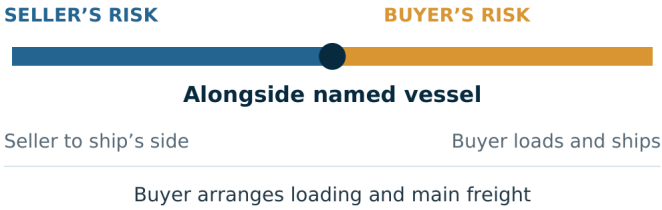
Record the actual alongside handover

Worked example: Steel beside the ship

FAS

Free Alongside Ship

SEA OR INLAND WATERWAY ONLY



The seller delivers alongside the buyer-nominated vessel at the named shipment port and clears export. Risk then passes to the buyer, which arranges loading, main carriage and import clearance. [8]

Before you agree

A port gate or container stack is not automatically alongside the vessel. Agree the berth or barge arrangement and vessel nomination.

Steel beside the ship

FICTIONAL WORKED EXAMPLE

A buyer purchases steel bundles FAS a named berth. The seller brings the bundles alongside the nominated vessel. The buyer's stevedore will lift them aboard under the buyer's arrangements.

The operational record should distinguish arrival at the port from placement alongside. A timestamped quay receipt, agreed cargo tally and clear vessel reference help the teams identify the relevant handover.

Example sale wording

FAS Berth 6, nominated vessel, Port of Chattogram, Bangladesh, Incoterms® 2020.

Put it into the job file

Check vessel readiness, berth access, cargo receiving windows and the buyer's lifting contractor. Agree how a changed berth or a missed receiving window will be communicated.

CHAPTER 10

FOB

Free On Board

Coordinate vessel nomination, loading and delivery evidence.

IN THIS CHAPTER

Distinguish port receipt from on-board delivery

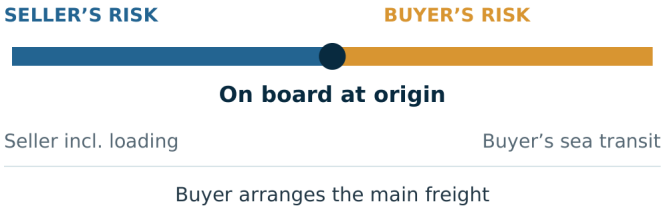
Check whether the rule fits the handover

Worked example: Bulk cargo loaded aboard

FOB

Free On Board

SEA OR INLAND WATERWAY ONLY



The seller clears export and delivers on board the buyer-nominated vessel at the named shipment port. The buyer carries risk from that point and arranges the main sea carriage and import clearance. [8, 11]

Before you agree

Use FCA when the intended handover is to a carrier at a container terminal before vessel loading. FOB is not an airfreight rule.

Bulk cargo loaded aboard

FICTIONAL WORKED EXAMPLE

A grain exporter sells a bulk parcel FOB a named loading berth. The buyer nominates the vessel. Loading is completed, and the parties retain the agreed loading and quantity records.

The seller’s delivery event is on-board loading. Vessel nomination, loading dates and documentary requirements need to work together. A separate survey may be commercially important even when the delivery term is correct.

Example sale wording

FOB Grain Berth 2, Port of Santos, Brazil, Incoterms® 2020.

Put it into the job file

Confirm the nominated vessel, cargo readiness, loading window and required on-board evidence. For container traffic, discuss the earlier terminal handover before copying FOB from an old purchase order.

CHAPTER 11

CFR

Cost and Freight

Follow the freight payment and risk transfer as separate questions.

IN THIS CHAPTER

Identify shipment and destination ports

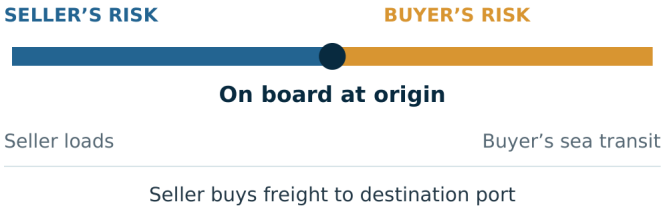
Check discharge costs and buyer insurance

Worked example: Freight to Jebel Ali

CFR

Cost and Freight

SEA OR INLAND WATERWAY ONLY



The seller clears export, loads the goods on board and pays freight to the named destination port. Risk passes at the shipment end when the goods are on board. The buyer handles import clearance. CFR does not require seller-arranged cargo insurance. [9, 11]

Before you agree

Agree the shipment port as well as the destination details. Check which discharge costs are already included in the freight contract.

Freight to Jebel Ali

FICTIONAL WORKED EXAMPLE

A bulk mineral cargo is sold CFR Jebel Ali. The seller books and pays the vessel freight. After loading at the agreed shipment port, seawater damages part of the cargo during the voyage.

The buyer normally bears that voyage risk, subject to separate issues such as breach and available recovery. The destination shown after CFR describes the paid freight endpoint, not a promise that risk stays with the seller until arrival.

Example sale wording

CFR agreed bulk terminal, Jebel Ali Port, UAE, Incoterms® 2020. Shipment port: agreed loading berth, Salalah, Oman.

Put it into the job file

Before sailing, confirm buyer-side insurance decisions and circulate the shipment advice. Obtain the freight scope so that discharge, terminal and onward delivery costs are not guessed.

CHAPTER 12

CIF

Cost Insurance and Freight

Examine the freight and insurance promises together.

IN THIS CHAPTER

Locate on-board delivery

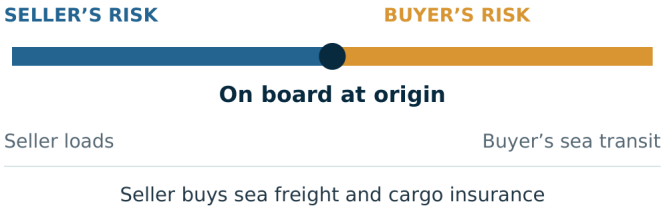
Match insurance to the cargo and voyage

Worked example: A fragile cargo and limited cover

CIF

Cost Insurance and Freight

SEA OR INLAND WATERWAY ONLY



CIF follows CFR's on-board delivery and destination freight pattern, and adds seller-arranged insurance for the buyer's risk. The default cover is Institute Cargo Clauses (C) or equivalent, unless broader cover is agreed. [10, 11]

Before you agree

The buyer handles import clearance. Minimum CIF insurance is narrower than CIP's default cover. Match the insurance to the cargo rather than relying on the word "insured".

A fragile cargo and limited cover

FICTIONAL WORKED EXAMPLE

A trader is offered a breakbulk consignment of ceramic fixtures CIF a destination port. The offer includes standard minimum insurance, but the buyer is especially concerned about handling breakage.

Before accepting, the buyer should ask the insurer which breakage events are covered and request suitable additional cover if needed. The trade term alone does not settle the outcome of a future claim.

Example sale wording

CIF agreed breakbulk berth, Port of Mombasa, Kenya, Incoterms® 2020. Shipment port: agreed berth, Port Klang, Malaysia.

Put it into the job file

Check insured amount, cover wording, deductible, voyage, claims contact and the right to claim directly. Use CIP when the intended sale involves an earlier carrier handover in a multimodal movement.

CHAPTER 13

13

Putting the rules into practice

Use the rules alongside the quote, insurance documents and operating instructions.

IN THIS CHAPTER

Compare costs and insurance

Check documents and earlier editions

Prepare for dispatch and test your judgement

Why C and D feel different

A buyer asks for goods “sent all the way to our warehouse”. That request still leaves a major question open: who should bear the risk during the journey? [9]



Seller buys carriage to destination in both cases

CPT or CIP: the seller pays carriage to the warehouse, but risk normally passes at the earlier carrier delivery. CIP adds seller-arranged insurance.

DAP: the seller bears risk until the goods reach the agreed warehouse point, ready for unloading. The buyer handles import clearance and unloading.

Ask the buyer to describe the intended result in ordinary language. Then choose the rule and price the responsibility. Changing one abbreviation can change the seller’s exposure substantially.

Read the insurance promise

Point	CIP	CIF
Mode	Any mode	Water transport
Default cover	Clauses (A) or equivalent	Clauses (C) or equivalent
Minimum value	110% of contract price	110% of contract price

The insured amount is in the contract currency. Cover must enable the buyer or another party with an insurable interest to claim directly. Parties can agree different cover; check the actual wording. [5, 10, 11]

A simple calculation

For a USD 25,000 contract, 110% is **USD 27,500**. If an insurer's illustrative rate is 0.40% of that amount, the premium is **USD 110**. This is a teaching calculation, not a market quotation.

Neither the sum insured nor "all risks" guarantees full recovery. Check exclusions, deductible, packing, temperature conditions, delay, war and strikes, and claims deadlines with the insurer.

Only CIP and CIF impose the seller's insurance obligation. Under other rules, decide deliberately how to insure the risk each party bears.

Containers and bank documents

A container may sit in a terminal for days before it reaches a vessel. If the intended delivery is the carrier's earlier receipt, FCA, CPT or CIP usually matches that operation better than FOB, CFR or CIF. [12]

When a bank asks for an on-board bill

FCA 2020 includes an optional arrangement: if agreed, the buyer instructs its carrier to issue an on-board bill of lading to the seller after loading. The seller then provides that document to the buyer. This does not move FCA's delivery point to the ship. [14]

Coordinate the credit wording, carrier agreement, shipment dates and document route before booking. The carrier is not automatically bound by a clause in the sales contract.

A practical document check

Make the invoice, transport instruction and credit consistent about the rule and places. Keep the handover receipt even where the bank requires a later transport document. Each records a different event.

For all modes, retain commercial invoice, packing details and the proof of delivery appropriate to the selected rule. Exact documentary requirements depend on the transaction.

Compare prices on the same basis

Two fictional suppliers offer the same goods. Compare the total to the same warehouse point, then assess risk separately.

Cost in USD	FCA offer	CPT offer
Quoted goods price	10,000	10,780
Main carriage added	800	Included
Optional buyer insurance	45	45
Destination charges added	180	180
Final road delivery added	120	120
Comparable subtotal	11,145	11,125

On these assumptions, CPT is **USD 20 lower**. Both offers still put main-transit risk with the buyer after their respective delivery events. The cheaper total does not create destination delivery.

Assumptions: identical goods and currency; FCA at seller's premises; CPT to a named destination terminal; the USD 180 charge is expressly excluded from both offers and not already in carriage. Import duty and tax are excluded from this comparison and require a separate calculation.

Ask for written inclusions, exclusions, validity, free time and currency terms. Never add a charge twice because two providers use different names for it.

Earlier editions and the 2020 changes

ICC first published the rules in 1936. Later revisions responded to changing transport and trade practices. Older editions can still appear in expressly agreed contracts; the year matters. [1, 15]

What changed for 2020

DAT became **DPU**, highlighting unloading and allowing a suitable place beyond a terminal. CIP's default insurance increased to Clauses (A); CIF retained Clauses (C). FCA gained the optional on-board bill mechanism. Costs were gathered in A9/B9, and security and own-transport arrangements were clarified. [14, 17]

Terms on old paperwork

DAT belongs to 2010. **DAF, DES, DEQ and DDU** were removed in the 2010 revision. Do not silently replace them with a current rule: compare the intended obligations and agree the change. [15]

"Incoterms 2024", "2025" or "2026" does not identify a newer official edition as of this book's research date. An updated checklist or training article is not a new set of rules.

For a legacy contract, consult the actual edition named. This handbook's operative explanations cover the 11 rules of Incoterms® 2020.

Before dispatch

Read the purchase order and booking together. Then work through these checks with the people who will carry out the job.

- ☐ The rule, year and exact place match the agreed sale.
- ☐ The delivery event is understood by both warehouse teams.
- ☐ The export, transit and import arrangements have named owners.
- ☐ Loading and unloading equipment, access and appointments are confirmed.
- ☐ The freight quote’s inclusions and exclusions have been checked.
- ☐ Insurance starts at the correct point and covers the intended cargo and route.
- ☐ The required notices, carrier nominations and documents can be issued on time.
- ☐ The team knows where to record exceptions, damage and delivery evidence.

If something goes wrong, protect the goods, document the facts and notify the relevant parties promptly. Risk allocation and a successful cargo claim are different tasks.

Test your judgement

Use the rule pages to explain your reasoning. Answers are together on page 55.

1 A factory collection

The seller will load and clear export. The buyer appoints the carrier and pays onward freight. Which rule is the natural starting point?

2 A paid airfreight bill

Goods sold CPT are damaged after delivery to the agreed first carrier. Who normally bears transit risk?

3 A crane at the destination

The seller must deliver a unit after unloading at a named project pad. The buyer imports. Which rule fits?

4 An import surprise

A seller offers DDP but cannot arrange lawful import clearance. What must be resolved before acceptance?

5 An insurance assumption

Is default CIF insurance the same as default CIP insurance?

6 A container terminal

The buyer wants handover at carrier receipt in a terminal. Does writing FOB automatically achieve that?

Answers and reasoning

1 FCA at the seller's premises

The seller loads there and clears export; the buyer arranges the onward carriage. Name the loading point. See pages 18–19.

2 Normally the buyer

CPT's paid carriage extends to the destination, while risk has already passed at the agreed carrier delivery. Check insurance, any separate breach and recovery rights. See pages 21–22.

3 DPU

Delivery includes unloading at the named point. The seller needs a workable lift plan, while the buyer handles import clearance. See pages 30–31.

4 Import and tax capability

Confirm who can legally perform the import obligations and fund duties and taxes. If the seller cannot, renegotiate a workable rule such as DAP and its price. See pages 33–34.

5 No

CIF defaults to Clauses (C) or equivalent; CIP defaults to Clauses (A) or equivalent. Actual cover and exclusions still need checking. See page 49.

6 No

FOB delivery is on board the vessel. Consider FCA for buyer-arranged main carriage with the intended terminal handover. See pages 39–40 and 50.

Your shipment agreement card

Complete this with the other party before confirming the sale. Attach addresses and drawings where needed.

Goods and order reference

_____

Rule and edition

_____

Exact named place or port

_____

Delivery and risk-transfer event

_____

C-rule destination and earlier delivery point

_____

Carriage arranged by and paid to

_____

Exporter / transit / importer arrangements

_____

Loading and unloading responsibilities

_____

Insurance scope and claims contact

_____

Documents notices and deadlines

_____

Excluded charges and agreed variations

_____

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Pocket glossary

Carrier. The party undertaking carriage. A forwarder may act as an agent or as a contracting carrier; check its contract.

Delivery. The event specified by the chosen rule, normally the point of risk transfer.

Destination. The place to which goods are sent. Under C rules, it differs from the delivery point.

Freight. The charge for carriage. It may exclude handling, storage, customs or final delivery.

Importer of record. The party legally responsible for an import declaration under the applicable system.

Institute Cargo Clauses. Insurance wordings. (A) generally provides wider cover than (C), but both have conditions and exclusions.

Multimodal. Movement using more than one transport mode, such as road–air–road.

On-board bill of lading. A transport document recording that goods have been loaded aboard a vessel.

Risk. In these rules, allocation between seller and buyer of loss of or damage to the goods.

Title. Legal ownership of goods, dealt with separately from the Incoterms® delivery rule.

References

Reference numbers in the text match this list. Titles are clickable. All sources checked 1 November 2026.

[1] ICC · Incoterms® rules

Current edition and the purpose of the rules.

[2] ICC Digital Library · Incoterms® 2020 introduction and Q&A

Scope, delivery, risk and contract structure.

[3] ICC · Incoterms® 2020 official rulebook

Publication 723E (2019). Consult the full chosen rule, including A1–A10 and B1–B10.

[4] ICC Academy · FCA and EXW explained

Collection, loading and export responsibilities.

[5] ICC Academy · CPT and CIP explained

Carrier delivery, paid carriage and insurance.

[6] ICC Academy · DAP and DDP explained

Destination delivery and import clearance.

References continued

Reference numbers in the text match this list. Titles are clickable. All sources checked 1 November 2026.

[7] ICC Academy · DAP and DPU explained
Unloading and destination responsibilities.

[8] ICC Academy · FAS and FOB explained
Alongside and on-board delivery.

[9] ICC Academy · C rules versus D rules
Different delivery and destination points.

[10] ICC Academy · CIP and CIF explained
Modes, delivery points and insurance levels.

[11] ICC Academy · CFR and CIF explained
Sea freight and insurance responsibilities.

[12] ICC · Incoterms® 2020 checklist and flowcharts
Selecting a suitable rule; 2024 updated file.

References continued

Reference numbers in the text match this list. Titles are clickable. All sources checked 1 November 2026.

[13] ICC Academy · Place of delivery and risk transfer
Delivery across the rule families.

[14] ICC · Incoterms® 2020 overview
Changes including FCA documents and insurance.

[15] ICC · Incoterms® rules history
Origins, revisions and withdrawn D terms.

[16] ICC · National regulatory barriers
2025 reference on local barriers; verify current local requirements for a live shipment.

[17] ICC Academy · Incoterms® 2020 versus 2010
Overview of the changes between editions.

ICC Academy articles include expert commentary and are not substitutes for the official rule text. No ICC illustration, logo or wallchart has been reproduced. All case studies and calculations in this book are original fictional teaching examples.

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Know what you are agreeing to

A shipment begins with a commercial promise. This pocket handbook helps you understand that promise before the cargo moves.

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