

Incoterms are designed to provide a set of international rules for the interpretation of the most commonly used trade terms in foreign trade. Thus, the uncertainties of different interpretations of such terms in different countries can be avoided or at least reduced to a considerable degree.

The terms are grouped into four different categories:

- **the E term - Ex works**
the seller only makes the goods available to the buyer at the seller's own premises
- **the F terms - FCA, FAS, FOB**
the seller must deliver the goods to a carrier appointed by the buyer
- **the C terms - CFR, CIF, CPT, CIP**
the seller has to contract for carriage, but without assuming the risk of loss of or damage to the goods after shipment and dispatch
- **the D terms - DAF, DES, DEQ, DDU, DDP**
the seller must bear all costs and risks needed to bring the goods to the place of destination

	Term	Explanation
Group E – Departure	EXW	Ex Works (... named place)
Group F - Main Carriage Unpaid	FCA	Free Carrier (... named place)
	FAS	Free Alongside Ship (... named port of shipment)
	FOB	Free on Board (... named port of shipment)
Group C - Main Carriage Paid	CFR	Cost and Freight (... named port of destination)
	CIF	Cost, Insurance and Freight (... named port of destination)
	CPT	Carriage Paid To (... named place of destination)
	CIP	Carriage and Insurance Paid To (... named place of destination)
Group D – Arrival	DAF	Delivered at Frontier (... named place)
	DES	Delivered Ex Ship (... named port of destination)
	DEQ	Delivered Ex Quay (... named port of destination)
	DDU	Delivered Duty Unpaid (... named place of destination)
	DDP	Delivered Duty Paid (... named place of destination)