1. **EXW**: Ex (Latin for *out of* or *from*) Works; i.e. goods available *from* the place of production.

Definition: EXW is usually followed by a place name[1], such as EXW Portland and means essentially that the seller will make the goods available to the buyer at a specified place, i.e. the seller's premises/warehouse/works/factory, and at a specified time. This fulfills the seller's obligations – leaving the buyer to load the goods onto whatever transportation has been arranged, clear the goods for export, and bear all the risk during transport.

Caveat: Alternate arrangements can be made, such as the seller agreeing to load the goods and assume the risks of such loading, etc. Any such deviation must be made explicit in the contract.

Note: When getting an initial price quote for goods, you are usually quoted the price for an Ex Works arrangement, that is, the price of the goods *not* including shipping, loading, insurance or any of the other costs likely to apply.[2] Therefore, Ex Works translates into the arrangement carrying the minimum obligation and risk for the seller and the maximum obligation and risk assumption for the buyer. Ex Works applies exclusively to air, rail, road, and containerized/multimodal transport.[3]

2. **FCA:** Free Carrier

Definition: FCA is usually followed by a place name – the initial destination of the goods, FCA Anchorage for example. Not surprisingly, this term is also referred to as "named place delivery". Under the terms of FCA, it is the seller's obligation to hand the goods over to the first carrier at the named place once they have been cleared for export. Using our earlier example, the seller would have fulfilled their obligation once the goods had been cleared for export and delivered from the seller's warehouse (let's say) to the carrier waiting at the port of Anchorage. At this point the *buyer* assumes the risks and costs of any further transport executed by the first carrier.

Note: Sometimes, no specific place of delivery is where the goods will change hands and be delivered into the hands of the carrier within the range specified in the contract.[4] FCA represents an incremental increase in the cost and obligation to the seller over the EXW arrangement. Because the seller owns the good right up to delivery, FCA arrangements allow the seller to resell the goods to someone else while the goods are still in transit. Free Carrier applies exclusively to air, rail, road, and containerized/multimodal transport.[5]

3.**FAS**: Free Alongside Ship

Definition: Free Alongside Ship means what it sounds like, that the seller must transport the goods all the way to the dock, close enough to be reached by the crane of the ship it will be transported in.[6] Also it is the seller's responsibility to clear the goods for export (this is an innovation from the 2000 version of Incoterms, when buyers had to take care of port fees)[7]. FAS is usually followed by a place name, for example FAS San Francisco. The place name indicates the port where the goods are to be delivered on the quay beside the carrier ship.

Note: Not surprisingly, FAS applies exclusively to maritime and inland waterway shipping. However it does *not* apply to goods packaged in shipping containers. FAS is instead usually used for goods sold as bulk cargo, such as petroleum products or grain.[8]

4. **FOB**: Free Onboard Vessel

Definition: Free Onboard Vessel is sort of a hybrid, where the seller is obligated to bring the goods all the way to the port, clear the goods for export, AND see that they are loaded onto the ship nominated by the buyer. Once the goods clear the railing of the vessel the buyer assumes the risk.[9] FOB is often followed by the named loading port thus: FOB Long Beach, meaning the seller delivers the goods, pays the port fees, and sees the goods loaded onto the ship docked (in this case) at the port of Long Beach.

Here's what they mean:

1. **CFR**: Cost and Freight, aka C&F, aka CNF

Definition: This acronym means that the seller covers all the costs of bringing goods from their origin to the port of destination, including carriage costs and clearing the goods for export *except for* the insurance.[1]

Note: Even though the seller takes care of the actual loading and transportation of goods up to the port of destination, the *buyer* pays the insurance (and therefore assumes the risk) from the moment the goods are loaded onto the vessel at the port of origin throughout their transit to the port of destination and beyond.[2] This term is used exclusively for maritime and inland waterway trade.

2. **CIF**: Cost Insurance and Freight

Definition: This term is identical to the one preceding it – with exception for the insurance portion. With a CIF arrangement, the *seller* (not the buyer) assumes the risk (and therefore is responsible for purchasing insurance) for the goods during transit from origin to the port of destination.

Note: This term too applies solely to maritime and inland waterway trade. However, CIF may not be appropriate where the goods are handed over to the carrier before they are loaded on the vessel - the usual container scenario.[3]

3. **CPT**: Carriage Paid To, aka DPC

Definition: This term indicates that the seller assumes most of the cost of transportation of the goods including export fees, carriage charges, and fees at the port of destination. Seller does *not* pay for insurance - that is the buyer's obligation.

Note: The moment that the risk of loss or damage is transferred from seller to buyer is when the goods are loaded onto the first carrier vessel, despite the seller paying the carriage charges.[4] CPT can be used for all modes of transportation, including container or roll-on roll-off traffic.[5]

4. **CIP:** Carriage and Insurance Paid To

Definition: Carriage and insurance paid is much like CPT in that the seller assumes most of the costs of transportation including export fees, carriage charges, and fees at port of destination. For CIP arrangements, however, the seller is responsible for purchasing insurance for the goods during the carriage.[6]

Note: While the seller is required to buy insurance for the carriage, the risk of loss or damage is transferred from seller to buyer when the goods are loaded onto the first carrier vessel.[7] CIP can be used for all modes of transport but is most common for intermodal (i.e. container) shipping.[8]