

SUPPLY.

Incoterms® 2020 — Simple Guide

A plain-English reference for understanding the 11 Incoterms® 2020 rules. Incoterms® 2020 is the current edition published by the International Chamber of Commerce (ICC).

What Incoterms® tell you

Incoterms® allocate key delivery obligations, costs and risk between seller and buyer. They help clarify who arranges carriage, who handles certain customs formalities, where delivery occurs and where risk transfers. They do not determine ownership/title of the goods.

The 11 rules at a glance

Rule	Simple understanding	Transport
EXW	Buyer takes most of the transport and export/import responsibility from the named place.	Any mode
FCA	Seller delivers to the carrier or agreed place; buyer normally takes over the main carriage.	Any mode
CPT	Seller pays carriage to the named destination, but risk transfers when goods are handed to the carrier.	Any mode
CIP	Like CPT, with seller arranging cargo insurance under the rule's requirements.	Any mode
DAP	Seller delivers to the named destination; buyer normally handles import clearance and duties.	Any mode
DPU	Seller delivers and unloads at the named destination; buyer handles import formalities.	Any mode
DDP	Seller takes the highest delivery responsibility, including import clearance and duties/taxes as applicable.	Any mode
FAS	Seller delivers the goods alongside the vessel at the named port; buyer takes over from there.	Sea/inland waterway
FOB	Seller delivers the goods on board the vessel; risk transfers on board.	Sea/inland waterway
CFR	Seller pays sea freight to the destination port, but risk transfers when goods are on board.	Sea/inland waterway
CIF	Like CFR, with seller arranging the insurance required by the CIF rule.	Sea/inland waterway

A useful way to remember them

E / F rules: the buyer generally arranges the main international carriage. **C rules:** the seller pays for main carriage, but risk transfers earlier than the destination. **D rules:** the seller carries delivery responsibility further toward the destination.

Example: DAP Milan, Italy

The seller arranges delivery to the named destination. The buyer normally handles import clearance and import duties/taxes. Risk transfers at the agreed delivery point before unloading. Always specify the named place precisely.

How to write the term

DAP Milan, Italy — Incoterms® 2020

Always include the named place and the version. The precise named place matters because it affects delivery and risk.

Important

This is an educational quick reference, not the ICC Incoterms® 2020 rules themselves and not legal advice. For a contract, verify the selected rule, named place, insurance requirements and customs responsibilities against the applicable contract and current ICC material.

Source: International Chamber of Commerce (ICC), Incoterms® 2020. See the official ICC material for the authoritative rules.