Incoterms® are internationally recognized rules describing who is responsible for goods in transit and for how long. By using Incoterms can sellers and buyers avoid unnecessary misunderstandings. Incoterms® 2020 are recognized by the authorities and courts around the world.
INCOTERMS®
Delivery terms

**EXW - Ex Works...**
*(named place)*
- **Risk**: Buyer
- **Costs**: Buyer
- **Documents**: Seller
- The buyer is at risk when the goods have been placed at his disposal at agreed time and place.
- Insurance to be covered by the buyer. The buyer bears the risk during the whole transport.

**FCA - Free Carrier...**
*(named place)*
- **Risk**: Buyer
- **Costs**: Buyer
- **Documents**: Seller
- The buyer is at risk when the goods have been delivered to the first carrier or terminal at agreed time and place.
- Insurance to be covered by the buyer (the seller up to the named point).

**FAS (only by sea)**
*Free alongside ship...* *(named port of shipment)*
- **Risk**: Buyer
- **Costs**: Buyer
- **Documents**: Seller
- The buyer is at risk when the goods have been delivered alongside the ship at the port of shipment.
- Insurance to be covered by the buyer (the seller up to alongside the ship).

**FOB (only by sea)**
*Free on board...* *(named port of shipment)*
- **Risk**: Buyer
- **Costs**: Buyer
- **Documents**: Seller
- The buyer is at risk when the goods have been delivered onboard the ship at the port of shipment.
- Insurance to be covered by the buyer (the seller up to delivered onboard the ship).

**CFR (only by sea)**
*Cost and freight...* *(named port of destination)*
- **Risk**: Seller
- **Costs**: Buyer
- **Documents**: Seller
- The buyer is at risk when the goods have been delivered onboard the ship to the port of destination complying with Institute Cargo Clauses (C) or similar clauses (further transports by the buyer).
- Insurance must be covered by the seller (in favour of the buyer) to the port of destination complying with at least Institute Cargo Clauses (C) or similar clauses (further transports by the buyer).

**CIF (only by sea)**
*Cost, insurance and freight...* *(named port of destination)*
- **Risk**: Seller
- **Costs**: Buyer
- **Documents**: Seller
- The buyer is at risk when the goods have been delivered onboard the ship to the place of destination complying with Institute Cargo Clauses (A) or similar clauses (further transports by the buyer).
- Insurance must be covered by the seller (in favour of the buyer) to the place of destination complying with Institute Cargo Clauses (A) or similar clauses (further transports by the buyer).

**CPT - Carriage paid to...**
*(named place of destination)*
- **Risk**: Seller
- **Costs**: Buyer
- **Documents**: Seller
- The buyer is at risk when the goods have been delivered to the first carrier.
- Insurance to be covered by the buyer (the seller up to delivered on board the ship).

**CIP - Carriage and insurance paid to...**
*(named place of destination)*
- **Risk**: Seller
- **Costs**: Buyer
- **Documents**: Seller
- The buyer is at risk when the goods have been delivered to the first carrier.
- Insurance to be covered by the buyer (the seller up to delivered on board the ship).

**DAP - Delivered at place...**
*(named place of destination)*
- **Risk**: Seller
- **Costs**: Buyer
- **Documents**: Seller
- The buyer is at risk when the goods have been placed at his disposal at agreed place of destination ready for unloading.
- Insurance to be covered by the buyer until the goods have been unloaded.

**DPU - Delivered at place unloaded...**
*(named place of destination)*
- **Risk**: Seller
- **Costs**: Buyer
- **Documents**: Seller
- The buyer is at risk when the goods have been unloaded at the agreed place of destination.
- Insurance to be covered by the seller. The seller bears the risk during the whole transport.

**DDP - Delivered duty paid...**
*(named place of destination)*
- **Risk**: Seller
- **Costs**: Buyer
- **Documents**: Seller
- The buyer is at risk when the goods have been placed at his disposal at agreed place of destination cleared for import and with duties paid ready for unloading.
- Insurance to be covered by the seller. The seller bears the risk during the whole transport.
**Choice of delivery terms**

In modern transport systems, goods are not always inspected at points where the risk is transferred according to Incoterms® 2020. To avoid dispute concerning where loss or damage has incurred along the transport chain, it is advisable to agree on terms of delivery where one party bears the risk for the goods during the entire transport.

**State incoterms® 2020**

When making an agreement based on Incoterms, it is advisable to state the terms of delivery agreed on in the contract of sale and commercial invoices e.g. “FOB Hamina, Incoterms® 2020”.

Incoterms® 2020”. This prevents problems with interpretation which may arise in countries having their own definitions of delivery terms. If recommends the use of Incoterms® 2020 for international shipments and strongly advises against forming own delivery terms.

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### Notice of claim, periods of limitation and limitation of liability in international transports

<table>
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<tr>
<th>Applicable rules</th>
<th>Notice of claim</th>
<th>Notice of claim</th>
<th>Period of limitation</th>
<th>Limitation of liability for loss or damage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Carriage by Sea</strong></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Haag-Visby Rules/ Finnish Maritime Code</td>
<td>Upon receipt of goods</td>
<td>3 days</td>
<td>1 year</td>
<td>SDR* 667/package/ SDR 2/kg</td>
</tr>
<tr>
<td><strong>2. Carriage by air</strong></td>
<td></td>
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</tr>
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<td>The Montreal Convention</td>
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<td>2 years</td>
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<td><strong>3. Carriage by rail</strong></td>
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<tr>
<td>CIM Convention</td>
<td>Upon receipt of goods</td>
<td>7 days</td>
<td>1 year</td>
<td>SDR 17/kg</td>
</tr>
<tr>
<td>RKL - Finnish Railroad</td>
<td>Upon receipt of goods</td>
<td>10 days</td>
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<td><strong>4. Carriage by road</strong></td>
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<tr>
<td>CMR/TKSL</td>
<td>Upon receipt of goods</td>
<td>7 days (without delays)</td>
<td>1 year</td>
<td>SDR 8,33/kg</td>
</tr>
<tr>
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<td>Upon receipt of goods</td>
<td>7 days (without delays)</td>
<td>1 year</td>
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<td><strong>5. Nordic Forwarding</strong></td>
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</tr>
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<td>NSAB (when liability as carrier)</td>
<td>Upon receipt of goods</td>
<td>7 days</td>
<td>1 year</td>
<td>SDR 8,33/kg</td>
</tr>
</tbody>
</table>

* 1 SDR has lately fluctuated between EUR 1,10-1,25

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Please observe limitation of liability for carriers above and thus the need for cargo insurance. If P&C Insurance Ltd (publ) is your professional guide both on this as well as on Incoterms® 2020.

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More info on if.fi