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Incoterms

Incoterms and one of the most used delivery methods of Incoterms: “FOB”

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What is the meaning of “INCOTERMS”?

Incoterms (International Commercial Terms) are the rules that determine the distribution of responsibilities and costs between the parties during the transportation and delivery of goods within the purchase and sale relationship, regulated by ICC (International Chamber of Commerce). They were first published in 1936 under the name of “INCOTERMS” and they were revised in 1963, 1967, 1976, 1980, 1990 and 2000 depending on changing conditions. The current version of Incoterms 2010 is in effect since January 1, 2011. It should be mentioned that the rules of Incoterms 2010 are also suitable for both national and international sales contract.

Incoterms 2000 contains 13 delivery methods, but this number was reduced in 2010 version from 13 to 11. DAF, DES, DDU and DEQ as 4 delivery methods were repealed whereas DAP and DAT were entered into force as 2 new delivery methods. In addition to these differences, a binary separation was applied in 2010 version of Incoterms instead of the system of gathering under 4 groups. This separation is as follows;

The carriage methods used for all types of transport : EXW (Ex Works), FCA (Free Carrier), CPT (Carriage Paid to), CIP (Carriage and Insured paid to), DAT (Delivered at Terminal), DAP (Delivered at Place), DDP (Delivered Duty Paid)

The carriage methods used for sea and inland waters transport: FAS (Free Alongside Ship), FOB (Free on Board), CFR (Cost and Freight), CIF (Cost, Insurance and Freight)

When the delivery is specified in any type of document like commercial invoice; the name of the place where the responsibility will be transferred must be written right beside the code letters of delivery method. This delivery place may be a city or harbour for example "Ex Works Ankara, FOB İstanbul/Haydarpaşa etc...) These terms show that which party of the sale contract is responsible for which part of the transportation of goods.

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