INCOTERMS® 2010 Q&A
Questions and expert ICC guidance on the Incoterms® 2010 rules

Edited by Emily O’Connor
The constituency of the International Chamber of Commerce (ICC) consists of business enterprises and associations from every corner of the globe. ICC would like to express its gratitude to the many international trade experts who have contributed to the ICC’s Incoterms® rules for the use of domestic and international trade terms becoming one of the world’s most well-known global trading standards. The Incoterms® rules are used in countless international sale transactions every year, helping exporters and importers all over the world conclude precise, trouble-free agreements.

In particular, ICC would like to express its gratitude to the Co-Chairs of the Incoterms® 2010 Drafting Group – Charles Debattista (United Kingdom), and Christoph Martin Radtke (France) – as well as the other members of the Drafting Group and ICC Incoterms® rules experts who have contributed to the preparation of the questions and answers on the Incoterms® 2010 rules and additional new materials: Jens Bredow (Germany); Ercüment Erdem (Turkey); Johnny Herre (Sweden); David Lowe (United Kingdom); Emily O’Connor (France); Lauri Railas (Finland); Frank Reynolds (United States); Miroslav Subert (Czech Republic); and Koen Vanheusden (Belgium).

In addition, thanks are due to the experts who developed the wealth of historical materials herein, which were edited by Guillermo C. Jiménez (United States); Ray Battersby (UK); Mauro Ferrante (Italy); Carine Gelens (Belgium); Jean Guédon (France); Emmanuel Jolivet (France); Jan Ramberg (Sweden); Asko Räty (Finland); Bart Van der Veire (Belgium); and Alexander Von Ziegler (Switzerland).

Finally, we would like to thank the ICC National Committees around the world, and the thousands of businesses working with them, which contributed so valuably to the development and dissemination of Incoterms® 2010. Through this broad consultative approach, we hope to carry forward the lessons and knowledge of our history, as well as the insight and innovativeness of our business members, so that the Incoterms® rules will continue to serve the world trade community in the 21st century and beyond.
# TABLE OF CONTENTS AND QUESTION LIST

## CHAPTER ONE – INTRODUCTION TO THE INCOTERMS® RULES

### Background

Background

### The 5 Basic Questions:

**What, How, Where, Who, and Why?**

- What are the Incoterms® rules?  
- How are the Incoterms® rules properly used?  
- Where do you find the Incoterms® rules?  
- Who is bound by the Incoterms® rules?  
- Why should importers and exporters use and understand the Incoterms® rules in detail?

### Documents for reference

- Incoterms® 2010 Guidance Notes
- Specimen form of ICC Model International Sale Contract

### How does one choose the right Incoterms® rule? – A decision-making checklist

### The Incoterms® 2010 rules and documents – documents commonly needed in sale transactions under the Incoterms® rules

### A note on ‘delivery’ under the Incoterms® rules

### Other common questions

### The Golden Rules of the Incoterms® rules
CHAPTER TWO – GUIDANCE ON SELECTED INCOTERMS® RULES QUESTIONS
BY ICC EXPERTS

Real-life questions received by ICC with responses giving interpretive guidance, prepared by a group of the world’s foremost experts on the Incoterms® rules

Incoterms® 2010 – General questions ................................................................. 47

1. Use of ® trademark symbol and letters of credit .................. 47
2. ‘Terminal handling charges’ ................................................................. 47
3. Costs of security charges ................................................................. 47
4. Export clearance ‘applicable’ in F-family of rules? ........ 49
5. Non-freight costs during transit in C-family of rules ......................... 50
6. Stowage of full container loads ........................................................ 51
7. Incoterms® rules not designed to resolve accounting issues such as revenue recognition ................................. 51
8. Buyer faced with multiple charges from carrier under C-family of rules ................................................................. 52
9. Incoterms® 2010 rules do not address pipeline transactions ................................................................. 54
10. Containers going by sea under C-family of rules ............ 54
11. Goods damaged prior to arrival at departure terminal under C-family of rules ................................................................. 55
12. Global insurance policy ................................................................. 56
13. Mandatory local law overriding Incoterms® 2010 rules ......................... 56
14. ‘Transport documents’ in the Incoterms® 2010 rules ................................................................. 57
15. ‘Usual proof of delivery’ v. ‘usual transport document’ in FCA, FAS and FOB ................................................................. 58
16. Obligation v. custom for transport documents in C-family of rules ................................................................. 59
Incoterms 1990 – General questions

1. Customs not recognizing the Incoterms® rules ........................................ 61
2. Should industry standard terms refer to the Incoterms® rules? ...................... 62
3. The Incoterms® rules as ‘payment terms’ – COD/CAD .................................. 66
4. The Incoterms® rules and the European Single Market .................................. 67
5. Bonded goods and bail cover costs ................................................................. 69
6. Letters of credit and the Incoterms® rules ...................................................... 71
7. ‘C + I’ – Interpretation .................................................................................... 76
8. ‘C’-family of Incoterms® rules v. ‘D’-family of Incoterms® rules ....................... 77

Incoterms® 2010 – Multimodal questions

17. ‘Seller’s premises’ in FCA ............................................................................ 78
18. ‘Seller’s means of transport’ in FCA .............................................................. 78
19. ‘First carrier’ in CPT and CIP ........................................................................ 78
20. Seller using own means of transportation under DAT, DAP and DDP ............... 78
21. ‘Terminal’ in DAT ......................................................................................... 79
22. Where to unload in DAT? ............................................................................. 79
23. Buyer does not arrive to collect goods under DAP ........................................ 79
24. Documents under DAP and DDP .................................................................. 80
25. VAT and DDP ............................................................................................... 81
26. Does need for on board transport document rule out FCA for containers? ....... 81
27. Can seller refuse to load buyer’s arriving truck under FCA? ......................... 83
28. Who is ‘shipper’ on transport document under FCA? ................................... 84
29. Destination contract with seller unloading, but not at a terminal ..................... 84
30. Domestic arrival contracts for pre-imported foreign goods – DAP or DDP? ...... 85
31. Seller doubts safety of buyer’s arriving truck under EXW ............................ 85
32. Who pays ‘container cleaning charges’ under DAP? ...................................... 86
<table>
<thead>
<tr>
<th>Question</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>33. Relation of risk passage and export formalities under FCA, CPT and CIP</td>
<td>86</td>
</tr>
<tr>
<td>34. Delivery date under CIP?</td>
<td>87</td>
</tr>
<tr>
<td><strong>Incoterms® 1990 – Multimodal questions</strong></td>
<td>88</td>
</tr>
<tr>
<td>9. FCA – Forwarder’s handling fees</td>
<td>88</td>
</tr>
<tr>
<td>10. FCA – Manner of delivery</td>
<td>89</td>
</tr>
<tr>
<td>11. FCA – Import duties levied by seller’s customs authorities</td>
<td>90</td>
</tr>
<tr>
<td>12. FCA – Port/airport handling charges not ‘official’ charges</td>
<td>91</td>
</tr>
<tr>
<td>13. DDU – Wharfage fee</td>
<td>92</td>
</tr>
<tr>
<td>14. DDU – Customs clearance</td>
<td>93</td>
</tr>
<tr>
<td>15. DDU/DDP – Offloading and discharging</td>
<td>94</td>
</tr>
<tr>
<td>16. DDU – Customs clearance within reasonable time</td>
<td>95</td>
</tr>
<tr>
<td><strong>Incoterms® 2010 – Maritime questions</strong></td>
<td>98</td>
</tr>
<tr>
<td>35. Ship and goods on different quays under FAS</td>
<td>98</td>
</tr>
<tr>
<td>36. Containerized shipments and FOB, CFR and CIF</td>
<td>99</td>
</tr>
<tr>
<td>37. What does ‘on board’ mean in FOB, CFR and CIF?</td>
<td>100</td>
</tr>
<tr>
<td>38. Risk transfer in ‘free in stowed and secured’ under FOB, CFR and CIF</td>
<td>100</td>
</tr>
<tr>
<td>39. Goods destroyed mid-loading under FOB</td>
<td>101</td>
</tr>
<tr>
<td>40. Packaging, containers and break bulk under FOB</td>
<td>101</td>
</tr>
<tr>
<td>41. Proof of delivery, bill of lading, under FOB</td>
<td>102</td>
</tr>
<tr>
<td>42. Loading a ship under FOB, CFR and CIF</td>
<td>103</td>
</tr>
<tr>
<td>43. Formalities in intra-EU sale under FOB</td>
<td>104</td>
</tr>
<tr>
<td>44. Risk and port charges under FOB</td>
<td>105</td>
</tr>
</tbody>
</table>