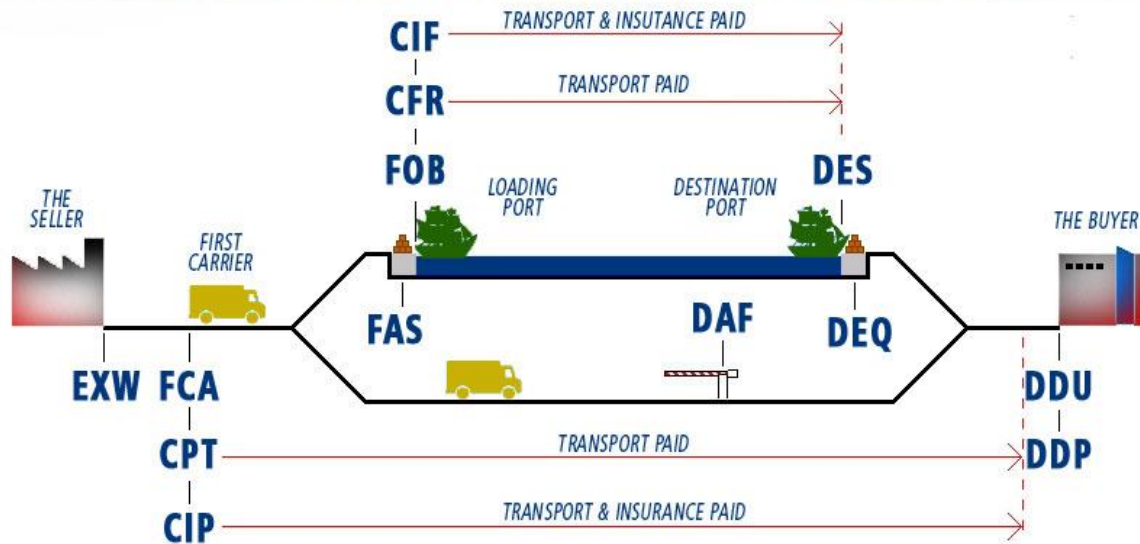


INCOTERMS 2000: Transfer of risk from the seller to the buyer



INCOTERMS 2000 - interpretation of 13 commerce formulas divided into four groups (E, F, C and D) each of which is marked by a three-letter abbreviation (three initial letters of their English equivalents). Formulas are grouped according to the criterion of the increasing responsibility and risk of the seller (from EXW to DDP). In each formula responsibilities of the seller and the buyer are listed in ten points corresponding with one another.

Responsibilities of the seller are ordered from A1 to A10 and of the buyer from B1 to B10. The major responsibilities and risk distribution are as follows:

GROUP E- the importer is responsible for transport of the cargo from the named place

EXW - the buyer arranges transport of the cargo, is responsible for all the charges and risk connected with it, the seller indicates the place from which the cargo is to be collected by the buyer, the seller does not have the responsibility to enter the cargo for export customs clearance and load it on the transport facility.

GROUP F- the importer is responsible for transport of the cargo from the specified place in the country of shipment.

FCA Free Carrier (... named place) the seller is obliged to deliver the cargo to the carrier or the party indicated by the buyer to the specified place and at the agreed time; the seller is to pay loading fee when the cargo is collected from his premises, the buyer pays discharging fee when the cargo is delivered to the carrier's terminal, the seller is responsible for export customs clearance of the cargo;

FAS - Free Alongside Ship (named port of shipment) the buyer concludes sea freight contract, informs the seller about the name of the ship, place of loading, required time of delivery, the seller is responsible for export customs clearance and delivery of the cargo alongside ship;

FOB - Free on Board (... named port of shipment) the buyer concludes the sea freight contract, informs the seller about the name of the ship, place and time of loading, the seller is obliged to deliver the cargo on the indicated ship and to arrange export customs clearance, the seller is responsible for the cargo loss or damage alongside ship's rail in the port of loading.

GROUP C - the seller, being responsible for transport, concludes a carriage contract and pays the transport charges up to the specified place in the country of destination, the buyer incurs the risk of loss or damage of the cargo transported from the port of loading;

CFR -- Cost and Freight (named port of destination) the seller arranges cargo sea freight to the specified port of destination, incurs loading and freight charges, the risk of the cargo loss or damage is distributed alongside ship in the port of loading;

CIF - Cost, Insurance and Freight (named port of destination) the seller is responsible (as in CFR formula) for the cargo sea freight to the specified port of destination, incurs loading and freight charges and additionally is obliged to insure the cargo;

CPT - Carriage Paid To ... (... named place of destination) the seller is responsible to conclude the carriage contract and incurs transport charges to the specified place of destination, the seller is responsible for the cargo till the moment it has been delivered to the carrier;

CIP Carriage and Insurance Paid To (... named place of destination) as in CPT formula and additionally, the seller is obliged to insure the cargo;

GROUP D - the seller is responsible for delivering the cargo to the specified place/port of destination

DAF - Delivered at Frontier (... named place) the seller is obliged to deliver the cargo on the transport facility to the specified place of delivery at the frontier, the buyer incurs unloading charges at the frontier;

DES - Delivered Ex Ship (...named port of destination) the seller is obliged to conclude a carriage contract, incurs transport charges and should

deliver the cargo alongside ship at the port of destination; the seller accepts sea transport risk, the buyer is responsible for the import customs clearance of the cargo;

DEQ - Delivered Ex Quay (...named port of destination) the seller is obliged to deliver the cargo to the specified quay in the port of destination; the buyer is responsible for the import customs clearance of the cargo;

DDU - Delivered Duty Unpaid (...named place of destination) the seller arranges the transport, incurs its cost and risk to the specified place of destination, places the cargo at the buyer's disposal on the transport facility; the buyer is responsible for unloading the cargo and import customs clearance;

DDP - Delivered Duty Paid (... named place of destination) the seller is responsible for arranging transport, paying its costs, incurring the risk and customs clearing the cargo (import procedure); the buyer unloads the cargo.