

# INCOTERMS (2000)

This relates to INCOTERMS (2000) only

<b><i>F.O.B. (Named Port of Shipment)</i></b>	<b><i>C.I.F. (Named Port of Destination)</i></b>
<b>1. Price to be paid:</b>	
<ul style="list-style-type: none"> <li>• Price of Goods (A1, B1)</li> <li>• Export and customs costs (e.g., licenses, fees, duties, taxes) (A2, A6)</li> <li>• Costs of inland freight to port of shipment (A6)</li> <li>• Costs of storage at port of destination and loading on the ship at the port of shipment. (A6)</li> <li>• Cost of “Checking operations” (e.g. measuring, weighing, counting of goods) (A9)</li> <li>• Packaging and marking costs (A9)</li> <li>• Miscellaneous overhead, including: (i) costs associated with correspondence re proof of delivery and transportation document (A8) and (ii) costs associated with requirements of A10.</li> </ul>	<p>Same as FOB, <i>plus</i>:</p> <ul style="list-style-type: none"> <li>• Cost of sea carriage of the goods (A3, A6)</li> <li>• Cost of insurance covering the sea transit to port of destination (A3, A6)</li> <li>• Various charges which might be <i>included</i> in the contract of carriage, e.g. (i) cost of unloading at the port of discharge (A6), (ii) transit and customs costs through any country (A6)</li> </ul>
<b>2. When payment is made:</b>	
<p>FOB term does not include a payment term.</p>	<p>Payment of full price is due upon presentation of documents unless otherwise agreed upon. (A customary consequence of A8). (See Spanogle excerpt, pp. 132-33 of your coursebook.)</p>
<b>3. Inspection of Goods before making payment:</b>	
<p>FOB does not address this issue. Depends on the agreement of the parties.</p>	<p>This is not explicitly addressed. However, as a customary consequence of A8, Buyer would have no right to inspect goods before paying for them, unless otherwise agreed. (See Spanogle, CB 132)</p>
<b>4. Delivery:</b>	
<p>Seller is required to deliver the goods on board the vessel at the port of shipment (traditionally referred to as “passing the rail” (A4)</p>	<p>Same as FOB</p>

<b>5. Risk of loss:</b>	
Shifts to Buyer as goods pass the rail at the port of shipment (A5), or on a particular date as noted in the second part of B5.	<p>Same as FOB (A5, B5)</p> <p><i>Note that this is true even though seller must pay for insurance covering the sea transit until the arrival at the port of destination.(A3)</i></p> <p><i>Note that the B5 conditions are different than those in FOB B5.</i></p>
<b>6. Who arranges carriage:</b>	
<p>Buyer (B3)</p> <p>Note: Carriage contract is between carrier and buyer.</p>	<p>Seller (A3)</p> <p>Note: Carriage contract is between carrier and seller.</p>
<b>7. Any marine insurance proceeds go to:</b>	
<p>Buyer</p> <p>Note: Buyer has risk of loss during transit. If buyer desires to have insurance coverage, he would have to arrange and pay for the insurance.</p>	Buyer (A3)
<b>8. When does title change hands:</b>	
<p>Does not expressly make any reference to "title" (or to "ownership")</p> <p>Could be a problem if there is a dispute where "title" is at issue. Perhaps title is best deemed to change hands when the risk of loss passes to the buyer, i.e. after passing the ships rail in the port of shipment. How about when payment is made? Or should it be whoever has the BOL?</p>	Same as FOB.