

NSL GUIDE

Incoterms 2020 Explained for Importers & Exporters

Incoterms 2020 are the international rules, published by the International Chamber of Commerce (ICC), that define who is responsible for transport, insurance, customs and risk in a sale of goods. Using the right Incoterm in your contract avoids disputes and surprise costs.

The 11 Incoterms 2020 rules at a glance

Term	Full name	Risk passes to buyer	Main freight paid by	Mode
EXW	Ex Works	At seller's premises	Buyer	Any
FCA	Free Carrier	When handed to buyer's carrier	Buyer	Any
CPT	Carriage Paid To	When handed to first carrier	Seller	Any
CIP	Carriage & Insurance Paid To	When handed to first carrier	Seller (+ all-risk insurance)	Any
DAP	Delivered at Place	At named destination, ready to unload	Seller	Any
DPU	Delivered at Place Unloaded	At destination, after unloading	Seller	Any
DDP	Delivered Duty Paid	At destination, duties paid	Seller (incl. import duties)	Any
FAS	Free Alongside Ship	Alongside the vessel at origin port	Buyer	Sea
FOB	Free on Board	On board the vessel at origin port	Buyer	Sea
CFR	Cost and Freight	On board the vessel at origin port	Seller	Sea
CIF	Cost, Insurance & Freight	On board the vessel at origin port	Seller (+ minimum insurance)	Sea

Which Incoterm should Pakistani exporters use?

FOB Karachi is the most common term for Pakistani exports: you deliver the goods on board at Karachi or Port Qasim and the buyer pays the ocean freight. If your buyer wants a delivered price, **CFR** or **CIF** lets you include freight (and insurance), and NSL can quote it for you. For containerised cargo, the ICC recommends **FCA** instead of FOB, because the seller usually hands the container to the carrier at the terminal, not on board.

Which Incoterm should importers into Pakistan use?

When buying from China or elsewhere, **FOB** or **FCA** gives you control over freight and lets your forwarder (NSL) negotiate the best rate and schedule. **EXW** can work if your forwarder handles export clearance at origin. Avoid **DDP** into Pakistan unless the seller can legally clear goods here.

Common Incoterm mistakes to avoid

- Using FOB or CIF for air freight — these are sea-only rules.
- Not naming the exact place, e.g. write *FOB Karachi Port, Incoterms 2020*.
- Assuming CIF insurance is enough — it is only minimum cover; consider all-risk **cargo insurance**.
- Confusing who pays destination terminal handling charges (THC) — agree it in the contract.

Not sure which term fits your deal? **Ask NSL's team** or **request a quote** on both FOB and CIF terms.

Frequently asked questions

What is the most common Incoterm for exports from Pakistan?

FOB Karachi is the most widely used, followed by CFR and CIF when the exporter arranges freight.

Is DAP the same as door-to-door?

DAP means the seller delivers to a named place at destination, ready for unloading, but the buyer pays import duties. It is often used for door-to-door shipments.

Need help with a shipment?

Get a free quote at <https://www.nslship.com/get-a-quote/> or call +92-21-3247-2290-93.