

CIF is one of the 11 Incoterms (International Commercial Terms) defined by the International Chamber of Commerce (ICC).

It's used only for sea or inland waterway transport and defines responsibilities between a seller and buyer in international trade.

Under CIF terms, the seller is responsible for:

- 1. Cost of goods and shipping to the destination port.**
- 2. Insurance covering the goods during transit.**
- 3. Freight to transport the goods to the agreed destination port.**

Once the goods are loaded on board the vessel, risk transfers to the buyer, even though the seller pays for shipping and insurance.

Seller's Responsibilities in CIF:

- Export packaging and documentation**
- Origin terminal handling**
- Loading at the port of origin**
- Main carriage (freight) to the destination port**
- Insurance coverage (minimum) during transit**
- Export duty and customs clearances**

Buyer's Responsibilities in CIF

- Unloading at destination port**
- Destination port handling**
- Import customs clearance and duties**
- Inland transportation to the final destination**
- Insurance beyond port (if needed)**

Advantages of CIF for the Buyer:

- Seller arranges and pays for shipping and insurance**
- Easier logistics for buyers unfamiliar with export regulations**
- Lower upfront effort in managing freight**

Disadvantages of CIF for the Buyer:

- Risk transfers earlier (at loading), not delivery
- Seller chooses carrier and insurance (may be basic coverage)
- Less control over logistics and potential hidden costs at the destination

When to Use CIF:

- When shipping bulk cargo, raw materials, or sea freight
- When the buyer prefers the seller to handle logistics and insurance
- When goods are being delivered to a

A well-established port with experienced customs brokers

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What Does CFR Mean in Petroleum Contracts?

and it is one of the **Cost and Freight** stands for (*CRF* often mistakenly written as) **CFR** (International Commercial Terms) published by the ICC (International **Incoterms** official Chamber of Commerce)

CFR = Cost and Freight

.to the destination port **pays for the cost of transporting the goods** The seller ►

once the goods are loaded on board the ship at the port **risk transfers to the buyer** ,However ►
.of origin

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Petroleum Deals & Key Terms of CFR in Oil

:Delivery Point .1

.The seller delivers the goods when they are loaded onboard the vessel at the port of origin

.to the agreed destination port **freight** The seller arranges and pays for the

:Risk Transfer .2

to the cargo passes to the buyer as soon as the goods are loaded **risk of loss or damage** The .onto the vessel

:Required Documents (commonly) .3

Commercial Invoice •

Bill of Lading (B/L) •

Certificate of Origin (if applicable) •

Certificate of Quality (COQ) •

Certificate of Quantity (CQ) •

Packing List •

Others depending on the specific deal •

:No Insurance Included .4

.the goods during transit **seller is NOT responsible for insuring** Under CFR, the

.(Cost, Insurance, and Freight) **CIF** If insurance is needed, use ►

:Port of Destination Must Be Specified .5

:For example

CFR Shanghai Port, China •

CFR Karachi Port, Pakistan •

CFR Mombasa Port, Kenya •

:Laycan (Laydays and Cancelling Date) .6

The shipping window within which the vessel must arrive for loading. This is typically defined .in oil contracts

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:Advantages for the Buyer

.The buyer does not need to arrange or pay for ocean freight •

.Simplified logistics up to the arrival port •

:Important Note ⚠

as soon as the cargo is **buyer assumes the risk** Although the seller pays for the freight, the
.loaded onboard the ship

instea **CIF terms** Therefore, if protection is needed, the buyer should arrange insurance or use