

## **CFR (Cost and Freight)**

The seller must provide the goods and the commercial invoice in conformity with the contract of sale and any other evidence of conformity that may be required by the contract.

Any document to be provided by the seller may be in paper or electronic form as agreed or, where there is no agreement, as is customary.

The buyer must pay the price of the goods as provided in the contract of sale.

Any document to be provided by the buyer may be in paper or electronic form as agreed, or where there is no agreement, as is customary.

The seller must deliver the goods either by placing them on board the vessel or by procuring the goods so delivered. In either case the seller must deliver the goods on the agreed date or within the agreed period and in the manner customary at the port.

The buyer must take delivery of the goods when they have been delivered under A2 and receive them from the carrier at the named port of destination.

The seller bears all risks of loss of or damage to the goods until they have been delivered in accordance with A2, with the exception of loss or damage in the circumstance described in B3.

The buyer bears all risks of loss of or damage to the goods from the time they have been delivered under A2.

If the buyer fails to give notice in accordance with B10, then it bears all risks of loss of or damage to the goods from the agreed date or the end of the agreed period for shipment, provided that the goods have been clearly identified as the contract goods.

The seller must contract or procure a contract for the carriage of the goods from the agreed point of delivery, if any, at the place of delivery to the named port of destination or, if agreed, any point at that port. The contract of carriage must be made on usual terms at the seller's cost and provide for carriage by the usual route in a vessel of the type of normally used for the transport of the type of goods sold.

The seller must comply with any transport-related security requirements for transport to the destination.

The buyer has no obligation to the seller to make a contract of carriage.

The seller has no obligation to the buyer to make a contract of insurance. However, the seller must provide the buyer, at the buyer's request, risk and cost, with information in the possession of the seller that the buyer needs for obtaining insurance.

The buyer has no obligation to the seller to make a contract of insurance.

The seller must, at its own cost, provide the buyer with the usual transport-related document for the agreed port of destination.

This transport document must cover the contract goods, to be dated within the period agreed for the shipment, enable the buyer to claim the goods from the carrier at the port of destination and unless otherwise agreed, enable the buyer to sell the goods in transit by the transfer of the document to a subsequent buyer or by notification to the carrier.

When such a transport document is issued in negotiable form and in several originals, a full set of originals must be presented to the buyer.

The buyer must accept the transport document provided under A6 if it is in conformity with the contract.

- a) **Export Clearance** Where applicable, the seller must carry out and pay for all export clearance formalities required by the country of export, such as:
    - Export licence;
    - Security clearance for export;
    - Pre-shipment inspection; and
    - Any other official authorisation
  - b) **Assistance with Import Clearance** Where applicable, the seller must assist the buyer, at the buyers request, risk and cost, in obtaining any documents and/or information related to all transit/import clearance formalities, including security requirements and pre-shipment inspection, needed by the country of transit or the country of import.
- A. **Assistance with Export Clearance** Where applicable, the buyer must assist the seller at the seller's request, risk and cost in obtaining any documents and/or information related to all export clearance formalities, including security requirements and pre-shipment inspection, needed by the country of export.
- B. **Import Clearance** Where applicable, the buyer must carry out and pay for all formalities required by any country of transit and the country of import, such as:
- Import licence and any licence required for transit;
  - Security clearance for import and any transit;
  - Pre-shipment inspection; and
  - Any other official authorisation

The seller must pay the costs of those checking operations (such as checking quality, measuring, weighing and counting) that are necessary for the purpose of delivering the goods in accordance with A2.

The seller must, at its own cost, package the goods, unless it is usual for the particular trade to transport the type of goods sold unpackaged. The seller must package and mark the goods in the manner appropriate for their transport, unless the parties have agreed on specific packaging or marking requirements.

The buyer has no obligation to the seller.

The seller must pay:

- a) All costs relating to the goods until they have been delivered in accordance with A2, other than those payable by the buyer under B9;
- b) The freight and all other costs resulting from A4, including the cost of loading the goods on board and transport-related security costs;
- c) Any charges for unloading at the agreed port of discharge that were for the sellers account under the contract of carriage;
- d) The cost of transit that were for the sellers account under the contract of carriage;
- e) The costs providing the usual proof to the buyer under A6 that the goods have been delivered;
- f) Where applicable, duties, taxes and any other costs related to export clearance under A7(a); and
- g) The buyer for all costs and charges related to providing assistance in obtaining documents and information in accordance with B7(a).

The buyer must pay:

- a) All cost relating to the goods from the time they have been delivered under A2, other than those payable by the seller under A9;
- b) The cost of transit, unless such costs were for the sellers account under the contract of carriage;
- c) Unloading costs including lighterage and wharfage charges, unless costs and charges were for the sellers account under the contract of carriage.
- d) The seller for all costs and charges related to providing assistance in obtaining documents and information in accordance with A5 and A7(b);
- e) Where applicable, duties and taxes and any other costs related to transit or import clearance under B7(b); and
- f) Any additional costs incurred if it fails to give notice in accordance with B10, from the agreed date or the end of the agreed period for shipment, provided that the goods have been clearly identified as the contract goods.

The seller must notify the buyer that the goods have been delivered in accordance with A2.

The seller must give the buyer any notice required to enable the buyer to receive the goods.

The buyer must, whenever it is agreed that the buyer is entitled to determine the time for shipping the goods and/or the point in receiving the goods within the named port of destination, give the seller sufficient notice.

1. **Delivery and risk** – “Cost and Freight” means that the seller delivers the goods to the buyer
  - On board the vessel
  - Or procure the goods already so delivered.



The risk of loss of or damage to the goods transfers when the goods are on board the vessel, such that the seller is taken to have performed its obligation to deliver the goods whether or not the goods actually arrive at their destination in sound condition, in the stated quantity or, indeed, at all. In CFR, the seller owes no obligations to the buyers to purchase insurance cover: the buyer would be well-advised thereof to purchase some cover for itself.

2. **Mode of transport** – This rule is to be used only for sea or inland waterway transport. Where more than one mode of transport is to be used, which will commonly be the case where goods are handed over to a carrier at a container terminal, the appropriate rule is to use is CPT rather than CFR.



3. **‘or procuring the goods so delivered’** – The reference to “procure” here caters for multiple sales down a chain (string sales), particularly common in the commodity trades.
4. **Ports of delivery and destination** – In CFR, two ports are important: the port where the goods are delivered on board the vessel and the port agreed as the destination of the goods. Risk transfers from the seller to buyer when the goods are delivered to the buyer by placing them onboard the vessel at the shipment port or by procuring the goods already so delivered. However, the seller must contract for carriage of the goods from delivery to the agreed destination. Thus, for example, goods are placed on board a vessel in Shanghai (which is a port) for carriage in Southampton (also a port). Delivery here happens when the goods are on board in Shanghai, with risk transferring to the buyer at that time; and the seller must make a contract of carriage from Shanghai to Southampton.
5. **Must the shipment port be named?** – While the contract will always specify a destination port, it might not specify the port of shipment, which is where the risks transfers to the buyer. If the shipment port is of particular interest to the buyer, as it may be, for example, where the buyers wishes to ascertain that the freight element of the price is reasonable, the parties are well advised to identify it as precisely as possible in the contract.

6. **Identifying the destination point at the discharge port** – The parties are well advised to identify as precisely as possible the point at the named port of destination, as the costs to that point are for the account of the seller. The seller must make a contract or contracts of carriage that cover(s) the transit of the goods from delivery to the named port or to the agreed point within that port where such a point has been agreed in the contract of sale.
7. **Multiple carriers** – It is possible that the carriage is effected through several carriers for different legs of the sea transport, for example, first by a carrier operating a feeder vessel from Hong Kong to Shanghai, and then onto an ocean vessel from Shanghai to Southampton. The question which arises here is whether risks transfers from the seller to the buyer at Hong Kong or at Shanghai: where does delivery take place? The parties may well have agreed this in the sale contract itself. Where, however, there is no such agreement, the default position is that risk transfers when the goods have been delivered for the first carrier, i.e. Hong Kong, thus increasing the period during which the buyer incurs the risk of loss or damage. Should the parties wish the risk to transfer at a later stage (here, Shanghai) they need to specify this in their contract sale.
8. **Unloading Costs** – If the seller incurs costs under its contract of carriage related to unloading at the specified point at the port of destination, the seller is not entitled to recover such costs separately from the buyer unless otherwise agreed between the parties.
9. **Export/import clearance** – CFR requires the seller to clear the goods for export, where applicable. However, the seller has no obligation to clear the goods for import or for transit through third countries, to pay any import duty or to carry out any import customs formalities.



A The Sellers Obligations	B The Buyers Obligations
<p><b>A1 General obligations</b> The seller must provide the goods and the commercial invoice in conformity with the contract of sale and any other evidence of conformity that may be required by the contract.</p> <p>Any document to be provided by the seller may be in paper or electronic form as agreed or, where there is no agreement, as is customary.</p>	<p><b>B1 General obligations</b> The buyer must pay the price of the goods as provided in the contract of sale.</p> <p>Any document to be provided by the buyer may be in paper or electronic form as agreed or, where there is no agreement, as is customary.</p>
<p><b>A2 Delivery</b> The seller must deliver the goods either by placing them on board the vessel or by procuring the goods so delivered. In either case, the seller must deliver the goods on the agreed date or within the agreed period and in the manner</p>	<p><b>B2 Delivery</b> The buyer must take delivery of the goods when they have been delivered under A2 and receive them from the carrier at the named port of destination.</p>

<p>customary at the port.</p>	
<p><b>A3 Transfer of risks</b> The seller bears all risks of loss of or damage to the goods until they have been delivered in accordance with A2, with the exception of loss or damage in the circumstance described in B3.</p>	<p><b>B3 Transfer of risks</b> The buyer bears all risks of loss of or damage to the goods from the time they have been delivered under A2.</p> <p>If the buyer fails to give notice in accordance with B10, then it bears all risks of loss of or damage to the goods from the agreed date or the end of the agreed period for shipment, provided that the goods have clearly been identified as the contract goods.</p>
<p><b>A4 Carriage</b> The seller must contract or procure a contract for the carriage of the goods from the agreed point of delivery, if any, at the place of delivery to the named port of destination or, if agreed, any point at that port. The contract of carriage must be made on usual terms at the seller's cost and provide for carriage by the usual route in a vessel of the type normally used for the transport of the type of goods sold.</p> <p>The seller must comply with ant transport-related security requirements for transport to the destination.</p>	<p><b>B4 Carriage</b> The buyer has no obligation to the seller to make a contract of carriage.</p>
<p><b>A5 Insurance</b> The seller has no obligation to the buyer to make a contract of insurance. However, the seller must provide the buyer, at the buyer's request, risk and cost, with information in the possession of the seller that the buyer needs for obtaining insurance.</p>	<p><b>B5 Insurance</b> The buyer has no obligation to the seller to make a contract of insurance.</p>
<p><b>A6 Delivery/transport document</b> The seller must, at its own cost, provide the buyer with the usual transport document for the agreed port of destination.</p> <p>This transport document must cover the contract goods, be dated within the period agreed for shipment, enable the buyer to claim the goods from the carrier at the port of destination and, unless otherwise agreed, enable the buyer to sell the goods in transit by the transfer of the document to a subsequent buyer or by notification to the carrier.</p> <p>When such transport document is issued in negotiable form and in several originals, a full set</p>	<p><b>B6 Delivery/transport document</b> The buyer must accept the transport document provided under A6 if it is in conformity with the contract.</p>

<p>of originals must be presented to the buyer.</p>	
<p><b>A7 Export/import clearance</b></p> <p>a) <b>Export Clearance</b> Where applicable, the seller must carry out and pay for all export clearance formalities required by the country of export, such as:</p> <ul style="list-style-type: none"> <li>• Export licence;</li> <li>• Security clearance for export;</li> <li>• Pre-shipment inspection; and</li> <li>• Any other official authorization</li> </ul> <p>b) <b>Assistance with import clearance</b> Where applicable, the seller must assist the buyer, at the buyers request, risk and cost, in obtaining any documents and/or information related to all transit/import clearance formalities, including pre-shipment inspection, needed by any country of transit or the country of import.</p>	<p><b>B7 Export/import clearance</b></p> <p>a) <b>Assistance with export clearance</b> Where applicable, the buyer must assist the seller at the seller’s request, risk and cost in obtaining any documents and/or information related to all export clearance formalities, including security requirements and pre-shipment inspection, needed by the country of export.</p> <p>b) <b>Import Clearance</b> Where applicable, the buyer must carry out and pay for all formalities required by any country of transit and the country of import, such as:</p> <ul style="list-style-type: none"> <li>• Import licence and any licence required for transit;</li> <li>• Security clearance for import and any transit;</li> <li>• Pre-shipment inspection; and</li> <li>• Any other official authorisation.</li> </ul>
<p><b>A8 Checking/packaging/marking</b></p> <p>The seller must pay the costs of those checking operations (such as checking quality, measuring, weighing and counting) that are necessary for the purpose of delivering the goods in accordance with A2.</p> <p>The seller must, at its own cost, package the goods, unless it is usual for the particular trade to transport the type of goods sold unpackaged. The seller must package and mark the goods in the manner appropriate for their transport, unless the parties have agreed on specific packaging or marking requirements.</p>	<p><b>B8 Checking/packaging/marking</b></p> <p>The buyer has no obligation to the seller.</p>
<p><b>A9 Allocation of costs</b></p> <p>The seller must pay:</p> <ol style="list-style-type: none"> <li>a) All costs relating to the goods until they have been delivered in accordance with A2, other than those payable by the buyer under B9;</li> <li>b) The freight and all other costs resulting from A4, including the costs of loading the goods on board and transport-related security costs;</li> <li>c) Any charges for unloading at the agreed port of discharge that were for the sellers account under the contract of carriage;</li> </ol>	<p><b>B9 Allocation of costs</b></p> <p>The buyer must pay:</p> <ol style="list-style-type: none"> <li>a) All costs relating to the goods from the time they have been delivered under A2, other than those payable by the seller under A9;</li> <li>b) The costs of transit, unless such costs were for the sellers account under the contract of carriage;</li> <li>c) Unloading costs including lighterage and wharfage charges, unless such costs and charges were for the sellers account under the contract of carriage;</li> <li>d) The seller for all costs and charges</li> </ol>

<ul style="list-style-type: none"> <li>d) The costs of transit that were for the sellers account under the contract of carriage;</li> <li>e) The costs of providing the usual proof to the buyer under A6 that the goods have been delivered;</li> <li>f) Where applicable, duties, taxes and any other costs related to export clearance under A7(a); and</li> <li>g) The buyer for all costs and charges related to providing assistance in obtaining documents and information in accordance with B7(a).</li> </ul>	<p>related to providing assistance in obtaining documents and information in accordance with A5 and A7(b);</p> <ul style="list-style-type: none"> <li>e) Where applicable, duties, taxes and any other costs related to transit or import clearance under B7(b); and</li> <li>f) Any additional costs incurred if it fails to give notice in accordance with B10, from the agreed date or the end of the agreed period for shipment, provided that the goods have been clearly identified as the contract goods.</li> </ul>
<p><b>A10 Notices</b> The seller must notify the buyer that the goods have been delivered in accordance with A2.</p> <p>The seller must give the buyer any notice required to enable the buyer to receive the goods.</p>	<p><b>B10 Notices</b> The buyer must, whenever it is agreed that the buyer is entitled to determine the time for shipping the goods and/or the point of receiving the goods within the named port of destination, give the seller sufficient notice.</p>