

# Shipping & Payment Terms Guide

## 1. Common Shipping Terms (Incoterms)

| Term                            | Meaning   | Buyer Responsibility                         | Supplier Responsibility                    |
|---------------------------------|---|--|--|
| EXW (Ex Works)                  | Goods available at supplier's premises.             | All transport, insurance, customs clearance. | Make goods available.                      |
| FOB (Free On Board)             | Supplier delivers goods on board vessel.            | Freight, insurance, import customs.          | Export customs, delivery to port, loading. |
| CIF (Cost, Insurance & Freight) | Supplier covers cost, insurance, freight.           | Import customs, duties, inland transport.    | Export customs, ocean freight, insurance.  |
| DDP (Delivered Duty Paid)       | Supplier delivers to buyer's door with duties paid. | None (maximum convenience).                  | All costs including duties and taxes.      |

## 2. Common Payment Methods

| Method                            | Description  | Risk for Buyer                           | Risk for Supplier                     |
|-----------------------------------|--|--|---------------------------------------|
| T/T (Bank Transfer)               | Most common method, partial deposit + balance before shipment. | Medium – upfront deposit at risk.        | Medium – balance risk before payment. |
| L/C (Letter of Credit)            | Bank guarantees payment if conditions met.                     | Low – protected by bank.                 | Low – secure if documents correct.    |
| OA (Open Account)                 | Payment after receiving goods.                                 | High – risk of non-delivery.             | Low – buyer may delay payment.        |
| DA (Documents Against Acceptance) | Payment due at a future date after documents accepted.         | Medium – goods received before payment.  | Medium – risk of late/non-payment.    |
| Alibaba Trade Assurance           | Escrow system protecting both parties.                         | Low – funds released after confirmation. | Low – secure if terms met.            |