

Carriage Paid To

What is CPT?

Carriage Paid To (CPT) is an International Commercial Term (Incoterm) which was set out by the International Chamber of Commerce in their Incoterms 2010 guide with the aim of standardizing shipping terms and defining all of the responsibilities between buyers and sellers.



Transport Modes:

Rail, Sea, Air, Road

Carriage Paid To is a fairly uncommon incoterm where the seller is responsible for the freight and shipping of the goods up until they arrive at the terminal or warehouse in the country of the buyer. Under CPT, the seller is not responsible for providing insurance of the goods when they are shipped. As with Free Carrier, the seller is also responsible for clearing the goods for export at the port or terminal. CPT is common for large importers who have their own port agents that can manage the delivery of goods when they arrive in their country.

However, the risk of the seller passes on to the buyer once the goods leave their country or port, despite the seller paying for the transport of the goods.

The buyer (or consignee) is then responsible for everything else:

- Insuring the goods as they are being shipped (but not paying for this shipment)
- Unloading the goods at the buyer's port or terminal
- Transporting the goods to the end destination or warehouse

When does the liability shift from the seller to the buyer under CPT?

As soon as the goods are delivered to the carrier (e.g. loaded onto the ship at the port of the seller's country), the liability and risk of these goods is transferred over to the buyer.

The agreed transportation point of the goods can be at a port, terminal or goods loading point, providing it's within the home country of the seller.

INCOTERMS® 2010 -CPT



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CPT is multimodal

Carriage Paid To can be used on any form of transport mechanism; inland waterway, rail, road, sea, air or a combination. If the transport includes multiple forms of transport, the responsibility shifts from the seller to the buyer once the goods have been handed over to the first carrier.

Unlike Ex Works, the seller is responsible for clearing goods at customs under a CPT agreement.

Advantages and Disadvantages of Carriage Paid To (CPT)

Advantages	Disadvantages
The seller covers the costs of all customs formalities which are required to ship the goods, including customs duties, taxes and other official charges payable upon exportation.	There is no obligation for the seller to obtain insurance when shipping the goods, so it's the buyer's responsibility to organize this.
The seller is responsible for shipping the goods and must provide documentation of this to the seller (e.g. Airway Bill or Bill of Lading).	The liability shifts from the seller to the buyer as soon as the goods have left the country, so the buyer must bear all risks of loss of or damage to the goods once they are in the hands of the carrier.
CPT can be useful for large imports of imports which are supported by a Letter of Credit.	Many buyers can incur inflated charges and many different fees that they are unable to challenge under CPT.

CPT Price

The price for Carriage Paid To is more expensive than Ex Works and Free Carrier, because the shipping cost is also included under the contract.

The buyer should also consider the following when importing under CPT:

- Any hidden fees and transport fees from the seller

- Terminal Handling Charges (THC), which are fees made by the terminal operator and might not be quoted in the initial rates.
- Insurance for shipping from the point at which goods are handed over to the carrier
- Warehouse Storage
- Unloading fees

Carriage Paid To Tips:

CPTs (and other 'C' incoterms) work best with Letters of Credit.