



Shippers' Academy



මොනවද මේ Incoterms? එහි වැදගත්කම කුමක්ද?

# FUNDAMENTALS & BASIC KNOWLEDGE ON UNDERSTANDING INCOTERMS A MUST FOR ALL IN THE INTERNATIONAL TRADING ENVIRONMENT



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Founder/CEO Shippers' Academy International
Member ICC (Paris) Incoterms
+ Transport 2015 working group

Registration:



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Online Session (ZOOM): 16th October 2021 and 23rd October 2021-10.00am to 12.30pm (2 Saturdays)
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## DAY 1

Part 01: Introduction and the basics

Part 02: INCOTERMS History, how and what, where

Part 03: Commonly used terms Why you should not use

FOB ,CFR & understanding Insurance in INCOTERMS

Part 04. More on INCOTERMS

## DAY 2

Part 05: Terms one by one

2020 Changes + Incoterms +

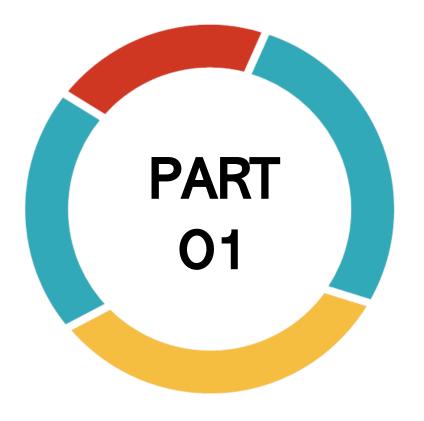
Incoterms Plus Transport brief

Part 06: FAQs















# 4 main International trade contracts

- Sales Contract- Between buyer and seller Guiding Document: ICC Incoterms
- Contract of Carriage- Between Transporter/Logistic operator and Buyer / Seller Guiding Document: Hamburg/ HV rules
- conventions of transport modes
- Payment contract- seller/buyer and bank
- Guiding Document: UCP 600
- Liability contract- seller/buyer and insurance
- Guiding Document: Institute of Cargo Clauses
- Lloyds Marine insurance policy





- What is the ICC?
- INCOTERMS what does it mean?
- The history of INCOTERMS
- How to use the INCOTERMS?
- Main features of INCOTERMS rules
- Rules for any mode(s) of transport
- Rules for sea and inland waterway transport









#### POLICY AND BUSINESS PRACTICES

1990

2000



















# INCOTE



FAS

Ex Ship Ex Quay

1895

1936

83 years later, thanks to the expansion of world trade, a second Incoterm was born.

6

**INCOTERMS** 

CIF

CIF

**CIF Incoterm** 

#### 3 new non-maritime Incoterms

The first Incoterms revision came after WWII. Rail transportation was on the rise and three new Incoterms were introduced for non-maritime transport: Free on Rail, Free on Truck, and Delivered Costs Paid. EXW Incoterm was also added.

DCP FOR/FOT EX

# \*

14

INCOTERMS

1976

1953

# 13 INCOTERMS

Adapting to inter-modal transport

A complete revamp of Incoterms to adapt to inter-modal transportation. Changes were made to accommodate the increasing use of Electronic Data Interchange (EDI).

#### Simplification

In 2000, Incoterm formats were simplified for clarity and to better distribute responsibilities for customs clearance.



13

## Increase in container traffic

Due to the proliferation of freight traffic in containers, two new Incoterms were added: FRC and FCI, which are known today as FCA and CIP respectively.

FCI → FCA

FCI → CIP





### New Incoterms and concerns over security

Four Incoterms (DAF, DES, DEQ, DDU) were eliminated and two new ones (DAT y DAP) introduced, bringing the number of Incoterms to 11. Modifications were also made so that buyer and seller were obliged to cooperate in the exchange of information as a security measure.





**1812:** The FOB Incoterm was first used in the British Courts in 1812. This was later known as the forefather of the famous transport clauses - Incoterms.

1895: 83 years later, thanks to the expansion of world trade, a second Incoterm was born.

1936: The birth of Incoterms as we know them today. In 1936, the ICC published the first edition with six Incoterms and rules on how to interpret them. For the first time in history, there was a global effort to standardize international trade practices.

1953: The first Incoterms revision came after WWII. Rail transportation was on the rise and three new Incoterms were introduced for non-maritime transport: Free on Rail, Free on Truck, and Delivered Costs Paid. <u>EXW Incoterm</u> was also added.

1976: The FOB Airport Incoterm (Free on Board Airport) was introduced for air freight to avoid confusion with the FOB Incoterm.

**1980:** Due to the proliferation of freight traffic in containers, two new Incoterms were added: FRC and FCI, which are known today as <u>FCA</u> and <u>CIP</u> respectively.

1990: A complete revamp of Incoterms to adapt to inter-modal transportation. Changes were made to accommodate the increasing use of Electronic Data Interchange (EDI).

2000: In 2000, Incoterm formats were simplified for clarity and to better distribute responsibilities for customs clearance.

**2010:** Four Incoterms (DAF, DES, DEQ, DDU) were eliminated and two new ones (<u>DAT</u> and <u>DAP</u>) introduced, bringing the number of Incoterms to 11. Modifications were also made so that buyer and seller were obliged to cooperate in the exchange of information as a security measure.

2020: .





## **ABOUT ICC**

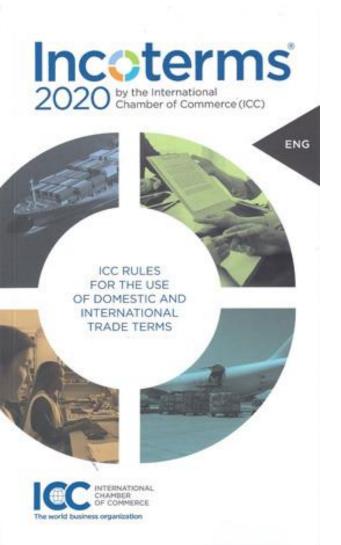
- ICC is the world business organization, speaking on behalf of businesses of all sizes, from all sectors and from all parts of the world.
- Founded in 1919 with the mission to promote international trade and investment as a driver of economic growth, job creation and sustainable development.
- ICC's global network has grown to over 6.5 million companies, local and national chambers of commerce and business associations in more than 130 countries worldwide.
- ICC is the main voice of the business community at the WTO, the WCO and many other intergovernmental organizations.



**Incoterms** are trade terms published by the International Chamber of Commerce (ICC) that are commonly used in both international and domestic trade contracts

- Universally recognised set of definitions of international trade terms
- Recognised by courts and other authorities
- Define the trade contract responsibilities and liabilities between buyer and seller
- Updated regularly to keep pace with changes and developments in international trade





# Incoterms [International commercial terms]

A widely-used terms of sale, are a set of internationally recognized rules which define the Risk cost, liability of sellers and buyers.

Incoterms specifies who is responsible for paying for and managing the shipment, insurance, documentation, customs clearance, and other logistical activities.







## **INCOTERMS ARE FOR?**

## **BUYERS AND SELLERS**

WHO ELSE SHOUD KNOW?

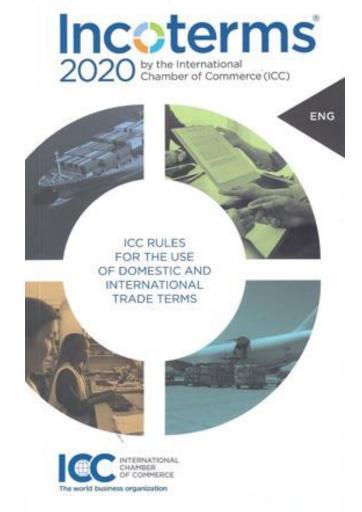
SERVICE PROVIDERS TO BUYERS AND SELLERS



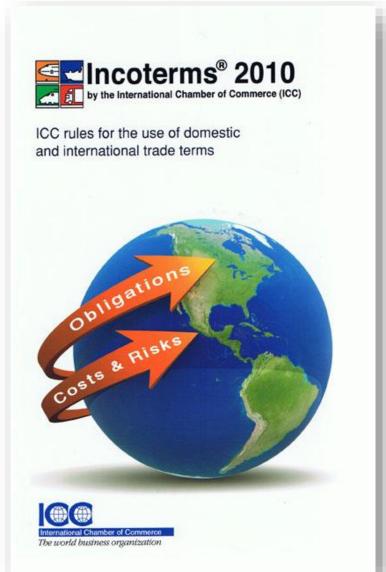
2011

2016

ICC GUIDE ON TRANSPORT and the Incoterms\* 2010 Rules Edited by Emily O'Cornor 2020











# WHY INCOTERMS? Standardizing trade and to include into contracts to reduce legal issues.







There are people who think
FOB is Freight on board,
still use C&F
or
think the rules as a cost matter
only.







95% of contracts don't use incoterms correctly
In containerising
LCL /FCL
FOB CFR, CIF does not work

Example Ex works. FOB. DDP,CIF is not recommended for containers or air







Who should use incoterms?
Seller and buyer must use (B2B)

Have you got to use incoterms?

NO

But what happens if something happens?

lawyers win

Can it be used for domestic sales?
YES







Common mistake!
Wrong rule for wrong transaction
Read the book!
Make sure you understand the rules
What do you want to achieve
Then decide the rule







Tips for containerised cargo
Sellers best term CPT
Buyers Best FCA
Why?
Better control

Don't or avoid use D rules for international trade, EU is okay for rail and road.

Sellers responsibly seller cannot control

Don't use Ex Works or DDP is unworkable





# STAKEHOLDERS IN INTERNATIONAL TRADE

**Exporters** – Importers

Manufacturers and traders

**Banks -Insurance** 

Government and regulators

Ports and shipping

Freight forwarders -Logistics services

**International organisations - Lawyers** 







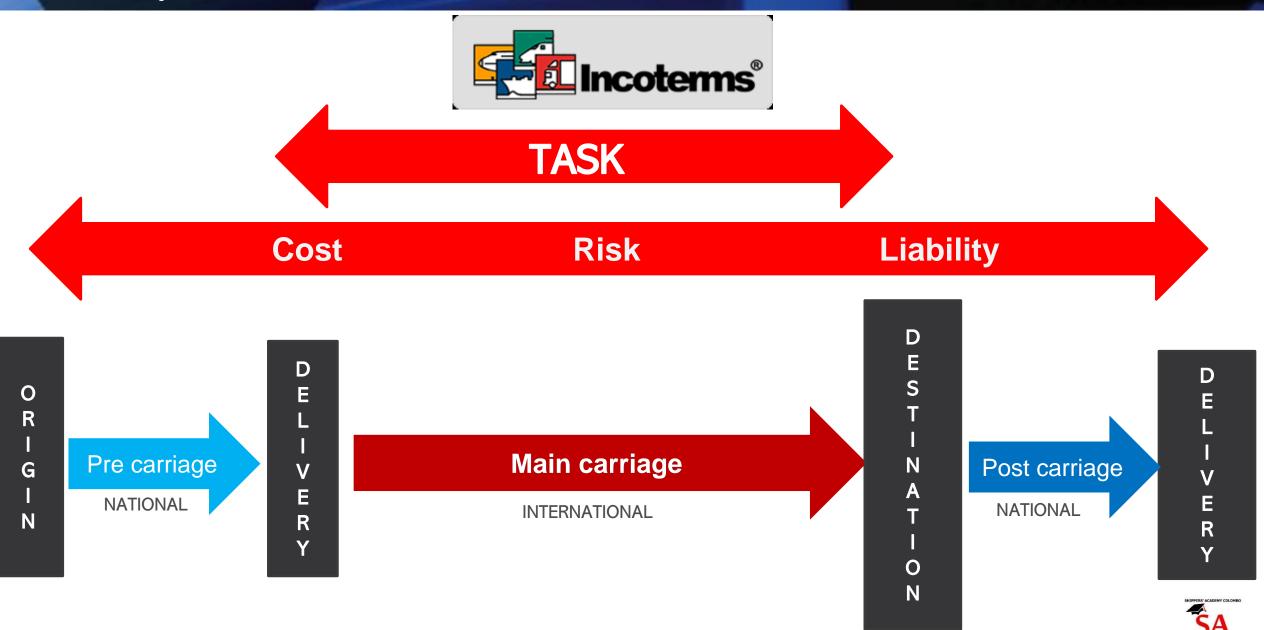
# Contract of sale



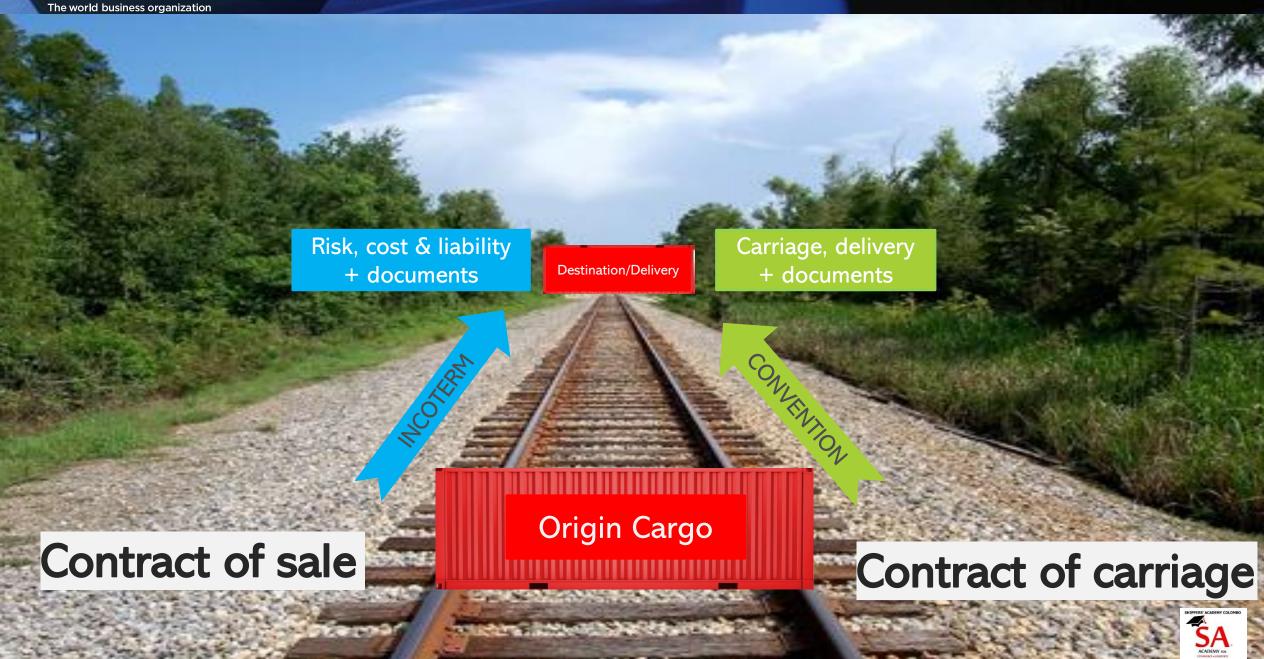
OVERVIEW ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS

Contracts for the international sale of goods is the agreement between parties whose places of business are in different countries or separate customs areas, according to which the Seller (the Exporter) is obliged to deliver goods, and transfer the ownership thereof to the Buyer (the Importer); the Buyer is obliged to receive of the goods and the ownership thereof, and arrange payment.











# How many Incoterms are there in 2020?



# SUMMARY







2010

#### Main changes on the Incoterms® 2010

Number of Incoterms was reduced from 13 to 11.

EXW FAS FOB FCA CFR CIF CPT CIP DAF DES DEQ DDU

DDP



EXW
FAS
FOB
FCA
CFR
CIF
CPT
CIP
DAP
DAT
DDP



Change in title from DAT - DPU

2020

EXW

FAS

FOB

FCA

CFR

CIF

CPT

CIP

DAP



Ex works

Free Along Side

Free On Board

Free Carrier
Cost and Freight

Cost, Insurance & Freight

Carriage Paid To

Carriage and insurance paid to

**Delivered At Place** 

Delivered At place Unloaded

**Delivery Duty Paid** 



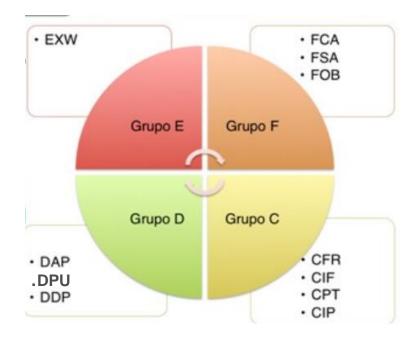


### INTERNATIONAL COMMERCIAL TERMS

#### INCREASED OBLIGATIONS OF THE SELLER



DECREASED OBLIGATIONS OF THE BUYER



Grupo E	Departure	Grupo F	Main carriage unpaid
Grupo D	Arrival	Grupo C	Main carriage paid













# INCOTERMS – More to know What does it mean?

- A set of three-letter trade terms reflecting business-to-business practice in contracts for the sale of goods
- The INCOTERMS rules describe mainly the tasks, costs and risks involved in the delivery of goods from sellers to buyers



# THE RULE

IS IT LAW,
REGULATION OR
OPTIONAL
CONVENTION?

#### A RULE

- Official instructions, often written down, which tell us what we are allowed to do, and we are not in a particular place or situation;
- The course of action that you should take in order to do something properly or to achieve a particular goal;
- A statement that describes the way that things usually happen in a system

#### THE RULE

- The course of action that you should take in order to do something – GUIDELINE
- The way of behaving or taking part in something – CONVENTION
- Is right
- Acceptable
- Most people agree with it





## MAIN FEATURES OF THE INCOTERMS RULES

The 11 INCOTERMS rules are presented in two classes:

- rules for any modes of transport
- rules for sea and inland waterway transport



# HOW TO USE THE INCOTERMS?

Remember that the INCOTERMS rule don't give you a complete contract of sale

REFER THE BOOK





# INCOTERMS RULES SAY NOTHING ABOUT:

- The price to be paid and the method of payment
- Transfer of ownership of the goods
- Consequences of a breach of contract





## **INCOTERMS RULES DO SAY:**

- Which party the sales contract has the obligation to make carriage or insurance arrangements
- When the seller delivers the goods to the buyer
- Which costs each party is responsible for in the logistics movement





# HOW TO CHOOSE THE APPROPRIATE INCOTERMS?

The chosen INCOTERMS rule must be appropriate:

- To the goods;
- To the means of their transport;
- To whether the parties intend to put additional obligations, such as obligation to organize carriage or insurance on the seller/buyer



## HOW TO USE THE INCOTERMS?

- If we want the INCOTERMS 2020 to apply to contract of sale, we have to make it clear in the contract, through such words: CIF Hamburg Incoterms 2020
- The chosen INCOTERMS rule can only work if the parties or contract name a lace or port and specify this place or port as precisely as possible: FCA 38 Cours Albert 1 er, Paris, France Incoterms 2020



## MAIN FEATURES OF INCOTERMS RULES

- GUIDANCE NOTES
- Before each INCOTERMS rules you will find a Guidance/ Explanatory Note
- Guidance /Explanatory Notes explain the fundamentals of each INCOTERMS rules: when it should be used, how costs are allocated between seller and buyer



## VARIANTS OF INCOTERMS RULES

- Sometimes the parties want to alter an INCOTERMS rule
- INCOTERMS 2020 rules do not prohibit such alteration
- There are dangers in doing so
- In order to avoid any unwelcome surprises, the parties of contract would need to make the intended effect of such alterations extremely clear in their contract



## TERMS USED IN INCOTERMS 2020

The seller's obligations and the buyer's obligations can be carried out personally by the seller or by the buyer, or sometimes through intermediaries such as carriers, freight forwarders or other persons nominated by the seller or the buyer for a specific purpose



## TERMS USED IN INCOTERMS 2020

- CARRIER the party with whom carriage is contracted
- CUSTOMS FORMALITIES may include documentary, security, information or physical inspection obligations
- DELIVERY this concept is used to indicate where the risk of loss or damage to the goods passes from the seller to the buyee



## TERMS USED IN INCOTERMS 2020

- DELIVERY DOCUMENT a document used to prove that the delivery has occurred: a transport document or corresponding electronic record
- PACKAGING:
- the packaging of the goods to comply with any requirements under the contract of sale
- the packaging of the goods so that they are fit for transportation











# Inceterns 2020 by the International Chamber of Commerce (ICC)

SHIPPERS' ACADEMY COLOMBO





### Can Incoterms® 2020 be included in contracts now?

According to the <u>ICC website</u> Incoterms® 2020 rules "come into effect on 1 January 2020". There is no prohibition in the Incoterms® 2020 rules that they only "come into effect" on 1 January 2020 however.

Incoterms® rules users also do not have to switch over to Incoterms® 2020. Users can, if they clearly specify it in the contract, carry on using Incoterms® 2010 if they want to. Practically it may take 12-18 months for most Incoterms® users to switch over to Incoterms® 2020.

Incoterms® 2020 rules may be included in contracts that are currently being prepared now and should be. If a contract is entered into on or after 1 January 2020, it is likely that Incoterms® 2020 shall apply unless the contract says otherwise.





Insurance

## Incoterms° 2020 Rules

CHART OF RESPONSIBILITIES AND TRANSFER OF RISK

ACADEMY FOR COMMUNICATION AND	Any Transit Mode Sea/Inland Waterway Transport						Any Transport Mode				
	Ally Hallsit Wode		Sea/Inland Waterway Transport				Ally Transport Mode				
	EXW	FCA	FAS	FOB	CFR	CIF	CPT	CIP	DAP	DPU	DDP
	Ex Works	Free Carrier	Free Alongside Ship	Free On Board	Cost & Freight	Cost Insurance & Freight	Carriage Paid To	Carriage Insurance Paid To	Delivered at Place	Delivered at Place Unloaded	Delivered Duty Paid
Transfer of Risk	At Buyer's Disposal	On Buyer's Transport	Alongside Ship	On Board Vessel	On Board Vessel	On Board Vessel	At Carrier	At Carrier	At Named Place	At Named Place Unloaded	At Named Place
Charges/Fees											
Packaging	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading Charges	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Delivery to Port/ Place	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Export Duty, Taxes & Security Clearance	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Origin Terminal Charges	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading on Carriage	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Carriage Charges	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	SHIPPERS' ACADEMY COLOMBO

Seller

Seller



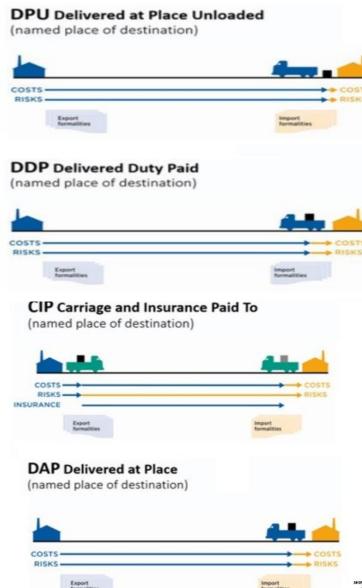
2020 by the International Chamber of Commerce (ICC)

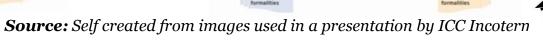
## All modes of transport







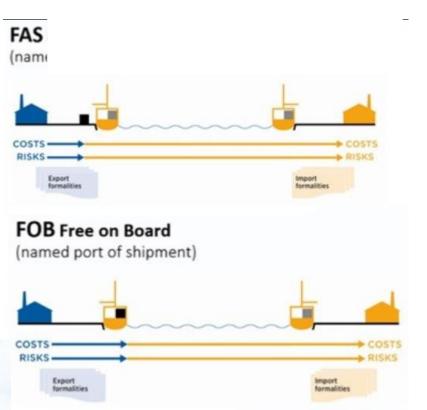


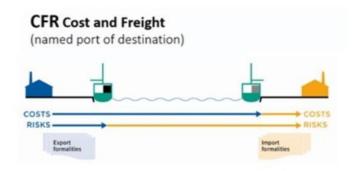


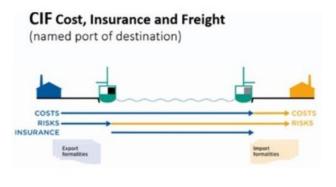
## Only for water ways















The 10 questions and answers that the seller and buyer should know on Incoterm 2010

## Seller A

## A1.General obligations of the seller

A2.Licence, authorisations, security, clearance and other formalities

A3. Contract of carriage and insurance

A4.Delivery

A5.Transfer of risk

A6.Allocation of cost

A7. Notice to the buyer

A8. Proof of delivery

A9.Inspection of goods

A10. Assitance with information and related cost

## **Buyer B**

B1.General obligations of the buyer

B2.Licence, authorisations, security, clearance and other formalities

B3.Contract of carriage and insurance

**B4**.Taking delivery

**B5**.Transfer of risk

**B6**.Allocation of cost

**B7**.Notice to the seller

**B8**.Proof of delivery

**B9**.Inspection of goods

B10. Assitance with information and related cost



## /III. ORDER WITHIN THE INCOTERMS® 2020 RULES

- 52. All the ten A/B articles in each of the Incoterms® rules are important—but some are more important than others.
- There has, indeed, been a radical shake-up in the internal order in which the ten articles within each Incoterms® rule have been organised. In *Incoterms® 2020*, the internal order within each Incoterms® rule now follows this sequence:

A1/B1 General obligations

A2/B2 Delivery/Taking delivery

A3/B3 Transfer of risks

A4/B4 Carriage

A5/B5 Insurance

A6/B6 Delivery/transport document

A7/B7 Export/import clearance

A8/B8 Checking/packaging/marking

A9/B9 Allocation of costs

A10/B10 Notices

It will be noticed that concerning the Incoterms® 2020 rules, after recording in A1/B1 the basic goods/payment obligations of the parties, Delivery and the Transfer of risks are moved to a more prominent location, namely to A2 and A3 respectively.













## THE TERMS & & FREIGHT PAYMENT





## The logic of the Incoterms 2020 rules

## The eleven rules are divided into two main groups

### Rules for any transport mode

- Ex Works EXW
- Free Carrier FCA
- Carriage Paid To CPT
- Carriage & Insurance Paid to CIP
- Delivered At Terminal DAT
- Delivered At Place Unloaded DPU
- Delivered Duty Paid DDP Rules for sea & inland

## waterway only

- Free Alongside Ship FAS
- Free On Board FOB
- Cost and Freight CFR
- Cost Insurance and Freight CIF

In general the "transport by sea or inland waterway only" rules should only be used for bulk cargos (e.g. oil, coal etc) and non-containerised goods, where the exporter can load the goods directly onto the vessel. Where the goods are containerised, the "any transport mode" rules are more appropriate.

A critical difference between the rules in these two groups is the point at which risk transfers from seller to buyer. For example, the "Free on Board" (FOB) rule specifies that risk transfers when the goods have been loaded on board the vessel. However the "Free Carrier" (FCA) rule specifies that risk transfers when the goods have been taken in charge by the carrier.





## **NEW! ICC GUIDE ON TRANSPORT + INCOTERMS 2010 RULES**

## Freight under incoterms

3-F Terms -7- C & D Terms-1-E Term - Collect Prepaid Either

Any mode: EXW,FCA,CPT,CIP,DPU,DAP,DDP

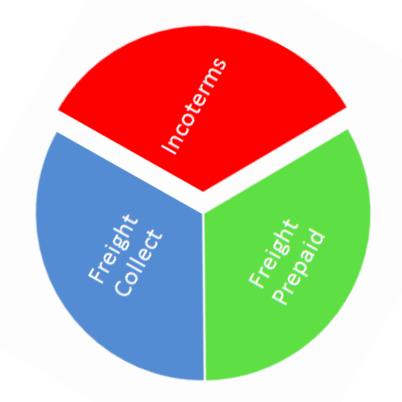
Sea and inland waterways: FAS,FOB, CFR,CIF





## **NEW! ICC GUIDE ON TRANSPORT + INCOTERMS 2010 RULES**

## Where does most confusion happen?









## FOB & CFR





## Know the basics

FOB is the opposite of CFR

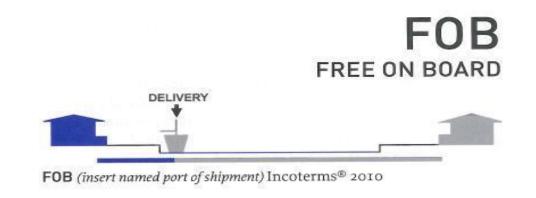
- Don't Use these two terms in containerised cargo
- Where good are delivered to a terminal

- Don't Use these two terms in containerised cargo
- Where good are delivered to a terminal









3-F Terms - Collect 7- C & D Terms- Prepaid 1-E Term - Either

## Free On Board (FOB)

Use of this rule is restricted to goods transported by sea or inland waterway.

In practice it should be used for situations where the seller has direct access to the vessel for loading, e.g. bulk cargos or non-containerised goods.

For containerised goods, consider "Free Carrier FCA" instead.

Seller delivers goods, cleared for export, loaded on board the vessel at the named port.

Once the goods have been loaded on board, risk transfers to the buyer, who bears all costs thereafter.

FOB is now only appropriate for ro/ro (cars), over-sized cargo, and bulk items where the shipper must physically arrange for the goods to be loaded onto a vessel – i.e. drive it, or hire the cranes to load it.







Cost and Freight (CFR)

Use of this rule is restricted to goods transported by sea or inland waterway.

3-F Terms - Collect
7- C & D Terms- Prepaid
1-E Term - Either

In practice it should be used for situations where the seller has direct access to the vessel for loading, e.g. bulk cargos or non-containerised goods.

For containerised goods, consider 'Carriage Paid To CPT' instead.

Seller arranges and pays for transport to named port. Seller delivers goods, cleared for export, loaded on board the vessel.

However risk transfers from seller to buyer once the goods have been loaded on board, i.e. before the main carriage takes place.

NB seller is not responsible for insuring the goods for the main carriage. See also "Cost Insurance and Freight CIF"





## **FOB**

## FOB

## Free on Board ( named port of shipment)

- Seller must load the goods on board the vessel nominated by the buyer
- Cost and risks are passed when the goods are actually on board of the vessel (this rules is new!) and the buyer bear all the costs from that moment
- The seller must clear the goods for export

## The seller's obligations

- To deliver the goods by placing them on board the vessel nominated by the buyer at the loading point at the named port of shipment
- To bear all risks of loss of/or damage to the goods until they have been placed on board
- To pay costs of customs formalities in export, all duties, taxes, charges payable upon export





## **FOB**

## The buyer's obligations

- To pay the price of the goods
- Must contract at its own expense for the carriage of the goods from the named port of shipment
- To bear all risks of loss of/damage to the goods from the time they have been placed on board
- To pay costs of customs formalities in import, all duties, taxes, charges payable upon import of the goods









## **Evolution of FOB since 1990**

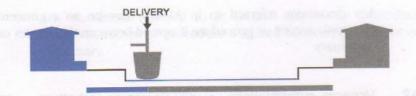
FOE

1990: Free on board means that the seller fulfils his obligation to deliver when the goods have passed Over the ship's rail at the name port of shipment. This means that the buyer must bear all costs and risks of loss of or damage to the goods from that point

2000: Free on board means that the seller to delivers when the goods pass the ship's rail at the name port of shipment. This means that the buyer must bear all costs and risks of loss of or damage to the goods from that point. The FOB tern requires the seller to clear the goods for Export. This term can be used only for sea or inland waterway transport. If the parties do not intend to deliver the goods across the ship's rail FCA term should be used

### FREE ON BOARD

FOB (insert named port of shipment) Incoterms® 2010



### GUIDANCE NOTE

This rule is to be used only for sea or inland waterway transport.

"Free on Board" means that the seller delivers the goods on board the vessel nominated by the buyer at the named port of shipment or procures the goods already so delivered. The risk of loss of or damage to the goods passes when the goods are on board the vessel, and the buyer bears all costs from that moment onwards.

The seller is required either to deliver the goods on board the vessel or to procure goods already so delivered for shipment. The reference to "procure" here caters for multiple sales down a chain ('string sales'), particularly common in the commodity trades.

FOB may not be appropriate where goods are handed over to the carrier before they are on board the vessel, for example goods in containers, which are typically delivered at a terminal. In such situations, the FCA rule should be used.

FOB requires the seller to clear the goods for export, where applicable. However, the seller has no obligation to clear the goods for import, pay any import duty or carry out any import customs formalities.





## **NEW! ICC GUIDE ON TRANSPORT + INCOTERMS 2010 RULES**

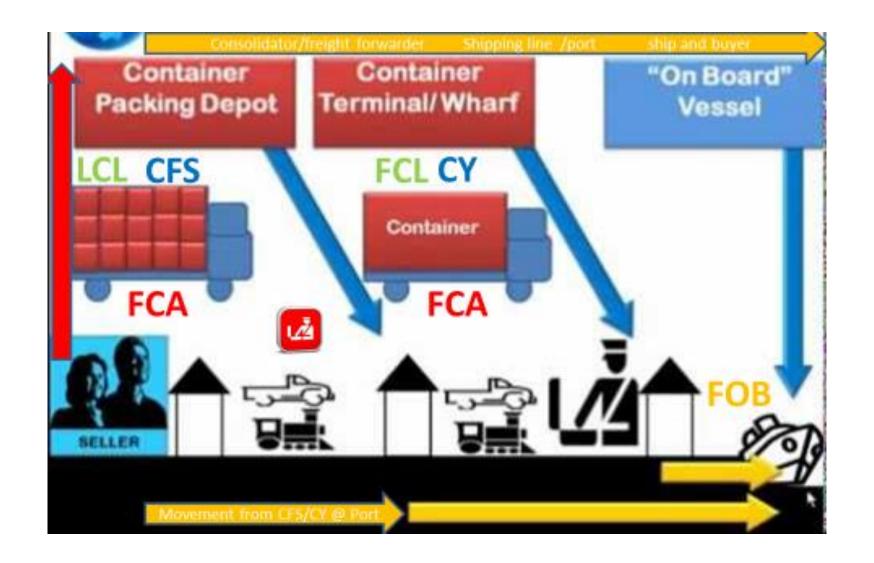
## What I achieved in



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FOB requires the seller to clear the goods for export, where applicable. However, the seller has no obligation to clear the goods for import, pay any import duty or carry out any import customs formalities.









## Hanjin Shipping bankruptcy causes turmoil in global sea freight



Hanjin goes into bankruptcy before container is loaded, so container will never get loaded at this point. The shipper is informed by the buyer's Freight forwarder that they can pull out the container, trans load and book with another carrier. Seems logical right? Who should pay for these additional fees? you are thinking "The Buyer, it is their booking, their chosen carrier." You would be right, but the buyer is under a different impression. They state, "Terms are FOB, we do not own the freight until it is loaded on board, supplier is responsible for these additional fees."





Two things: First, we already established FOB is not appropriate for containerized cargo, but more importantly, risk of loss and transfer of ownership are two concepts unrelated to each other. Transfer of ownership is specifically NOT defined in Incoterms for a variety of reasons. Ownership of cargo is defined by who holds the Bill of Lading (BL). BLs may be held by the shipper for whatever reason, but mostly until some sort of contractual arrangement is fulfilled by the buyer, such as payment. This allows the shipment to sail, and even dock at destination, but the buyer will not have access to the cargo until the shipper releases the goods. In other words, a shipment can be FCA incoterm, but transfer of ownership can take place at any time - completely unrelated to the Incoterm

The buyer's statement that they do not own the cargo until it is loaded on board is actually correct, but not for the reason they believe. This particular buyer required Seaway/ Express BL, which means a physical printed BL will not be produced for the shipper to hold as leverage. As soon as the Seaway/Express BL is printed, the buyer has complete access to the goods. When is the Express / Seaway BL printed? When the cargo is loaded on board!! So the buyer does take possession of the goods at this time due to the type of BL, but they assume the risk of loss as soon as cargo is delivered to the terminal.

- 1) Use FCA for Containers and LCL cargo. Both you and your customer/ supplier do not want to risk any disagreements, and neither of you want to have an insurance claim denied because you are using the terms incorrectly.
- 2) There should be a separate clause in your agreements identifying where the transfer of title takes place. Both parties need to understand ownership and risk of loss are not related to each other.



## **Tidal Waves** Bangladesh 2006 Japan 2011



## Dhaka – Chittagong cargo debacle 2006 Japan – 2011 Tsunami





A dramatic recent example was the Japanese tsunami in March 2011, which wrecked the Sendai container terminal. Many hundreds of consignments awaiting dispatch were damaged. Exporters who were using the wrong rule found themselves responsible for losses that could have been avoided!













## NEW! ICC GUIDE ON TRANSPORT + INCOTERMS 2010 RULES

## What about insurance?

There is a special note on insurance except for CIP.CIF

In all other terms insurance has to be agreed upon by buyer and seller

Depending on the mode of transport as per applicable convention (86)





## ! ACCIDENTS!

IT HAPPENS.

WHOSE PROBLEM IS IT?



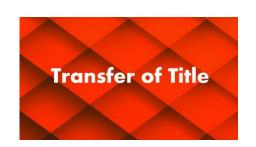


### Cargo insurance based on "Institute Cargo Clauses" (ICC) A, B, C conditions









ICC: Origin/Delivery point on B/L very important according to the customary manner in each country the ports operate for FCL/LCL Bulk etc.

Door, CY, CFS





Door: Door

CY: Door

CY: CY

CY: CFS

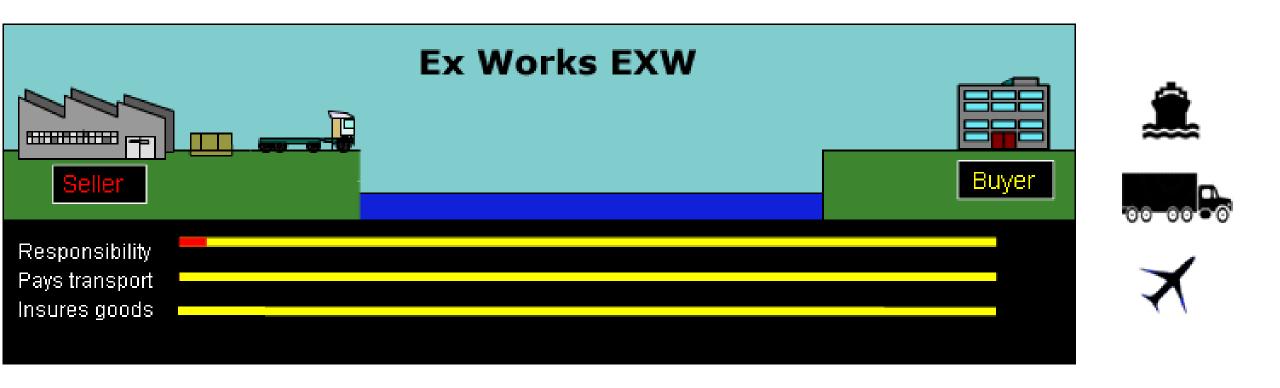
CFS: Door

CFS: CFS

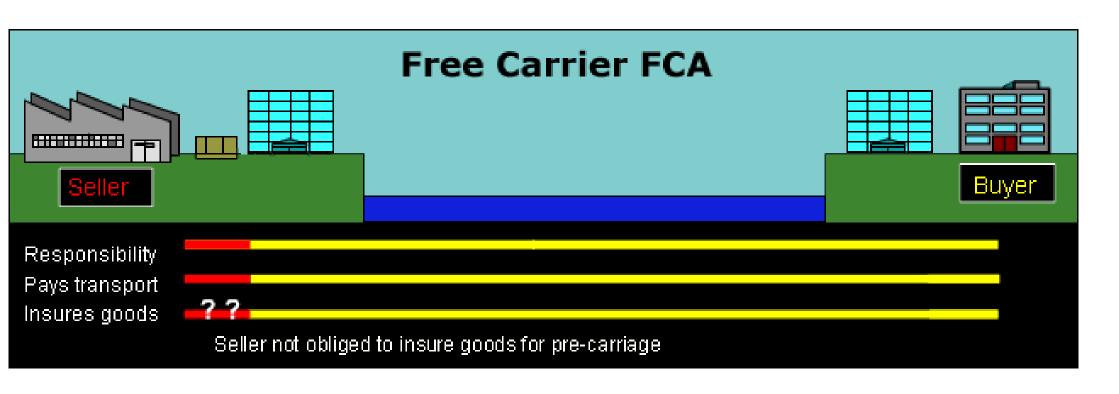
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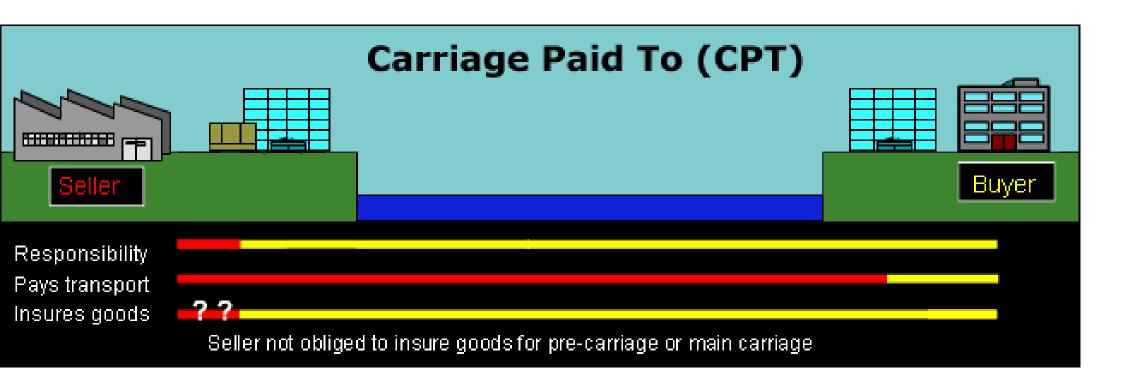










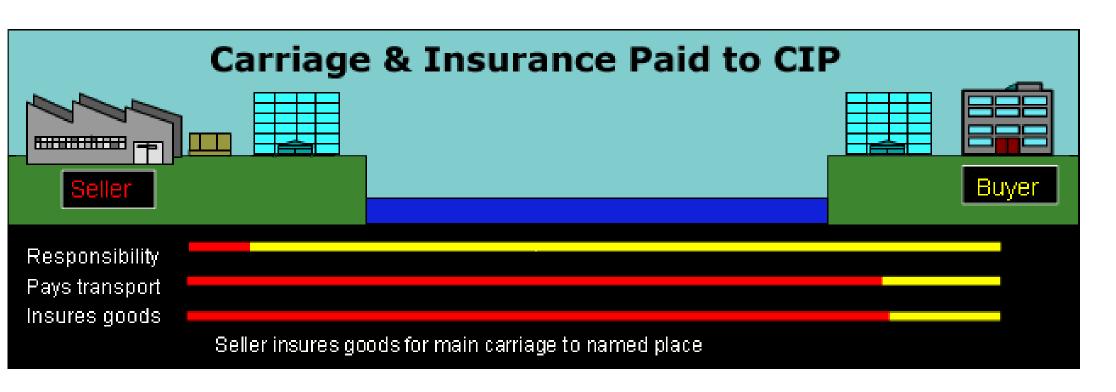










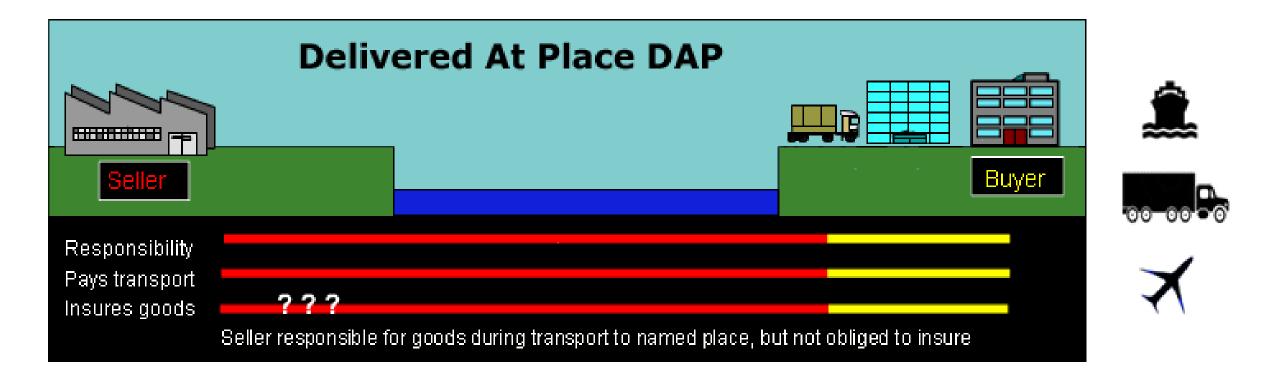




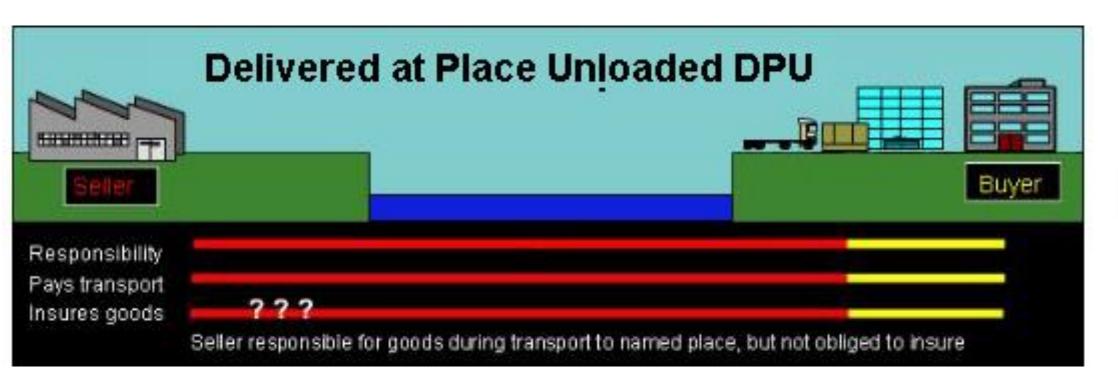










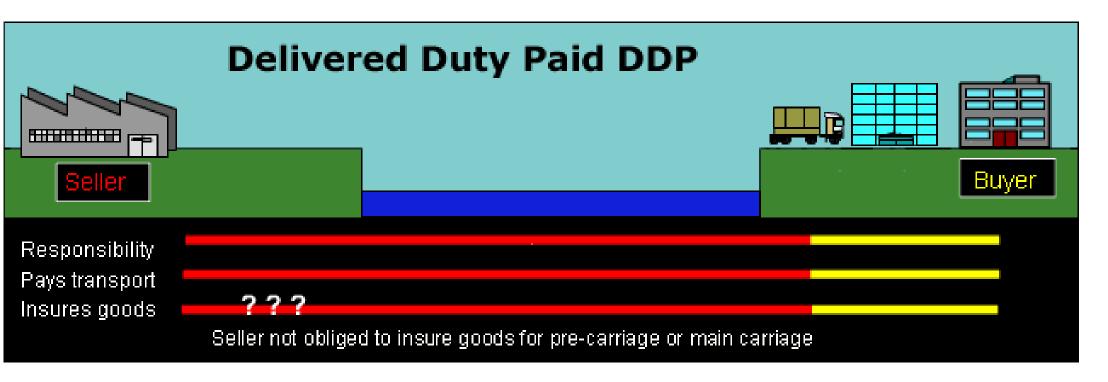










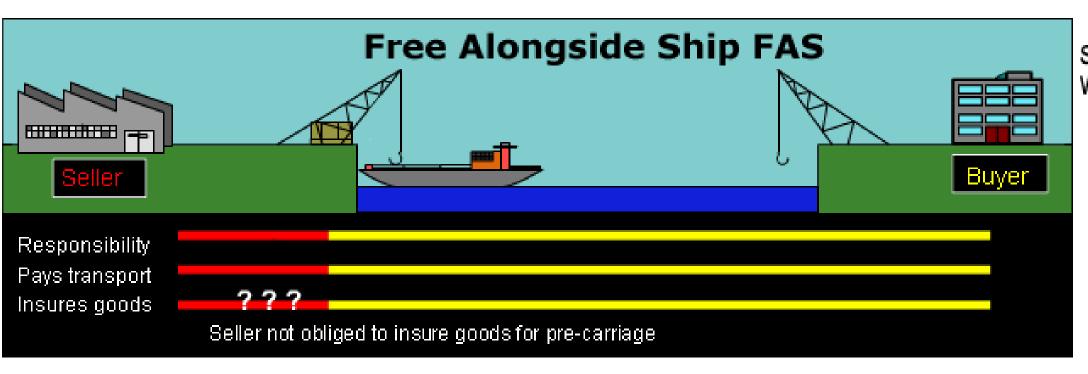






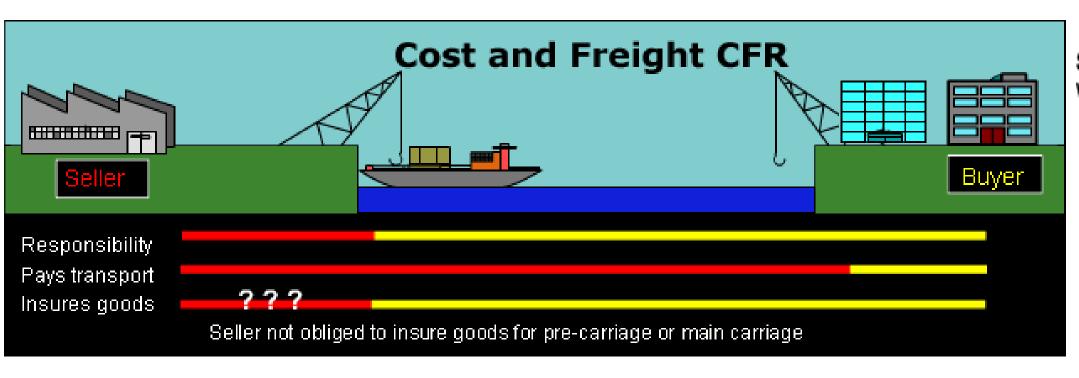






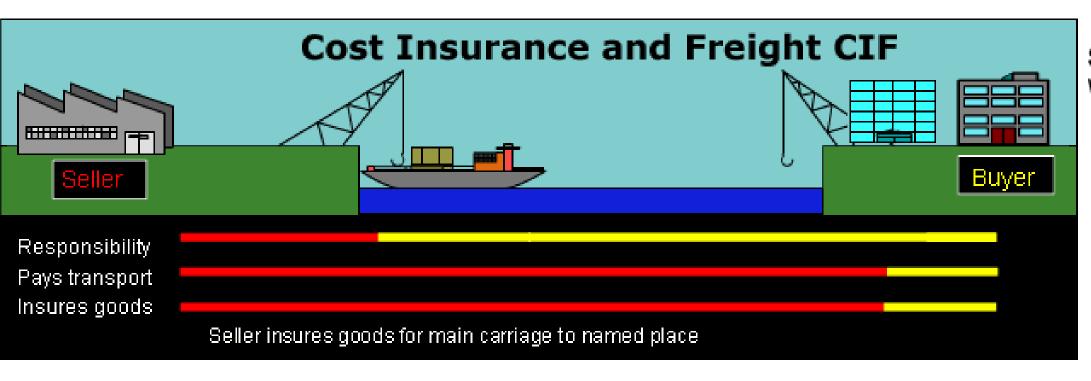






















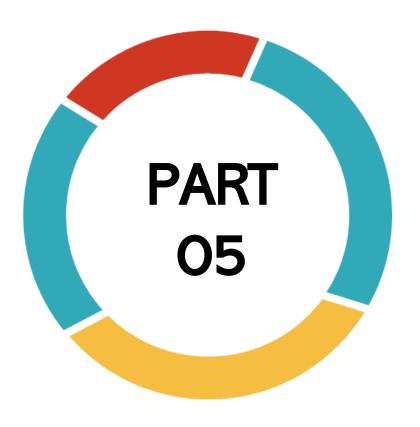
## thank you

Next session: 23<sup>rd</sup> October 10am IST





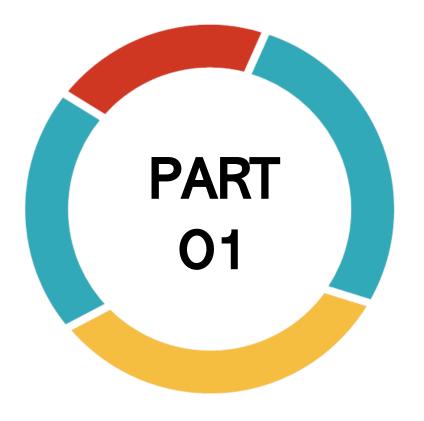




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### How many Incoterms are there in 2020?



### SUMMARY







2010

### Main changes on the Incoterms® 2010

Number of Incoterms was reduced from 13 to 11.

EXW FAS FOB FCA CFR CIF CPT CIP DAF DES DEQ DDU

DDP



EXW
FAS
FOB
FCA
CFR
CIF
CPT
CIP
DAP
DAT
DDP



Change in title from DAT - DPU

2020

EXW

FAS

FOB

FCA

CFR

CIF

CPT

CIP

DAP



Ex works

Free Along Side

Free On Board

Free Carrier
Cost and Freight

Cost, Insurance & Freight

Carriage Paid To

Carriage and insurance paid to

**Delivered At Place** 

Delivered At place Unloaded

Delivery Duty Paid



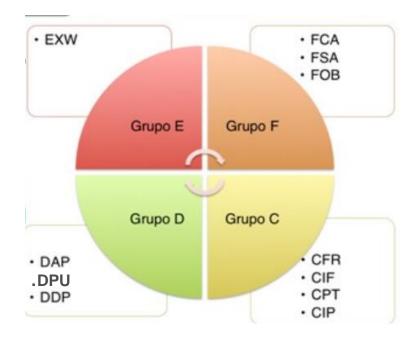


### INTERNATIONAL COMMERCIAL TERMS

### INCREASED OBLIGATIONS OF THE SELLER



DECREASED OBLIGATIONS OF THE BUYER



Grupo E	Departure	Grupo F	Main carriage unpaid			
Grupo D	Arrival	Grupo C	Main carriage paid			













# Inceterns 2020 by the International Chamber of Commerce (ICC)

SHIPPERS' ACADEMY COLOMBO





How to use incoterms
Read introduction to the rules.

What do you want achieve in your trade transaction.
Select the most suited 3 letter term
Read the explanatory notes
Understand cost/risk/liability of the rule under
A1-A10 if you are the seller
B1-B10 if you are the buyer
Make sure the other party also agree on the term







### Can Incoterms® 2020 be included in contracts now?

According to the <u>ICC website</u> Incoterms® 2020 rules "came into effect on 1 January 2020".

Incoterms® rules users also do not have to switch over to Incoterms® 2020. Users can, if they clearly specify it in the contract, carry on using Incoterms® 2010 if they want to. Practically it may take 12-18 months for most Incoterms® users to switch over to Incoterms® 2020.

Incoterms® 2020 rules may be included in contracts that are currently being prepared now and should be. If a contract is entered into on or after 1 January 2020, it is likely that Incoterms® 2020 shall apply unless the contract says otherwise.





Insurance

### Incoterms 2020 Rules

CHART OF RESPONSIBILITIES AND TRANSFER OF RISK

COMPRESS - LOGISTICS											
	Any Transit Mode		Sea/Inland Waterway Transport			Any Transport Mode					
	EXW	FCA	FAS	FOB	CFR	CIF	CPT	CIP	DAP	DPU	DDP
	Ex Works	Free Carrier	Free Alongside Ship	Free On Board	Cost & Freight	Cost Insurance & Freight	Carriage Paid To	Carriage Insurance Paid To	Delivered at Place	Delivered at Place Unloaded	Delivered Duty Paid
Transfer of Risk	At Buyer's Disposal	On Buyer's Transport	Alongside Ship	On Board Vessel	On Board Vessel	On Board Vessel	At Carrier	At Carrier	At Named Place	At Named Place Unloaded	At Named Place
Charges/Fees											
Packaging	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading Charges	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Delivery to Port/ Place	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Export Duty, Taxes & Security Clearance	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Origin Terminal Charges	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading on Carriage	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Carriage Charges	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	SHIPPERS' ACADEMY COLOMBO

Seller

Seller



The 10 questions and answers that the seller and buyer should know on Incoterm 2010

### Seller A

### A1.General obligations of the seller

A2.Licence, authorisations, security, clearance and other formalities

A3. Contract of carriage and insurance

A4.Delivery

A5.Transfer of risk

A6.Allocation of cost

A7. Notice to the buyer

A8. Proof of delivery

A9.Inspection of goods

A10. Assitance with information and related cost

### **Buyer B**

B1.General obligations of the buyer

B2.Licence, authorisations, security, clearance and other formalities

B3.Contract of carriage and insurance

**B4**.Taking delivery

**B5**.Transfer of risk

**B6**.Allocation of cost

**B7**.Notice to the seller

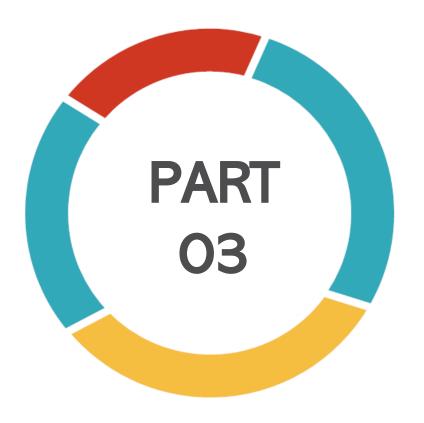
**B8**.Proof of delivery

**B9**.Inspection of goods

B10. Assitance with information and related cost











### THE LOGIC OF THE INCOTERMS 2020 RULES

The eleven rules are divided into two main groups

Rules for any transport mode

- Ex Works EXW
- Free Carrier FCA
- Carriage Paid To CPT
- Carriage & Insurance Paid to CIP
- Delivered At Terminal DAT
- Delivered At Place Unloaded DPU
- Delivered Duty Paid DDP Rules for sea & inland

waterway only

- Free Alongside Ship FAS
- Free On Board FOB
- Cost and Freight CFR
- Cost Insurance and Freight CIF

In general, the "transport by sea or inland waterway only" rules should only be used for bulk cargos (e.g. oil, coal etc) and non-containerised goods, where the exporter can load the goods directly onto the vessel. Where the goods are containerised, the "any transport mode" rules are more appropriate.

A critical difference between the rules in these two groups is the point at which risk transfers from seller to buyer. For example, the "Free on Board" (FOB) rule specifies that risk transfers when the goods have been loaded on board the vessel. However, the "Free Carrier" (FCA) rule specifies that risk transfers when the goods have been taken in charge by the carrier.





### TRANSFER OF TITLE

ICC: Origin/Delivery point on B/L very important according to the customary manner in each country the ports operate for FCL/LCL Bulk etc.

Door, CY, CFS





### TRANSFER OF TITLE

Door: Door

CY: Door

CY: CY

CY: CFS

CFS: Door

CFS: CFS

CFS:CY





Please be aware of the limitations of these summaries.

If you are involved in establishing an Incoterms policy for your organisation, or in the drafting of contracts with trading partners or service providers, you will need to study the complete texts of:

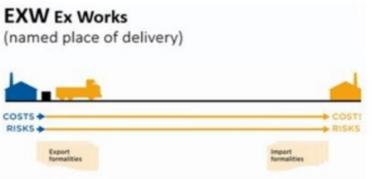
Incoterms 2010, ICC publication no. 715

Incoterms 2020, ICC publication no. 723

# Incoterms

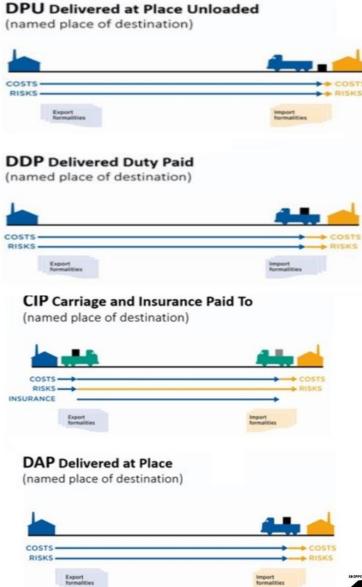
2020 by the International Chamber of Commerce (ICC)

### **ALL MODES OF TRANSPORT**



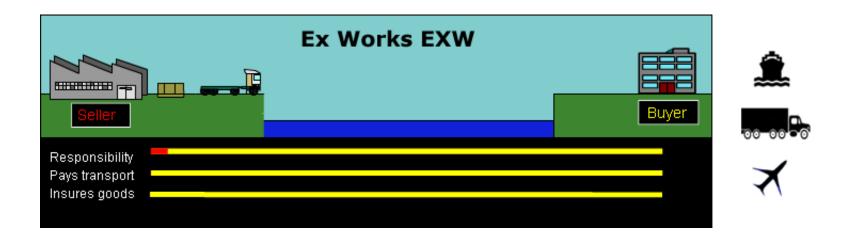












This rule places minimum responsibility on the seller, who merely has to make the goods available, suitably packaged, at the specified place, usually the seller's factory or depot.

The buyer is responsible for loading the goods onto a vehicle (even though the seller may be better placed to do this); for all export procedures; for onward transport and for all costs arising after collection of the goods. In many cross-border transactions, this rule can present practical difficulties.

Specifically, the exporter may still need to be involved in export reporting and clearance processes, and cannot realistically leave these to the buyer. Consider <u>Free Carrier</u> (seller's premises) instead.

Other things to watch for. Although the seller is not obliged to load the goods, if the seller does so, this is at the buyer's risk!



### **EXW**

### EXW

### Ex Works (Named place of delivery)

- The seller delivers, when it places the goods at the disposal of the buyer at the seller's premises or at another named place (works, factory, warehouse..)
- Represents the minimum obligation for the seller

### The seller's obligations

- To provide the goods and the commercial invoice in conformity with the contract of sale
- To deliver the goods by placing them at the disposal of the buyer at the agreed point, at the named place of delivery, not loaded onto any collecting vehicle, on the agree date
- No obligation to make a contract of carriage and a contract of insurance





### **EXW**

### The seller's obligations

- To bear the risks of loss of or damage to the goods until they have been delivered to the goods until they have been delivered to the agreed point
- To pay all costs relating to the goods until they have been delivered
- At its on expense, to package the goods
- To provide the buyer, at the buyer's requests, risk and expense, assistance in obtaining any export license, other official authorization necessary for the export of the goods

### **EXW**

### The buyer's obligations

- To pay the price of the goods as provided in the contract of sale
- To take the delivery of the goods if it has been complied with the contract of sale
- To pay all costs relating to the goods from the time they have been delivered





ACADEMY son	CHART OF RESPONSIBILITIES AND TRANSFER OF RISK												
	Any Tran	sit Mode	Sea	a/Inland Wat	erway Transp	ort		Any	/ Transport M	ode			
	EXW	FCA	FAS	FOB	CFR	CIF	CPT	CIP	DAP	DPU	DDP		
	Ex Works	Free Carrier	Free Alongside Ship	Free On Board	Cost & Freight	Cost Insurance & Freight	Carriage Paid To	Carriage Insurance Paid To	Delivered at Place	Delivered at Place Unloaded	Delivered Duty Paid		
Transfer of Risk	At Buyer's Disposal	On Buyer's Transport	Alongside Ship	On Board Vessel	On Board Vessel	On Board Vessel	At Carrier	At Carrier	At Named Place	At Named Place Unloaded	At Named Place		
Charges/Fees													
Packaging	Seller												
Loading Charges	Buyer												
Delivery to Port/ Place	Buyer												
Export Duty, Taxes & Security Clearance	Buyer												
Origin Terminal Charges	Buyer												

SA.

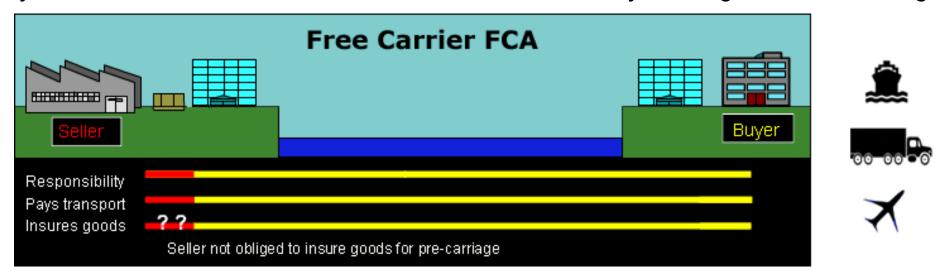
**Loading on Carriage** Buyer

Buyer

**Carriage Charges** Insurance



Can be used for any transport mode, or where there is more than one transport mode. A very flexible rule that is suitable for all situations where the buyer arranges the main carriage



### For example:

- •Seller arranges pre-carriage from seller's depot to the named place, which can be a terminal or transport hub, forwarder's warehouse etc. Delivery and transfer of risk takes place when the truck or other vehicle arrives at this place, ready for unloading in other words, the carrier is responsible for unloading the goods. (If there is more than one carrier, then risk transfers on delivery to the first carrier.)
- Where the named place is the seller's premises, then the seller is responsible for loading the goods onto the truck etc. NB this is an important difference from Ex Works EXW
- In all cases, the seller is responsible for export clearance; the buyer assumes all risks and costs after the goods have been delivered at the named place.
- FCA is the rule of choice for containerised goods where the buyer arranges for the main carriage.



### **FCA**

Free Carrier ( named place of delivery)

- The seller hands over the goods, cleared for export, into the disposal of the first carrier(named by the buyer) at the named place
- The seller pays for carriage to the named point of delivery
- Risk passes when the goods are handed over to the first carrier



### **FCA**

### The seller's obligations

- To deliver the goods to the carrier or another person nominated by the buyer at the agreed point and at the agreed date
- To obtain, at is own risk and costs, any export license and other official authorization
  and carry out all customs formalities for the export of goods
- No obligation to make contract of carriage or contract of insurance
- To bear all risks of loss of or damage to the goods until they have been delivered to first carrier nominated by the buyer
- To pay all costs relating to the goods until they have been delivered



### **FCA**

### The buyer's obligations

- To pay the price of the goods
- To obtain any import licenses and other official authorization and carry out all customs formalities for the import of the goods
- To contract at its own expense for the carriage of the goods from the named place of delivery
- To bear all risks of loss or damage from the time they have been delivered
- To pay all costs relating to the goods from the time they have been delivered



ACADEMY FOR	Chart of Responsibilities and transfer of risk												
	Any Tran	sit Mode	Sea	a/Inland Wat	erway Transp	ort	Any Transport Mode						
	EXW	FCA	FAS	FOB	CFR	CIF	CPT	CIP	DAP	DPU	DDP		
	Ex Works	Free Carrier	Free Alongside Ship	Free On Board	Cost & Freight	Cost Insurance & Freight	Carriage Paid To	Carriage Insurance Paid To	Delivered at Place	Delivered at Place Unloaded	Delivered Duty Paid		
Transfer of Risk	At Buyer's Disposal	On Buyer's Transport	Alongside Ship	On Board Vessel	On Board Vessel	On Board Vessel	At Carrier	At Carrier	At Named Place	At Named Place Unloaded	At Named Place		
Charges/Fees		2											
Packaging		Seller											
Loading Charges		Seller											
Delivery to Port/ Place		Seller											
Export Duty, Taxes & Security Clearance		Seller											
Origin Terminal Charges		Buyer											

**Loading on Carriage** 

**Carriage Charges** 

Insurance

Buyer

Buyer

SA.





The seller is responsible for arranging carriage to the named place, but not for insuring the goods to the named place. However delivery of the goods takes place, and risk transfers from seller to buyer, at the point where the goods are taken in charge by a carrier

The buyer may wish to arrange insurance cover for the main carriage, starting from the point where the goods are taken in charge by the carrier – NB this will not be the place referred to in the Incoterms rule, but will be specified elsewhere within the commercial agreement



### **CPT**

### Carriage Paid To (named place of destination)

- The seller pays for carriage
- Risk transfers to buyer upon handing goods over to the first carrier an NOT when the goods reach the place of destination

### The buyer's obligations

- To pay the price of the goods
- To bear all risks of loss or damage to the goods from the time they have been delivered to the first carrier





### **CPT**

### The seller's obligations

- To contract, on its expense, for the carriage of the goods from the agreed point of delivery to named place of destination
- No obligation to make contract of insurance
- To bear all risks of loss or damage to the goods until they have been delivered o the first carrier
- To pay all costs relating to the goods until they have been delivered
- To pay the freight, including costs of loading the goods and any charges for unloading the goods and any charges for unloading at the place of destination, costs of customs formalities necessary for export



Seller

Seller

SA.

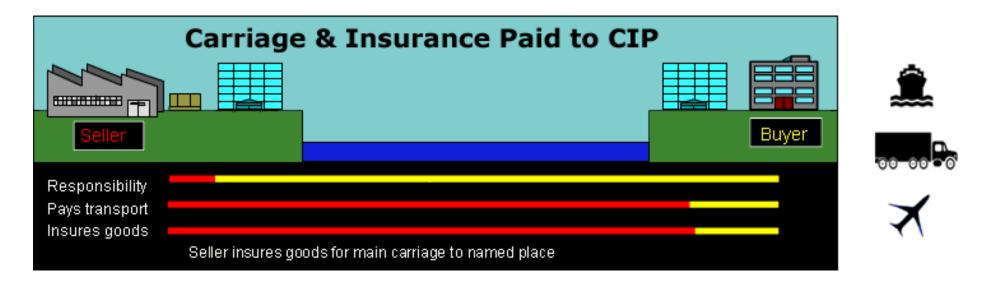
ACADEMY FOR	CHART OF RESPONSIBILITIES AND TRANSFER OF RISK												
	Any Tran	nsit Mode	Sea	a/Inland Wat	erway Transp	ort		Any Transport Mode					
	EXW	FCA	FAS	FOB	CFR	CIF	CPT	CIP	DAP	DPU	DDP		
	Ex Works	Free Carrier	Free Alongside Ship	Free On Board	Cost & Freight	Cost Insurance & Freight	Carriage Paid To	Carriage Insurance Paid To	Delivered at Place	Delivered at Place Unloaded	Delivered Duty Paid		
Transfer of Risk	At Buyer's Disposal	On Buyer's Transport	Alongside Ship	On Board Vessel	On Board Vessel	On Board Vessel	At Carrier	At Carrier	At Named Place	At Named Place Unloaded	At Named Place		
Charges/Fees													
Packaging							Seller						
Loading Charges							Seller						
Delivery to Port/ Place							Seller						
Export Duty, Taxes & Security Clearance							Seller						
Origin Terminal Charges							Seller						

**Loading on Carriage** 

**Carriage Charges** 

Insurance





As with CPT, delivery of the goods takes place, and risk transfers from seller to buyer, at the point where the goods are taken in charge by a carrier

The level of insurance cover that the seller is obliged to obtain – there are differences here between Incoterms 2010 and Incoterms 2020. See <u>freight insurance</u> for more on this. If necessary, different levels of cover may be included in the commercial agreement.



### CIP

### Carriage and Insurance Paid To (named place of destination)

- Seller pays for carriage and insurance to the named destination point
- Seller contracts for insurance cover against the buyer's risk of loss of or damage o the goods during the carriage
- Seller is required to obtain insurance only in minimum cover
- Risk passes when the goods are handed over to the first carrier



### CIP

### The seller's obligations

- To deliver the goods by handing them over to the first carrier
- To contract for the carriage of the goods o the named place of destination
- To bear all risks of loss of or damage to the goods until they have been delivered to the first carrier
- Must obtain at its own expense cargo insurance
- Must provide the buyer with the insurance policy or any other evidence of insurance cover



### CIP

### The buyer's obligations

- To pay the price of the goods
- To bear all risks of loss of or damage to the goods from the time they have been delivered to the first carrier



CHART OF RESPONSIBILITIES AND TRANSFER OF RISK

	Any Transit Mode		Sea	a/Inland Wat	erway Transp	ort	Any Transport Mode					
	EXW	FCA	FAS	FOB	CFR	CIF	CPT	CIP	DAP	DPU	DDP	
	Ex Works	Free Carrier	Free Alongside Ship	Free On Board	Cost & Freight	Cost Insurance & Freight	Carriage Paid To	Carriage Insurance Paid To	Delivered at Place	Delivered at Place Unloaded	Delivered Duty Paid	
Transfer of Risk	At Buyer's Disposal	On Buyer's Transport	Alongside Ship	On Board Vessel	On Board Vessel	On Board Vessel	At Carrier	At Carrier	At Named Place	At Named Place Unloaded	At Named Place	
Charges/Fees												
Packaging								Seller				
Loading Charges								Seller				
Delivery to Port/ Place								Seller				
Export Duty, Taxes & Security Clearance								Seller				
Origin Terminal Charges								Seller				
Loading on Carriage								Seller				
Carriage Charges								Seller			SHIPPERS' ACADEMY COLOMBO	
Insurance								Seller			SHIPPERS' ACADEMY COLOMBO	

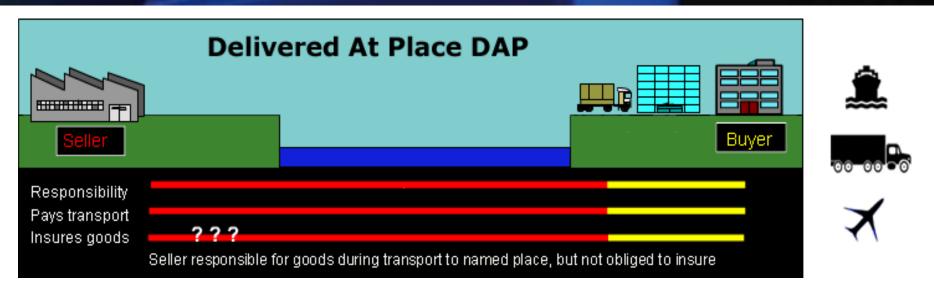


# INTERVAL

10 MINUTES







The seller is responsible for arranging carriage and for delivering the goods, ready for unloading from the arriving means of transport, at the named place. (An important difference from Delivered at Place Unloaded DPU.)

Risk transfers from seller to buyer when the goods are available for unloading; so unloading is at the buyer's risk. The buyer is responsible for import clearance and any applicable local taxes or import duties.



### DAP

Delivered at Place (named place of destination)

- The seller delivers when the goods are on the arriving means of transport, ready for unloading at a named place of destination
- Sellers pays for carriage to named place, except for costs related to import clearance
- Seller assumes all risks prior to the point that the goods are ready for unloading by the buyer



### DAP

### The seller's obligations

- Must deliver the goods by placing them at the disposal of the buyer on the arriving means
  of transport ready for unloading at he agreed point at the named place of destination on
  the agreed time
- Must contract at its own expense for the carriage of the goods to named place of destination
- To bear all risks of loss for damage to the goods until they have been delivered to the named place to pay costs of customs formalities in export and the costs for heir transport through any country



### DAP

### The buyer's obligations

- To pay the price of the goods
- To bear all risks of loss for damage to the goods from the time they have been delivered to the named place
- To pay all costs of unloading necessary
- To pay costs of customs formalities in import all duties, taxes, charges payable upon import

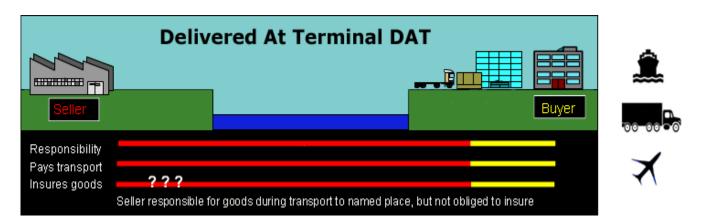


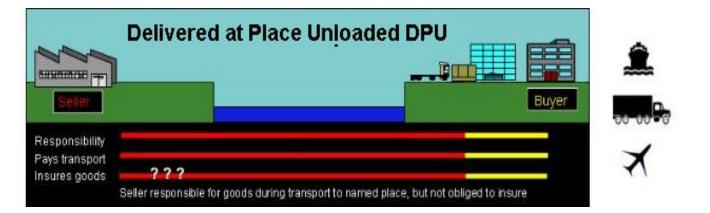
ACADEMY FOR COMMUNICATION		CHART OF RESPONSIBILITIES AND TRANSFER OF RISK												
	Any Tran	Any Transit Mode Sea/Inland Waterway Transport						Any Transport Mode						
	EXW	FCA	FAS	FOB	CFR	CIF	CPT	CIP	DAP	DPU	DDP			
	Ex Works	Free Carrier	Free Alongside Ship	Free On Board	Cost & Freight	Cost Insurance & Freight	Carriage Paid To	Carriage Insurance Paid To	Delivered at Place	Delivered at Place Unloaded	Delivered Duty Paid			
Transfer of Risk	At Buyer's Disposal	On Buyer's Transport	Alongside Ship	On Board Vessel	On Board Vessel	On Board Vessel	At Carrier	At Carrier	At Named Place	At Named Place Unloaded	At Named Place			
Charges/Fees														
Packaging									Seller					
Loading Charges									Seller					
Delivery to Port/ Place									Seller					
Export Duty, Taxes & Security Clearance									Seller					
Origin Terminal Charges									Seller					
Loading on Carriage									Coller					

Loading on Carriage Seller **Carriage Charges** Seller Insurance









## In Incoterms 2020, this rule has been renamed Delivered at Place Unloaded

Can be used for any transport mode, or where there is more than one transport mode. The seller is responsible for arranging carriage and for delivering the goods, unloaded from the arriving means of transport, at the named place.

Risk transfers from seller to buyer when the goods have been unloaded.

'Terminal' can be any place – a quay, container yard, warehouse or transport hub.

The buyer is responsible for import clearance and any applicable local taxes or import duties

### Things to watch for:

The place for delivery should be specified as precisely as possible, as many ports and transport hubs are very large.

A useful rule, well suited to container operations where the seller bears responsibility for the main carriage.





ACADEMY FOR		Chart of Responsibilities and transfer of risk												
	Any Tran	nsit Mode	Sea/Inland Waterway Transport				Any Transport Mode							
	EXW	FCA	FAS	FOB	CFR	CIF	СРТ	CIP	DAP	DPU	DDP			
	Ex Works	Free Carrier	Free Alongside Ship	Free On Board	Cost & Freight	Cost Insurance & Freight	Carriage Paid To	Carriage Insurance Paid To	Delivered at Place	Delivered at Place Unloaded	Delivered Duty Paid			
Transfer of Risk	At Buyer's Disposal	On Buyer's Transport	Alongside Ship	On Board Vessel	On Board Vessel	On Board Vessel	At Carrier	At Carrier	At Named Place	At Named Place Unloaded	At Named Place			
Charges/Fees														
Packaging										Seller				
Loading Charges										Seller				
Delivery to Port/ Place										Seller				
Export Duty, Taxes & Security Clearance										Seller				
Origin Terminal Charges										Seller				

**Loading on Carriage** 

**Carriage Charges** 

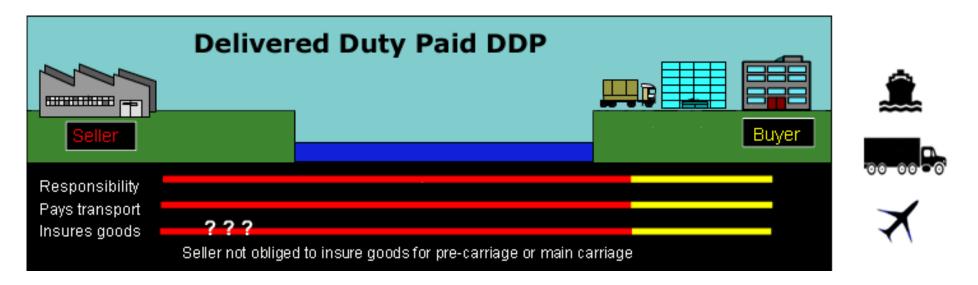
Insurance

SHIPPERS' ACADEMY COLOMI

Seller

Seller





The seller is responsible for arranging carriage and delivering the goods at the named place, cleared for import and all applicable taxes and duties paid (e.g. VAT, GST)

Risk transfers from seller to buyer when the goods are made available to the buyer, ready for unloading from the arriving means of transport

This rule places the maximum obligation on the seller, and is the only rule that requires the seller to take responsibility for import clearance and payment of taxes and/or import duty.

These last requirements can be **highly problematical for the seller**. In some countries, import clearance procedures are complex and bureaucratic, and so best left to the buyer who has local knowledge.



### **DDP**

Delivered Duty Paid (named place of destination)

- The seller is responsible for delivering the goods to the named place in the country of the buyer
- Seller pays all costs in bringing in the goods to the destination including import duties and taxes
- DDP places maximum obligations on seller than buyer



### **DDP**

### The seller's obligations

- To pay costs of customs formalities in export and import, all duties, taxes, charges payable
  upon export and import of the goods, and the costs for their transport through any
  country
- Must deliver the goods by placing them at the disposal of the buyer on the arriving means
  of transport ready for unloading at the agreed point, at the named place of destination and
  agreed time



ACADEMY FOR		Chart of Responsibilities and transfer of risk												
	Any Tran	nsit Mode	Sea	a/Inland Wat	erway Transp	ort	Any Transport Mode							
	EXW	FCA	FAS	FOB	CFR	CIF	CPT	CIP	DAP	DPU	DDP			
	Ex Works	Free Carrier	Free Alongside Ship	Free On Board	Cost & Freight	Cost Insurance & Freight	Carriage Paid To	Carriage Insurance Paid To	Delivered at Place	Delivered at Place Unloaded	Delivered Duty Paid			
Transfer of Risk	At Buyer's Disposal	On Buyer's Transport	Alongside Ship	On Board Vessel	On Board Vessel	On Board Vessel	At Carrier	At Carrier	At Named Place	At Named Place Unloaded	At Named Place			
Charges/Fees														
Packaging											Seller			
Loading Charges											Seller			
Delivery to Port/ Place											Seller			
Export Duty, Taxes & Security Clearance											Seller			
Origin Terminal Charges											Seller			
The second secon											Company Company			

Loading on Carriage Carriage Charges

Insurance

Seller

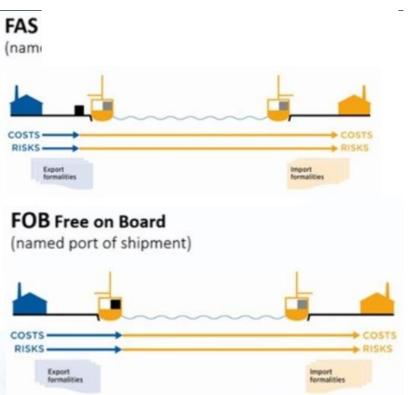
Seller

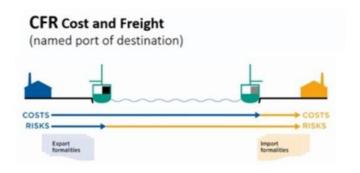
Seller

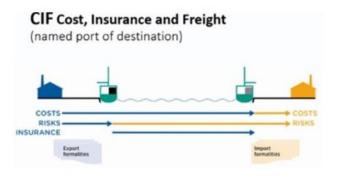
SA.

# Incoterms

# ONLY FOR WATER WAYS













Use of this rule is restricted to goods transported by sea or inland waterway.

- In practice it should be used for situations where the seller has direct access to the vessel for loading, e.g. bulk cargos or non-containerised goods.
- For containerised goods, consider "Free Carrier FCA" instead.
- Seller delivers goods, cleared for export, alongside the vessel at a named port, at which point risk transfers to the buyer.
- The buyer is responsible for loading the goods and all costs thereafter.



### **FAS**

# Free Alongside Ship(named place of destination)

- The seller must place goods alongside the ship at the named port and clear the goods for export
- Suitable only for maritime sea transport in containers
- Is typically used for heavy-lift or bulk cargoc

### The seller's obligations

- To deliver the goods by placing them alongside the ship nominated by the buyer at the loading point
- To bear all risks of loss or damage to the goods until they have been placed alongside ship





### FAS

### The buyer's obligations

- To pay the price of the goods
- Must contract at its own expense for the carriage of the goods from the named port of shipment
- To pay costs of customs formalities in import, all duties, taxes, charges payable upon import of the goods
- To bear all risks of loss or damage to the goods from the time they have been placed alongside the ship nominated by the buyer at the loading point



CHART OF RESPONSIBILITIES AND TRANSFER OF RISK

ACADEMY FOR CONTRACT + LOGISTICS	CHART OF RESPONSIBILITIES AND TRANSFER OF RISK												
	Any Tran	nsit Mode	Sea	a/Inland Wat	erway Transp	ort	Any Transport Mode						
	EXW	FCA	FAS	FOB	CFR	CIF	CPT	CIP	DAP	DPU	DDP		
	Ex Works	Free Carrier	Free Alongside Ship	Free On Board	Cost & Freight	Cost Insurance & Freight	Carriage Paid To	Carriage Insurance Paid To	Delivered at Place	Delivered at Place Unloaded	Delivered Duty Paid		
Transfer of Risk	At Buyer's Disposal	On Buyer's Transport	Alongside Ship	On Board Vessel	On Board Vessel	On Board Vessel	At Carrier	At Carrier	At Named Place	At Named Place Unloaded	At Named Place		
Charges/Fees													
Packaging			Seller										
Loading Charges			Seller										
Delivery to Port/ Place			Seller										
Export Duty, Taxes & Security Clearance			Seller										
Origin Terminal			277.7										

Origin Termina Charges

Loading on Carriage

Carriage Charges

Insurance

Buyer

Seller

Buyer

SA.





# FOB & CFR









Use of this rule is restricted to goods transported by sea or inland waterway.

- In practice it should be used for situations where the seller has direct access to the vessel for loading, e.g. bulk cargos or non-containerised goods.
- For containerised goods, consider "Free Carrier FCA" instead.

Seller delivers goods, cleared for export, loaded on board the vessel at the named port.

Once the goods have been loaded on board, risk transfers to the buyer, who bears all costs thereafter.



### **FOB**

### The buyer's obligations

- To pay the price of the goods
- Must contract at its own expense for the carriage of the goods from the named port of shipment
- To bear all risks of loss of/damage to the goods from the time they have been placed on board
- To pay costs of customs formalities in import, all duties, taxes, charges payable upon import of the goods





## **FOB**

## **FOB**

#### Free on Board ( named port of shipment)

- Seller must load the goods on board the vessel nominated by the buyer
- Cost and risks are passed when the goods are actually on board of the vessel (this rules is new!) and the buyer bear all the costs from that moment
- The seller must clear the goods for export

#### The seller's obligations

- To deliver the goods by placing them on board the vessel nominated by the buyer at the loading point at the named port of shipment
- To bear all risks of loss of/or damage to the goods until they have been placed on board
- To pay costs of customs formalities in export, all duties, taxes, charges payable upon export





# Incoterms 2020 Rules

ACADEMY son Consumed a CONSUMS	CHART OF RESPONSIBILITIES AND TRANSFER OF RISK											
	Any Transit Mode Se			a/Inland Waterway Transport			Any Transport Mode					
	EXW	FCA	FAS	FOB	CFR	CIF	CPT	CIP	DAP	DPU	DDP	
	Ex Works	Free Carrier	Free Alongside Ship	Free On Board	Cost & Freight	Cost Insurance & Freight	Carriage Paid To	Carriage Insurance Paid To	Delivered at Place	Delivered at Place Unloaded	Delivered Duty Paid	
Transfer of Risk	At Buyer's Disposal	On Buyer's Transport	Alongside Ship	On Board Vessel	On Board Vessel	On Board Vessel	At Carrier	At Carrier	At Named Place	At Named Place Unloaded	At Named Place	
Charges/Fees		20,										
Packaging				Seller								
Loading Charges				Seller								
Delivery to Port/ Place				Seller								
Export Duty, Taxes & Security Clearance				Seller								
Origin Terminal Charges				Seller								

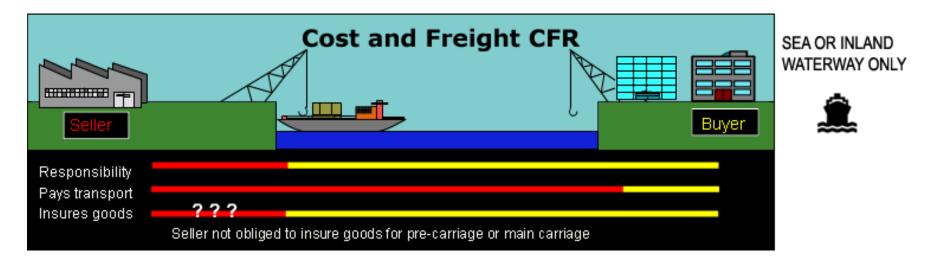
Seller

Buyer

**Loading on Carriage Carriage Charges** 

Insurance





Use of this rule is restricted to goods transported by sea or inland waterway.

In practice it should be used for situations where the seller has direct access to the vessel for loading, e.g. bulk cargos or non-containerised goods.

For containerised goods, consider 'Carriage Paid To CPT' instead.

Seller arranges and pays for transport to named port. Seller delivers goods, cleared for export, loaded on board the vessel.

However risk transfers from seller to buyer once the goods have been loaded on board, i.e. before the main carriage takes place.

NB seller is not responsible for insuring the goods for the main carriage.



# Know the basics

FOB is the opposite of CFR

- Don't Use these two terms in containerised cargo
- Where good are delivered to a terminal

- Don't Use these two terms in containerised cargo
- Where good are delivered to a terminal



## **CFR**

#### Cost and Freight(named place of destination)

- The seller must pay the costs and freight to bring the goods to the port of destination
- Risk is transferred t buyer once loaded into the vessel
- Maritime transport only and insurance for the goods is NOT included

#### The buyer's obligations

- To pay the price of the goods
- To bear all the risks of loss of or damage to the goods from the time they have been placed on board
- To pay costs of customs formalities in all import duties, taxes, charges payable upon import





#### **CFR**

#### The seller's obligations

- Must deliver the goods by placing them on board the vessel
- Must contract for the carriage of the goods to the named port of destination
- To bear all risks of loss or damage to the goods until they have been placed on board
- To pay costs of customs formalities in export in all export duties, taxes, charges payable upon export



# Incoterms 2020 Rules

CHART OF RESPONSIBILITIES AND TRANSFER OF RISK

ACADEMY FOR CONTROLS	CHART OF RESPONSIBILITIES AND TRANSFER OF RISK											
	Any Tran	nsit Mode	Sea/Inland Waterway Transport				Any Transport Mode					
	EXW	FCA	FAS	FOB	CFR	CIF	CPT	CIP	DAP	DPU	DDP	
	Ex Works	Free Carrier	Free Alongside Ship	Free On Board	Cost & Freight	Cost Insurance & Freight	Carriage Paid To	Carriage Insurance Paid To	Delivered at Place	Delivered at Place Unloaded	Delivered Duty Paid	
Transfer of Risk	At Buyer's Disposal	On Buyer's Transport	Alongside Ship	On Board Vessel	On Board Vessel	On Board Vessel	At Carrier	At Carrier	At Named Place	At Named Place Unloaded	At Named Place	
Charges/Fees												
Packaging					Seller							
Loading Charges					Seller							
Delivery to Port/ Place					Seller							
Export Duty, Taxes & Security Clearance					Seller							
Origin Terminal Charges					Seller							

Seller

Seller

Carriage Charges

Insurance

**Loading on Carriage** 



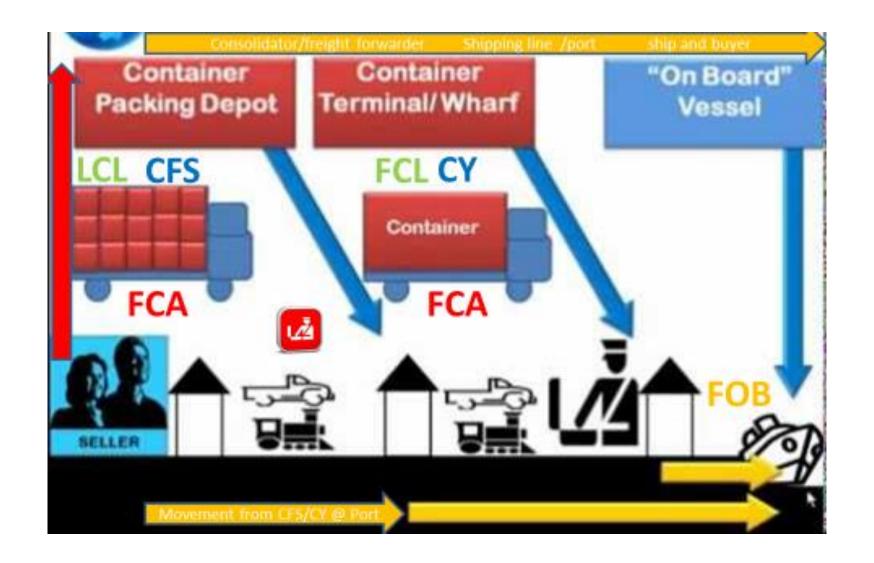
### What I achieved in



FOB may not be appropriate where goods are handed over to the carrier before they are on board the vessel, for example goods in containers, which are typically delivered at a terminal. In such situations, the FCA rule should be used.

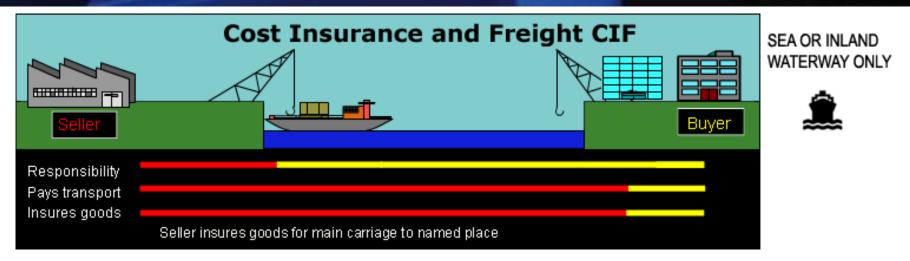
FOB requires the seller to clear the goods for export, where applicable. However, the seller has no obligation to clear the goods for import, pay any import duty or carry out any import customs formalities.











In practice it should be used for situations where the seller has direct access to the vessel for loading, e.g. bulk cargos or non-containerised goods.

For containerised goods, consider 'Carriage and Insurance Paid CIP' instead.

Seller arranges and pays for transport to named port. Seller delivers goods, cleared for export, loaded on board the vessel.

However risk transfers from seller to buyer once the goods have been loaded on board, i.e. before the main carriage takes place.

Seller also arranges and pays for insurance for the goods for carriage to the named port.

However as with "Carriage and Insurance Paid To", the rule only require a minimum level of cover, which may be commercially unrealistic. Therefore the level of cover may need to be addressed elsewhere in the commercial agreement.





## CIF

Cost Insurance Freight(named port of destination)

- The same as CFR except that the seller must in addition procure and pay for the insurance
- Maritime transport only



# Incoterms 2020 Rules

Seller

Seller

Seller

ACADEMY FOR	CHART OF RESPONSIBILITIES AND TRANSFER OF RISK											
	Any Tran	sit Mode	Sea/Inland Waterway Transport				Any Transport Mode					
	EXW	FCA	FAS	FOB	CFR	CIF	CPT	CIP	DAP	DPU	DDP	
	Ex Works	Free Carrier	Free Alongside Ship	Free On Board	Cost & Freight	Cost Insurance & Freight	Carriage Paid To	Carriage Insurance Paid To	Delivered at Place	Delivered at Place Unloaded	Delivered Duty Paid	
Transfer of Risk	At Buyer's Disposal	On Buyer's Transport	Alongside Ship	On Board Vessel	On Board Vessel	On Board Vessel	At Carrier	At Carrier	At Named Place	At Named Place Unloaded	At Named Place	
Charges/Fees												
Packaging						Seller						
Loading Charges						Seller						
Delivery to Port/ Place						Seller						
Export Duty, Taxes & Security Clearance						Seller						
Origin Terminal Charges						Seller						
						0.000						

**Loading on Carriage Carriage Charges** Insurance









# Helping users choose right rule

- > More emphasis in Introduction on choosing the right rule
- > Clearer explanation of inter-relation of ancillary contracts
- > Upgraded Explanatory Notes for each rule
- > Re-ordering of articles in each rule to highlight delivery and risk



# Key thèmes for changes



- > Helping users make the right choice of rule for their sale contract
- > Bills of lading with on-board notation in FCA
- > Where costs are listed
- > Different levels of insurance cover in CIP and CIF
- > 'Arranging' for carriage in FCA, DAP, DPU and DDP
- > Change in title from DAT → DPU
- > Security-related requirements included in carriage obligations and costs

# On-board bills of lading and FCA



#### Situation

- > Goods sold FCA, transported by sea
- > Seller or buyer or their banks (where an LC is in place) want a BL with on-board notation

#### Problem

Delivery under FCA happens before goods are on board the vessel

#### Solution

- > New option in A6/B6 of FCA
- > Seller and buyer agree that buyer will instruct its carrier to issue an onboard BL to seller once goods are loaded on the vessel
- > Seller must tender the onboard BL to buyer, typically through the banks







# What are the key changes? Bills of lading can be issued after loading (FCA)

The Free Carrier (FCA) Incoterms® rule exposes sellers to the greatest level of risk with the exception of the Ex Works Incoterm rule. Incoterms® 2020 rule FCA [1] has been changed to allow the parties (including trade finance providers) to agree for the buyer to direct the carrier to issue the onboard bill of lading to the seller (a bill of lading is a document that gives information about the goods being transported in a container or containers from one port to another).



# Where costs are listed



- > Incoterms® 2010
  - > Some but not all costs were listed together in the dedicated costs article
  - > The remaining costs were listed in various articles
  - > No single place to find all costs in a given rule
- > Incoterms® 2020
  - > Costs are gathered together in A9/B9: a one-stop shop to find all costs under a given Incoterms® 2020 rule
  - > Costs are also listed in their respective articles, e.g., Delivery/transport document in A6/B6





#### Security requirements have increased (all Incoterms)

Since the last time Incoterms® rules were updated, the most significant change to trade (and arguably the world) has been the advent of technology. Security threats to cross-border trade are significant and on the rise, with ever increasing attacks on organisations in every industry. The ICC's response has to been to ensure that transport security requirements e.g. mandatory screening of containers are now more prominent in Incoterms® 2020. They are costly and can risk delay if not fulfilled



# Different levels of insurance in CIP and CIF

- > CIP and CIF require seller to obtain insurance against buyer's risk of loss
- > CIP and CIF in 2010 required limited level of insurance cover (Institute Cargo Clauses (C) or similar)
- > During revision, proposals to increase required level of insurance cover
- > Incoterms® 2020
  - > CIP: Increased to 'all risks' cover = Institute Cargo Clauses (A) or similar
  - > CIF: Remains unchanged at lower level = Institute Cargo Clauses (C) or similar







#### Expanded standard insurance (CIP)

Institute Cargo Clauses are a term for cargo insurance policies voluntarily adopted as standard terms by many international marine insurance organisations. The Incoterm rule Carriage and Insurance Paid to (CIP) meant that the seller delivered to the carrier, but then paid for carriage and insurance to a named destination. The seller was obliged to provide insurance for the buyer equivalent to Clause C - a basic level of insurance, which typically might be suitable for bulk commodity cargoes but may not be appropriate for manufactured goods. In ICC Incoterms® 2020 the level of insurance has increased to Clause A which is more often used for manufactured goods







#### Standard Class "C" Marine Cargo Insurance

basic insurance covers the value of goods only then the extra 10% is designed to cover all other costs paid by the buyer in getting the goods to their delivery point. These costs include freight charges, intermediary compensation and other such items including the cost of the insurance, this is nothing new. This 110% class "C" insurance is an industry standard

https://www.sjnk.co.jp/info/cargo\_nk/



# Name change: DAT → DPU

- > Difference between Incoterms® 2010 DAP (Delivered at Place) and DAT (Delivered at Terminal): DAT seller had to unload the goods to deliver
- > Word 'terminal' was very broadly defined, but was confusing users
- > 2 changes in Incoterms® 2020:
  - > Change name from DAT -> DPU (Delivered at Place Unloaded)
  - > Move DPU to come after DAP







#### DAT has been replaced with DPU

The Delivery at Place Unloaded (DPU) Incoterm replaces the Delivered at Terminal (DAT) Incoterm rule. The DAT Incoterm rule previously specified that the seller was responsible for arranging carriage and delivery of goods, unloaded from the arriving conveyance, at the named place. The reference to 'terminal' has been removed to make it more general. 'Place unloaded' could be a quay, warehouse, container yard or any road for rail, air or road. There is no other change in substance. DPU is the ONLY Incoterms® rule that requires the seller to unload goods at destination. Those who currently use DAT Incoterms® 2010 should change to DPU.



# Arranging carriage in FCA, DAP, DPU and DDP

- > Incoterms® 2010 required the party responsible for carriage to 'contract for' carriage.
- > Is a 3<sup>rd</sup>-party carrier always used to carry goods from seller to buyer?
- > Does party responsible for carriage sometimes use its own means of transport?
- Now, seller (D-rules) or buyer (FCA) can either contract or 'arrange for' carriage





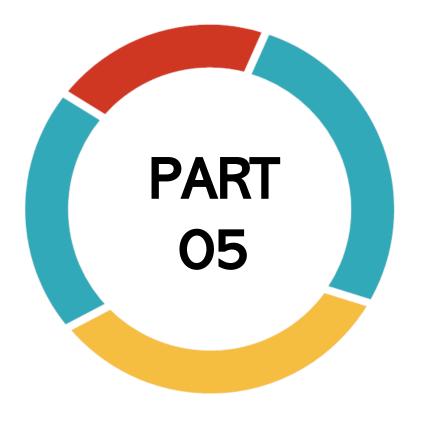


Seller/buyer using own transport (FCA, DAP, DDP and DPU) It was previously assumed that transport of the goods between seller and buyer would be carried out by a third party carrier and did not anticipate where the transport is provided by the seller or buyer. Incoterms FCA [5], Delivered At Place (DAP) [6], Delivered Duty Paid (DDP) [7] and DPU [8] now take into account the fact a buyer/seller may be required to "contract or arrange at its own cost for the carriage of the goods from the named place of delivery".





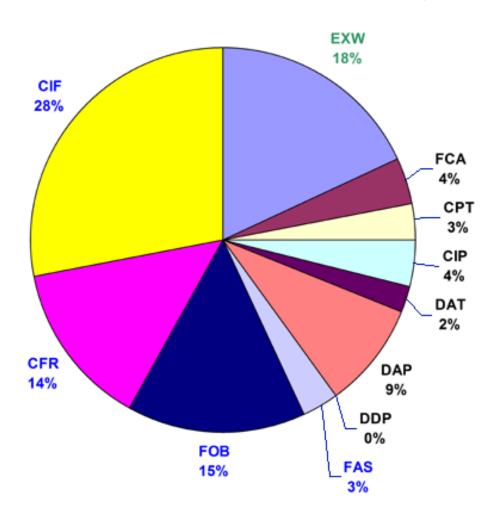








#### Example Australian exports to ASEAN: figure 1



Adviser: Figure 1, which shows the distribution of Incoterms usage among exporters of manufactured goods to the Association of Southeast Asian Nations (ASEAN), indicates a mismatch between the mode of transport and the choice of Incoterms. This is based on the commonly accepted fact that maritime trade accounts for more than 80% of all trade and the majority of goods are sent containerised around the world.

In Figure 1, I pointed out that these were usage rates for Australian manufactured goods to ASEAN (Burma, Brunei, Cambodia, Indonesia, Laos, Philippines, Malaysia, Singapore, Thailand and Vietnam). There is no evidence to suggest that world container usage rates are different to those found in the Australian research. If we look at the usage rates of FOB (15%), CFR (14%), and CIF (28%), these total to 57% of transactions. These terms are not recommended for use in container traffic movements, yet these continue to be used. There is a problem.





# Ten common mistakes in using the Incoterms rules

Here are some of the most common mistakes made by importers and exporters:

- 1. Use of a traditional "sea and inland waterway only" rule such as FOB or CIF for containerised goods, instead of the "all transport modes" rule e.g. FCA or CIP. This exposes the exporter to unnecessary risks.
- 2. Making assumptions about passing of title to the goods, based on the Incoterms rule in use. The Incoterms rules are silent on when title passes from seller to buyer; this needs to be defined separately in the sales contract
- 3. Failure to specify the port/place with sufficient precision, e.g. "FCA Chicago", which could refer to many places within a wide area
- 4. Attempting to use DDP without thinking through whether the seller can undertake all the necessary formalities in the buyer's country, e.g. paying GST or VAT
- 5. Attempting to use EXW without thinking through the implications of the buyer being required to complete export procedures in many countries it will be necessary for the exporter to communicate with the authorities in a number of different ways



- 6. Use of CIP or CIF without checking whether the level of insurance in force matches the requirements of the commercial contract these Incoterms rules only require a minimal level of cover, which may be inadequate.
- 7. Where there is more than one carrier, failure to think through the implications of the risk transferring on taking in charge by the first carrier from the buyer's perspective, this may turn out to be a small haulage company in another country, so redress may be difficult in the event of loss or damage
- 8. Failure to establish how transport handling charges (THC) are going to be treated at the
- 9. Where payment is with a letter of credit or a documentary collection, failure to align the Incoterms rule with the security requirements or the requirements of the banks.
- 10.When DPU or DAP is used with a "post-clearance" delivery point, failure to think through the liaison required between the carrier and the customs authorities can lead to delays and extra costs



# Q:Can we still use Incoterms 2000/2010/2020 in our agreements?

Yes.

Many companies have complex agreements with their counterparties and service providers, which will be time-consuming to redraft.

Therefore parties are free to continue to refer to Incoterms 2000/2010 (or any other revision!) – provided that this is specified unambiguously in their agreements.

#### Q:What Incoterms rules work best with letters of credit?

Where possible use CIF, CIP, CFR or CPT.

For all these rules, delivery takes place before the main carriage. The carrier gives the seller a transport document which (usually) serves as a mechanism for control of the goods – it will be presented to a bank under the letter of credit, and then passed on to the buyer so that the goods can be claimed.

All the other rules are potentially problematical in one way or another.

For example with FCA, the buyer is in control of the main transport, and there are circumstances in which the buyer may be able to frustrate the transaction.

Conversely with DPU/DAP, the buyer can be at risk, because seller may be able to get paid under the letter of credit before fulfilling the delivery obligation.



#### Q:What is Incoterms 2020's relevance to domestic transactions?

Use of the rules is not limited to cross-border trading.

The Incoterms rules are also applicable to transactions where the buyer and seller are in the same country, or both within a customs union such as the European Union.

All the provisions of the rules are written with this in mind, e.g. if there are issues with import duty or taxes, they need only be considered where appropriate.

#### Q:What is Incoterms 2020's connection with transfer of title to the goods?

The Incoterms rules are silent on the issue of when title in the goods passes from seller to buyer. This should be dealt with elsewhere in the commercial agreement.

The issue of title to the goods is related to that of revenue recognition, which matters to those organisations who want the best figures in their financial reports.

Revenue recognition is defined by accounting standards such point of delivery (as defined by the Incoterms rule) is one factor in the decision on this matter.

Hence rules such as DAP and DAT would tend to be disadvantageous in this respect



#### Q:What do the Incoterms rules say about costs for cargo security?

Since 9/11 and incidents such as the oil tanker bombing in the Gulf of Aden in 2002, cargo security is now high on the transport industry agenda. However, 2020 gives more clarity on Security The Incoterms rules themselves only set out generalities such as the requirement for the parties to cooperate with each other in the provision of security-related information.

In practice, the most relevant security framework is often the International Ship and Port Security code ISPS Code, which is an amendment to the International Convention for the Safety at Sea (SOLAS).

Responsibility for security policy rests with designated persons both at the ship level and for shipping terminals. Carriers will often levy a small charge for security/ISPS, which will be borne by whoever contracts with the carrier.

#### Q:Does Incoterms rules say anything about costs for cargo on VGM?

No it has been left out to be decided by the buyer and seller to be included separately in the contract



#### Q:Can we add qualifications or variations to a rule?

Yes

It is possible to add extra words to an Incoterms rule, so as to cater for special situations and/or to achieve more precise definition of obligations

#### Example 1:

For some types of cargo, costs arise from stowing the cargo on the vessel. So the Incoterms rule "FOB stowed" will make it clear that the seller is responsible not only for loading the cargo on board, but also for stowing it.

#### Example 2:

The rule "DDP, VAT unpaid" - seller is responsible for paying import duty, but not for paying VAT

#### Example 3:

The rule "EXW, loaded" – seller loads goods onto vehicle

#### Caution:

By qualifying a rule, there is the danger of introducing ambiguity. Examples: expressions such as "Liner terms" and "Liner out" are open to different interpretations. "EXW, loaded" – there are different views as to whether loading is at buyer's or at seller's risk.



#### Incoterms: The US view

#### Incoterms vs the Uniform Commercial Code

Trade practitioners in the U.S. will be aware that the terms FOB, CIF and so on are defined within the United States federal Uniform Commercial Code (UCC). First published in 1952, UCC covers many aspects of commercial contracts. It contains "shipment and delivery" provisions that have similar aims to those of the Incoterms rules.

Some UCC expressions have the same three-letter abbreviations as those within the Incoterms system; but their definitions are totally different. Notoriously, "FOB" can have a number of different meanings within UCC, most of which do not correspond with the ICC Incoterms FOB definition.

The situation is confused further by variations between different US states. In 2004, there was a major revision of the UCC, which abolished many of these terms. However for reasons unrelated to its "shipment and delivery" provisions, many states have failed to adopt the 2004 revision; so in these states, the former UCC revision remains law.

Companies in the US are therefore faced with the prospect of mastering two versions of the UCC for use with domestic transactions, plus ICC Incoterms rules for use with cross-border transactions.

The logical solution to this confusion is to **standardise on the use of ICC Incoterms rules** for all transactions, whether domestic or international.

The Incoterms 2020 revision has been drafted to make the interpretation of the rules very straightforward for domestic trades. For example, all obligations in respect of import or export procedures need only be considered 'where applicable.' Book recommendation: Incoterms for Americans







Contracts of sale and transport can be tricky even for the most experienced professionals. The slightest of errors may cause substantial repercussions such as detained shipments, spoiled supply chain planning and unwanted costs and delayed payments. Here to bridge the gap between expectations and execution is the new ICC Guide on Transport and the Incoterms® 2010 Rules.





# Sales contract vs Transport contract

One important difference between sales of goods law and transportation law is that sales of goods is covered by only Vienna convention on contract called International sale of goods (CISG)
The situation is different for the carriage of goods as it is covered by many conventions and regional and national laws. (7,8)

Today it can involve multimodal transport



stands for

UN Convention on Contracts for the International Sale of Goods









## 2016

# For transporters

- 1.To guide on the best practices
- 2.To avoid confusion on cost, risk and liability
- 3.To obtain the proper documents for transportation
- 4.To establish transparency and accountability
- 5. Standardization and reduce cost
- 6. Ensure market driven pricing and competition





# 2016 Book: What does it mean for shippers?

- For shippers (global buyers and sellers) theses guidelines will help get cost effective, risk managed and transparent transportation solutions and to use the best commercial term.
- The importance is that depending on the bargaining power of the buyer or the seller to obtain best cost of transportation they can increase trade and access new markets. In this connection the responsibly of contracting parties including the transporter has been brought into define the incoterms in relation to the contract of carriage.



# 2016

- Carriers must understand the total voyage, delivery points acceptance points and customs clearances
- The carrier charges have to be directed to the contracting party for carriage
  as per the services rendered and the liability, cost and risk taken on behalf of their
  contracting party at delivery or receiving points.
- The contracting party of sales of goods, may decide to divide carriers cost accordingly irrespective of the Incoterm



## The 10 questions and answers that the transporter should know against each Incoterm

- 1. How are goods handed over to the carrier?
- 2. When and how are goods made available to the consignee?
- 3. Who shall pay the price of transport?
- 4. What additional price can be added to the transport?
- 5.ls there a variable part to the price for transport (i.e. 'adjustment factor')?
- 6. When is the price for transport payable?
- 7. How are the goods to be packed?
- 8.ls the seller or the buyer responsible for customs clearance?
- 9. Who is responsible for stowage and cargo security?
- 10. What sort of transport document should be issued by the carrier?





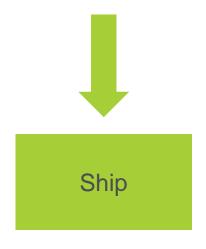
# **Know your ports tariff**

Pack to tight

**Stevedoring = longshoreman USA** 



**Modern container terminals Port handling charges** 





Shipper







Please be aware of the limitations of these summaries.

If you are involved in establishing an Incoterms policy for your organisation, or in the drafting of contracts with trading partners or service providers, you will need to study the complete text of Incoterms 2020 + Transport guide, which is found in the ICC publications



# thank you