



INCOTERMS

2022



DEFINITION

IN **TERNATIONAL**
CO **MMERCIAL**
TERMS

“A set of uniform rules for the interpretation of terms defining the cost, risk and obligations of buyers and sellers in international transactions.”

FOCUS ON...



HISTORY

- First Edition in 1936
- International Chamber of Commerce (ICC)
- Revised in 1953, 1960, 1976, 1980, 1990, 2000, 2010
- New Edition: INCOTERMS 2020



INCOTERMS 2020 RULES DO...

1. Divide costs, risk, and obligation between the seller and the buyer

At what point does the seller deliver?

2. Guide one or the other party into subsidiary contracts required to fulfill designated task such as contracts of carriage and contracts of insurance
3. Establish basic terms of transport and delivery in a uniform format
4. Reduce the potential for seller-buyer misunderstanding

Delivery: indicates where the risk of loss passes from seller to buyer

INCOTERMS 2020 RULES DO NOT...

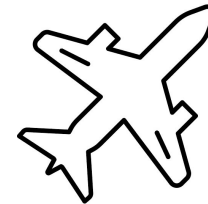
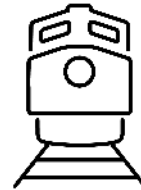
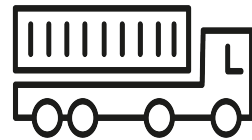
1. Automatically apply to contract for services.
2. Specify operational details of the transfer, transport and delivery of the goods (unloading, payment type, operations).
3. **Determine how title to the goods will be transferred.**
4. Define the remedies for breach of contract and choice of law.



CLASSES

OMNI-MODAL TRANSPORTATION TERMS

- EXW
- FCA
- CPT
- CIP
- DAP
- DPU
- DDP



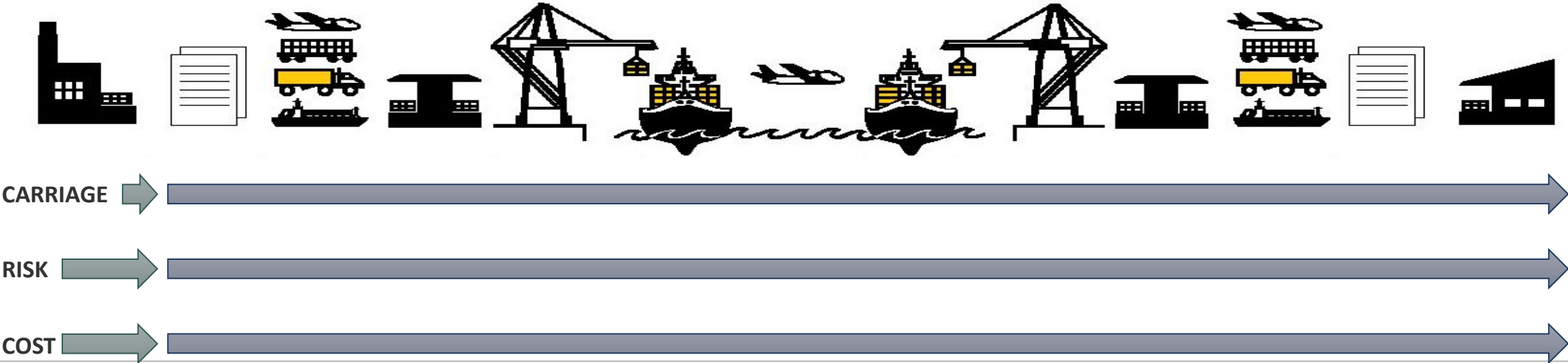
MARINE-RESTRICTED TERMS

- FAS
- FOB
- CFR
- CIF



EXW: EX WORKS

- **Seller** sets the goods available when promised and packaged to the extent known or agreed
- **Buyer** bears all risks and costs starting from when he picks up the goods from the seller's location to the final delivery (loading he collecting vehicle, pre-carriage, export clearance main carriage, import clearance, on-carriage)

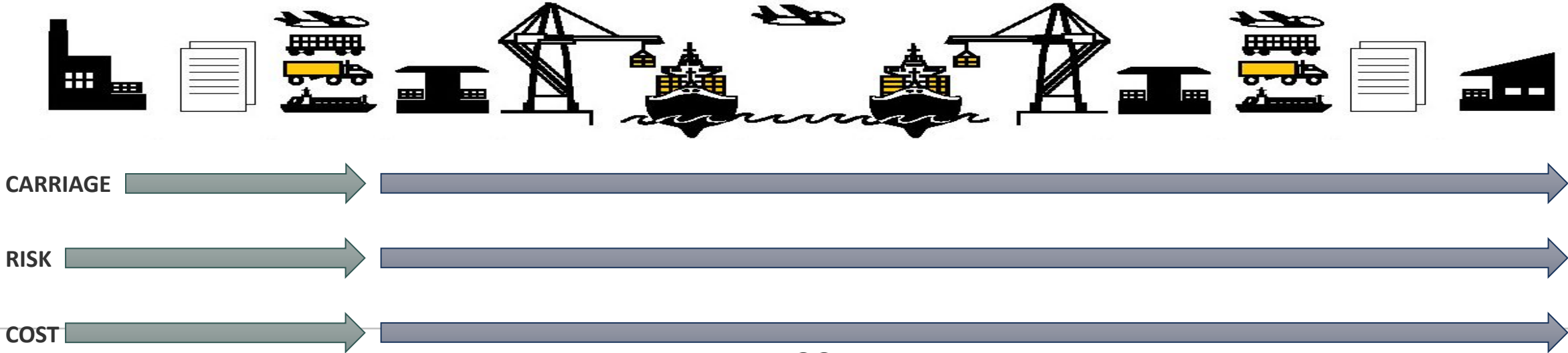


FCA: FREE CARRIER

- **Seller** delivers the goods to the named carrier chosen by the buyer or any party authorized to pick up the goods. The seller is responsible to clear the goods for export.

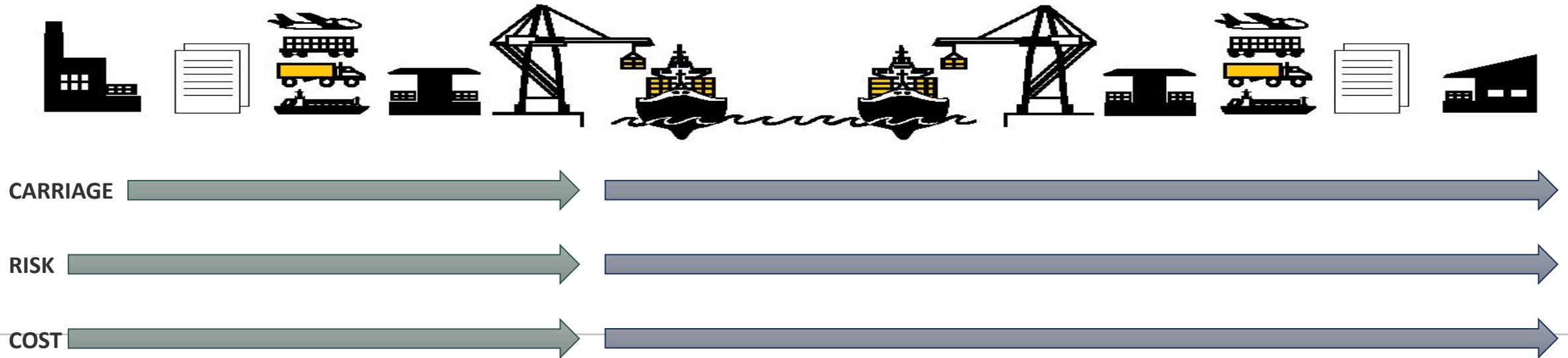
Buyer must instruct the carrier to provide seller with an on-board transport document at the buyer's cost and risk.

- **Buyer** bears all risks and costs for the carriage of the goods after delivered to the carrier. He is responsible for any import customs formalities.



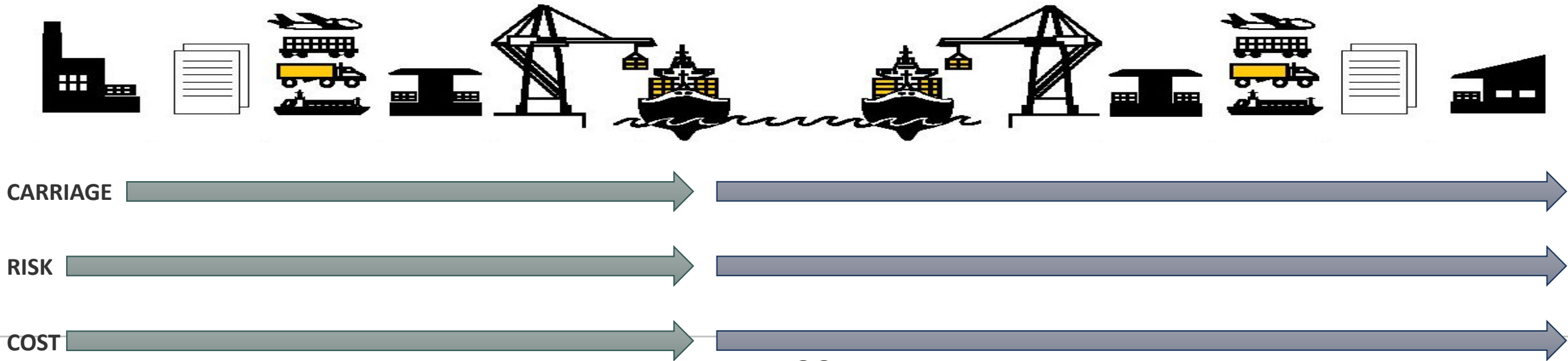
FAS: FREE ALONGSIDE SHIP

- **Seller** clears the goods for export and delivers the properly packed goods alongside the buyer-designated vessel at the port on the seller's side.
- **Buyer** bears all risks and costs of the carriage of goods after delivery alongside the vessel at the port of load until final destination (vessel loading, main carriage, import clearance, on carriage).



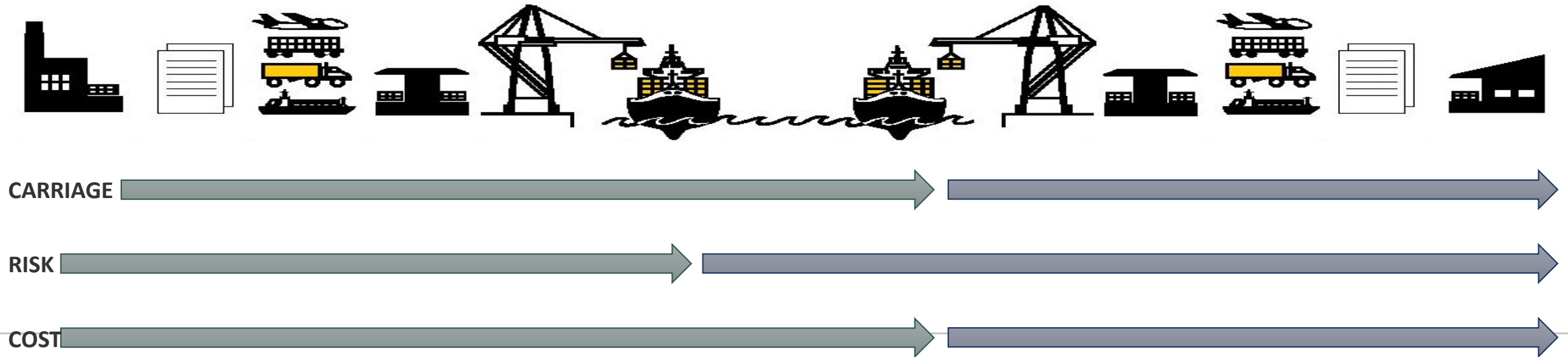
FOB: FREE ON BOARD

- **Seller** clears the goods for export and delivers the properly packed goods on board the buyer-designated vessel at the port on the seller's side.
- **Buyer** bears all risks and costs associated with the carriage of goods after the delivery on board of the vessel at the named origin port until destination (main carriage, import clearance, on carriage).



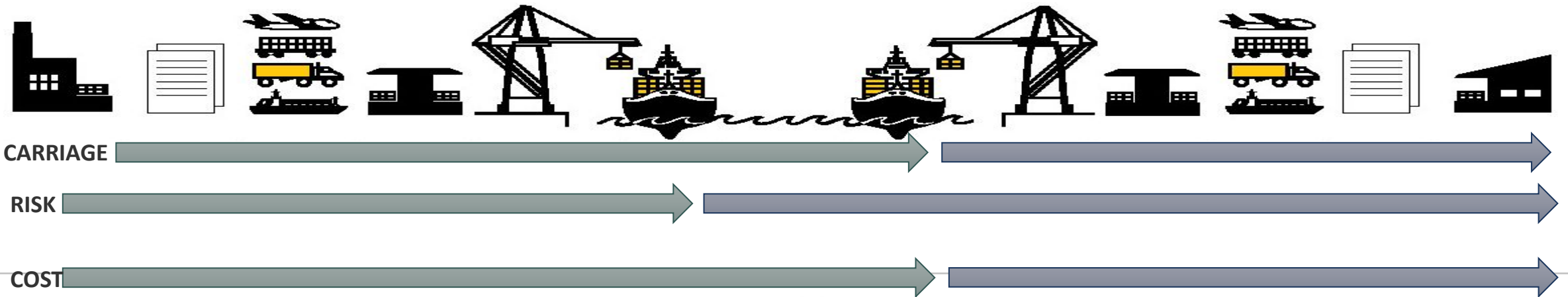
CFR: COST AND FREIGHT

- **Seller** clears the goods for export and delivers the goods appropriately export packed on board the seller-designated vessel at the port on the seller's side (unload not included). Pays transportation costs to the agreed port on buyer's side.
- **Buyer** assumes all risks after the delivery of the goods on board the vessel at the port of load. Also responsible for unloading, import clearance, and on carriage.



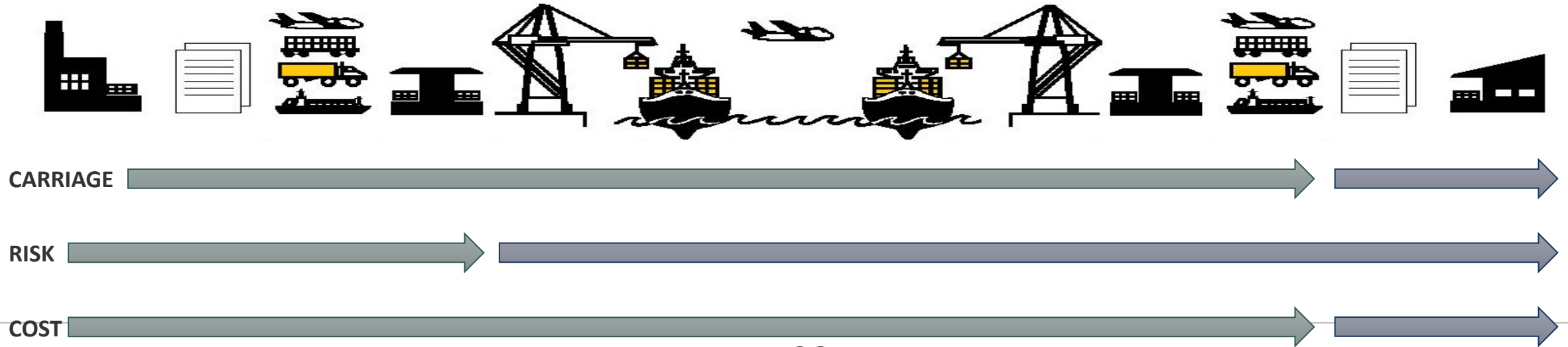
CIF: COST, INSURANCE AND FREIGHT

- **Seller** clears the goods for export and delivers them appropriately export packed on board the seller-designated vessel at the port on the seller's side (unloaded not included). Transportation costs to the agreed port on the buyer's side and insurance are on the seller's account. Requirements for the insurance is just for the minimum coverage.
- **Buyer** is responsible for the unloading costs at the named port of destination, and for any import formalities. Risks are transferred from seller to buyer when the goods are on board the vessel at the origin port of load.
- CIF = CFR + Insurance



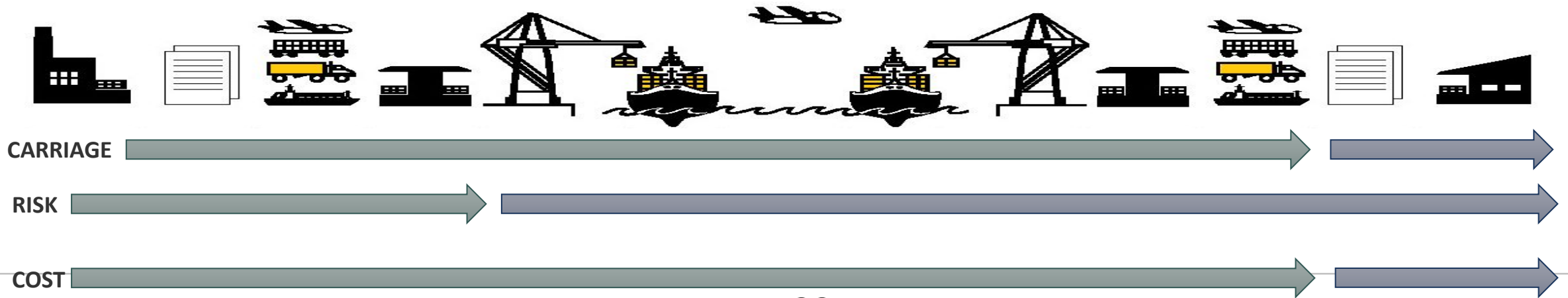
CPT: CARRIAGE PAID TO

- **Seller** clears the goods for export and delivers the good appropriately packaged to the carrier for transportation to the named destination and pay all transport costs thereto. (The seller delivers to the first carrier unless specified otherwise in the sales contract)
- **Buyer** bears the risk for the carriage of the goods after the seller delivers them to the first carrier at origin. The buyer is also responsible for clearing the goods at destination, arranging the on carriage (depending on the named destination), and unloading.



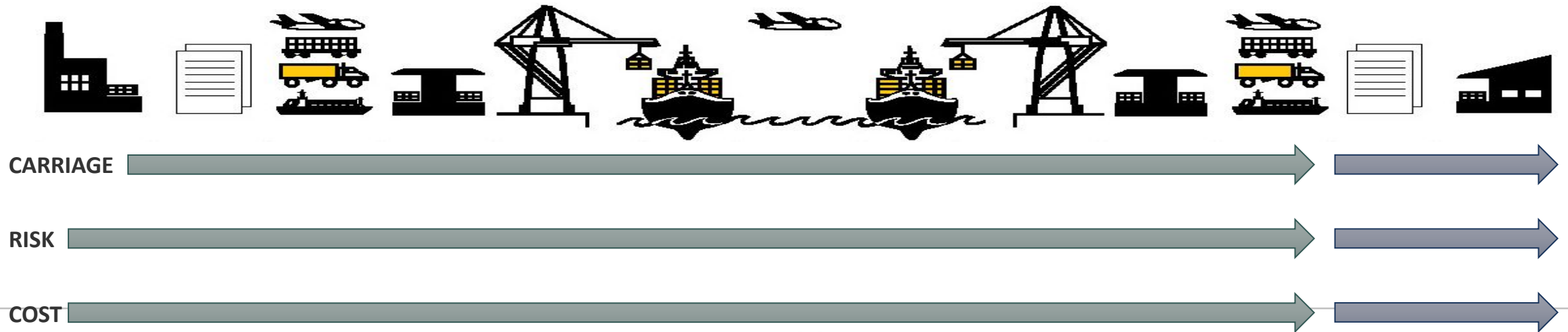
CIP: CARRIAGE AND INSURANCE PAID TO

- **Seller** clears the goods for export and delivers the good appropriately packaged to the carrier for transportation to the named destination and pay all transport costs thereto (The seller delivers to the first carrier unless specified otherwise in the sales contract). Seller is also responsible for insurance coverage for maximum coverage.
- **Buyer** bears the risk for the carriage of the goods after the seller delivers them to the first carrier at origin. The buyer is also responsible for clearing the goods at destination, arranging the on carriage (depending on the named destination), and unloading.
- CIP = CPT + Insurance



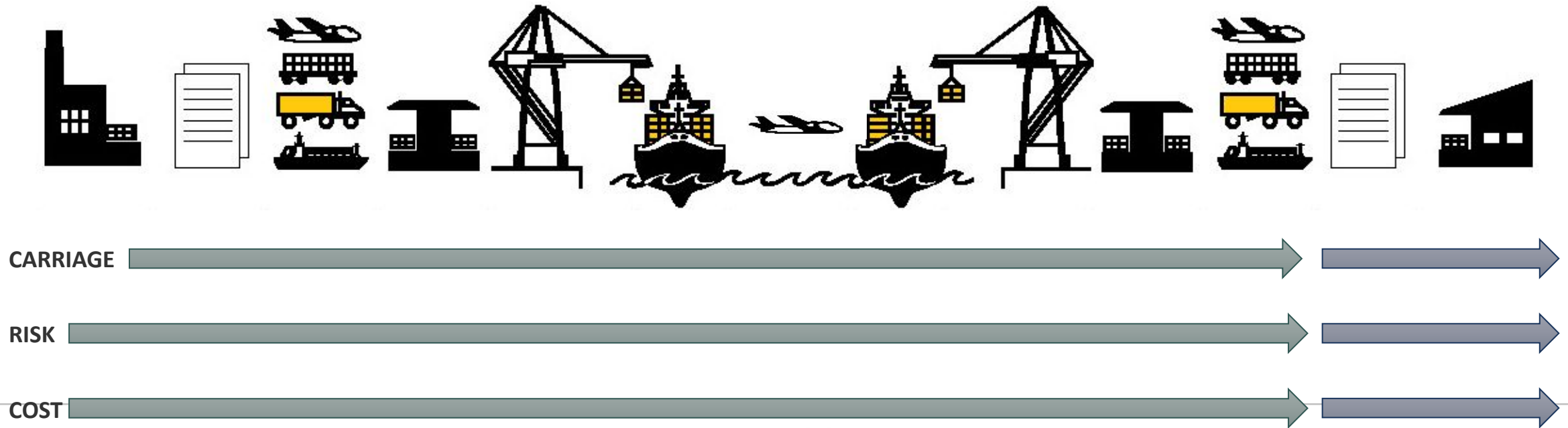
DAP: DELIVERY AT PLACE

- **Seller** clears the goods for export, and delivers the goods appropriately packaged at the named destination and pays all transport costs thereto.
- **Buyer** bears all risks and costs from the destination named place and forward including customs clearing of goods at destination including unloading.



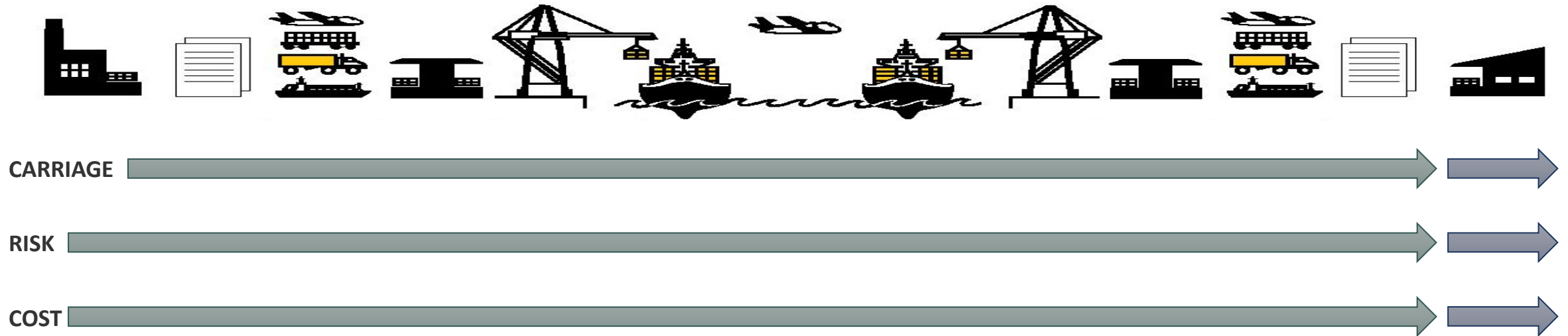
DPU: DELIVERY AT PLACE UNLOADED

- **Seller** clears the goods for export, delivers the goods appropriately packed at the named destination and pay all transport costs thereto, unloading included.
- **Buyer** bears all risks and costs from the named destination and the import clearing customs.



DDP: DELIVERY DUTY PAID

- **Seller** bears all risks and costs associated with delivery of the goods at the destination named place, including the cost and the risk associated with the import clearing of the goods at destination, excluding unloading from the final carrier.
- **Buyer:** unloading, (on carriage if any).



RECAP - KEY CHANGES IN INCOTERMS 2020

- **FCA** - Buyer to instruct carrier to release Bill of Lading to seller for letter of credit purposes.
- **CIP** - Maximum coverage vs minimum.
- **DPU** - DAT replaced with DPU. Only incoterm that specifically tasks the seller with unloading.

