

## Learning unit manual: INCOTERMS 2000

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8. Comparative Table 1990 - 2000

### Objectives

The objectives of this Learning Unit are to understand:

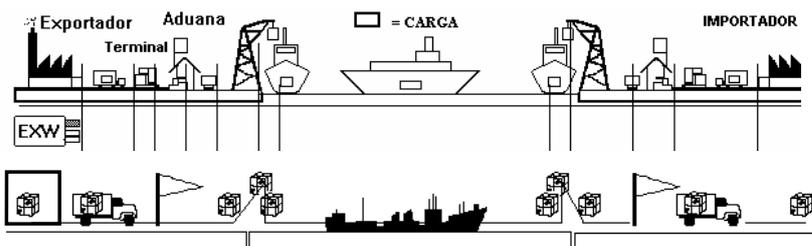
- The responsibilities of the Exporter and Importer under Incoterms 2000
- How Incoterms are used in International Trade transactions.

### Learning Unit Summary

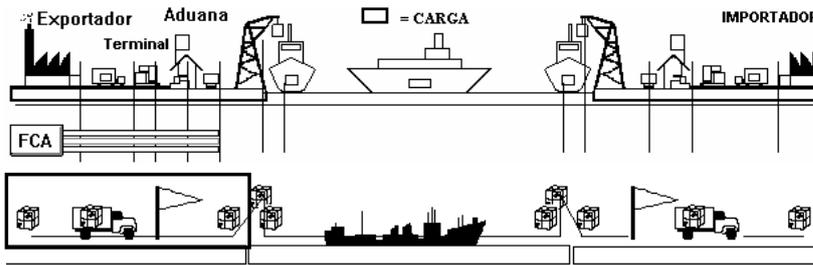
Incoterms are a set of international rules for the interpretation of trade terms set forth by the International Chamber of Commerce. The word INCOTERM comes from an abbreviation of INTERNATIONAL COMMERCIAL TERMS.

In international trade transactions one of the aspects to be defined is the place of delivery of goods. This place, previously agreed between the importer and the exporter, must be stated in the international sales contract. INCOTERMS 2000 facilitates this by clearly defining the place of delivery, who is responsible for the transport to the place of delivery, who assumes the risks and the point at which risk passes from the exporter to the importer, who customs clears the goods for import/export and many more important obligations.

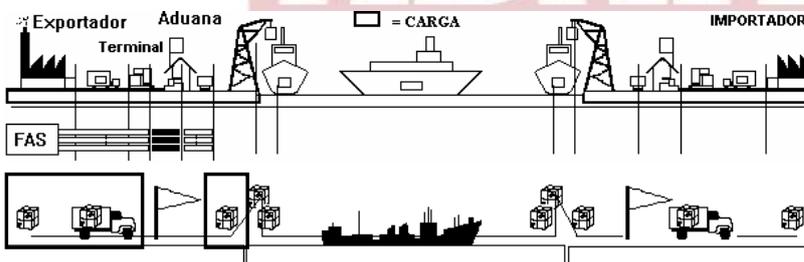
**EXW (...) = Ex Works(...) = En Fábrica(...)**



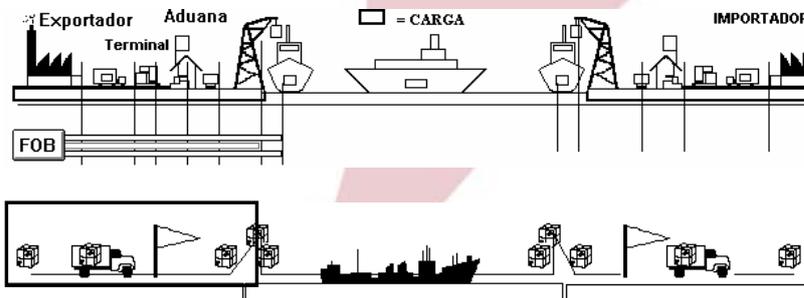
**FCA = FREE CARRIER. Franco Transportista (Lugar convenido)**



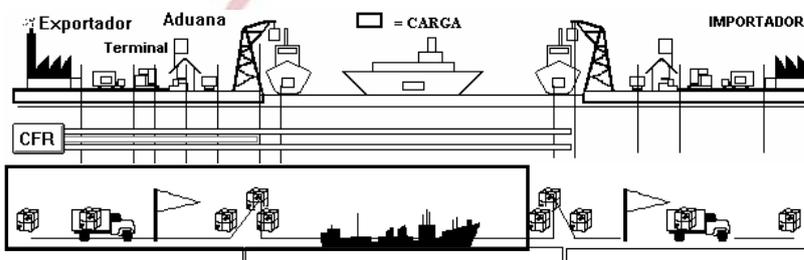
**FAS = Free Alongside Ship. Franco al Costado del Buque (Puerto de carga convenido)**



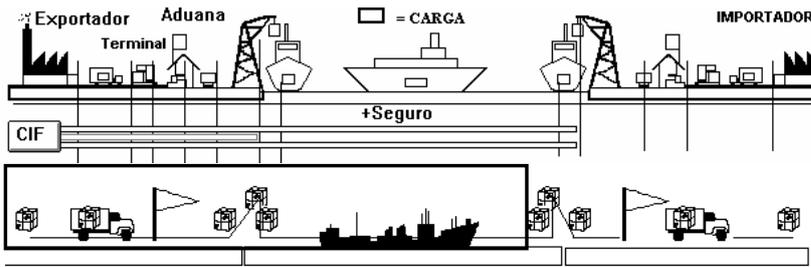
**FOB(...)=Free On Board (Named Port of Shipment) . Franco a Bordo (Puerto de Embarque Convenido)**



**CFR= Cost and Freight (...). Coste y Flete (Puerto de destino)**



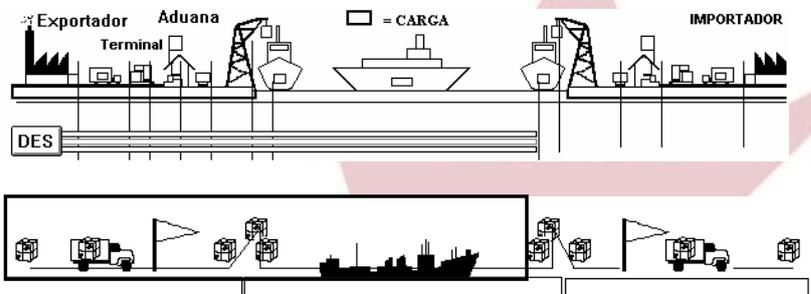
**CIF= Cost, Insurance and Freight (...). Coste, Seguro y Flete (Puerto de destino)**



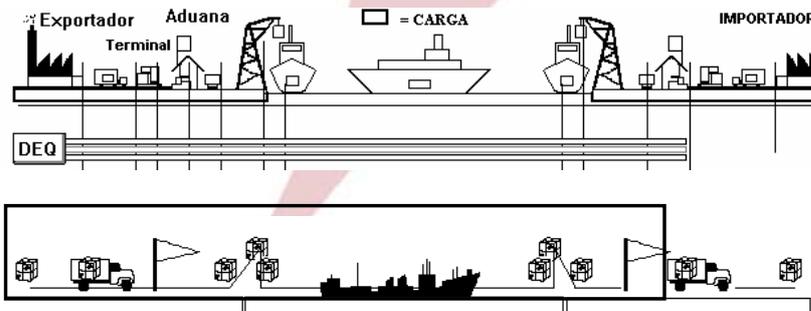
**CIP = Carriage and Insurance Paid To (...). Transporte y Seguro Pagado Hasta (Lugar de destino convenido)**

**CPT = : Carriage Paid To (...). Transporte Pagado Hasta (Lugar de destino convenido)**

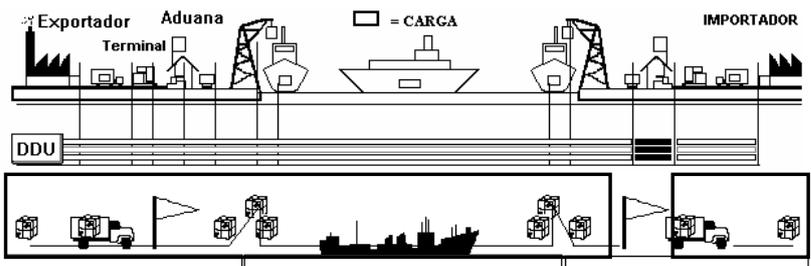
**DES = : Delivered ex Ship (...). Entrega Sobre Buque (Puerto de Destino)**



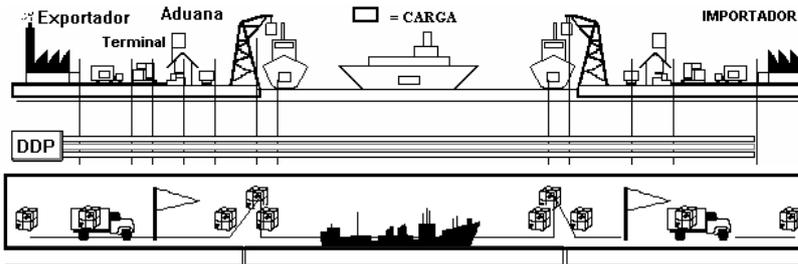
**DEQ = Delivered ex Quay (Duty Paid)(...). Entrega En Muelles (Derechos Pagados) (Puerto de Destino)**



**DDU = Delivered ex Quay (Duty Paid)(...). Entrega Derechos No Pagados (Lugar de destino convenido)**



DDP(...) = Delivered Duty Paid (...). Entrega Derechos Pagados (lugar de destino convenido)



DAF = Delivered at Frontier (...). Entrega en Frontera (Lugar convenido)



**COMPLEMENTARY LECTURE: INCOTERMS AND PAYMENT METHODS**

**Exercises:**

1- *Why* DDP (named place of destination) represents the maximum responsibility of the seller or exporter?

2- You are the Export Manager of “Irish Tiles Ltd” and have concluded an export transaction under CIF (Bombay) with an Indian importer. As the Incoterm agreed is CIF, you must pay the insurance and freight from Dublin to Bombay.

The total weight of the tiles is 15.5 ton. The goods are shipped in a 20-foot container, occupying 90% of it. As only your goods will be shipped in the container, you are entitled to FCLA (Full Container Load Allowance). The port of shipment is Dublin; the port of destination is Bombay.

Specify the documents you need for this export transaction to India. Also indicate who issues these documents and who pay the costs of this transaction.

3- You are the Export Manager of “Irish Water Taps Ltd”. You have received a quotation request from a client in Japan. The client asks for CIF prices. To calculate those, you need to know the cost of freight and insurance. Contact international carriers or freight forwarders in your country and find out how much it would cost you to ship a 20-foot container from an Irish port (of your choice) to a Japanese port. Use the opportunity and request a catalogue of their services for future reference.

4- Specify the documents you need for an export transaction of furniture to Brazil. The transaction is under DDU (Port of Santos). Also indicate who issues these documents.

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