

SESSION 7:

# INCOTERMS 2020\*

INTERNATIONAL COMMERCIAL SHIPPING TERMS





# WHY? INCOTERMS?



BAD STUFF  
HAPPENS!





# INCOTERMS CLARIFY

SHIPPING  
RESPONSIBILITIES

# WHO HANDLES?

- **Transportation**
  - **Customs**
  - **Insurance**
  - **Costs**
  - **Risks!**



**BONNET**  
(hood)

**HOOD**  
(convertible top)

**BOOT**  
(trunk)

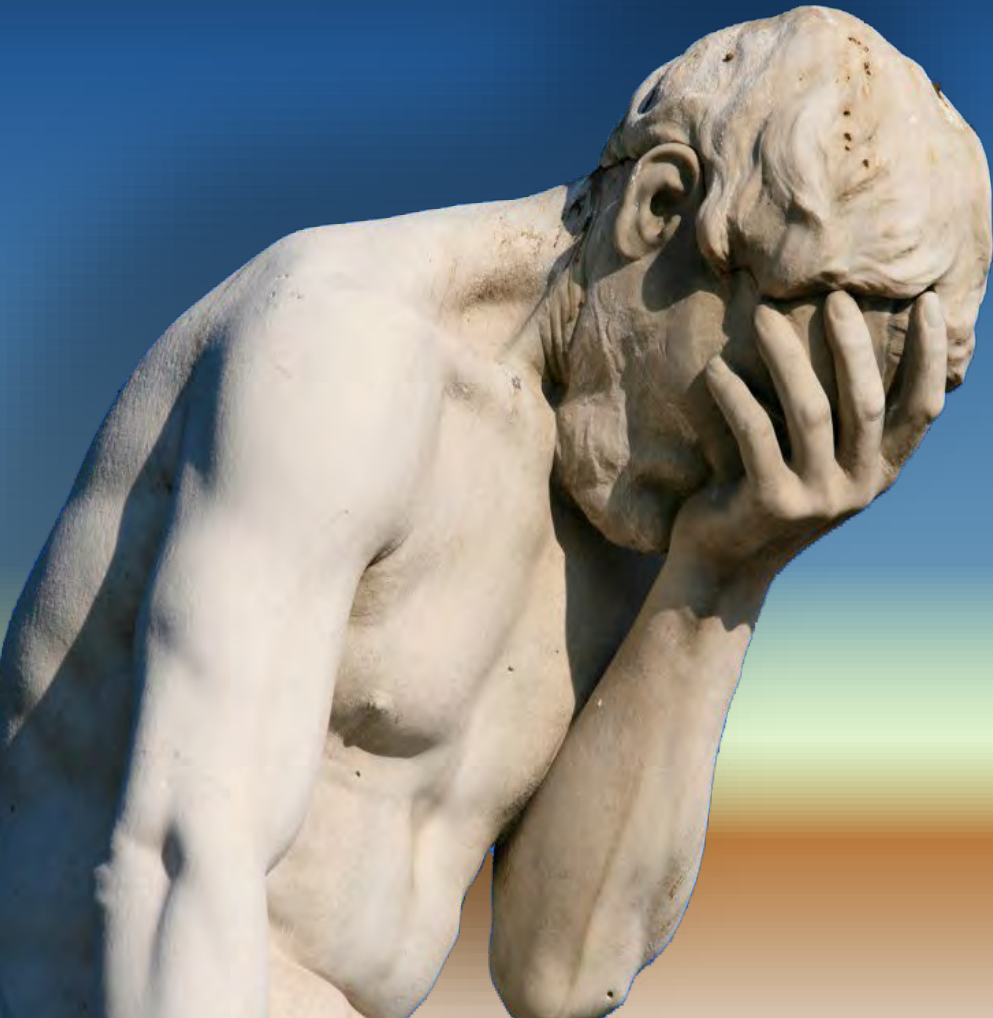


**MISCOMMUNICATION**



use for all  
*quotes, invoices,*  
*shipping documents*

# INCOTERMS DON'T



- ❖ Define the ownership transfer point
- ❖ Help if your customer:
  - won't pay or
  - breaks the sales contract\*

\* (except when passing risks or costs as defined by Incoterms)



# SHIPPING STEPS



**1. WORKS**  
(factory or warehouse)

**2. INLAND  
CARRIER**



**3. INTERNATIONAL  
CARRIER**



**4. CUSTOMS**



**5. DELIVERY**







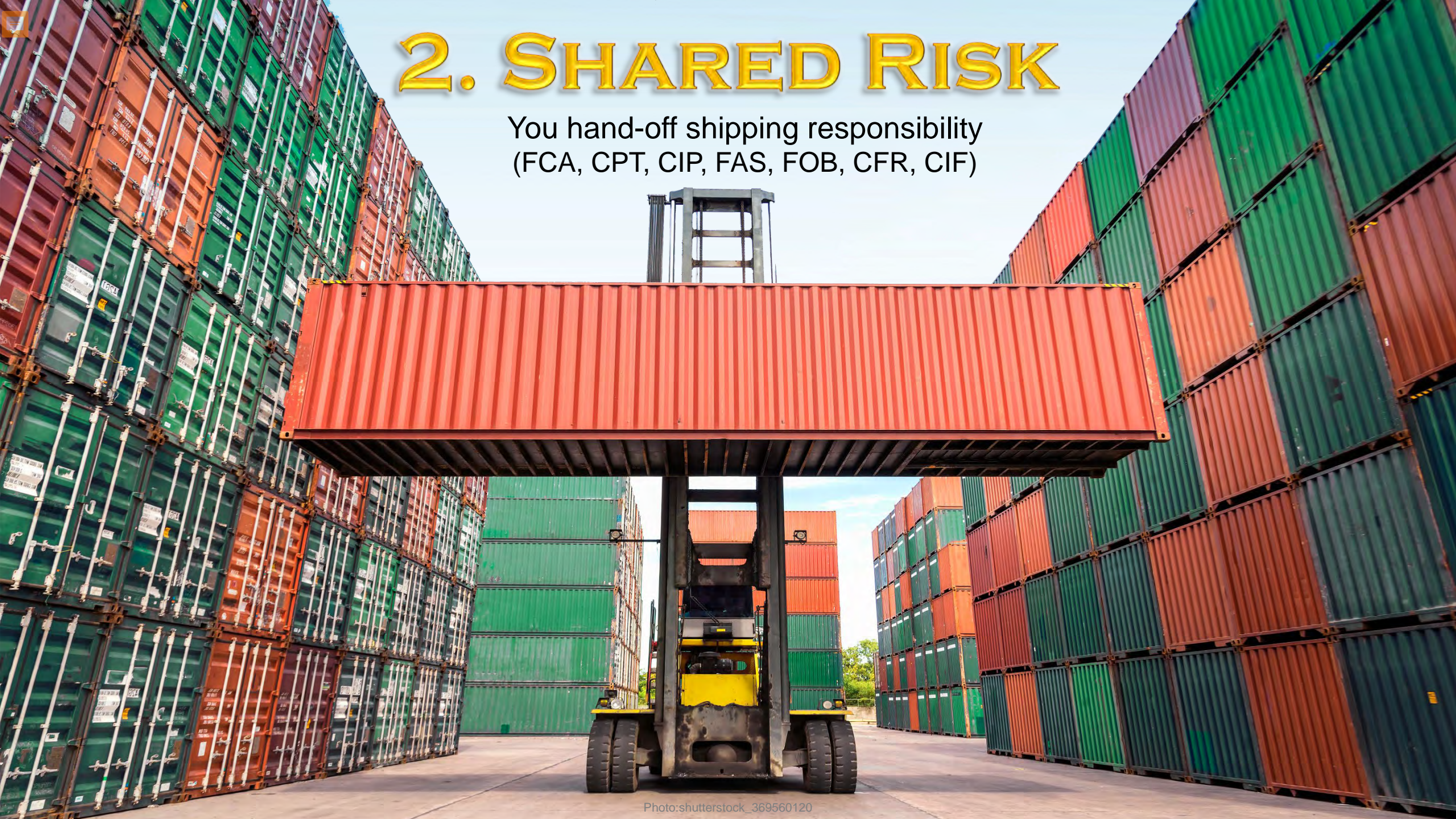
# 1. LOW RISK

Customer picks-up the goods  
(EXW)



# 2. SHARED RISK

You hand-off shipping responsibility  
(FCA, CPT, CIP, FAS, FOB, CFR, CIF)



# 3. MAXIMUM RISK

You Deliver the goods overseas  
(DPU, DAP, DDP)

Shanghai



# INCOTERMS SOUP:

**EXW,**  
**FCA, CPT, CIP, FAS,**  
**FOB, CFR, CIF,**  
**DAP, DPU, DDP**





LOW RISK INCOTERM (Ex Works)

# EX WORKS (EXW)

**You're Done!**

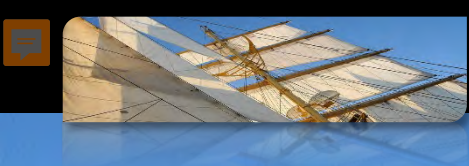
Your  
Stuff

Customer Picks Up  
Your Stuff



**Your Business** (Your "Works")





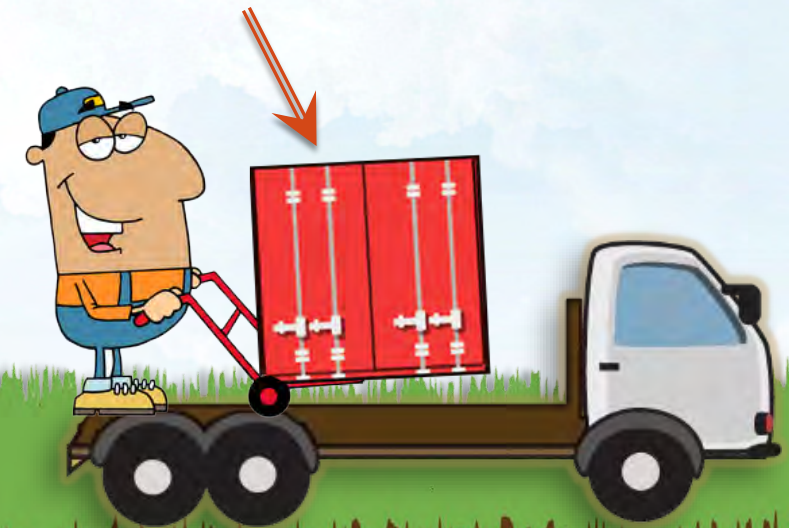
# SHARED RISK INCOTERMS



# FREE CARRIER AT (FCA)

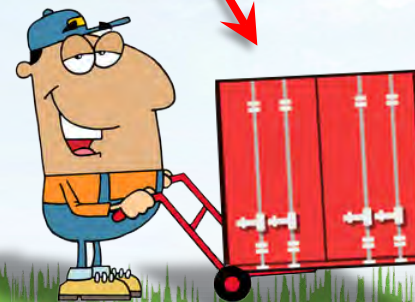
## You're Done!

You Hand-off to Carrier



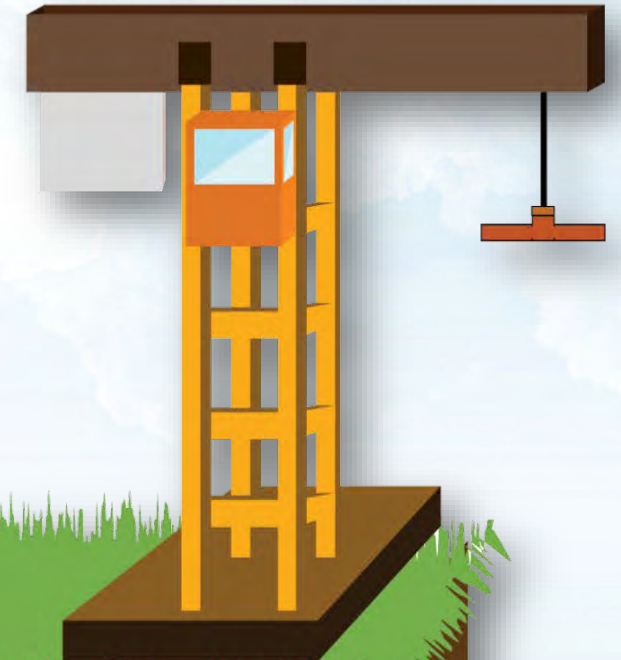
# CARRIAGE PAID TO (CPT)

You Pay Shipping  
to a Specified Place



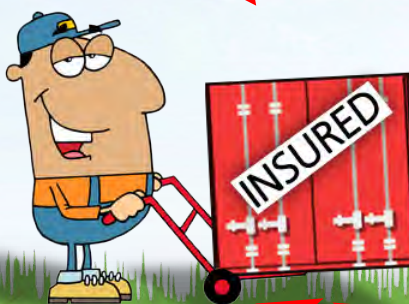
**X**

PLACE



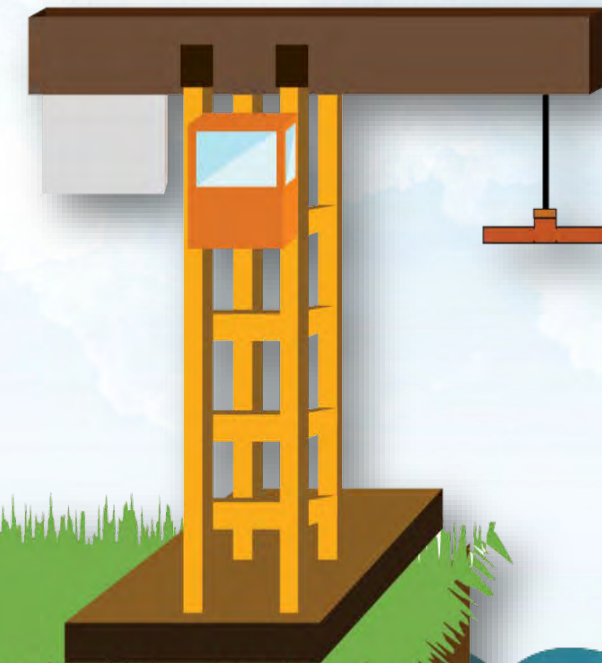
# CARRIAGE & INSURANCE PAID TO (CIP)

You Pay Shipping  
and Insurance  
to a Specific Place



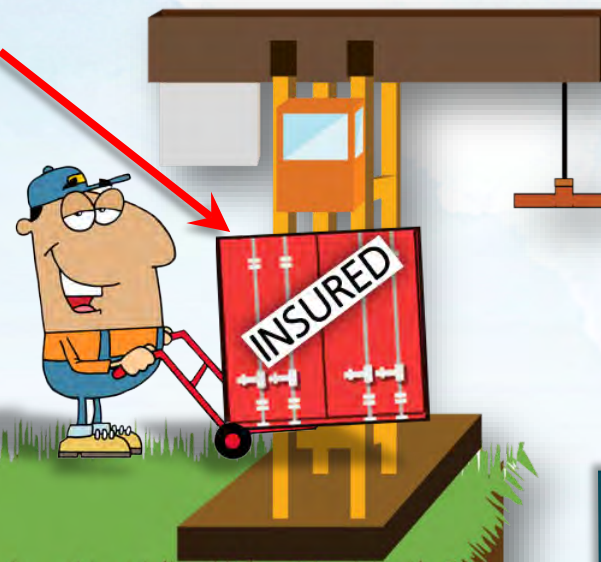
**X**

PLACE



# FREE ALONGSIDE SHIP (FAS)

You Pay  
Shipping and Insurance  
to the Pier



PIER



Ocean Only

# FREE ONBOARD (FOB)

You Pay Shipping and Insurance  
Onto the Ship

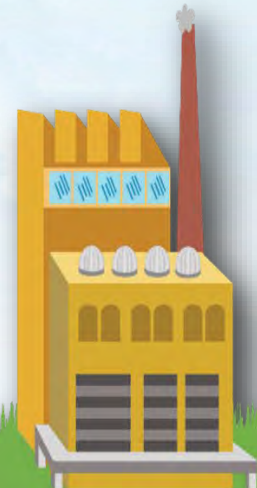


FOB Baltimore

Ocean Only

## COST & FREIGHT (CFR)

You Pay Shipping to  
Overseas Port

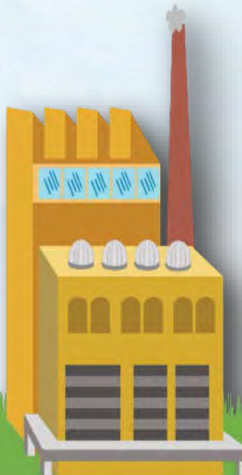


Ocean Only

CFR Shanghai

# COST INSURANCE & FREIGHT (CIF)

You Pay Shipping and Insurance  
to Overseas Port



Ocean Only

CIF Shanghai



# MAXIMUM RISK INCOTERMS

The "D"  
Terms

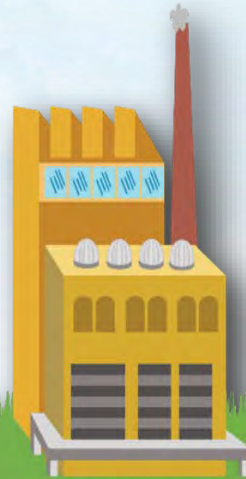


*"Do You  
Feel  
Lucky?"*



## DELIVERED AT PLACE (DAP)

You Pay to Ship and  
Deliver

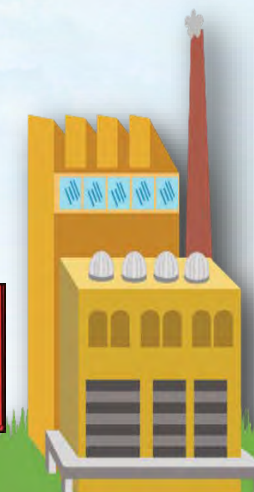
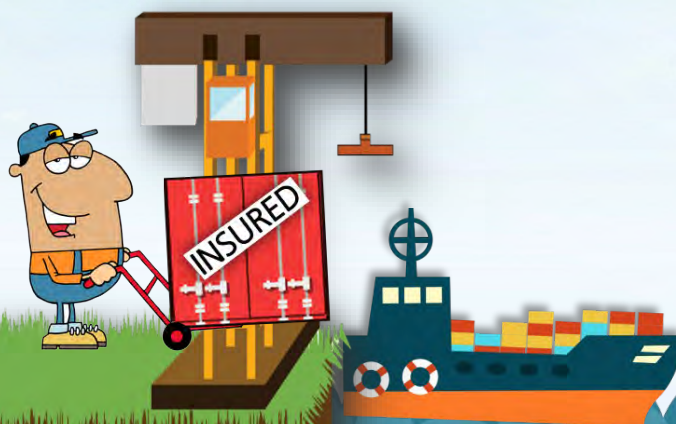


PLACE

# DELIVERED AT PLACE UNLOADED (DPU)



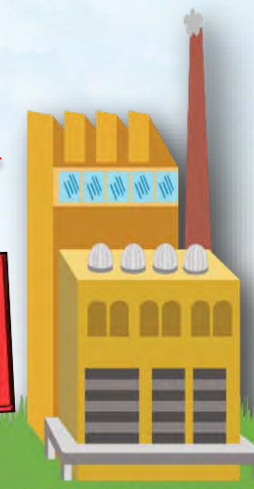
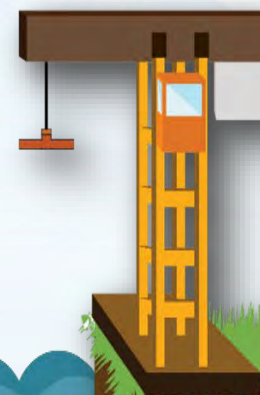
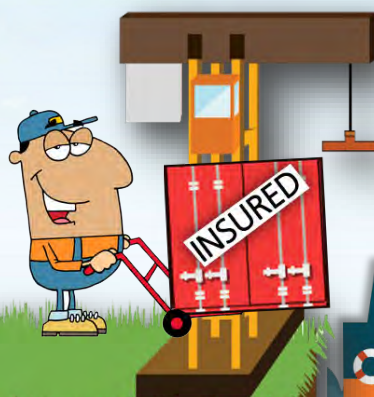
You Pay to Ship, Deliver and Unload



PLACE

## DELIVERED DUTY PAID (DDP)

You Pay to Ship and Deliver with  
Import Duty Paid

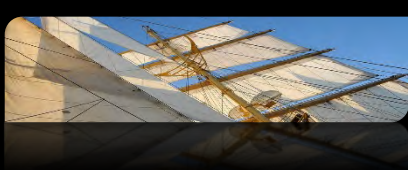


PLACE

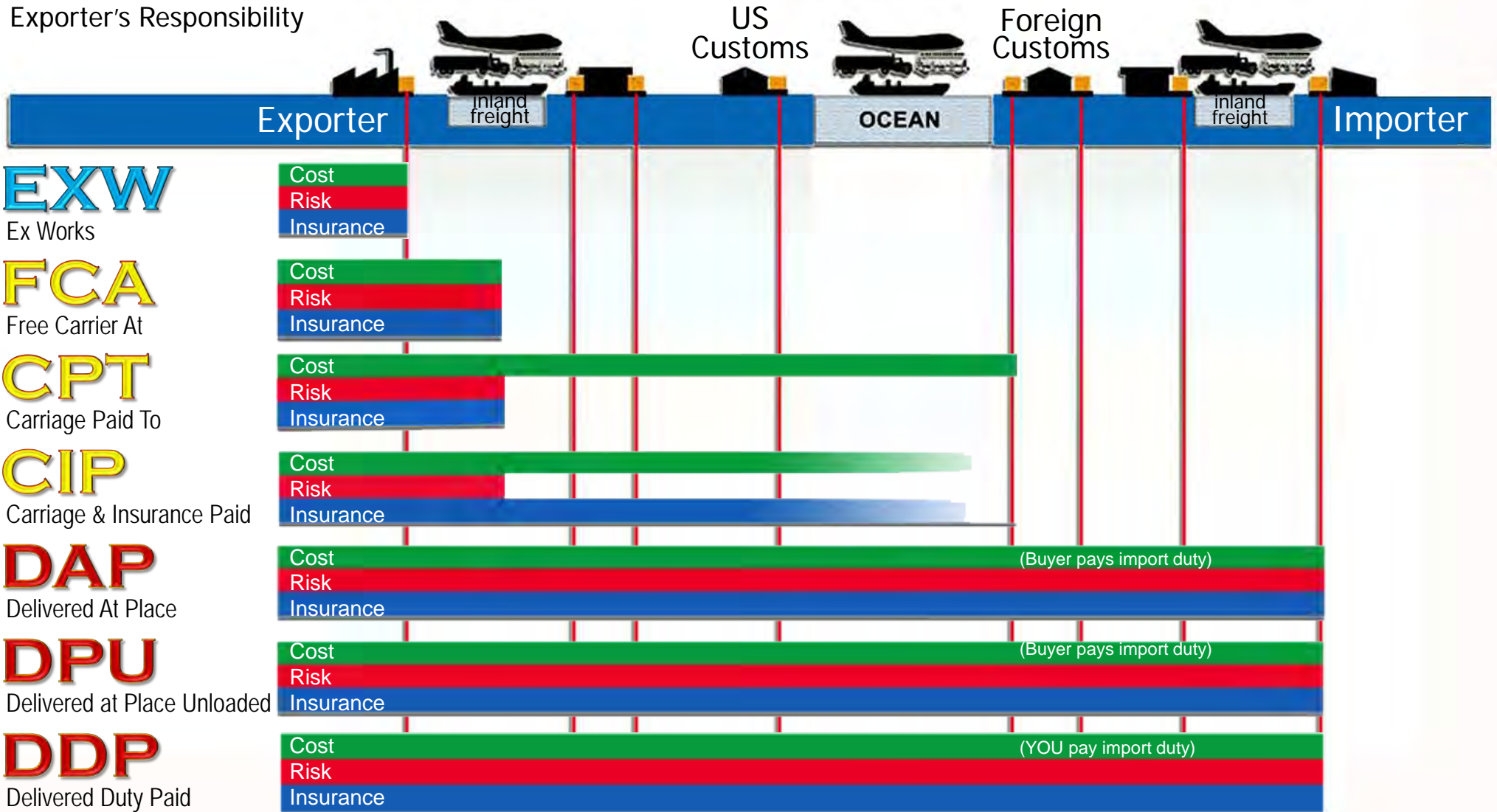
# DDP WARNING!

Risky where  
customs  
officials  
may be  
corrupt





# ALL SHIPMENTS



# OCEAN SHIPMENTS



**FAS**  
Free Alongside Ship



**FOB**  
Free Onboard



**CFR**  
Cost & Freight

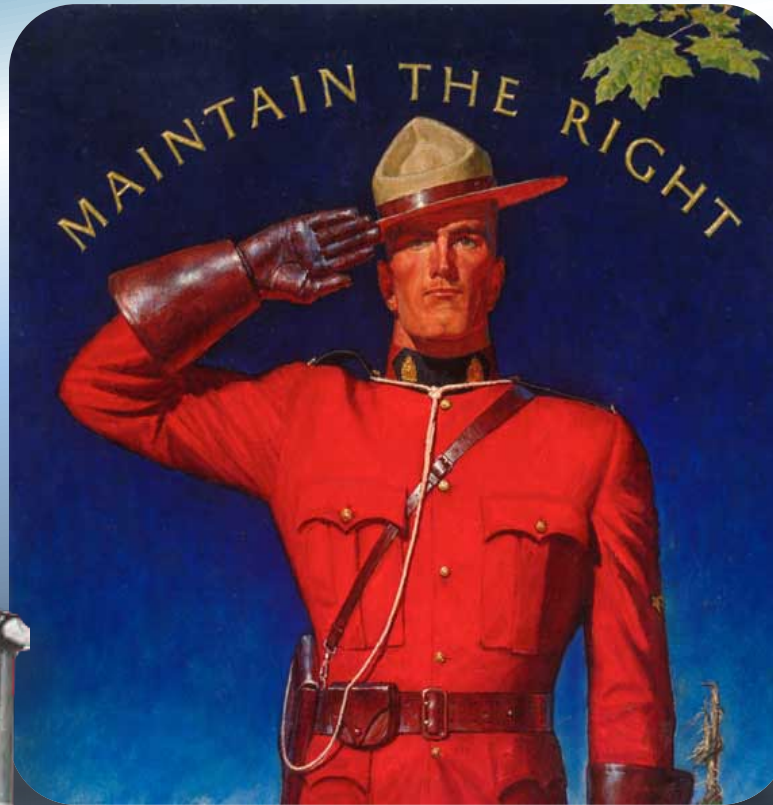


**CIF**  
Cost Insurance & Freight



# WHICH INCOTERM?

EXPERIENCE

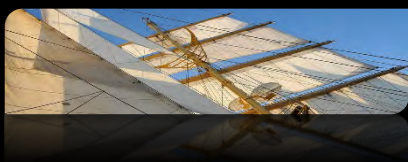


EXTENDED  
CONTROL



AN EARLY HAND-OFF  
*(if you can ship there at all)*





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INCOTERMS 2020

# WANT TO KNOW MORE?

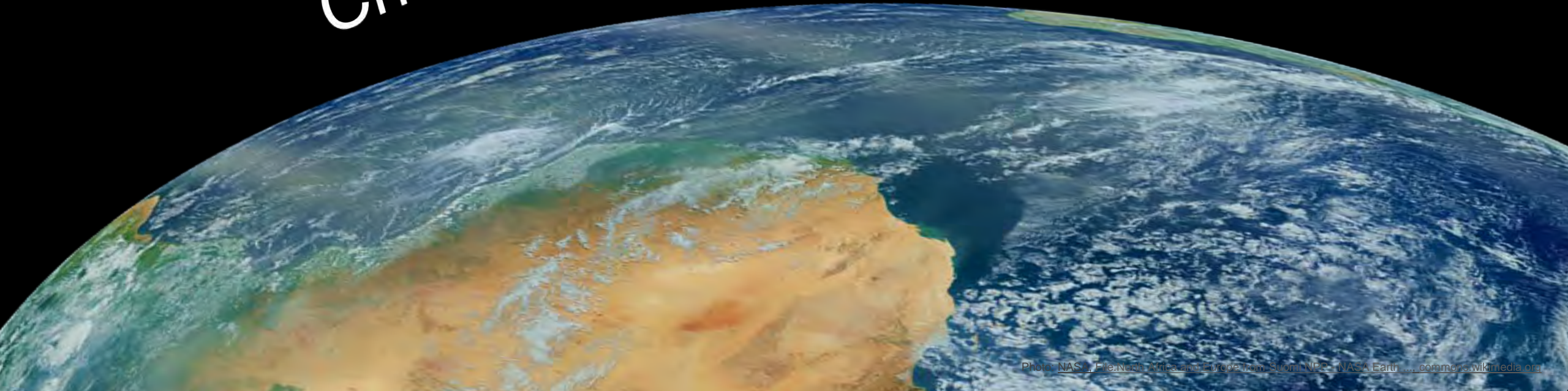
Check-out our Shipping Links page



[Click Here for Free  
Incoterms Chart](#)



[Click here for the  
ICC website.](#)





## Quiz 7

*Quiz - 7 questions*

Last modified: Tuesday, March 23, 2021 at 1:45:42 PM

### Properties

On passing, 'Finish' button: [Goes to next slide](#)

On failing, 'Finish' button: [Goes to next slide](#)

Allow user to leave quiz: [At any time](#)

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Edit in Quizmaker



Edit Properties

SESSION 7:

# THE END

INCOTERMS 2020

