

Session 7:

INCOTERMS®

International Standardized Shipping Terms



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PREVIOUS PIECES

1. Are you ready?
2. Global market intelligence
3. More intelligence
4. Costing
5. Market approach
6. Tradeshow

Photo: by Batlintherain,



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WHO IS RESPONSIBLE FOR WHAT?

(INCOTERMS help avoid misunderstandings)



Images: Microsoft clip art, Artquake clip art



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USE INCOTERMS!

Assign shipping responsibilities

Standardized worldwide

Used in price quotes and invoices



Photo: Shanghai, 'The Bund Night View', by Wei Jiang



INCOTERMS ASSIGN:

1. Responsibilities for:

- Shipping phases
- Customs clearance
- Insurance

2. Who pays for each phase

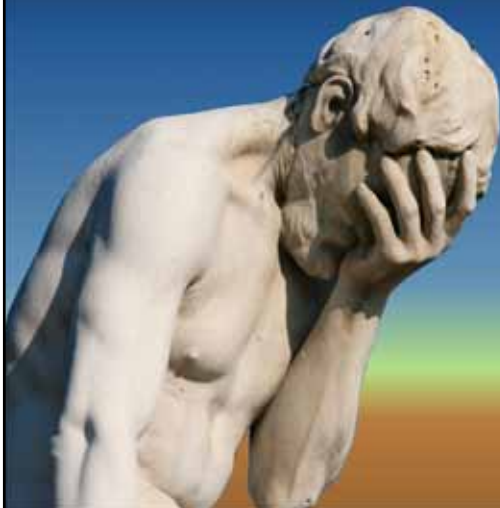
3. Risks for each phase



Images: Microsoft clip art



What INCOTERMS DON'T Do



- ❖ Define the ownership transfer point
- ❖ Reduce your contractual liabilities
- ❖ Protect you from breach of contract
(except when related to the passing of risks and costs)

Images: Shutterstock, iStockphoto, The New York Times, The New York Times



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INCOTERMS ALPHABET SOUP

(Why so many terms? Many options.)



1. Minimum obligation:

Customer picks up the product (EXW)

2. Extended obligation:

You hand over the goods at specific point during shipping (FCA, FAS, FOB, CFR, CPT, CIF, CIP) (Most common)



3. Maximum obligation:

You must arrange for final delivery (DAT, DAP, DDP)

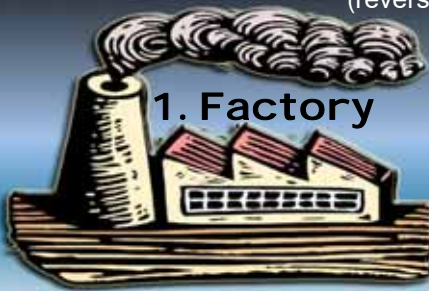
Photos: 1. refurbished rope factory, are facilities of Turku, Finland, oridlyhowsy.blogspot.com; 2. Container ship-S photo by Gerhard Sustar; 3. Cityscape by Tawcan on Flickr



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Outbound Shipping Steps

(reverse these steps on the receiving side)



1. Factory



2. Inl and carrier(s)

4. Ship (or PI ane)



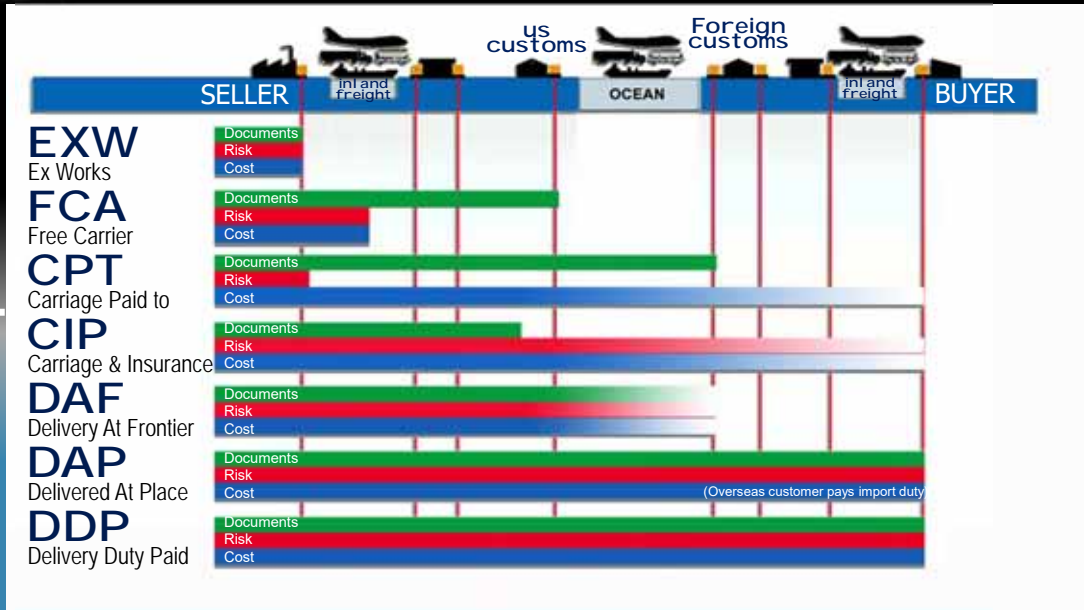
3. Customs



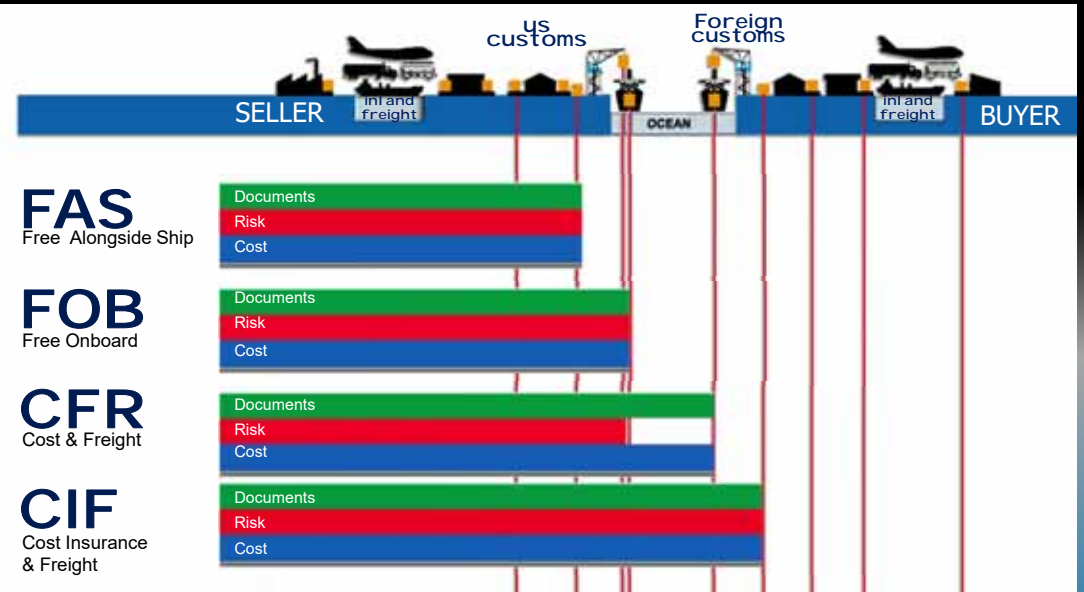
Images: Microsoft clip art



ALL Shipments



OCEAN Shipments





Which INCOTERM is Right for You?

- What term does your customer want?
- What's your risk appetite?
- How important is control?
- How risky is the market?
- Who is more experienced with logistics?



All over the web



WHAT INCOTERM?

Experience



Extended
control



An early hand-off
(if you can ship there at all)

Photos: 1 Kim Un, All over web; 2. Old Canadian Mountie recruiting poster, all over web; 3. Antique sea captain photo, www.bfi.org.uk



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Incoterms Chart](#)

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Photo: North Africa and Europe from Suomi NPP in NASA Earth - commons.wikimedia.org



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call:

1-800-USA TRADE

or consult your nearest

US Export Assistance Center

In Georgia you can also call the SBDC International Trade Center at 678-985-6820

Photo: NASA, <http://apod.nasa.gov/apod/fac/marsa/0803/as015e10469.jpg>

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The End

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