



Chapter 2 Prices Terms

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2.5 INCOTRMS 2010 AND INCOTERMS 2020



2.1 Function and Classification of Price Terms

2.1.1 The Function of Price Terms

2.1.2 The Analysis of Price

2.1.3 International Trade Practice Concerning Price Terms

2.1.4 The Classification of Price Terms



2.1.1 The Function of Price Terms

Simplified contract terms





2.1.2 The Analysis of Price

Currency

Measuring
Unit

USD 1,000 per M/T FOB Shanghai

Unit Price

Trade Term

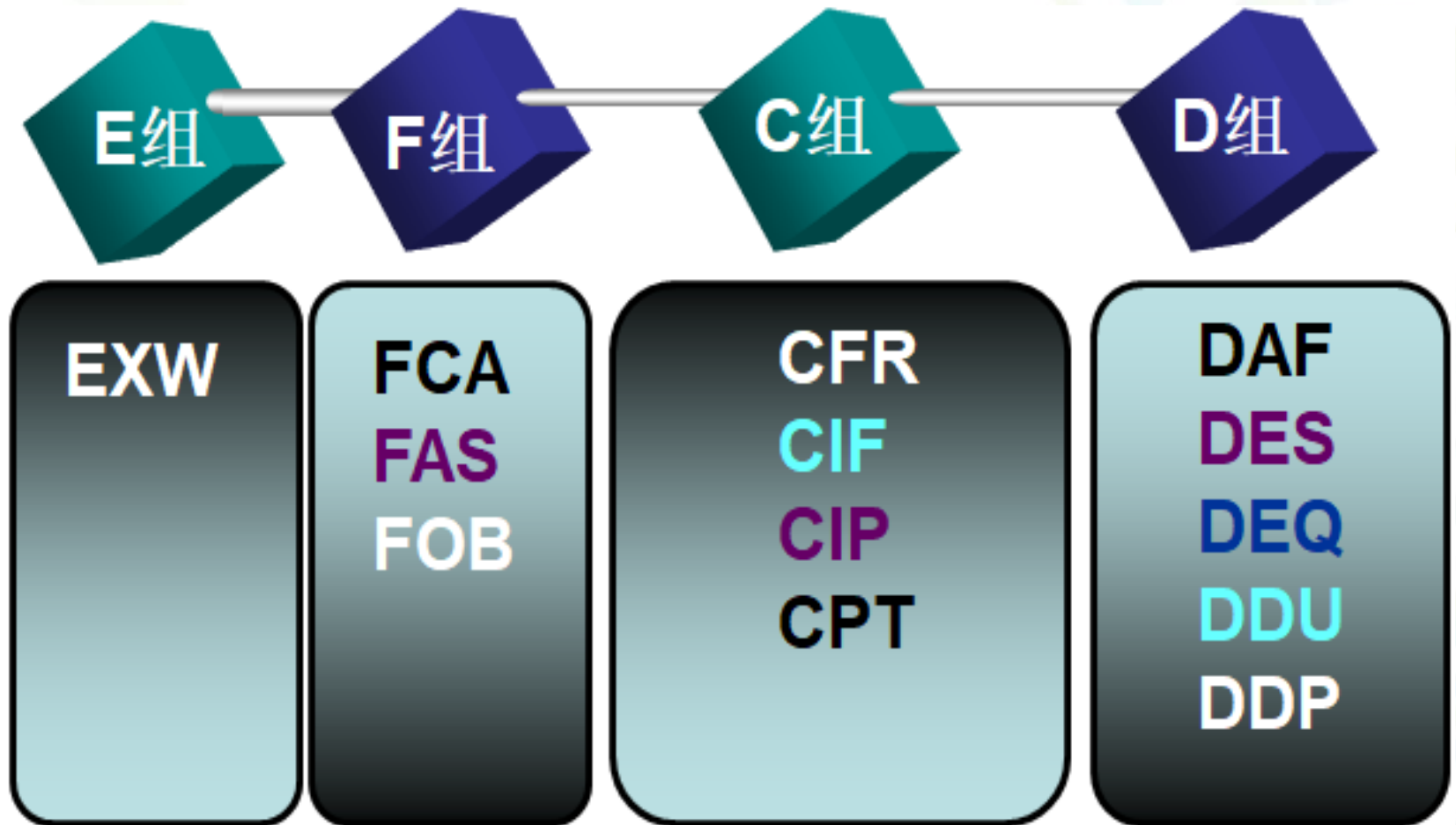


2.1.3 International Trade Practice Concerning Price Terms

	Warsaw-Oxford Rules 1932		Revised American Foreign Trade Definition 1941		INCOTERMS 2000
Framer	ILA	→	US Business Entities	→	ICC
First Edition	1928		1919		1936
Content	CIF		Ex Point of Origin FOB, FAS, C&F, CIF, Ex Dock		11 trade terms



2.1.4 The Classification of Price Terms





2.2 Commonly Used Three Price Terms to See and Waterway Transportation

2.2.1 FOB(Free On Board-Named Port of Shipment)

2.2.2 CIF(Cost, Insurance and Freight---Name Port of Destination)

2.2.3 CFR(Cost and Freight---Named Port of Destination)



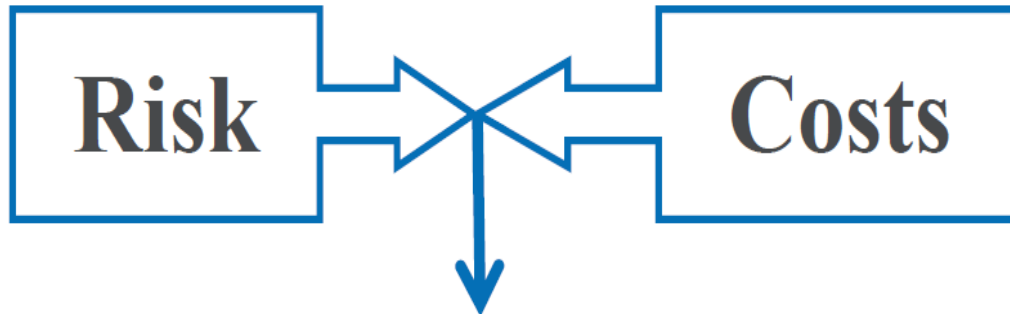
2.2.1 FOB(Free On Board-Named Port of Shipment)

- FOB Shanghai, China → **For export**
- FOB Antwerp, Belgium → **For import**



2.2.1 FOB(Free On Board-Named Port of Shipment)

Critical Points



the ship's rail at the port of shipment



2.2.1 FOB(Free On Board-Named Port of Shipment)

Seller's Obligations

Documents

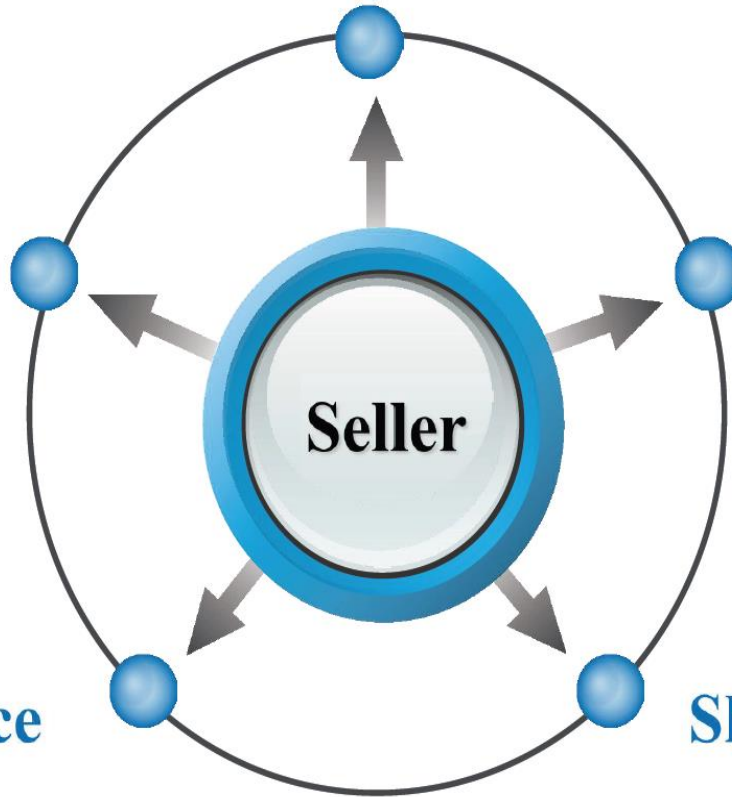
Goods

Export Formalities

Seller

Notice

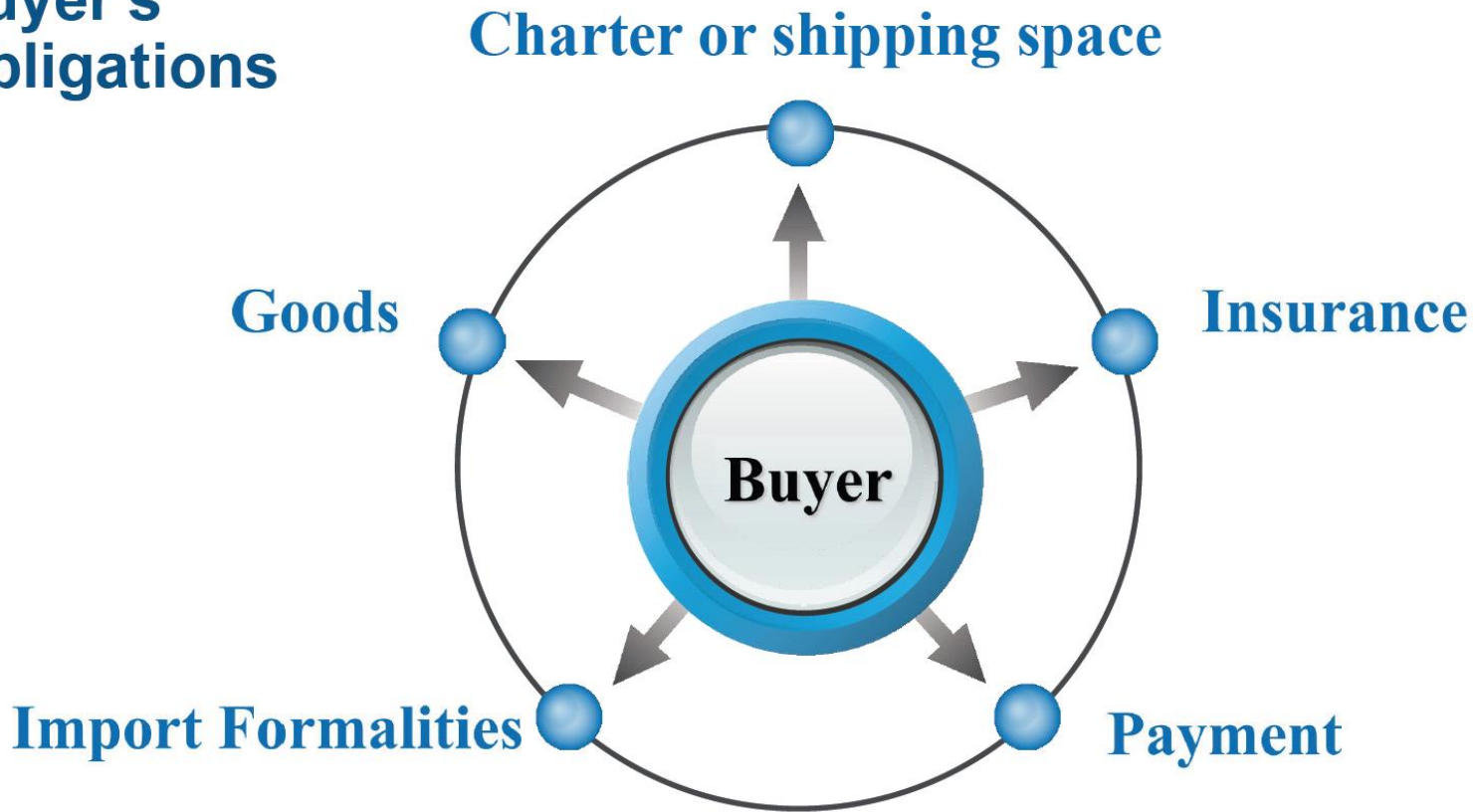
Shipment





2.2.1 FOB(Free On Board-Named Port of Shipment)

Buyer's Obligations





2.2.1 FOB(Free On Board-Named Port of Shipment)

Different interpretations of FOB in individual countries

Terms	Rules	Risk Division	Export Formalities
FOB Vessel	RAFTD 1941	On board	Buyer
FOB	INCOTERMS 2000	On board	Seller



2.2.2 CFR(Cost and Freight---Named Port of Destination)

.CFR Shanghai, China

→ For import

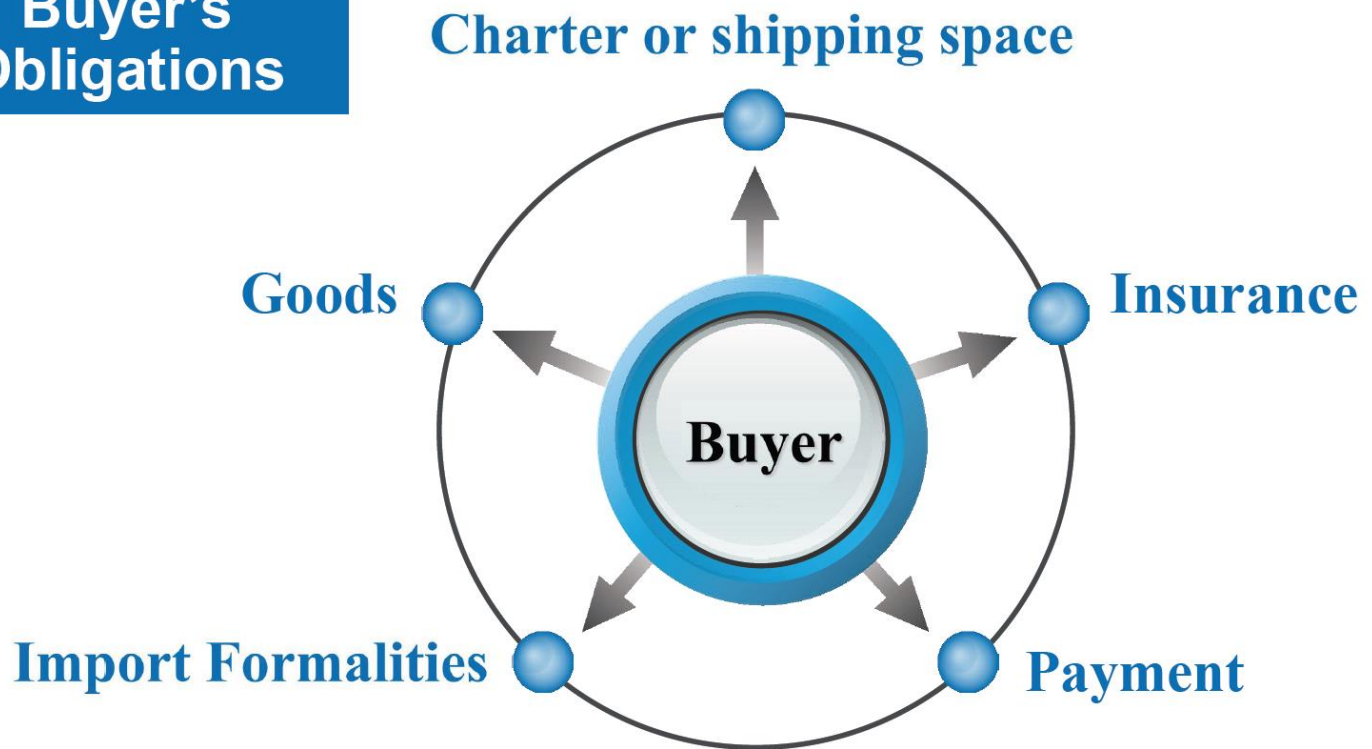
.CFR Antwerp, Belgium

→ For export



2.2.2 CFR(Cost and Freight---Named Port of Destination)

Buyer's Obligations





2.2.2 CFR(Cost and Freight---Named Port of Destination)





2.2.2 CFR(Cost and Freight---Named Port of Destination)

Port of Shipment



Delivery

Seller

necessary costs and freight

additional cost

Buyer

Port of Destination



Cost Division



2.2.3 CIF(Cost, Insurance and Freight---Name Port of Destination)

.CIF Shanghai, China

→ For import

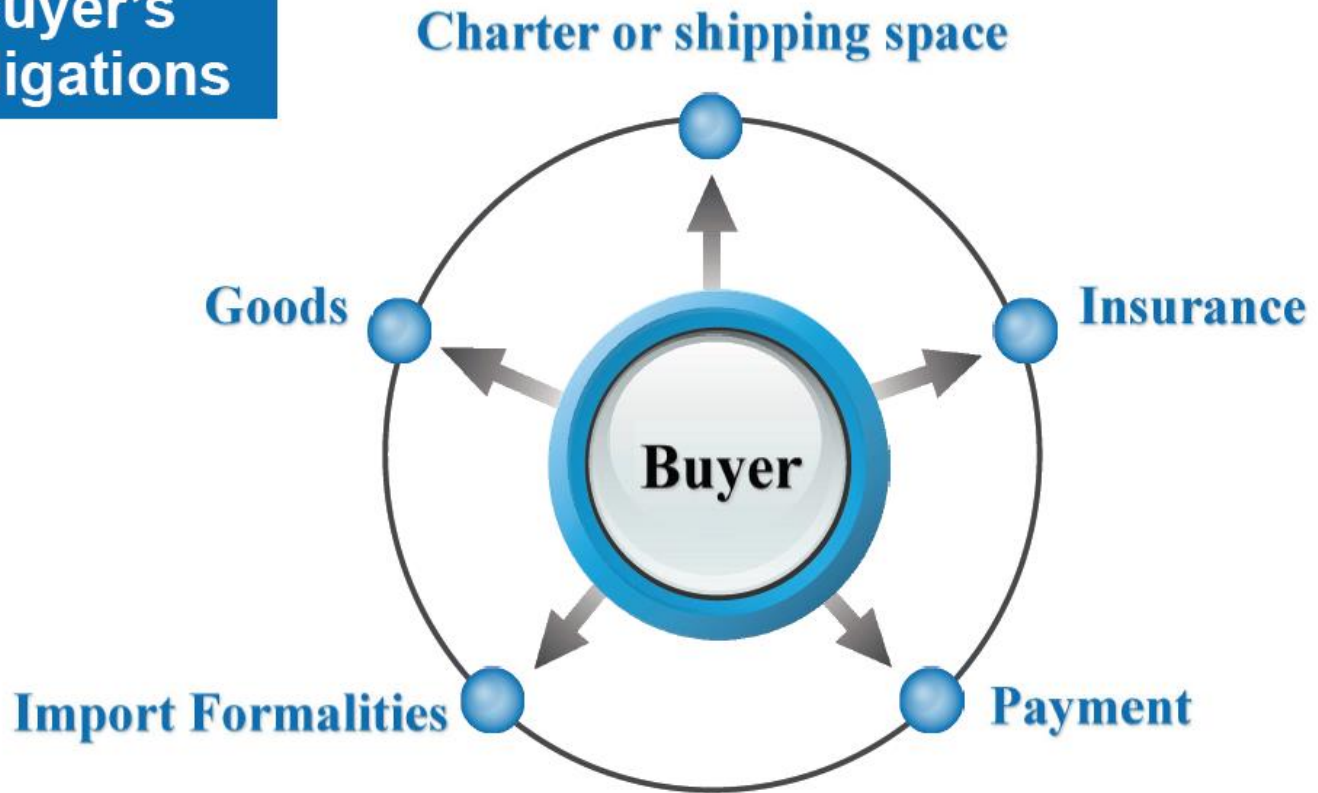
.CIF Antwerp, Belgium

→ For export



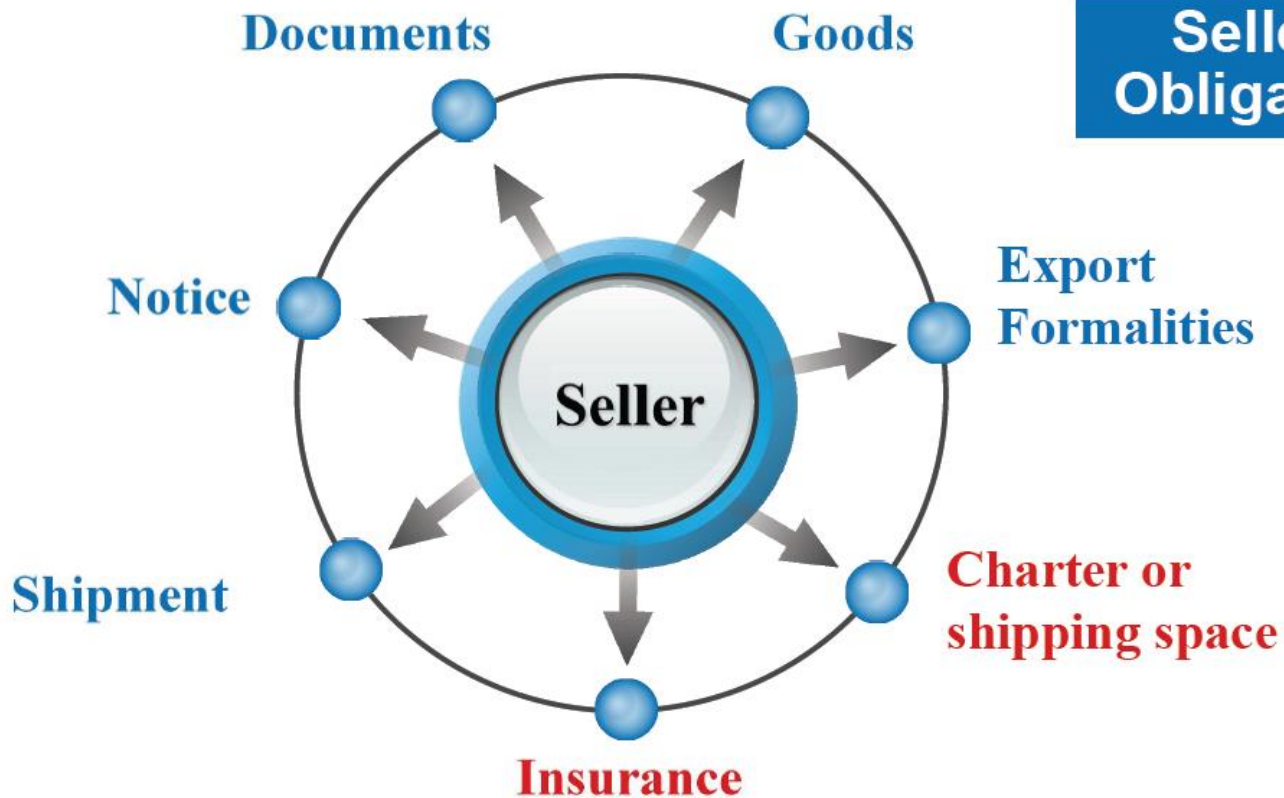
2.2.3 CIF(Cost, Insurance and Freight---Name Port of Destination)

Buyer's Obligations



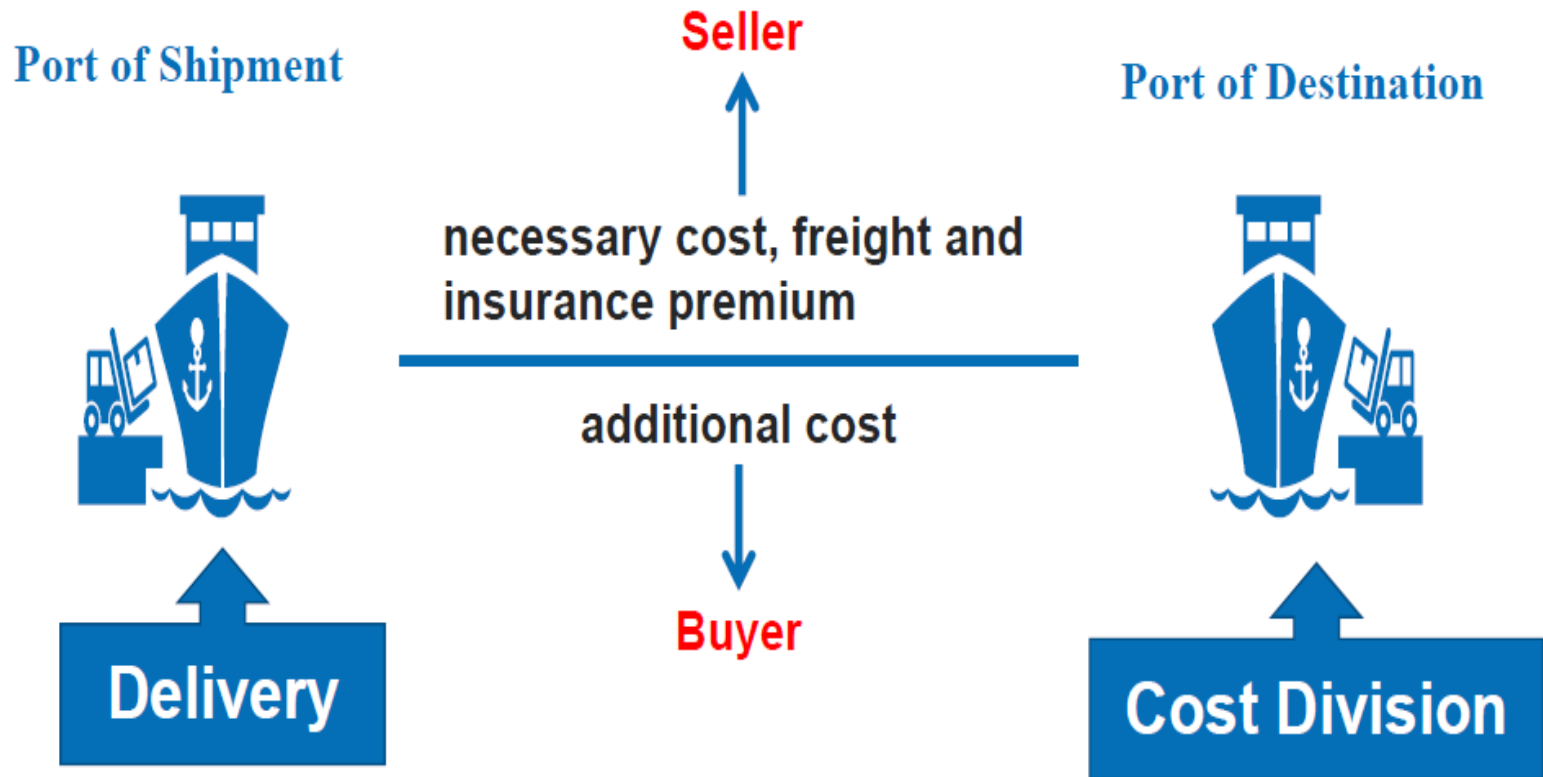


2.2.3 CIF(Cost, Insurance and Freight---Name Port of Destination)





2.2.3 CIF(Cost, Insurance and Freight---Name Port of Destination)





FOB

CFR

CIF



+ Freight

**+ Insurance
Premium**



FOB

CFR

CIF



Risk Division

on board the vessel
at the port of shipment



2.3 Commonly Used Three Price Terms to Any Mode of Transportation

2.3.1 FCA(Free Carrier---Named Place)

2.3.2 CIP(Carriage, Insurance Paid to --- Named Place of Destination)

2.3.3 CPT(Carriage Paid to --- Named Place of Destination)



FCA

CPT

CIP



**Any mode or modes
of transport**



2.3.1 FCA(Free Carrier---Named Place)

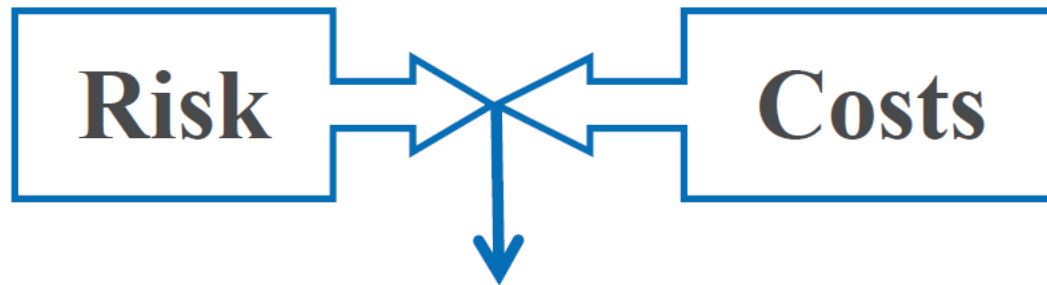
FCA Pudong airport, Shanghai, China → For export

FCA Brussels airport, Belgium → For import



2.3.1 FCA(Free Carrier---Named Place)

Critical Points



**the carrier nominated by the buyer
at the named place**



2.3.1 FCA(Free Carrier---Named Place)



When is delivery completed?

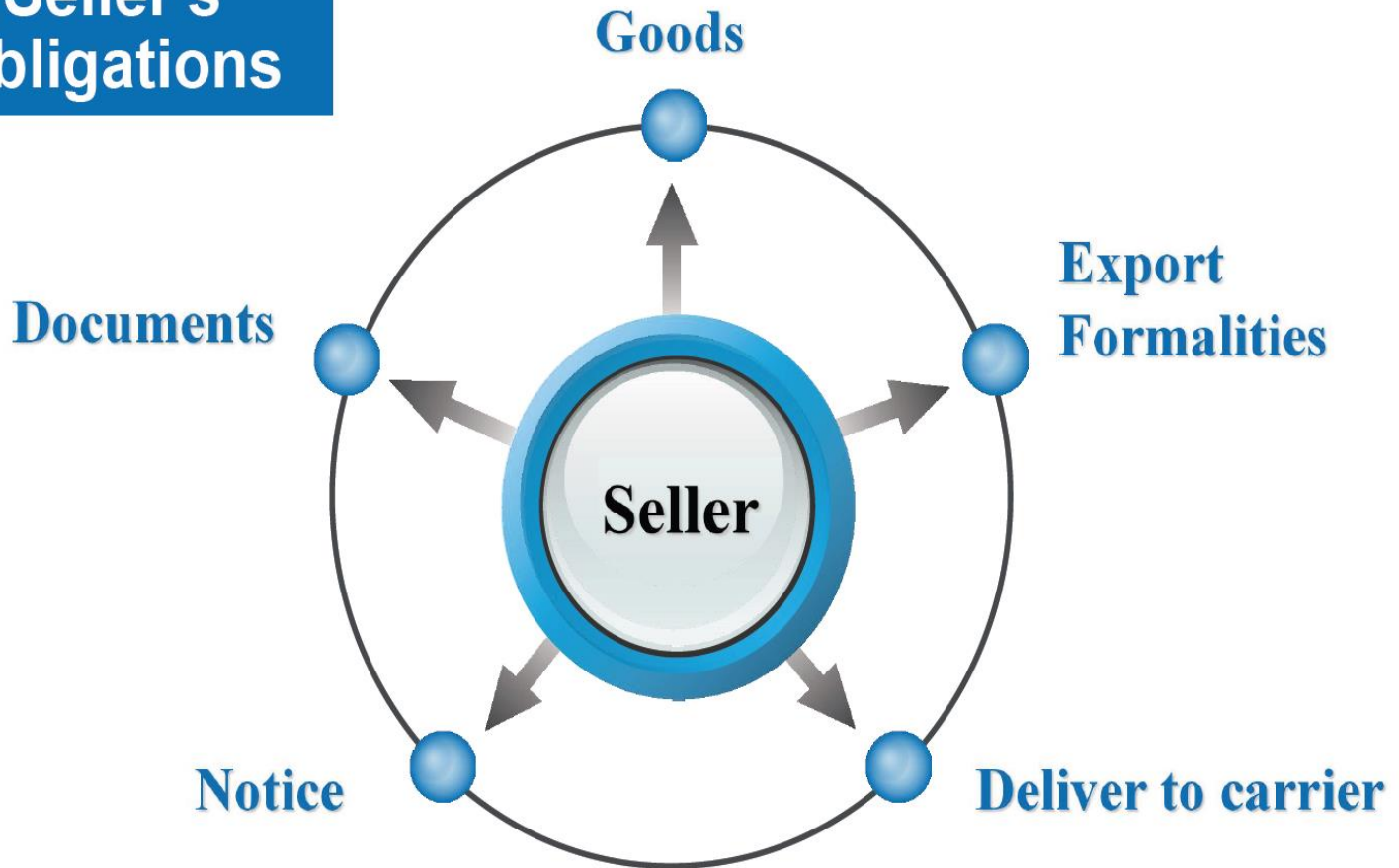
when the goods have been **loaded on the means of transport provided by the buyer** when the goods are placed

- ✓ **at the disposal of the carrier** or another person nominated by the buyer
- ✓ **on the seller's means of transport ready for unloading.**



2.3.1 FCA(Free Carrier---Named Place)

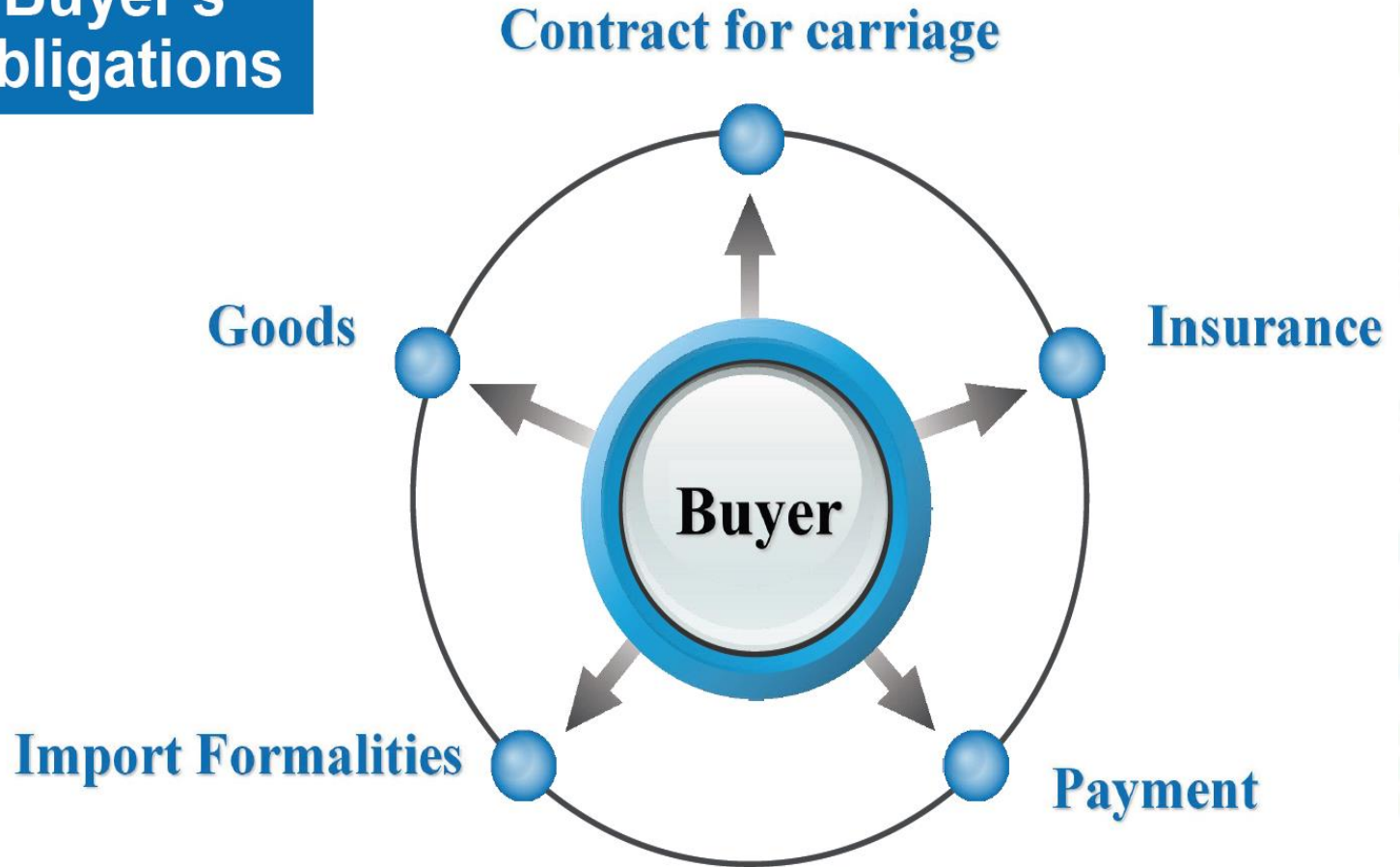
Seller's Obligations





2.3.1 FCA(Free Carrier---Named Place)

Buyer's Obligations





2.3.2 CPT(Carriage Paid to --- Named Place of Destination)

CPT Pudong airport, Shanghai, China → **For import**

CPT Brussels airport, Belgium → **For export**



2.3.2 CPT(Carriage Paid to --- Named Place of Destination)

FCA

CPT



+ Carriage



2.3.3 CIP(Carriage, Insurance Paid to --- Named Place of Destination)

CIP Pudong airport, Shanghai, China → For import

CIP Brussels airport, Belgium → For export



2.3.3 CIP(Carriage, Insurance Paid to --- Named Place of Destination)

FCA

CPT

CIP



+ Carriage

**+ Insurance
Premium**



2.4 Other Price Terms

2.4.1 EXW(EX Works---Named Place)

2.4.2 FAS(Free Alongside Ship---Named Port of Shipment)

2.4.3 DAF(Delivered at Frontier--- Named Place)

2.4.4 DES(delivered EX Ship---Named Port of Destination)

2.4.5 DEQ(Delivered EX Quay---Named Port of Destination)

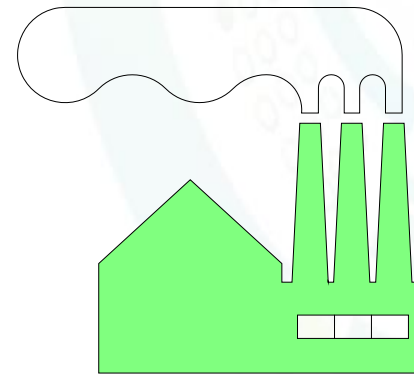
2.4.6 DDU(Delivered Duty Unpaid---Named Place of Destination)

2.4.7 DDP(Delivered Duty Paid ---Named Place of Destination)



2.4.1 EXW(EX Works---Named Place)

USD550 per M/T **EXW** Dalian





2.4.2 FAS(Free Alongside Ship---Named Port of Shipment)

USD600 per M/T **FAS** Dalian





2.4.3 DAF(Delivered at Frontier--- Named Place)

USD660 per M/T **DAF** Dongxing





2.4.4 DES(delivered EX Ship---Named Port of Destination)

USD650 per M/T DES NY





2.4.5 DEQ(Delivered EX Quay---Named Port of Destination)

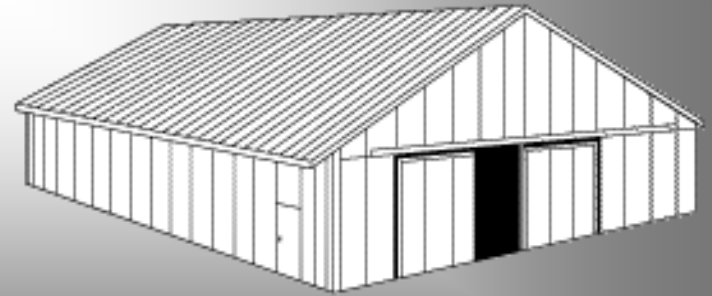
USD660 per M/T **DEQ NY**





2.4.6 DDU(Delivered Duty Unpaid---Named Place of Destination)

USD670 per M/T **DDU London**



Warehouse

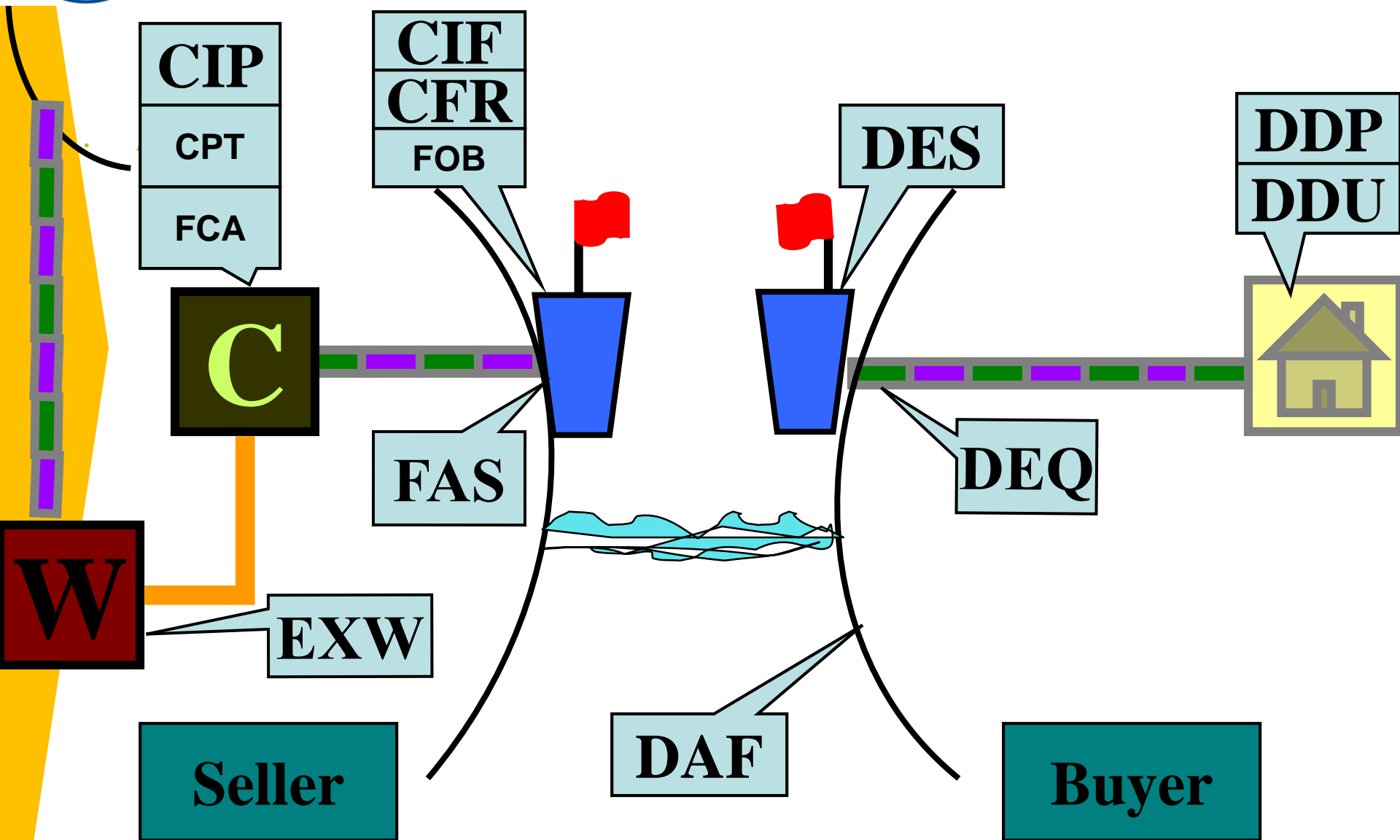


2.4.7 DDP(Delivered Duty Paid ---Named Place of Destination)

USD680 per M/T **DDP London**



Warehouse





2.5 INCOTRMS 2010 AND INCOTERMS 2020

2.5.1 INCOTERMS 2010

2.5.2 INCOTERMS 2020



INCOTERMS® 2010

	Rules for any mode or modes of transport							Rules for sea and inland waterway		
	EXW	FCA	CPT	CIP	DAT	DAP	DDP	FAS	FOB	CFR
	Ex Works	Free Carrier	Carriage Paid To	Carriage & Insurance Paid To	Delivered at Terminal	Delivered at Place	Delivered Duty Paid	Free Alongside Ship	Free on Board	Cost and Freight
SERVICES	Who Pays	Who Pays	Who Pays	Who Pays	Who Pays	Who Pays	Who Pays	Who Pays	Who Pays	Who Pays
Export Packing	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Marking & Labeling	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Block and Brace	1	1	1	1	1	1	1	1	1	1
Export Clearance (License, EEI/AES)	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Freight Forwarder Documentation Fees	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Seller
Inland Freight to Main Carrier	Buyer	2	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Origin Terminal Charges	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Buyer	Seller	Seller
Vessel Loading Charges	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Buyer	Seller	Seller
Ocean Freight / Air Freight	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Seller
Nominate Export Forwarder	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Seller
Marine Insurance	3	3	3	Seller	3	3	3	3	3	3
Unload Main Carrier Charges	Buyer	Buyer	4	4	Seller	Seller	Seller	Buyer	Buyer	Buyer
Destination Terminal Charges	Buyer	Buyer	4	4	4	Seller	Seller	Buyer	Buyer	Buyer
Nominate On-Carrier	Buyer	Buyer	5	5	5	5	Seller	Buyer	Buyer	Buyer
Security Information Requirements	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
Customs Broker Clearance Fees	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Buyer	Buyer	Buyer
Duty, Customs Fees, Taxes	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Buyer	Buyer	Buyer
Delivery to Buyer Destination	Buyer	Buyer	5	5	5	5	Seller	Buyer	Buyer	Buyer
Delivering Carrier Unloading	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer

- Notes:**
- 1 – Incoterms® 2010 do not deal with the parties' obligations for stowage within a container and therefore, where relevant, the parties should deal with this in the sales contract.
 - 2 – FCA Seller's Facility – Buyer pays inland freight; other FCA qualifiers. Seller arranges and loads pre-carriage carrier and pays inland freight to the "F" delivery place.
 - 3 – Incoterms® 2010 does not obligate the buyer nor must the seller to insure the goods, therefore this issue be addressed elsewhere in the sales contract.
 - 4 – Charges paid by Buyer or Seller depending on contract of carriage.
 - 5 – Charges paid by Seller if through Bill of Lading or door-to-door rate to Buyer's destination.



2.5.1 INCOTERMS 2010

INCOTERMS 2010 VS. INCOTERMS 2000

DAT and DAP	DAF, DES, DEQ and DDU
For any mode or modes of transport	E, F, C, D
For sea and inland waterway transport	
String sale	
Terminal charges	
Security-related Clearances and information	



2.5.2 INCOTERMS 2020

Differences between Incoterms 2020 and Incoterms :

1. Modification of on board annotated bill of lading and FCA terms
2. Cost and its listed location
3. Clauses related to insurance in CIF and CIP



2.5.2 INCOTERMS 2020

4. In the FCA, DAP, DPU and DDP, the relevant provisions relating to transportation by means of transportation selected by the seller or the buyer

5. Change DAT to DPU

6. Include safety related requirements in transportation obligations and costs

7. User description



2.5.2 INCOTERMS 2020

INCOTERMS 2020



Incoterms 2020 is an internationally recognized standard for international and domestic contracts for the sale of goods, published by the International Chamber of Commerce. This illustration shows risk and cost distribution between seller and buyer in accordance with Incoterms 2020.



CUSTOMS
CLEARANCE
(EXPORT)

LOADING AT
SHIPPER

RELOADING
AT FREIGHT
TERMINAL

PRE-CARRIAGE

LOADING

MAIN TRANSPORT

FREIGHT CONTRACT

DISCHARGING

ON-CARRIAGE

RELOADING
AT FREIGHT
TERMINAL

UNLOADING AT
CONSIGNEE

CUSTOMS
CLEARANCE
(IMPORT)

EXW

EX WORKS

COST
RISK

FCA

FREE CARRIER

COST
RISK

CPT

CARRIAGE PAID TO

COST
RISK

CIP*

CARRIAGE, INSURANCE PAID

COST
RISK

DAP

DELIVERED AT PLACE

COST
RISK

DPU

DELIVERED AT PLACE UNLOADED

COST
RISK

DDP

DELIVERED DUTY PAID

COST
RISK

ONLY FOR SEA AND RIVER TRANSPORT

FAS

FREE ALONGSIDE SHIP

COST
RISK

FOB

FREE ON BOARD

COST
RISK

CFR

COST AND FREIGHT

COST
RISK

CIF*

COST, INSURANCE AND FREIGHT

COST
RISK

* Seller has the obligation to insure the goods on behalf of the buyer

Please note: Above are guidelines only and can not be used as a full and complete illustration of the cost and risk distribution between **SELLER** and **BUYER**. Incoterms should always be followed by a named place of delivery and year, if relevant.