

Contents

Introduction	7
The evolution of the Incoterms rules from 1936 to 2010	8
The ICC Model International Sale Contract (ICC Pub. No. 556)	11
Additional Contracts	13
Understanding the Incoterms rules	15
What are the Incoterms rules, and what can they do for you?	16
Referencing the Incoterms rules in a contract of sale	16
The differences between the Incoterms 2000 rules and the Incoterms® 2010 rules	17
What the Incoterms rules cannot do for you	17
Transfer of property rights; Unforeseeable and unavoidable events; Breaches of contract; Agreeing on modifications to the standard terms; Summary: limits of the Incoterms rules	
The Incoterms rules and contracting practice	20
The need for interpretation of "key words"; The most common practice; The FOB point; Continued use of terms which do not appear in the Incoterms® 2010 rules; EXW and the seller's assistance; Containerization: Checking how the goods are handed over for carriage; The seller's duty to provide substitute goods; Cargo handling costs; Checking availability of documents required under an the Incoterms rule	
Why are as many as 11 Incoterms rules required?	25
Which Incoterms rule should be chosen?	26
Terms and business strategies	
The Incoterms rules and the contract of carriage	27
Charter parties; Usual, normal and suitable carriage; The bill of lading; Sale of goods in transit	
The duties under the Incoterms rules to load and unload the goods	31
The duties connected to export and import clearance	32
EXW and export formalities; Customs-free regions; Responsibility for charges; Security-related clearance	
The Incoterms rules and insurance	34
Insurance when the parties use FOB instead of FCA; Insurance under CIF and CIP; When insurance is excluded; Risks of war and labour disturbances	
The Incoterms rules and documentary credits	36
The Incoterms rules and electronic commerce	38
Early attempts to take account of electronic commerce; Reliability of electronic v. paper systems: BOLERO and others	

Variations of the Incoterms rules	41
Additions to EXW; Additions to FOB; Additions to FCA; Additions to the C-terms	
The Incoterms rules and other terms in the contract of sale	43
Increase of costs after the contract is concluded; Risk of performance if the goods are lost or damaged; Non-conforming goods; Transfer of risk v. transfer of property rights	
The Incoterms rules and dispute resolution	45
The choice of arbitration; Jurisdiction of the arbitral tribunal; Alternatives to arbitration and litigation; Need for specificity in referencing arbitration	
The four categories of the Incoterms rules: main components	47
Important differences between shipment and arrival contracts	48
The abbreviations: E-, F-, C- and D-terms	49
The term EXW: placing the goods at the disposal of the buyer	50
F-terms and C-terms: the carriage-related terms	50
F-terms: main carriage not paid by seller	50
F-terms and pre-carriage; FCA and handing over goods for carriage; Full loads and less-than-full loads; In practice, the seller often contracts for carriage; When the seller declines or the buyer wants to contract for carriage; Buyer's risk if transport is unavailable; Division of loading costs under FOB	
C-terms: main carriage paid by seller	52
Two groups of C-terms; Do not use CFR or CIF for anything other than sea transport; C-terms are not equivalent to D-terms; Two "critical points" under C-terms; one of which is included in the contract of carriage; Do not stipulate date of arrival under C-terms; Seller's insurance obligation under CIF and CIP; Cost of insurance depends on intended transport; The "minimum cover" principle of CIF and CIP; Unsuitability of minimum cover for manufactured goods; Guarding against fraud under CFR and CPT; How to prevent delivery until payment has been made; Payment by using the irrevocable documentary credit	
D-terms: delivered terms (DAT, DAP and DDP)	57
Factors determining use of different D-terms; The trend towards choice of delivered terms; The seller's need to plan and control cargo movements; DES and DEQ for sea transport (now replaced by DAP and DAT); DES and "Free out" stipulation in charter parties; FIO stipulations in charter parties and contracts of sale; Buyer needs to know time of arrival; Demurrage and dispatch money; Consistency required between charter party and contract of sale; DAT, DAP– for all modes of transport; Avoid "free border" or "franco border"; The through railway consignment note ; Railway cargo consolidation by freight forwarders; DAP and DDP do not include unloading; Import clearance under D-terms; Seller should avoid DDP if difficulties expected; Choice of DDP with exclusion of duty and/or other charges; DAT or DAP and difficulties of reaching the final destination; Charges and the DDP seller	

Seller's and buyer's obligations: an overview	63
Sections A1, B1: the obligation to exchange goods for money	64
Section A9: the seller's packaging obligations	64
Section B9: pre-shipment inspection	64
Sections A2, B2: the obligation to clear the goods for export and import	65
Take precautions against the risk of export and import prohibitions; Obtaining assistance to clear customs	
Sections A2, B2 and A10, B10: security measures and the changing role of customs	66
Security Measures and the changing role of customs	
Resolution of the Customs Co-operation Council on the framework of standards to secure and facilitate global trade	67
The Customs Co-operation Council	
Sections A3, B3 and A4,B4: division of functions, costs and risks between the parties	69
For economy of transport, do not divide functions; Additional service to the buyer under F-terms; The custom of the port; Caution when using FOB if custom of port not known; Handing over to the carrier under C-terms; Dividing the costs of discharge at destination	
Section A8: the seller's duty to provide proof of delivery and the transport document	71
CFR, CIF and on board documents; Surrender of original bill of lading essential; Non-negotiable transport documents; Payment against sea waybills requires caution; The problems of replacing bills of lading by EDI; The Incoterms Rules CFR and CIF and EDI; The "usual transport document" under CFR and CIF; Transport document as proof of delivery; Documents required to obtain delivery under D-terms; Transport documents for carriage by sea; Delivery orders	
Sections A4 and B4: the seller's obligation to deliver and the buyer's obligation to take delivery	75
Delivery at the seller's premises; Delivery at the buyer's premises; Delivery at the waterfront under DAP and DAT; The buyer's acceptance of the seller's handing over for carriage; The buyer's obligation to receive the goods from the carrier	
Sections A5 and B5: the transfer from seller to buyer of the risk of loss of or damage to goods	76
The "price risk"; Premature transfer of risk; Identification of the contract goods; Using force majeure clauses to protect the seller from the "breach of contract risk"	
Section A3b: the seller's insurance obligation	78
Freedom of insurance restricted	
Sections A7, B7: notices	79
Conditions for the buyer's giving notice; Conditions for the seller's giving notice; Information relating to insurance; Sufficient notice; Failure to give sufficient notice	

Sections A6, B6, A3, A10 and B10: division of costs between the parties	80
Main principle of distribution of costs; The four main categories of costs; Costs related to dispatch, carriage and delivery; Costs for export import and security clearance; Costs for services and assistance; Costs of insurance; Cost distribution systems	
Going through the 11 Incoterms rules	83
Group I	
EXW	87
FCA	97
CPT	111
CIP	123
DAT	127
DAP	139
DDP	151
Group II	
FAS	163
FOB	173
CFR	185
CIF	201
Role of the Incoterms rules in an international contract of sale	205
1. Choice of trade terms	206
2. The Incoterms rules in conjunction with other terms of the contract sale	207
3. The Incoterms rules in conjunction with CISG	208
4. Transfer of risk and cost	208
Annexes	209
1.CMI Uniform Rules for Sea Waybills	210
2.CMI Uniform Rules for Electronic Bills of Lading	211
Copyright notice	215
Other Incoterms products	216
ICC at a glance	217
ICC publications for global business	218