

# MADE EASY e-GUIDE to INCOTERMS<sup>®</sup> 2010



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## What you will find in the Made Easy e-Guide.

This 77-page e-Guide to the 2010 version of Incoterms® is an essential companion to the core ICC publication, Incoterms®2010 Rules, which lists the rules but does not explain the implications for parties involved in the shipment of goods.






This is where the Made Easy e-Guide fills the gap, providing critical explanation for all who need to use or understand the rules — traders, export/import and logistics managers, freight forwarders, shipping companies, lawyers and bankers.

Written by two international trade experts and practitioners (Corinne Campbell of XDOC and Lance Scoular of Key Directions), the Made Easy e-Guide covers :

-  Description of the terms
-  Rules governing use of the terms and what they cover
-  Buyer and Seller Responsibilities
-  Rules for International and Domestic contracts of sale
-  How to use the rules correctly
-  How to choose the right rule for your contract of sale
-  Risks associated with each term






### ***Guide format:***

The format of this guide has been designed for ease of use. Each of the 11 Incoterms® rules is individually explained in easy-to- follow sections:

-  Definition
-  Responsibilities of Seller and Buyer
-  Checklist of obligations
-  Case studies / practical scenarios
-  Charts

### ***Remarks:***

The guide has a list of remarks divided into 5 categories for each specific Incoterms® rule. This is designed to help you to decide on the Incoterms® rule best suited to your requirements.

-  Positives      What are the best practices
-  Concerns      When usage is not recommended
-  Considerations      What to consider
-  Negotiables      What to include in your negotiations and contracts
-  Insurance      What to consider when insuring your shipment before and during transit

# Incoterms<sup>®</sup> 2010 Rules explained.

Each Incoterms<sup>®</sup> 2010 rule is explained in five ways: by an outline of the responsibilities of Seller and Buyer, through a checklist, with remarks and tips, case studies and charts. This approach makes it easy to absorb the information and creates a valuable quick-reference tool.

## ***Responsibilities of Seller and Buyer:***

A table is included for each of the 11 Incoterms 2010<sup>®</sup> rules and sets out clearly the specific actions to be taken by both Seller and Buyer. It also identifies any part in the process which requires particular attention.

### ***Example:***

<b>RESPONSIBILITY OF SELLER</b>	<ul style="list-style-type: none"><li>🌐 Supply goods and documents as agreed</li><li>🌐 Pack and mark as agreed and required</li><li>🌐 Select where goods are available for collection</li><li>🌐 Make goods available at agreed place and date</li><li>🌐 Give timely notice of goods availability</li><li>🌐 Provide Buyer information on export documentation</li><li>🌐 Provide Buyer information on export procedures/documents</li></ul>
<b>RESPONSIBILITY OF BUYER</b>	<ul style="list-style-type: none"><li>🌐 Advise Seller when goods will be collected</li><li>🌐 Collect goods when placed at disposal by Seller</li><li>🌐 Load goods</li><li>🌐 Provide evidence of having picked up the goods</li><li>🌐 Arrange all transport to final destination</li><li>🌐 Clear for export (if needed)</li><li>🌐 Clear for import (if needed)</li></ul>
<b>RISKS</b>	<ul style="list-style-type: none"><li>🌐 Transfers from Seller to Buyer when goods have been made available at agreed place and date</li></ul>

## Checklist:

A checklist is included for each of the 11 Incoterms 2010® rules and provides a valuable and succinct method of checking that you have accounted for everything.

## Example:

Obligations	Seller	Buyer
Provide Commercial Documents	✓	
Export Licenses, Authorizations, Security Clearances & other formalities	✓	
Assistance in Export		✓
Contract of Pre main-carriage in Seller's Country	✓	
Contract of Main Carriage in Seller's Country	✓	
Loading goods at Terminal/Place	✓	
Loading cost	✓	
Contract of Insurance Obligation		
Provide information to obtain insurance	✓	✓
Pre main Transport risk	✓	
Main Transport risk		✓
Unloading at Terminal/ Place at Seller's country	✓	
Export Duties, Taxes and Customs formality costs	✓	
Import Licenses, Authorizations, Security Clearances & other formalities		✓
Assistance in Import	✓	
Contract of Carriage in Buyer's Country		✓
Unloading goods at agreed place		✓

## Remarks:

A table of comments is included for each of the 11 Incoterms 2010 rules. This outlines the best circumstances for applying the rule, alerts the user to any negative aspects of the particular rule, identifies particular areas for consideration when deciding which rule to use and what to include in the contract, and includes remarks about insurance requirements.

## Example:

	<ul style="list-style-type: none"><li>• To be used instead of CFR when using containers</li><li>• Seller pays main carriage to destination but doesn't carry the transport risk</li><li>• Under a letter of credit, Seller minimises risk by having control of shipping date and shipping documents</li></ul>
	<ul style="list-style-type: none"><li>• Buyer has main carriage risk while freight is controlled by Seller</li></ul>
	<ul style="list-style-type: none"><li>• Buyer should assess if Seller's freight rate margin is excessive</li><li>• If Seller has adequate marine insurance cover, consider using CIP</li></ul>
	<ul style="list-style-type: none"><li>• Specify place where Seller delivers to carrier – (country of Seller)</li><li>• Specify precise final named place of destination</li></ul>
	<ul style="list-style-type: none"><li>• Agree on which party, if any, arranges marine insurance</li><li>• Both parties have an obligation to provide information to enable other party to arrange marine insurance</li><li>• Consider covering pre and post shipment risk</li></ul>

**Case Studies:** At least two practical scenarios are included for each rule.

**Example:**

**Scenario:** German engineering company sells a LCL container shipment of 12 boxes spare parts 12M3 measurement to a mining company in Johannesburg, South Africa.

**Terms of Sale:** CPT Johannesburg, South Africa: Delivery to Container Packing Depot, 16 Landenberg Strasse, Hamburg, Germany. Final destination: Johannesburg Container Unpacking Depot, 15 Protea Place, Johannesburg, South Africa.

**Mode of Transport For Main Carriage:** Sea (container vessel)

**Type of Trade:** International

**Insurance Obligations:** Nil for Buyer and Seller. If agreed, specify in contract of sale which party insures the goods.

**Export Country Obligations including Duties and Taxes:** Seller

**Import Country Obligations including Duties and Taxes:** Buyer

**Seller's Risk:** Up to delivery to LCL packing depot in Seller's country.

**Seller's Costs:** Cost of delivery to container packing depot in Seller's Country, packing goods into consolidation container, loading onto vessel and all subsequent costs to Buyer's unpacking depot.

**Buyer's Risk:** From receipt at LCL packing depot in Seller's country.

**Buyer's Costs:** All costs from LCL unpacking depot in Buyer's country (including container unpacking charges) and all subsequent costs to Buyer's premises.

**Charts:** Graphics are included to illustrate each scenario. Seller responsibilities correlated with costs are depicted in blue; Buyer responsibilities correlated with costs are in orange.

**Example:**



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