

INCOTERMS 2020



SOURCING WARRIOR
DISCOVER HIDDEN PROFIT

Incoterms® 2020 rules make business work for everyone by facilitating trillions of dollars in global trade annually. Because they help importers and exporters around the world to understand their responsibilities and avoid costly misunderstandings, the rules form the language of international sales transactions, and help build confidence in our valuable global trading system.

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EXW = Ex Works

Seller's Primary Duties:

- Delivery the goods at his premises

Title and risk pass to buyer including payment of all transportation/insurance cost from seller's door.

FCA = Free Carrier

Seller's Primary Duties:

- Deliver the goods at the named point into the custody of the carrier named by buyer.
- Provide evidence of delivery of the goods to the carrier.

Title and risk pass to buyer including payment of all transportation/insurance cost when the seller delivers goods cleared for export to the carrier.

CPT = Carriage Paid To

Seller's Primary Duties:

- Contract for the carriage and pay for the freight to the named place of destination.
- Deliver goods into custody of the first carrier.
- Provide export clearance.
- Furnish the buyer with the invoice and usual transport document.

CIP = Carriage and Insurance Paid To

Seller's Primary Duties:

- Contract for the carriage and pay for the freight to the named place of destination.
- Deliver goods into custody of the first carrier.
- Furnish the buyer with the Invoice, the usual transport document and a cargo insurance policy .
- Provide export clearance.
- Furnish the buyer with the invoice and usual transport document.

Title, risk and insurance cost pass to buyer when delivered to carrier by seller who pays transportation/ insurance cost to destination. Used for any mode of transportation.

DAT = Delivered At Terminal

Seller's Primary Duties:

- Clears the goods for export and pay for the freight until the goods have arrived at named terminal on destination. Terminal can be understood as quay, warehouse or container yard.

Risk and costs pass to the buyer when the seller delivers at the "named terminal at port or place at destination". Seller is responsible for unloading cost at the named terminal at port or place of destination.

DAP = Delivered At Place

Seller's Primary Duties:

- Deliver the goods at the named place of destination.
- Provide the documents to enable buyer to take delivery at the named place.

Risk and cost pass to the buyer when the seller delivers to the "named place of destination". The allocation of cost for unloading at place of destination depends of contract agreement between the parties.

DDP = Delivered Duty Paid.

Seller's Primary Duties:

- Deliver the goods at the named place of destination.
- Provide Import clearance.
- Provide documents to enable the buyer to take delivery at the named place.

Risk and cost to "place of destination" are covered by seller. Cost also includes local VAT and taxes, unless expressly agreed otherwise.

FAS = Free Alongside Ship.

Seller's Primary Duties:

- Deliver the goods alongside the ship.
- Provide an "alongside" receipt.

Title and risk pass to buyer including payment of all transportation/insurance cost once delivered alongside ship by seller.

The export clearance obligation rests with seller.

FOB = Free on Board

Seller's Primary Duties:

- Deliver the goods on board.
- Provide export clearance.
- Provide an on board receipt.
- Pay loading costs according to the custom of the port so they are not included in the freight.

Title and risk pass to buyer including payment of all transportation/insurance cost once delivered on board ship by seller.

CIF = Cost, Insurance and Freight

Seller's Primary Duties:

- Contract for the carriage and pay the freight to the named port of destination.
- Deliver the goods on board.
- Provide export clearance.
- Contract for the insurance of the goods during the carriage and pay the insurance premium.
- Furnish the buyer with the invoice, a clean transport document and a cargo insurance policy certificate.
- Pay loading costs.
- Pay unloading costs to the extent that they are included in the freight.

Title and risk pass to buyer when delivered on board the ship by seller who pays the transportation and insurance cost to the destination port.

CFR = Cost and Freight

Seller's Primary Duties:

- Contract for the carriage and pay the freight to the named port of destination.
- Deliver the goods on board.
- Provide export clearance.
- Furnish the buyer with the invoice and a clean transport document.
- Pay loading costs.
- Pay unloading costs to the extent that they are included in the freight.

Title, risk and insurance pass to buyer when delivered on board the ship by seller who pays the transportation costs to the destination port.

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Responsibility Matrix for Contract of Sale

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DESCRIPTION		SELLER/ EXPORTER	EXPORT CLEARANCE	NAMED PLACE OR TERMINAL	PORT OF LOADING	ONBOARD	DISCHARGING PORT OF DESTINATION	NAMED PLACE OR TERMINAL DESTINATION	IMPORT FORMALITIES	BUYER/ IMPORTER
RULES FOR ALL MODE(S) OF TRANSPORT										
EXW Ex Works										
FCA Free Carrier										
CPT Carriage Paid To										
CIP Carriage and Insurance Paid to										
DAT Delivered At Terminal										
DAP Delivered At Place										
DDP Delivered Duty Paid										
RULES FOR SEA & INLAND WATERWAY TRANSPORT										
FAS Free Alongside Ship										
FOB Free On Board										
CFR Cost and Freight										
CIF Cost, Insurance and Freight										

■ RISK SELLER

■ COST SELLER

■ RISK BUYER

■ COST BUYER

Incoterms® define the terms of shipment and delivery as well as the transfer of risk between seller and buyer. Effective January 1st, 2011, please use the Incoterms ® 2010 correctly. Stating the specific port, terminal or place, and adding "Incoterms ® 2010", so there is no doubt about the agreed terms between seller and buyer.

About Yuping Wang



I am the Founder of the Sourcing Warrior™.

The passion for sourcing runs deep in my blood otherwise I would not have done it for 20 years. My suppliers would say these 3 things about me: Yuping is a tough negotiator, a strong relationship builder and a tenacious profit finder.

Out of all people, how could I become the top supply chain professional in the nation?

When I first came to the USA, I had nothing and knew very little English. But in my mind, there was an uncompromising desire to be the best in everything I do. I put myself through law school in China. In the USA, I pursued the best-in-class training. MBA, CPIM, CSCP, Six Sigma Black Belt certifications are tough to get but are incredibly valuable for my sourcing career.

Professionally, I only want to compete in the most demanding companies. Some are Fortune 500s, some are Hi-Techs, some are small businesses, but all of them are incredibly competitive in the field of sourcing, that is exactly where I excelled.

The experience I gained through 20 years of sourcing is now condensed into Sourcing Warrior's programs to serve more people. As I hold myself to the highest standard of honesty and integrity, I work hard to make sure Sourcing Warrior's programs are the best-in-class. Otherwise, I will refuse to offer them to the world because my name is Yuping Wang.

[Learn More About The Course](#)

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