

Organised by



MINISTRY OF SHIPPING
GOVERNMENT OF THE PEOPLE'S
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CIMC Events

9 & 10 OCTOBER, 2018
LE MÉRIDIEN, DHAKA



INCOTERMS:

WORKSHOP ON ICC RULES FOR THE USE OF INTERNATIONAL COMMERCIAL TERMS.

SPECIAL SESSION HOSTED BY
OCTOBER 10, 2018
HALL NAME: SOMAPURA
TIMING: 11:30hrs-13:00hrs

SHIPPERS' ACADEMY COLOMBO



THE IMPORTANCE OF INCOTERMS® FOR INTERNATIONAL TRADE

Incoterms are one of most important features of international trade, but sadly, one of the most misunderstood: they feature regularly in the lives of a wide range of people involved in exporting or importing (sales, customer service, purchasing, accounts, freight and shipping personnel), but many do not appreciate the full significance of the terms which they are dealing with the recent tragic explosion in Tianjin in China is a case in point; pictures of damaged shipping containers on quaysides or in

container depots, tossed around like matchboxes by the explosions, will stay in the memory of many people.

Less well understood, but equally important, is the fact that for any UK exporters and importers who may have cargo loaded in any of the containers damaged by the explosion, the choice of Incoterm for their transaction may dictate whether they will be directly affected financially by the horrific events.

ORGANIZATIONS ARE REQUESTED TO REGISTER THEIR EMPLOYEES FOR THIS FREE WORKSHOP.

Many people associate Incoterms with freight charges; they are often used as a convenient way of confirming which party is responsible for paying the various charges associated with international transport: as such they are frequently utilised by freight forwarders and carriers when issuing freight quotations or seeking clarification of who will pay their fees. However Incoterms cover a much wider range of responsibilities and obligations for a seller and buyer in an international sales contract, including:

- Who bears the 'risk' in case of any loss or damage to goods at any specific point in an international journey
- Which party is responsible for loading or unloading goods, or for arranging and paying for inspections to cargo
- Who is responsible for producing documentation, submitting export and import customs entries, or arranging export and import licences, as well as a range of other contractual obligations

Using Incoterms properly as part of a sales contract provides clarity for both parties, gives certainty over costs, and reduces the risk of disputes and disagreements with clients or suppliers. Using unsuitable Incoterms, or using the terms without understanding the implications of your choice can lead to unexpected costs, delays or unhappy clients.

The most recent version, Incoterms 2010 consists 11 terms – a reduction from the previous edition's 13. These are: Ex Works (EXW), Free Carrier (FCA), Carriage Paid To (CPT), Carriage And Insurance Paid To (CIP), Delivered At Terminal (DAT), Delivered At Place (DAP), Delivered Duty Paid (DDP), Free Alongside Ship (FAS), Free On Board (FAS), Cost and Freight (CFR) and Cost, Insurance and Freight (CIF). Although these terms have been in circulation for several years, it is still not unusual to find individuals or companies who continue to use old terms, which no longer feature.

One of the most commonly used, but misunderstood terms is 'Ex Works'. This is often

described by exporters as 'the easy Incoterm', believing that it simplifies the export process by taking responsibilities away from them. In fact, under Incoterms 2010 (the latest version), using Ex Works in the wrong circumstances can lead to problems and issues which can be far more dangerous and costly for the business.

The importance of understanding these rules – from both a seller's and buyer's perspective, should not be underestimated. Without a clear knowledge of the features, obligations and responsibilities for each of the 11 terms within Incoterms 2010, traders may fail to choose the most suitable Incoterm for their transaction, which, as in the case of Tianjin, may end up costing them dear.

At the Second South Asia Maritime and Logistics Forum organisers are conducting a workshop on Incoterms for working professionals/executives involved with international trade, exports/imports, logistics, shipping. This one hour workshop will give you insights into these terms making them familiar and meaningful for you to understand and use.

CEO Mr. Rohan Masakarola, Shippers' Academy, Colombo. *The Shippers' Academy Colombo was the very first training institution of its kind in South Asia with tailored courses for shippers and its related service providers, exporters and importers who need a hybrid curriculum of shipper-centric programmes and to offer customised and focused education, R&D and consultancy services. Realising the need for a training institute to bridge the gap between conventional business schools and shipper-centric programmes, the Shippers' Academy Colombo was established to enhance skills and knowledge of the global commerce environment by providing capacity building programmes.*

(Incoterms content used above is courtesy of Mike Josypenko, Director of Special Projects | The Institute of Export)

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