

Incoterms 2020 - Masterclass

Rules for use in Domestic and
International Trade



Greater Manchester
Chamber of Commerce



Greater Manchester Chamber of Commerce

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Greater Manchester
Chamber of Commerce



Greater Manchester Chamber of Commerce

- ❑ **Largest** accredited Chamber of Commerce in the UK (over 4500 members)
- ❑ Cover the **10 local authorities** in Greater Manchester
- ❑ Wide range of **business support** services available
- ❑ We process over **37,000 export documents** a year



Awards:

2017/18 – Chamber of The Year

2015/16, 2018/19, 2019/20 – Excellence in International Trade Services

Top 3 sectors:

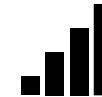
Manufacturing & Engineering



Property & Construction



Business & Financial Services



POLL 1

WHAT ARE THE FUNCTION OF INCOTERMS

Incoterms are a set of rules describing the obligations, costs and risks involved in the delivery of goods.

- **Obligations:** Who does what for example who organises carriage or insurance of the goods or who obtains shipping documents and export or import licences
- **Risk:** Where and when the risk transfers from seller to buyer
- **Costs:** Which party is responsible for the costs, for example transport, packaging, loading or unloading costs, and checking security-related costs

There are 10 obligations for both the buyer and seller

THE 2020 INCOTERMS BY MODE OF TRANSPORT

Any Mode of Transport

EXW (EX Works)

FCA (Free Carrier)

CPT (Carriage Paid To)

CIP (Carriage and Insurance Paid To)

DAP (Delivered at Place)

DPU (Delivered at Place Unloaded) – **“Replaced DAT”**

DDP (Delivered Duty Paid)

Sea and Inland Waterways

FAS (Free Alongside Ship)

FOB (Free On Board)

CFR (Carriage and Freight)

CIF (Carriage Insurance and Freight)

HOW TO WRITE INCOTERMS ON DOCUMENTATION

- To use Incoterms 2020 the should be written in all communication as follows:

Incoterm to be used
+
Named Place in country of supply or destination (Dictated by the Incoterm used)
+
The version of the Incoterms being used

FOB (Liverpool Port) Incoterms 2020

- It is extremely important to specify the year of the applied Incoterm as **older versions can still be used** as long as it is made clear and specified such as Incoterms 2010
- ***“Don’t let your system drive your imports and exports, your imports and exports should drive the system”***

HOW TO WRITE INCOTERMS ON DOCUMENTATION

FCA (UK)

FCA (Bury BL9 5BT)

DAP (USA)

DAP (New York)

DAP (NY 10022, New York)

POLL 2

**New to customs declarations? Consider
Chamber Customs**

CHAMBER
CUSTOMS

Incoterms 2020

“The Terms”

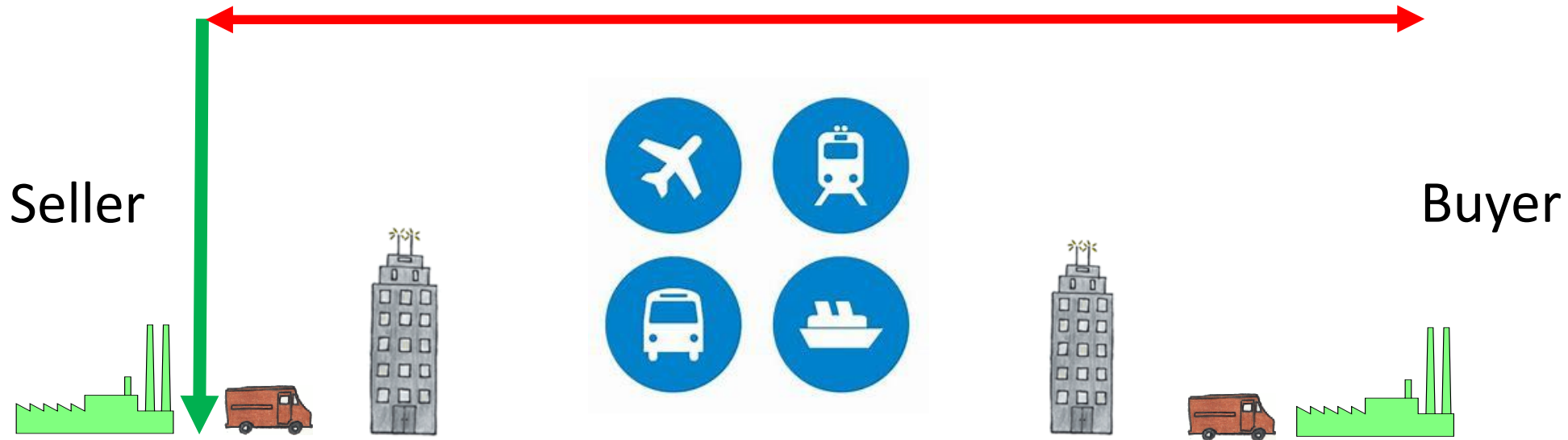


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EXW – EX WORKS – ANY MODE OF TRANSPORT

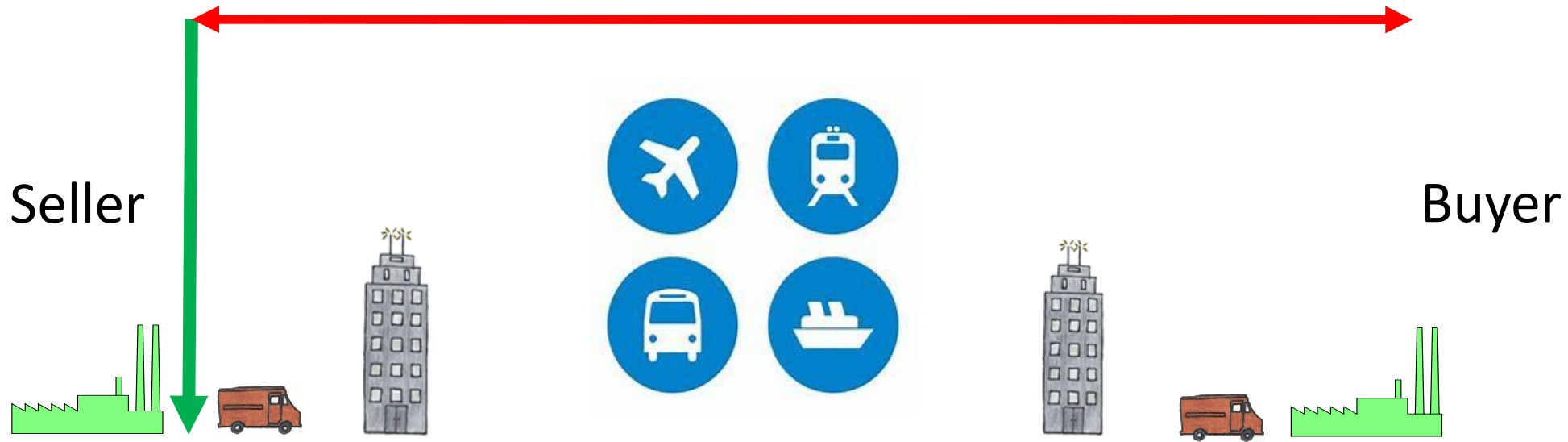
Risk and Cost Transfer



- The risk transfers when the goods are placed at the disposal of the buyer at a named place. The named place is usually but in some cases may not be the seller's premises.
- **The seller is NOT responsible for loading the goods**

EXW – EX WORKS – ANY MODE OF TRANSPORT - VARIANT

Risk and Cost Transfer



EXW (JBL ENGINEERS, BURY BL9 5BT) INCOTERMS 2020

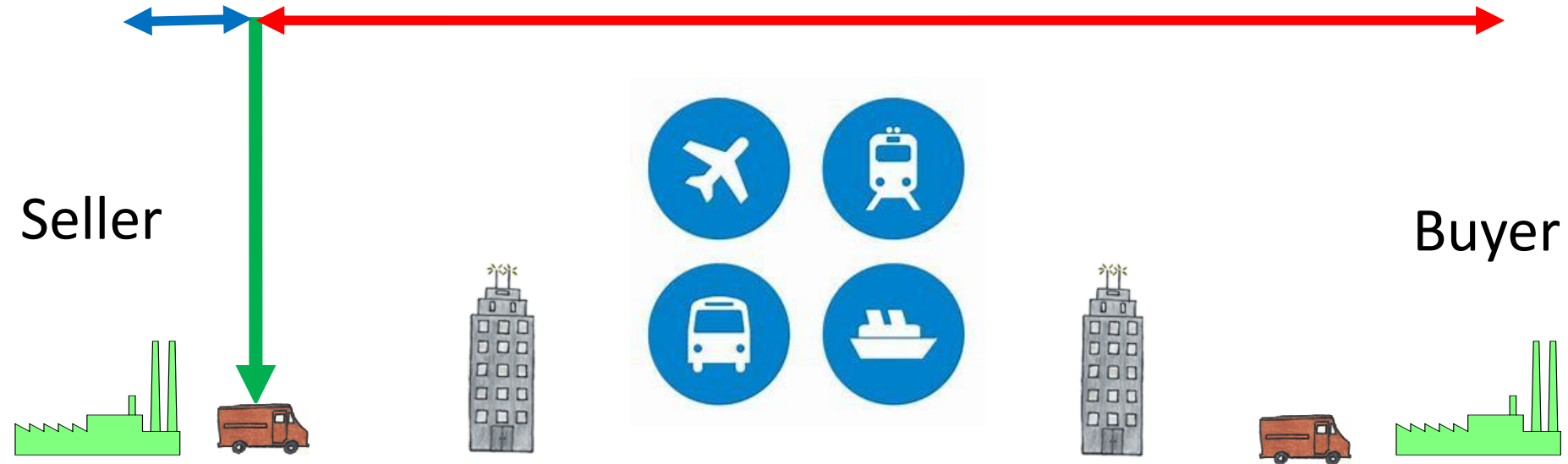
VARIANT COULD BE:

EXW (JBL ENGINEERS, BURY BL9 5BT) INCOTERMS 2020

“JBL ENGINEERS WILL LOAD THE GOODS ON BEHALF OF THE BUYER AT THE BUYER’S RISK”

FCA – FREE CARRIER – ANY MODE OF TRANSPORT – SELLERS PREMISES

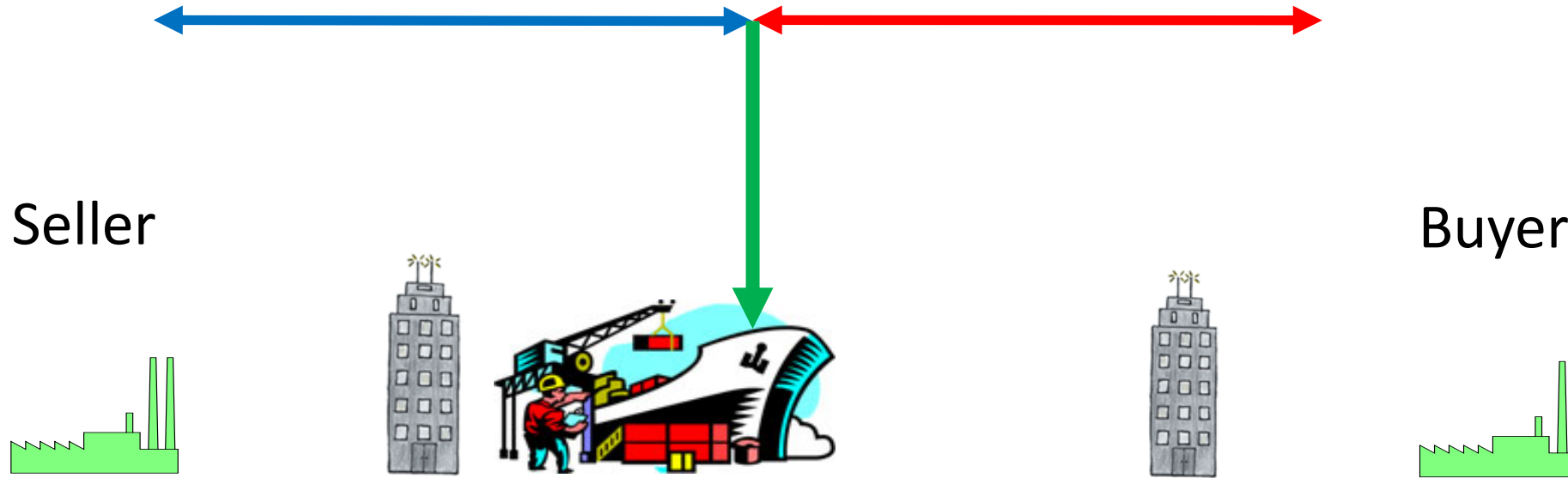
Risk and Cost Transfer



- The risk transfers from the seller to the buyer when the goods are loaded onto the means of transport at the seller premises.
- **The seller's obligation (A7) is to clear the goods for export and pay for all export clearance formalities**

FOB – FREE ON BOARD – SEA AND INLAND WATERWAYS

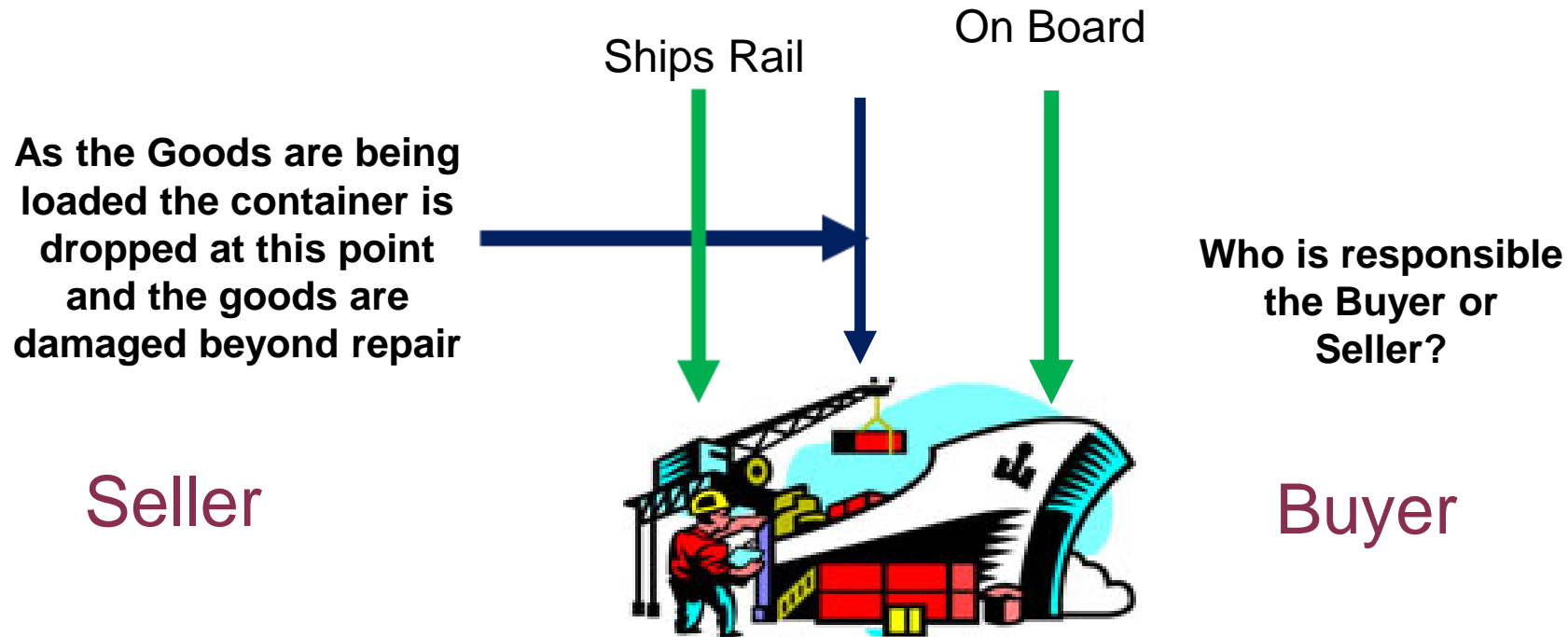
Risk and Cost Transfer



- The risk transfers once the goods are loaded **on board** the vessel at the port of shipment
- The cost transfers once the goods are loaded **on board** the vessel at the port of shipment

Shipping Risk - FOB

FOB (HULL PORT) Incoterms 2020



- 2000 – The risk and cost transfers from the seller to the buyer when the goods are passed “ACROSS THE SHIPS RAIL”
- 2020 – The risk and cost transfers from the seller to the buyer when the goods are placed “ON BOARD” the vessel
- Applies to FOB, CFR and CIF

PURCHASING PLACES AN ORDER – ON THE ORDER ACKNOWLEDGMENT IS CPT

Shipment by Air from New York to Manchester

Option 1 - CPT (Manchester) 2020

Option 2 - CPT (New York Newark) 2020

The correct way is CPT (Manchester) 2020

So what point does the risk transfer from the Seller to the Buyer?

When the goods are handed over to the carrier in New York

CPT – CARRIAGE PAID TO – ANY MODE OF TRANSPORT



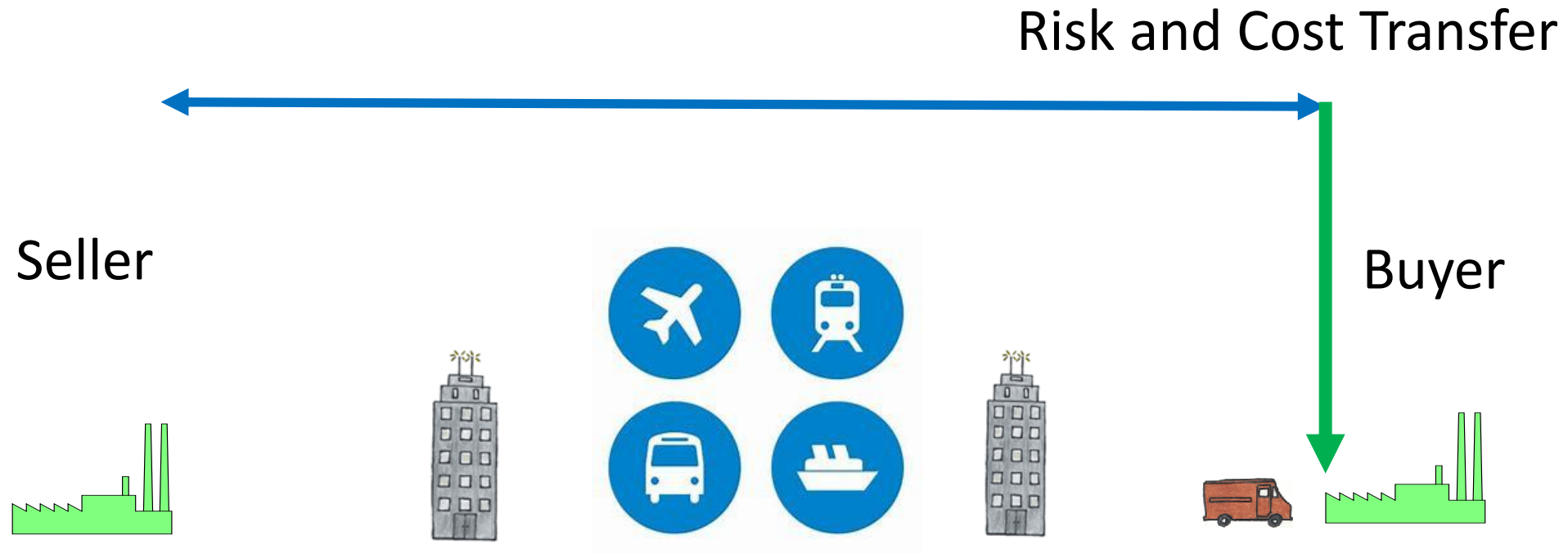
- “RISK”: The risk transfers from the Seller to the Buyer when the goods are handed over to the carrier at the agreed named place

CPT – CARRIAGE PAID TO – ANY MODE OF TRANSPORT



- “COST”: The cost transfers from the Seller to the Buyer when the goods are delivered and made available for unloading at the named place at the destination

DDP – DELIVERED DUTY PAID – ANY MODE OF TRANSPORT



- The risk and cost transfers when the goods are made available for unloading at the Buyer's premises or agreed named place

DDP – DELIVERED DUTY PAID – SUMMARY

Import Product from Japan

Agreed term - **DDP (Manchester M3 3WD) 2020**

Seller pays all costs including import duty and VAT into the UK and delivers to your premises in Manchester

Product - £1000 (Including shipping & Insurance)

Duty @10% - £100

VAT@20% - £220

Total - £1320

Cannot claim the VAT back making the product £220 more expensive

POLL 3

Q&A

Disclaimer

This presentation has been put together based on information and guidance available from official and trusted sources and our understanding/interpretation of it.

We cannot be held liable should there be any errors related to guidance which was sourced from 3rd parties. Whilst we have made every effort to check the accuracy of these, we can not make any guarantees.

Thank you for joining us!

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