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INSTITUTE  
OF EXPORT &  
INTERNATIONAL  
TRADE

# Incoterms in supply chain and logistics – determining responsibility





# Introduction to Incoterms Training course

**Thursday 7<sup>th</sup> August, 9.00am – 1.00pm**

- Gain a pivotal understanding of Incoterms
- Learn what each term means and how to use them effectively
- Understand changes in Incoterms 2020 and common pitfalls

**Visit the website:**  
[www.export.org.uk/  
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incoterms/](http://www.export.org.uk/education/training/introduction-to-incoterms/)



# TODAY' SPEAKERS



**Maighdlin Gibson**

Academy trade and  
customs specialist  
Chartered Institute

- Customs and trade specialist with over 13 years' experience in NI and IE
- Chartered Institute delivery of public training courses, customs and SPS consultancy
- Extensive international trade experience, stemming from a background in freight forwarding & customs services
- Specialist areas of perishables, pharmaceuticals and aerospace industries
- Specialist interest in customs procedures and the Windsor Framework



**Andrew Martyn**

Key Account Manager,  
customs, UK and Ireland  
DFDS

- Experience in logistics sector, specialising in customs clearance since 2019
- Four years at DFDS, supporting large customers across different industries through the complexities of Brexit
- Comprehensive knowledge of customs procedures, including special procedures, tariff classification and origin of goods
- Provides guidance to internal and external stakeholders, ensuring seamless customs clearance and efficient delivery of goods



# TODAY'S SPEAKERS



Jackie Potter

Senior International business  
development manager  
DPD UK

- Over 30 years' experience in the Courier Express Parcel sector within leading global express logistic operators
- Eight years at the DPD International team providing network and bespoke solutions to new and existing DPD clients, with a strong focus on ecommerce and B2B services
- Passion for working with clients to overcome logistical challenges to enhance and improve their customer experience and streamline commercials



Antonio da Silva

General manager  
AmWorld

- Eight years experience working at AmWorld, which delivers international courier and logistics solutions for leading global companies
- Experience in both logistics management and operations management for global clients



# Poll 1: How would you describe your current understanding of Incoterms?





# WHAT ARE INCOTERMS?

**Definition:** International Commercial Terms (Incoterms) are standardised trade terms published by the International Chamber of Commerce (ICC) that define the responsibilities of buyers and sellers in international transactions.

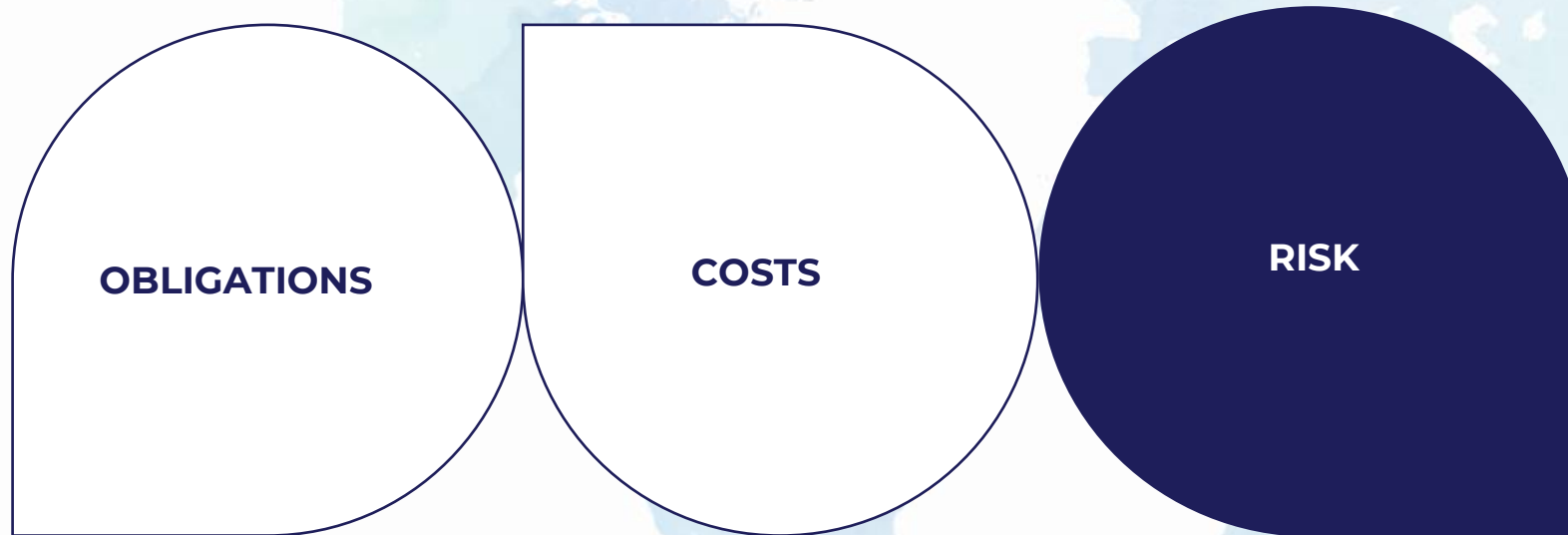
**Purpose:** To provide a common language and framework to avoid misunderstandings in trade.

**History:** First introduced by the ICC in 1936 to standardise trade terms and reduce misunderstandings in international commerce.

These terms clearly define the responsibilities of buyers and sellers for the delivery of goods, addressing who pays for shipping, insurance and other costs, and at what point the risk transfers from seller to buyer.

Over the years, Incoterms have been updated periodically to reflect changes in global trade practices, with the most recent version, Incoterms 2020, offering clarity and flexibility for modern trade operations

# WHAT INCOTERMS COVER



## What Incoterms do not cover

- Ownership or transfer of the goods
- Payment terms
- Contractual rights
- Breach of contract
- Sanctions and prohibitions
- Product tariffs

# ALL MODES OF TRANSPORT

- EXW – Ex Works – named place of delivery – freight collect
- FCA – Free Carrier – named place of delivery – freight collect
- CPT – Carriage Paid To – named place of destination – freight prepaid
- CIP – Carrier and Insurance Paid to – named place of destination – freight prepaid
- DAP – Delivered at Place – named place of destination – freight prepaid
- DPU – Delivered at Place Unloaded – named place of destination – freight prepaid
- DDP – Delivered Duty Paid – named place of destination – freight prepaid





# SEA AND INLAND WATERWAYS

- FAS - Free Alongside Ship – named place of shipment – freight collect
- FOB – Free on Board – named port of shipment – freight collect
- CFR – Cost and Freight – named port of destination – freight prepaid
- CIF - Cost, Insurance, Freight – named port of destination – freight prepaid



Sea and inland waterways Incoterms do not apply to containerised cargo

# ARTICLES

There are ten articles within Incoterms which outline the obligations of:

- The seller (A Articles)
- The buyer (B Articles)

These outline the basic obligations of the parties, delivery and the transfer of risk.

Each individual Incoterm in the Incoterms rules will contain explanatory notes for users and an outline of the obligations for the seller and buyer in order of the articles listed.

Article	Obligations
A1/B1	General obligations
A2/B2	Delivery/Taking delivery
A3/B3	Transfer of risk
A4/B4	Carriage
A5/B5	Insurance
A6/B6	Delivery/Transport document
A7/B7	Export/import clearance
A8/B8	Checking/packing/markings
A9/B9	Allocation of costs
A10/B10	Notices



# HOW TO CHOOSE THE RIGHT INCOTERMS

- **Assessing needs:** Considerations based on the type of goods, destination, and transport mode
- **Risk tolerance:** Choosing Incoterms that aligns with your company's risk tolerance and insurance coverage
- **Cost efficiency:** Balancing cost and control—when it's worth paying more to minimise risk





# WHY INCOTERMS SELECTION MATTERS

- **Impact on costs:** Incoterms determine who pays for transport, insurance and other costs
- **Risk management:** Clarifies who is responsible at each stage of the shipping process, including risks of damage or loss
- **Legal implications:** Incorrect Incoterms usage can lead to disputes, legal issues and unexpected costs

# RISK MANAGEMENT

- **Risk transfer:** Strategic use of Incoterms to transfer risk at the most appropriate point
- **Insurance considerations:** Aligning Incoterms selection with insurance policies to ensure adequate coverage
- **Compliance:** Ensuring all Incoterms used comply with both local and international regulations





# COMMON MISTAKES IN INCOTERMS USAGE

- **Misunderstanding responsibilities:** Overlapping or unclear responsibilities for costs, risks and logistics
- **Ignoring mode of transport:** Choosing Incoterms inappropriate for the mode of transport
  - E.g CFR Charles De Gaulle Airport Incoterms 2020
- **Overlooking export/import requirements:** Failing to account for customs duties, taxes and regulations



# COMMON MISTAKES

## DDP – Delivery Duty Paid

- Using DDP without thinking through whether seller can undertake all necessary formalities in buyer's country
  - paying VAT or GST
- Not being VAT-registered in the importing country
- Not established in the importing country
- No local representative responsible for market access

## EXW – Ex Works

- Using EXW without taking on board the implications of the buyer being required to complete export procedures
- Seller has no proof that the goods have been exported
- Buyer's transport turns up without the ability to load the goods
- Seller has no real knowledge of the end-user, or the end-use of the goods





# **Poll 2: Which Incoterms do you use most frequently?**

# PANEL DISCUSSION



William Barns-Graham

Executive editor  
Chartered Institute of Export  
& International Trade



Andrew Martyn

Key Account  
Manager  
DFDS



Jackie Potter

Senior International business  
development manager  
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