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International Commercial Terms



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INCOTERMS

(International Commercial Terms)

- In international business transaction different terms are used but appeared to be understood in different meanings.
- INCOTERMS 1990: International Chamber of Commerce (ICC) in Paris first published in 1936 and improved in 2000 (amended in 1953, 1967, 1980, and 1990)
- Incoterms: to provide a set of rules to interpret the most commonly used trade terms in international trade. This set of rules defines the precise obligations of buyer and seller to reduce the possibility of misunderstanding between the exported and importer).

INCOTERMS



The purpose is to clarify who is responsible (seller or buyer) for:

- the cost of transporting the goods from one point to another
- the risk of loss if the transportation cannot take place
- the risk of loss or damage to goods in transit
- INCOTERMS DO: if the parties included in the international sales contract :
 - to complete a sale of goods
 - to indicate each contracting party's obligation with regard to delivery of the goods as follows: when is the delivery completed, how does a party ensure that the other party has met that standard of conduct, which party must comply with requisite licenses and other government imposed formalities, what are the mode and terms of carriage, what are the delivery terms and what is required as proof of delivery, when is the risk of loss transferred from the seller to the buyer, how will transport costs be divided between the parties, what notices are the parties required to give to each other regarding the transport and transfer of goods

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 - to establish basic terms of transport and delivery in a short format

INCOTERMS



➤ INCOTERMS DO NOT:

- apply to contract of services
- define contractual rights and obligations other than for delivery
- specify details of the transfer, transport and delivery of goods
- determine how title to the goods will be transferred
- protect a party from his or her own risk of loss
- cover the goods before or after delivery is made
- define the remedies for breach of contract

▪ Example of the INCOTERMS:

▪ FOB, CIF, CFR, CIP, etc

INCOTERMS 2000



- **Kelompok E:** keberangkatan (penjual menyerahkan barang pada lokasi penjual) EXW ex works....
- **Kelompok F:** Pengangkutan utama belum dibayar (penjual mengirimkan barang pada pengangkutan yang ditunjuk pembeli) FCA... Free carrier... (nama tempat)..
- **Kelompok C:** Pengangkutan utama telah dibayar (penjual membuat kontrak dengan pengangkut) CFR... cost and freight (nama pelabuhan tujuan)....
- **Kelompok D:** Kedatangan (penjual menanggung resiko dan ongkos untuk membawa barang ketempat tujuan)....DAF: delivered at frontier (nama tempat)....