

# INCOTERMS

## THE BENEFITS REVEALED

Incoterms (*International Commercial Terms*) give international sellers and buyers a commerce-focused, commonly understood vocabulary. They were originally developed by the International Chamber of Commerce (ICC) to assist in minimizing liabilities for buyers and sellers involved in the international sale of goods.

## THE BASICS

### In•co•terms

*noun*

A standard set of terms and conditions intended to clearly communicate the costs and risks associated with the transportation and delivery of goods.

### The International Chamber of Commerce (ICC)



is the organization responsible for updating and publishing Incoterms. They do this every **10 years**.

### How are Incoterms used?



By agreeing on an Incoterms rule and incorporating it into the sales contract, the buyer and seller can achieve a **precise understanding of each party's obligations**, and where the responsibility lies in the event of loss, damage or other mishap.



## YOUR BENEFITS

**1**

**Save time and hassle.** By having the proper Incoterm included in the contract, all parties will know ahead of time whose insurance policy is on the hook in the event of a claim.



**2**

**Take the reins.** Selecting the Incoterm gives your company the opportunity to control where the transfer of risk and costs occurs.

**3**

**Save money and reduce your risk.** Use Incoterms to your advantage in your purchasing negotiations by pushing your assumption of risk as late in the process as possible.



## HOT TIPS

It's important to **select the right Incoterm** —the one that best suits the needs of your shipment, optimally allocates the risks during shipment and is appropriate for the shipping method you're using.

If you are **buying** from **outside the country**, be sure that Incoterms are clearly spelled out in the Purchase and Sales Agreement.



### Did You Know?

**Incoterms 2020** will be released in September 2019 and come into effect on January 1, 2020.

The new version will incorporate adaptations that reflect the last decade of changes to the global trade landscape. This will mean the elimination of outdated or underused terms, refinement of existing terms and the introduction of new ones.