



EXPORT PROMOTION COUNCIL FOR HANDICRAFTS

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AWARENESS SEMINAR N INTERNATIONAL COMMERCIAL TERMS (INCOTERMS) HELD AT BANGALORE ON 20TH DECEMBER 2013

The International Chamber of Commerce based in Paris has the objective of facilitating trade to ensure that there is no hindrance. In 1923, an International Court of Arbitration was established. Banking organizations had begun to get involved in International Trade with an objective of supporting business financially. International Commercial Terms were first introduced in 1936 to bring about some regulation in the conduct of international business and to bring coherence to a diversity of international commercial and judicial systems. International Commercial Terms have been modified several times taking in to considerations technological changes and the complexities of business. With new modes of transportation and new forms of documentation, there was a need for more precise definitions. Therefore, Incoterms were changed for the eighth time in 2010 and were introduced in January 2011.

Prof. K.R.Nath, lead the discussions on Incoterms and explained the background of the introduction of Incoterms and the changes and deletions made in the Incoterm-2010.

Incoterm 2010 are:

Group - 1.

- EXW Ex Works
- FCA Free Carrier
- CPT Carriage Paid To
- CIP Carriage And Insurance Paid To
- DAT Delivered at Terminal
- DAP Delivered at Place
- DDP Delivered Duty Paid

Group - 2.

- FAS Free Alongside Ship
- FOB Free On Board
- CFR Cost And Freight
- CIF Cost, Insurance and Freight

Questions asked:

1. Is it necessary for the exporter to have an Importer- Exporter Code?

Answer: Yes. Without an Importer – Exporter Code, the exporter cannot send the goods out of the country.

2. Can the term FOB be used for Air Shipment?

Answer: The term FOB is used only for sea and inland water way transport.

3. Do Incoterms cover transactions from the point of production to point of delivery?

Answer: Yes. Incoterms are so devised that they cover the contract of buying and selling from the named place of production to the named place of delivery.

