

# "INCATERMS" - EVIDENCE OF TERMS AND CONDITIONS IN INTERNATIONAL TRADE FROM THE 16TH CENTURY.

The Ancient Inca Civilization developed the first Incoterms, called Incaterms. The Inca, a highly advanced Pre-Columbian civilization, used secret codes (later modified and adopted by the International Chamber of Commerce) to disguise shipments from the marauding Spanish Conquistadors. For example, EXW which now means Ex Works, originally meant “Exterminated by Whites.” The term transferred risk of death to the buyer’s village and relieved the seller from any resulting genocide or increased insurance premiums. Similarly, FOB, which now means Free on Board, meant “Foreigner on Burro,” a term used exclusively for inland silver and gold tribute delivered to the Spanish Crown.



# Understanding Terms of Sale

Incoterms® 2010 Vs. Incoterms® 2000

You may be responsible  
for goods you neither  
own nor possess

You may own goods  
you neither possess nor  
are responsible for

You may possess goods  
you are neither  
responsible for nor own

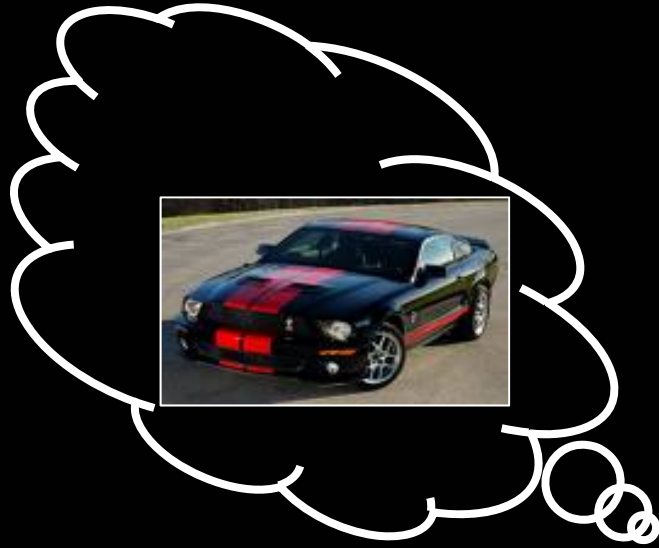
LEVERAGING FINANCIAL STRATEGIES  
TO SUCCEED IN INTERNATIONAL  
MARKETS

February, 2012

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# Disclaimer

All reference to Incoterms® 2000 and 2010 is:  
© 2011 International Chamber of Commerce



“Dad, can I borrow the car?”

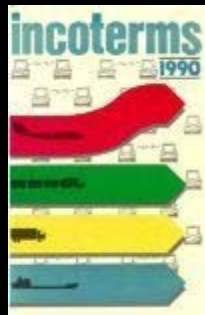




# What are Incoterms® Rules?

# Shorthand

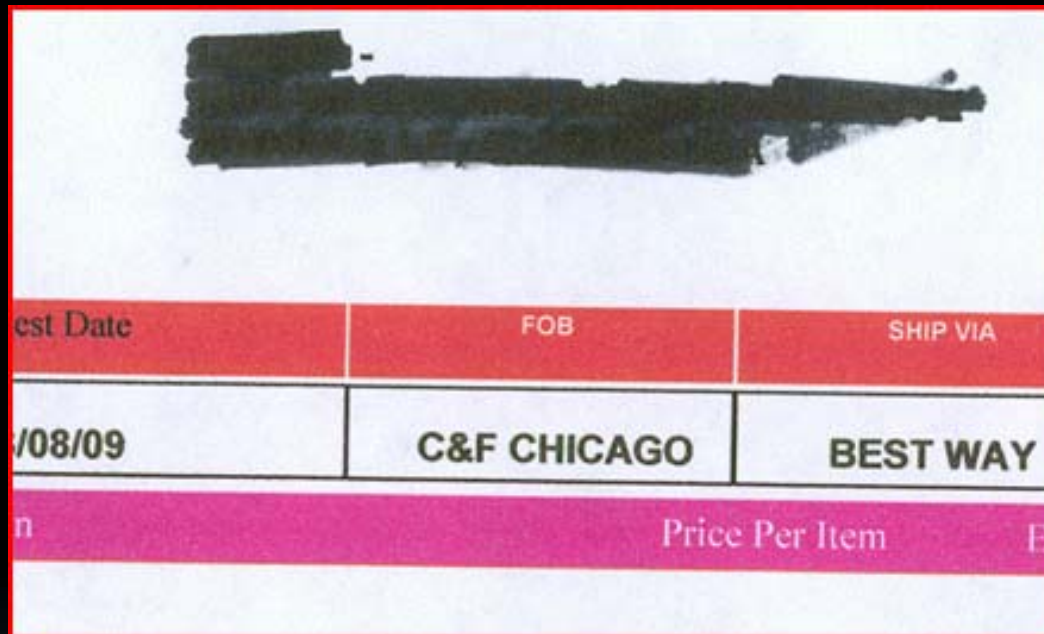
FOB, FOB, FOB!



# Risk and Possession

FCA Tokyo

(ahem)...



est Date	FOB	SHIP VIA
/08/09	C&F CHICAGO	BEST WAY
n	Price Per Item	E



# Incoterms® 2000 vs. 2010



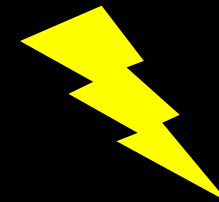
# Incoterms® 2000 vs. 2010

I'm a frayed knot

4->2

13->11

Illinois → Florida



Ship's Rail

SCS

# Four Groups Become Two

**EXW**

**FCA**

**CPT**

**CIP**

**DAT**

**DAP**

**DDP**

**FAS**

**FOB**

**CFR**

**CIF**

# Incoterms® 2000 31 Translations

Arabic  
Bosnian  
Bulgarian  
Catalonian  
Chinese  
Croatian

Estonian  
Finnish  
French  
German  
Hebrew

Portuguese  
Romanian  
Russian  
Serbian  
Slovakian

Czech  
Danish  
Dutch  
English  
Esperanto

Hungarian  
Italian  
Japanese  
Latvian  
Polish

Slovenian  
Spanish  
Swedish  
Turkish  
Vietnamese

# Incoterms® 2010 21 Translations

Arabic  
Bulgarian  
Chinese  
Danish

German  
Italian  
Japanese  
Mandarin

Polish  
Portuguese  
Russian  
Slovenian

Dutch  
English  
Farsi  
French

Spanish  
Swedish  
Thai  
Turkish  
Ukrainian

# I propose:

The terms and conditions for the transfer of possession and risk, and the subsequent effects on payment and transfer of title is now the most negotiable factor in minimizing TCO and maximizing profit over CGS.



# Fun with Incoterms® Rules

# Fun with Incoterms® Rules

## Selling under FCA

It was raining.

He sold the goods "FCA our plant."

Title had not yet transferred.

Something went wrong.



# Fun with Incoterms® Rules

## Buying under CPT

It was NOT raining.

He bought the goods “CPT our plant.”

Title had not yet transferred.

Something went very wrong.



[http://www.ecruisereviews.com/NCL/Norwegian\\_Dream.htm](http://www.ecruisereviews.com/NCL/Norwegian_Dream.htm)



# Fun with Incoterms® Rules

## Buying under CPT

It was NOT raining.

He bought the goods “CPT our plant.”

Title had not yet transferred.

Something went very wrong.



[www.gcaptain.com/.../10/norwegian-dream-bow.jp](http://www.gcaptain.com/.../10/norwegian-dream-bow.jp)

# Fun with Incoterms® Rules

Buying under CIP

Do you already  
have insurance?

You are  
insured!  
You are  
insured!

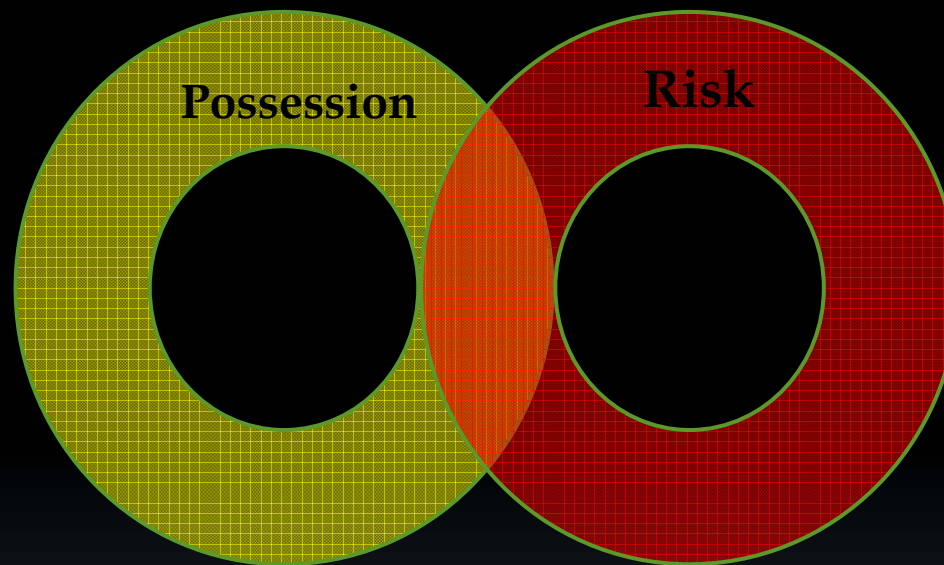
# Fun with Incoterms® Rules

Selling under  
DDP

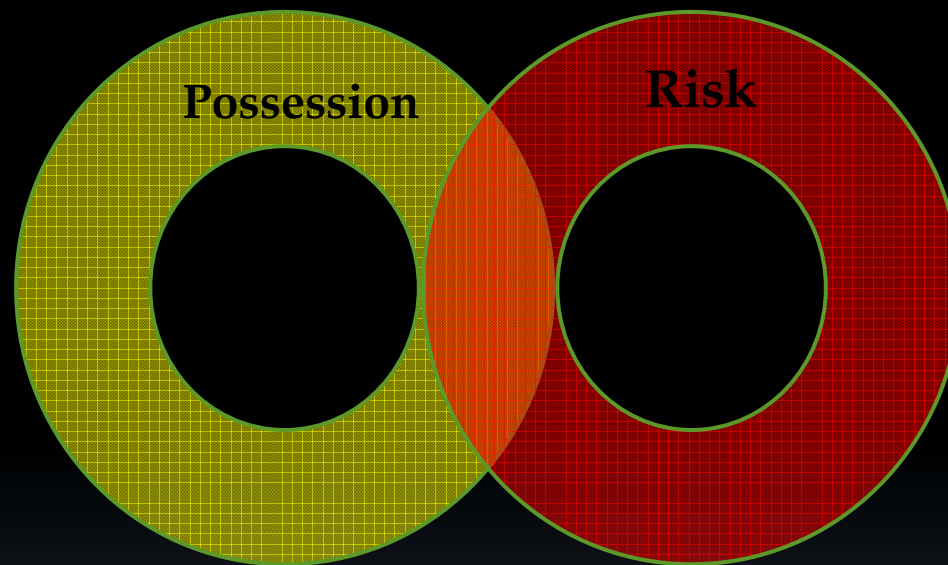
Not better,  
faster,  
cheaper  
especially in  
MX, JP, BR,  
CA etc.



# During the movement of goods...



During the movement of goods, you want to be **in the yellow**:



# I propose:

The terms and conditions for the transfer of possession and risk, and the subsequent effects on payment and transfer of title is now the most negotiable factor in minimizing TCO and maximizing profit over CGS.

# Thank You!

