SYENA LOGISTICS PRIVATE LIMITED

Incoterms® 2020 Operational Guide

International Commercial Terms • Insurance Liability • Division of Risks, Carriage Obligations & Division of Costs

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1. Introduction to Incoterms® 2020

What are Incoterms® Rules?

The Incoterms® (International Commercial Terms) rules are the world's essential terms of trade for the sale of goods. Formulated by the International Chamber of Commerce (ICC), they establish globally recognized standards specifying the operational tasks, costs, and risks associated with global transportation and delivery.

Why Use Incoterms® in Global Trade?

Incoterms® eliminate cross-border ambiguity between international legal jurisdictions. Unlike regional or domestic terms, Incoterms® clearly define the handoff point between seller and buyer, preventing disputes regarding demurrage, transit damages, and unexpected terminal expenses.

What Incoterms® Rules Do

- Define 11 standard three-letter trade terms.
- Clarify Obligations: Who arranges carriage, export/import licenses, and insurance.
- Pinpoint Risk Transfer: The precise moment and location risk transfers from seller to buyer.
- Allocate Costs: Freight, packaging, THC, and customs clearance.

What Incoterms® Rules Do NOT Do

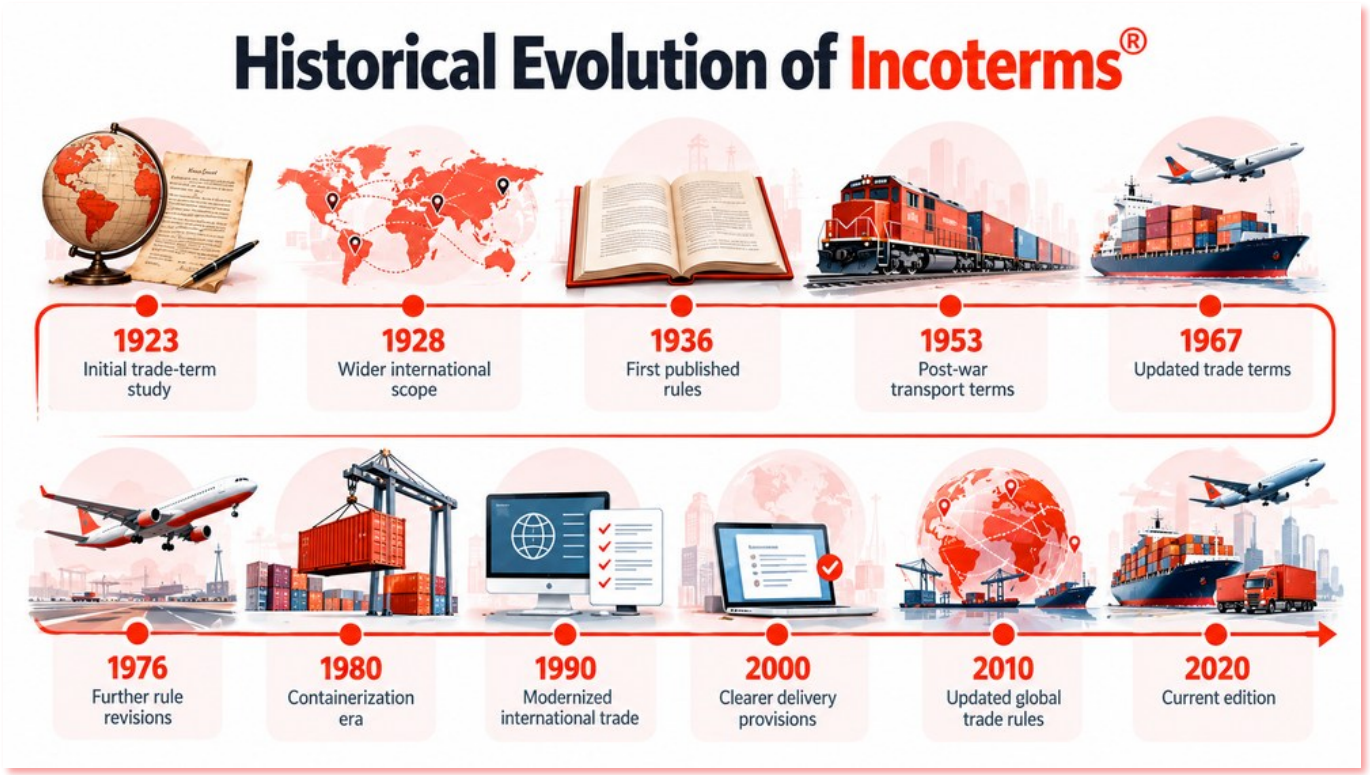
- Do NOT constitute a sales contract on their own.
- Do NOT transfer property title or ownership of goods.
- Do NOT govern payment terms, price, or currency.
- Do NOT define breach remedies, force majeure, sanctions, or litigation venues.

Correct Contract Specification Format:

`[Incoterms® Rule] [Named Place / Port / Terminal], Incoterms® 2020`

- `Example 1: CIF Chennai Port, India, Incoterms® 2020`
- `Example 2: FCA SYENA Logistics CFS, Chennai, Incoterms® 2020`
- `Example 3: DAP 45 Harbor View Boulevard, Rotterdam, Netherlands, Incoterms® 2020`

2. Historical evolution of Incoterms®



3. Overview of Incoterms®

- Most Essential trade terms for sale and purchase of goods
- Two key players – Seller & Buyer
- Helps In
  - **Filing a purchase order/sales contract/ purchase contract**
  - **Deciding obligations – who does what as a Buyer and Seller**
  - **Identifying the party responsible for cost towards Carriage, Transportation, Insurance, Packing and Labelling**
  - **How/ when does the risk transfers from the Seller to the Buyer**

4. How best to incorporate Incoterms®

- If parties want Incoterms® 2020 rules to apply to their contract, the safest way is to clearly

  For Example,

  - **CIF Rotterdam, The Netherlands Incoterms® 2020**
  - **FOB Nhava Sheva, India Incoterms® 2020**
  - **DAP 23, North Street, London, United Kingdom Incoterms® 2020**

- Leaving the year out could cause problems that may be difficult to resolve. The parties, a Judge or an Arbitrator need to be able to determine which version of the Incoterms rules applies to the contract.

5. What the Incoterms® rules do NOT do

- Whether there is a Contract of Sale at all
- Specifications of the Goods Sold
- Time, Place, Method or Currency of Payment
- Remedies which can be sought in case of Breach of Contract
- Consequences of delay and any other breaches in the performance of Contractual Obligation
- Effects of Sanctions
- Imposition of Tariffs
- Export or Import Prohibitions
- Force Majeure or hardship
- Intellectual property rights
- Method, Venue or Law in case of dispute resolution
- Most importantly is does not deal with transfer of property/title/ownership of the goods sold

IMPORTANT !!

Incoterms® rules are *NOT* themselves a contract of sale; They only become *PART* of the contract when they are incorporated into a contract

6. Delivery & Transfer of Risk in the Incoterms® 2020 Rules

- Incoterms rules traditionally grouped into 4 terms
  - **E, F, C and D**

- E and D rules lying at extreme poles from each other in terms of point of delivery and F and C rules lying in between

- EXW – an agreed point of collection for Buyer, irrespective of the destination to which the Buyer will take them where as DAP, DPU & DDP the delivery point is the same as the destination point to which the Seller or its carrier will carry the goods

- In EXW, risk transfers before the transport cycles even starts where as in 'D' rules the risk transfers very late

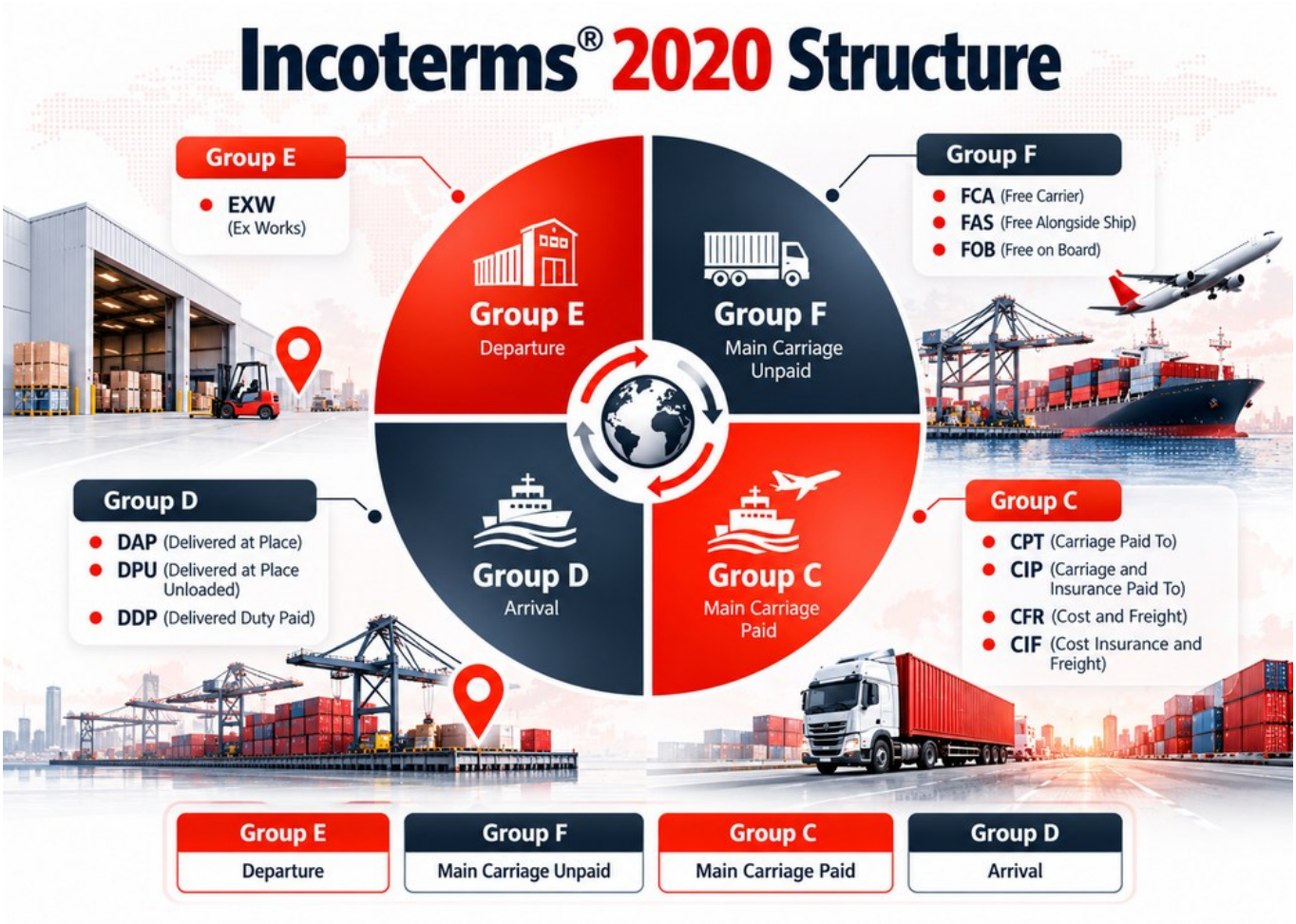
- In case of FOB, CFR and CIF delivery occurs i.e. the risk is transferred when the goods are placed in board the vessel at the port of loading

- In case of CPT and CIP delivery occurs i.e. the risk is transferred when the goods are handed over to the first carrier

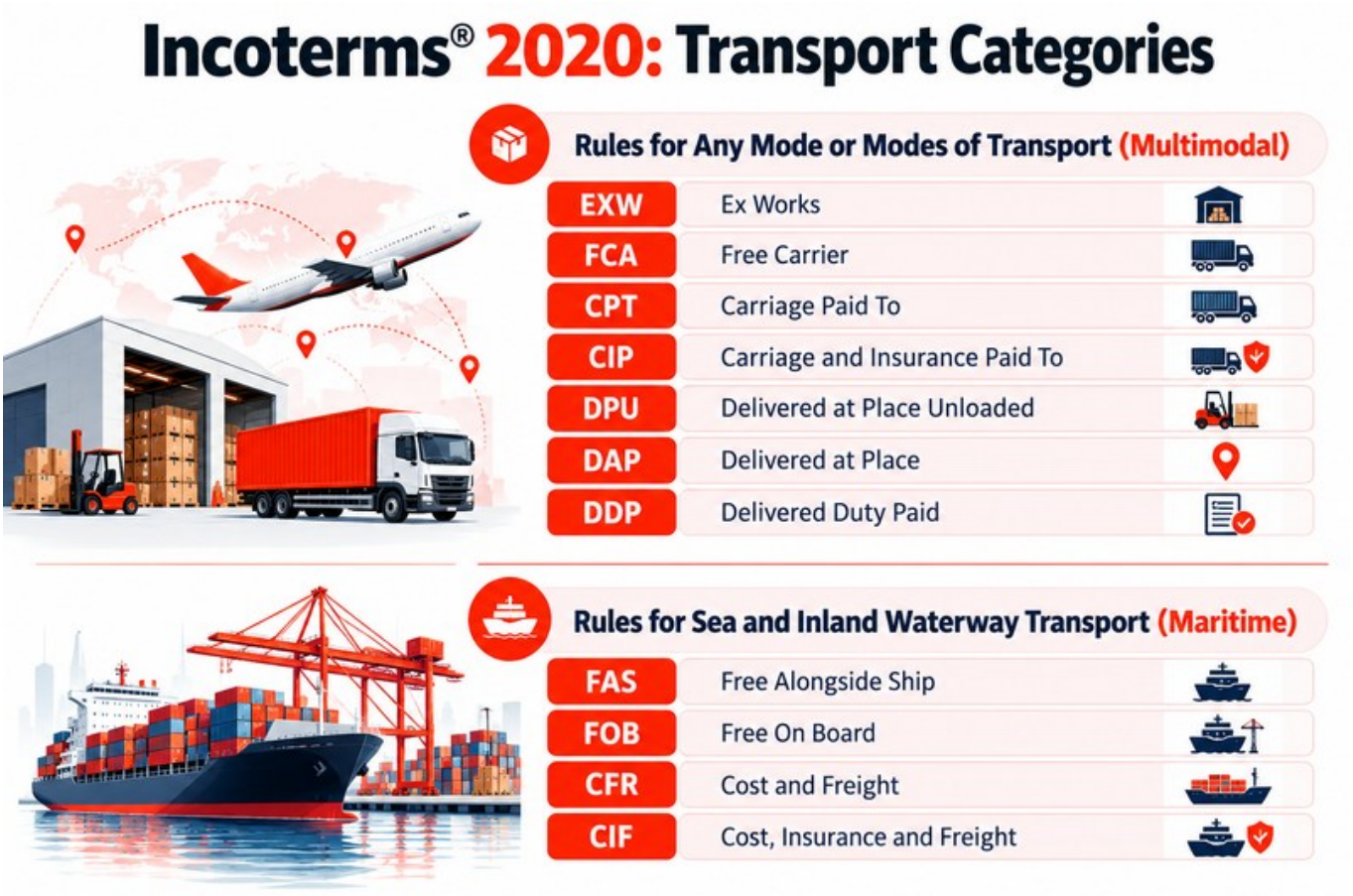
- In case of FAS delivery occurs i.e. the risk is transferred when the goods are place alongside the vessel at the port of loading

- In case of FCA delivery occurs i.e. the risk is transferred when the goods are placed at the disposal of the Buyer or by loading them on the means of transport provided by the Buyer

7. Incoterms® 2020 Structure



8. Classification, 2020 Updates & Rules Breakdown



Multimodal Rules (Any Mode of Transport):

1. EXW (Ex Works): Minimum seller obligation; buyer collects at seller's premises.
2. FCA (Free Carrier): Seller delivers loaded onto buyer's transport or ready at terminal. Clears export.
3. CPT (Carriage Paid To): Seller pays freight to destination; risk transfers at first carrier handover.
4. CIP (Carriage & Insurance Paid To): Seller pays freight + mandatory Institute Cargo Clauses (A) 'All Risks' insurance (110% value).
5. DAP (Delivered at Place): Seller delivers ready for unloading at named destination. Buyer clears import.
6. DPU (Delivered at Place Unloaded): Seller delivers AND unloads at destination (Replaced DAT).
7. DDP (Delivered Duty Paid): Maximum seller obligation; seller pays all freight, import duties, taxes, and destination delivery.

Maritime Rules (Sea and Inland Waterway Only):

8. FAS (Free Alongside Ship): Delivered alongside vessel at named shipment port. Seller clears export.
9. FOB (Free On Board): Delivered when goods are loaded on board the nominated vessel.
10. CFR (Cost and Freight): Seller pays ocean carriage to destination port; risk transfers upon loading at origin.
11. CIF (Cost, Insurance & Freight): Seller pays freight + minimum Institute Cargo Clauses (C) insurance; risk transfers on board at origin port.

9. Incoterms® 2020 Master Responsibility & Cost Matrix

(Incoterms® 2020 - Transport Obligations, Costs & Risks)

Complete 11 Incoterms Division of Charges, Freight, Customs Clearance and Handling (Zero Cropping)

Loading at Origin (Factory / CFS)	Any Transit Mode		Sea/Inland Waterway Transport				Any Transport Mode				
Obligation / Operational Stage	**EXW**	**FCA**	**FAS**	**FOB**	**CFR**	**CIF**	**CPT**	**CIP**	**DAP**	**DPU**	**DDP**
Commercial Packaging & Labelling	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**
Loading at Origin (Factory / CFS)	Buyer	**Seller***	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**
Pre-Carriage to Local Port / Terminal	Buyer	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**
Export Customs & Clearance	Buyer	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**
Origin Terminal Handling (OTHC)	Buyer	Buyer	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**
Loading onto Main Vessel / Flight	Buyer	Buyer	Buyer	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**
Main Carriage / Ocean & Air Freight	Buyer	Buyer	Buyer	Buyer	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**	**Seller**
Transit / Marine Cargo Insurance	Buyer	Buyer	Buyer	Buyer	Buyer	**Seller (C)**	Buyer	**Seller (A)**	Buyer	Buyer	Buyer
Destination Terminal Charges (DTHC)	Buyer	Buyer	Buyer	Buyer	**Seller***	**Seller***	**Seller***	**Seller***	**Seller**	**Seller**	**Seller**
On-Carriage to Final Destination	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	**Seller**	**Seller**	**Seller**
Unloading at Destination Place	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	**Seller**	Buyer
Import Clearance, Duties & Taxes	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	**Seller**

*Notes: *In FCA, Seller loads if at premises. Under CPT/CIP/CFR/CIF, DTHC depends on contract of carriage. CIP requires Institute Cargo Clauses (A); CIF requires Clauses (C).*

10. Transfer of Risk from the Seller to the Buyer

Operational Division: Carriage Arrangement vs. Exact Legal Point where Risk Passes to Buyer

Incoterm	Mode of Transport	Carriage of Goods (Arranged By)	Exact Point of Transfer of Risk
EXW	Any Mode (Multimodal)	Carriage to be arranged by the Buyer	Risk transfers from Seller to Buyer when goods are placed at buyer's disposal at named place (factory/warehouse).
FCA	Any Mode (Multimodal)	Carriage arranged by Buyer (or Seller on Buyer's behalf)	Risk transfers when goods are delivered loaded on buyer's carrier at named place.
CPT	Any Mode (Multimodal)	Carriage to be contracted and arranged by Seller	Risk transfers from Seller to Buyer when goods are handed over to the first carrier.
CIP	Any Mode (Multimodal)	Carriage & Insurance (ICC 'A') arranged by Seller	Risk transfers from Seller to Buyer when goods are handed over to the first carrier.
DAP	Any Mode (Multimodal)	Carriage to be contracted and arranged by Seller	Risk transfers when goods are placed at disposal of buyer on arriving vehicle, ready for unloading.
DPU	Any Mode (Multimodal)	Carriage and Unloading arranged by Seller	Risk transfers when goods are delivered AND unloaded from arriving vehicle at named place.
DDP	Any Mode (Multimodal)	Carriage, Customs Clearance & Duties paid by Seller	Risk transfers when goods are placed at buyer's disposal cleared for import, ready for unloading.
FAS	Sea / Waterway	Carriage to be arranged by the Buyer	Risk transfers from Seller to Buyer when goods are placed alongside the ship (on quay/barge) at port of shipment.
FOB	Sea / Waterway	Carriage to be arranged by the Buyer	Risk transfers from Seller to Buyer when goods are placed safely on board the vessel nominated by Buyer.
CFR	Sea / Waterway	Carriage to be contracted and arranged by Seller	Risk transfers when goods are placed on board the vessel at origin port (Seller pays freight to destination).
CIF	Sea / Waterway	Carriage and Insurance (ICC 'C') arranged by Seller	Risk transfers when goods are placed on board the vessel at origin port (Seller pays freight & marine insurance).

About SYENA Logistics Private Limited

SYENA Logistics Private Limited is a specialized international freight forwarder and multimodal logistics service provider since 2016. With corporate headquarters in Chennai and operations spanning major ports and air cargo complexes across India, SYENA delivers comprehensive supply chain solutions tailored for modern Exim businesses.

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