

OVERVIEW

Incoterms® are a series of pre-defined commercial terms published by the International Chamber of Commerce (ICC) and widely used in international commercial transactions. A series of three-letter trade terms related to common sales practices, the Incoterms rules are intended primarily to clearly communicate the tasks, costs, and risks associated with the transportation and delivery of goods. The Incoterms rules are accepted by governments, legal authorities, and practitioners worldwide for the interpretation of most commonly used terms in international trade. They are intended to reduce or remove altogether uncertainties arising from different interpretation of the rules in different countries. First published in 1936, the Incoterms rules have been periodically updated, with the eighth version—Incoterms 2010—having been published on January 1, 2011.

Incoterms provide a common set of rules to clarify responsibilities of sellers and buyers for the delivery of goods under a sales contract. They apportion transportation costs and responsibilities associated with the delivery of goods between buyers (importers) and sellers (exporters) and reflect modern-day transportation practices. Incoterms significantly reduce misunderstandings among traders and thereby minimize trade disputes and litigation. It is important to note that Incoterms do not cover ownership or transfer title to the goods, nor do they evoke payment terms.

In any sales transaction, it is important for the seller and buyer to agree on the terms of sale and know precisely what is included in the sale price. Exporters should choose the Incoterms that work best for their company, but also be prepared to quote on other terms. They are to be negotiated and agreed upon between buyer and seller prior to order acceptance.

Resources

U.S. COUNCIL FOR INTERNATIONAL BUSINESS (USCIB)

The USCIB is the exclusive distributor of ICC titles in the U.S., including the Incoterms 2010 book.

INCOTERMS FOR AMERICANS

Written in clear U.S. business English by expert Frank Reynolds.

U.S. DEPARTMENT OF COMMERCE – INCOTERMS 2010

Access to more comprehensive definitions and discussion of Incoterms and their use, including a webinar.

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