



March 24th, 2026

Incoterms:

Mitigating risk and managing unnecessary costs





AGENDA

- I. Introduction
- II. Risk in the Supply Chain
- III. Incoterms Deep Dive
- IV. Controlling Costs
- V. Questions

by written authorization only.



SPEAKER INTRODUCTIONS



**Chris
Beckwith**

District Trade
Compliance Manager,
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RISK IN THE SUPPLY CHAIN





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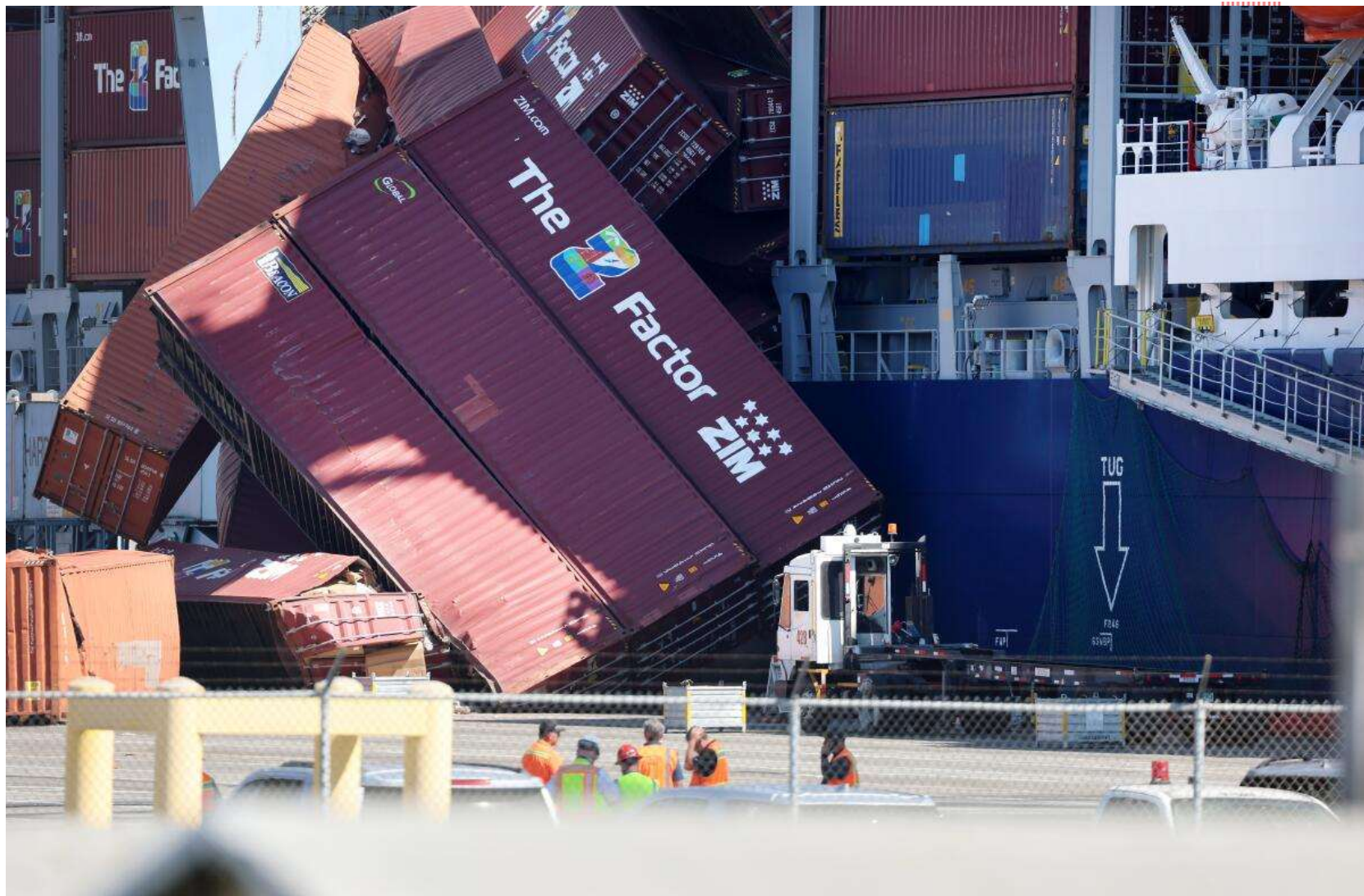
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March 12, 2026

“Ultra-Large Containership OOCL Sunflower Loses 57 Containers In North Pacific Storm”



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CARGO FLOW



CARRIER LIMITS OF LIABILITY

Why? To facilitate global trade and commerce

Must prove negligence and make claim timely

Trucking / Warehousing

- Varies by country, and provider.
- USA: \$0.50 - \$10.00 per lb, with per package or per lot limits

Ocean Freight – COGSA (USA)

- \$500 per customary shipping unit (i.e. a container)
- 17 Defenses including “Act of God” “Act of War” & “Saving Life or Property”
- “General Average” & “Force Majeure”

Air Freight – WARSAW and MONTREAL Convention

- 26 SDR per kilogram (~\$27.00 USD)

INCOTERMS





- Incoterms[®] = **International COmmercial TERMS**
- Developed in 1936 by the International Chamber of Commerce. Revised every decade (2000, 2010, 2020...)
- The Incoterms[®] rules provide internationally accepted standards for interpreting commonly used international trade terms.
- They address:
 - ✓ **OBLIGATIONS**
 - ✓ **COSTS**
 - ✓ **RISKS**
- Think “Seller & Buyer” not “Exporter & Importer”
- Include a “Named Place” ex: FOB Shanghai



WHAT DON'T INCOTERMS DO?

- They are not LAW and not required.
 - Enforceable if specified in the contract (sales order, purchase order)
- They are not ALL INCLUSIVE. Cannot address such issues as customary operations of carriers, ports, trades, gov regulations, etc.
- They do not address passage of title
- They do not address recognition of revenue
- They do not address payment terms for the contract goods
- They do not resolve all possible problems in trade
- They do not expire. For example, sellers could continue to use “Incoterms 2020” terms if desired.

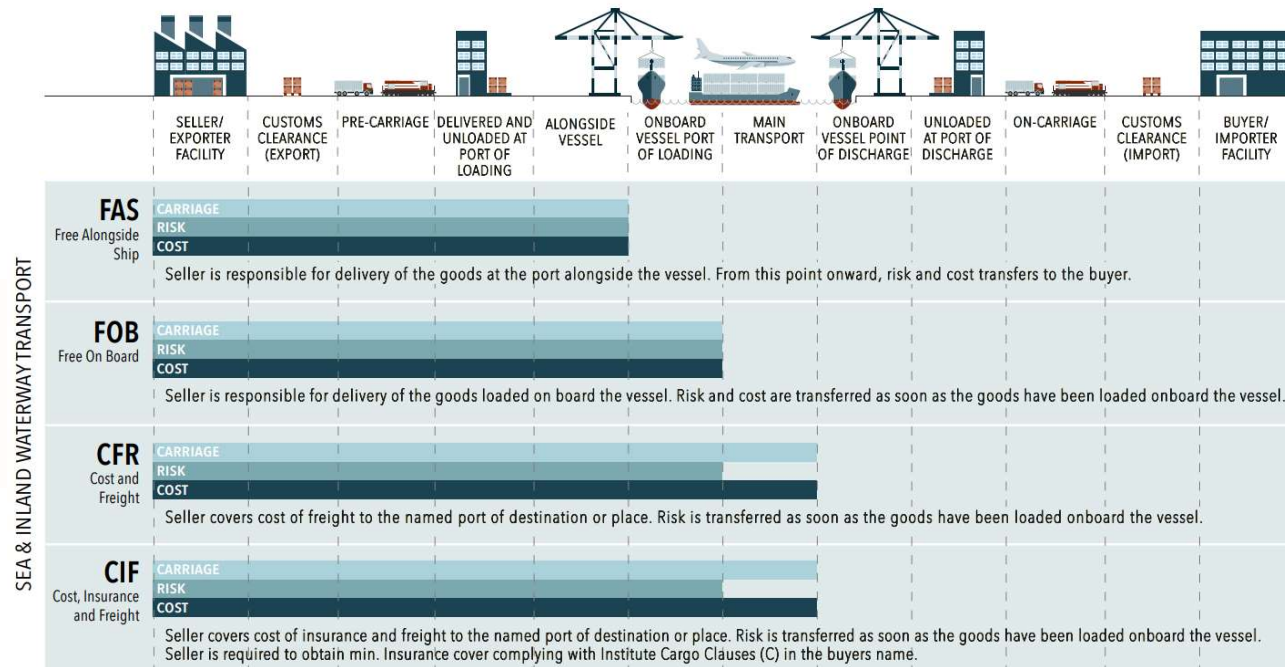
INCOTERMS® 2020 Rules



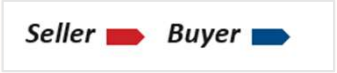
	SELLER/EXPORTER FACILITY	CUSTOMS CLEARANCE (EXPORT)	PRE-CARRIAGE	DELIVERED AND UNLOADED AT PORT OF LOADING	ALONGSIDE VESSEL	ONBOARD VESSEL PORT OF LOADING	MAIN TRANSPORT	ONBOARD VESSEL POINT OF DISCHARGE	UNLOADED AT PORT OF DISCHARGE	ON-CARRIAGE	CUSTOMS CLEARANCE (IMPORT)	BUYER/IMPORTER FACILITY
ANY MODE(S) OF TRANSPORT	EXW EX Works CARRIAGE RISK COST Seller is only responsible for having the goods packed made available at the seller's premises. The buyer bears the full risk and cost from there to the destination, including the loading of the cargo.											
	FCA Free Carrier CARRIAGE RISK COST Seller is responsible for delivery to the named place. Seller is responsible for loading. Risk and cost are transferred to the buyer as soon as delivered at the named place. Unloading is the buyers responsibility.											
	CPT Carriage Paid To CARRIAGE RISK COST Seller arranges the transportation and costs to the named place at destination. Risk is transferred to the buyer once delivered at first carrier.											
	CIP Carriage and Insurance Paid To CARRIAGE RISK COST Seller arranges the transportation, costs, and insurance on behalf of the buyer to the named place at destination. Risk is transferred to the buyer once delivered at first carrier. Seller is required to obtain extensive Insurance cover complying with Institute Cargo Clauses (A) or similar clause in the buyers name.											
	DAP Delivered At Place CARRIAGE RISK COST Seller delivers the goods to the agreed place at destination. Seller assumes all cost and risk until the goods are ready for unloading at named place at destination.											
	DPU Delivered at Place Unloaded CARRIAGE RISK COST Seller assumes all costs and risks until the goods are unloaded at the agreed named place at destination. Buyer is responsible for Import customs formalities.											
	DDP Delivered Duty Paid CARRIAGE RISK COST Seller delivers the goods to the agreed place at destination. Seller assumes all cost, including import formalities, and risk until the goods are ready for unloading at named place at destination.											



INCOTERMS® 2020 Rules



EXW = Ex Works



Seller: Packaged & ready for loading



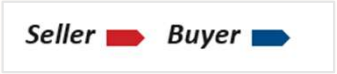
Buyer: Contract all transport, loading, and export customs



Risk Transfers at "named place"



FCA = Free Carrier (Other)



Carriage **Seller:** Export customs, packaging, pre-carriage, loading
From door to buyer's nominated carrier From nominated carrier (named place) to destination

Cost **Buyer:** Main-carriage
All costs until received by nominated carrier All costs after delivery to named place

Risk of Loss or Damage **Risk Transfers** upon arrival, ready for unloading
Freight received by nominated carrier Assumes risk once goods arrive at named place



CPT = Carriage Paid To

Seller → Buyer →

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Carriage **Seller:** Export customs, contracting transport to “named” place

From door to named place

From named place to final destination

Cost **Buyer:** Unloading at “named place”

All costs until goods arrive at named place

All costs after delivery to named place

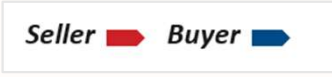
Risk of Loss or Damage **Risk Transfers** once loaded on first carrier

Freight delivered to first carrier

Assumes risk once goods are received by first carrier



CIP = Carriage and Insurance Paid To



Carriage **Seller:** Same as CPT plus contracting for insurance on buyer's behalf

From door to named place at destination along with minimum insurance coverage for buyer From named place to final destination

Cost **Buyer:** Unloading at "named place"

All costs until goods arrive at named place including insurance All costs after delivery to named place

Risk of Loss or Damage **Risk Transfers** once loaded on first carrier

Freight delivered to first carrier Assumes risk once goods are received by first carrier



FAS = Free Alongside Ship

Seller → Buyer →

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Carriage **Seller:** Deliver cargo to ship's side & export customs

From door to alongside the vessel

Alongside the vessel at origin port

Cost **Buyer:** Contracting main-carriage, vessel loading

All costs until alongside vessel

All costs after goods are alongside the export vessel

Risk of Loss or Damage **Risk Transfers Once alongside vessel**

Freight delivered alongside vessel

Assumes risk once goods are alongside the export vessel



FOB = Free On Board

Seller → Buyer →

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Carriage **Seller:** Delivery to & loaded on board vessel, export customs

From door to on board the vessel

On board the vessel to final destination

Cost **Buyer:** Main-carriage costs and risks on board vessel

All costs until on board vessel

All costs after goods are loaded on vessel

Risk of Loss or Damage

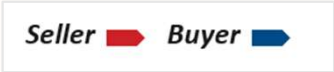
Risk Transfers Once on board vessel

Freight loaded on board vessel

Assumes risk once goods are placed on board the vessel



CFR = Cost and Freight



Carriage **Seller:** Carriage to named port of destination



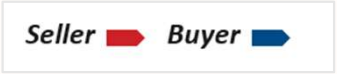
Cost **Buyer:** Unloading and beyond



Risk of Loss or Damage **Risk Transfers Once on board vessel**



CIF = Cost, Insurance, and Freight



Carriage **Seller:** Same as CFR plus minimum insurance



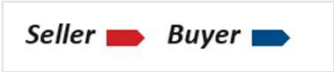
Cost **Buyer:** Unloading and beyond



Risk of Loss or Damage **Risk Transfers Once on board vessel**



DAP = Delivered at Place



Carriage **Seller:** Carriage to named place, NOT unloaded

From door to named place at destination

From named place to any beyond (if applicable)

Cost **Buyer:** Unloading and Import Customs

From door to named place at destination, EXCLUDING Customs clearance, duties, taxes, and unloading

Customs/Duties/Taxes, Unloading, and beyond

Risk of Loss or Damage **Risk Transfers** At named place before unloading

Freight arrived at named place at destination

Arrival at named place, before unloading



DPU = Delivered At Place Unloaded

Seller → Buyer →

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Carriage **Seller:** Contracting carriage to named place including unloading

From door to named place at destination

Any beyond
(if applicable)

Cost **Buyer:** Import Customs

From door to named place at destination, EXCLUDING Customs clearance, duties and taxes, INCLUDING unloading

Customs, Duties,
Taxes

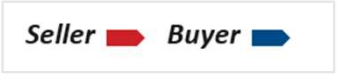
Risk of Loss or Damage **Risk Transfers Unloaded at named place**

Freight arrived at named place at destination

Assumes risk
after unloading



DDP = Delivered Duty Paid



Carriage **Seller:** Carriage to named place, NOT unloaded
From door to named place at destination, including all Customs clearance, duties and delivery fees **Any Beyond**

Cost **Buyer:** Unloading
From door to named place at destination, INCLUDING all Customs clearance, duties and taxes, EXCLUDING unloading **Unloading, any beyond**

Risk of Loss or Damage **Risk Transfers** At named place before unloading
Freight arrived at named place at destination **Arrived, before unloading**



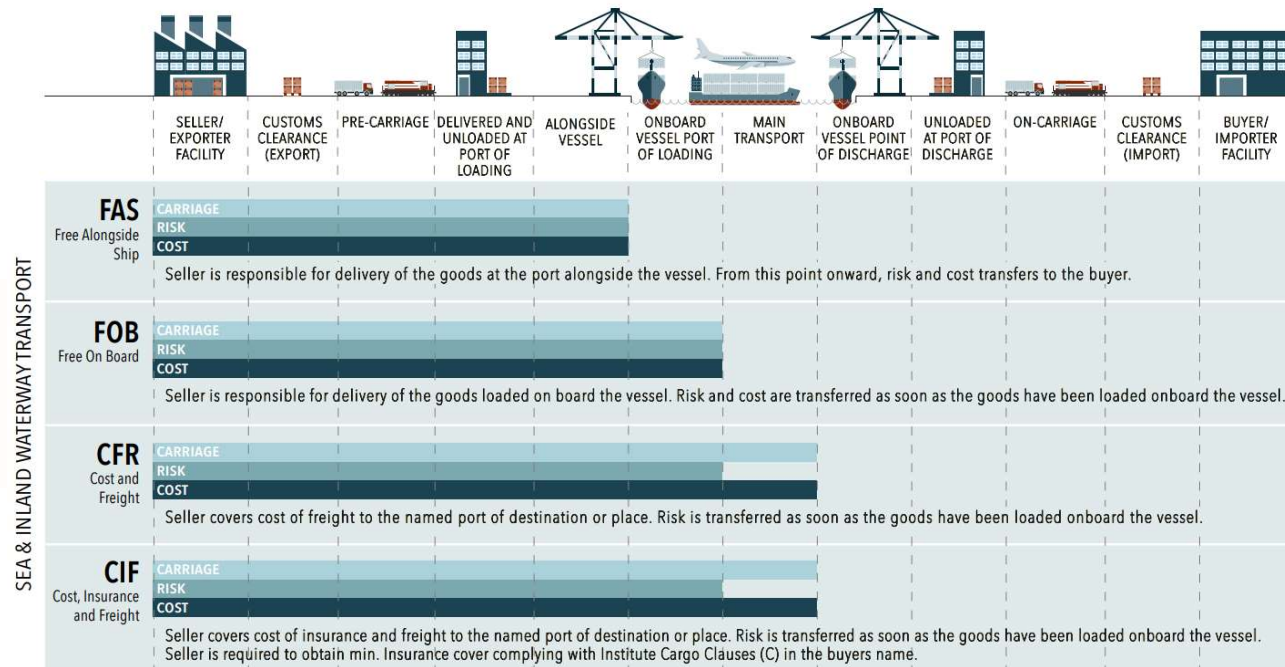
INCOTERMS® 2020 Rules



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INCOTERMS® 2020 Rules





Proper use of Incoterms

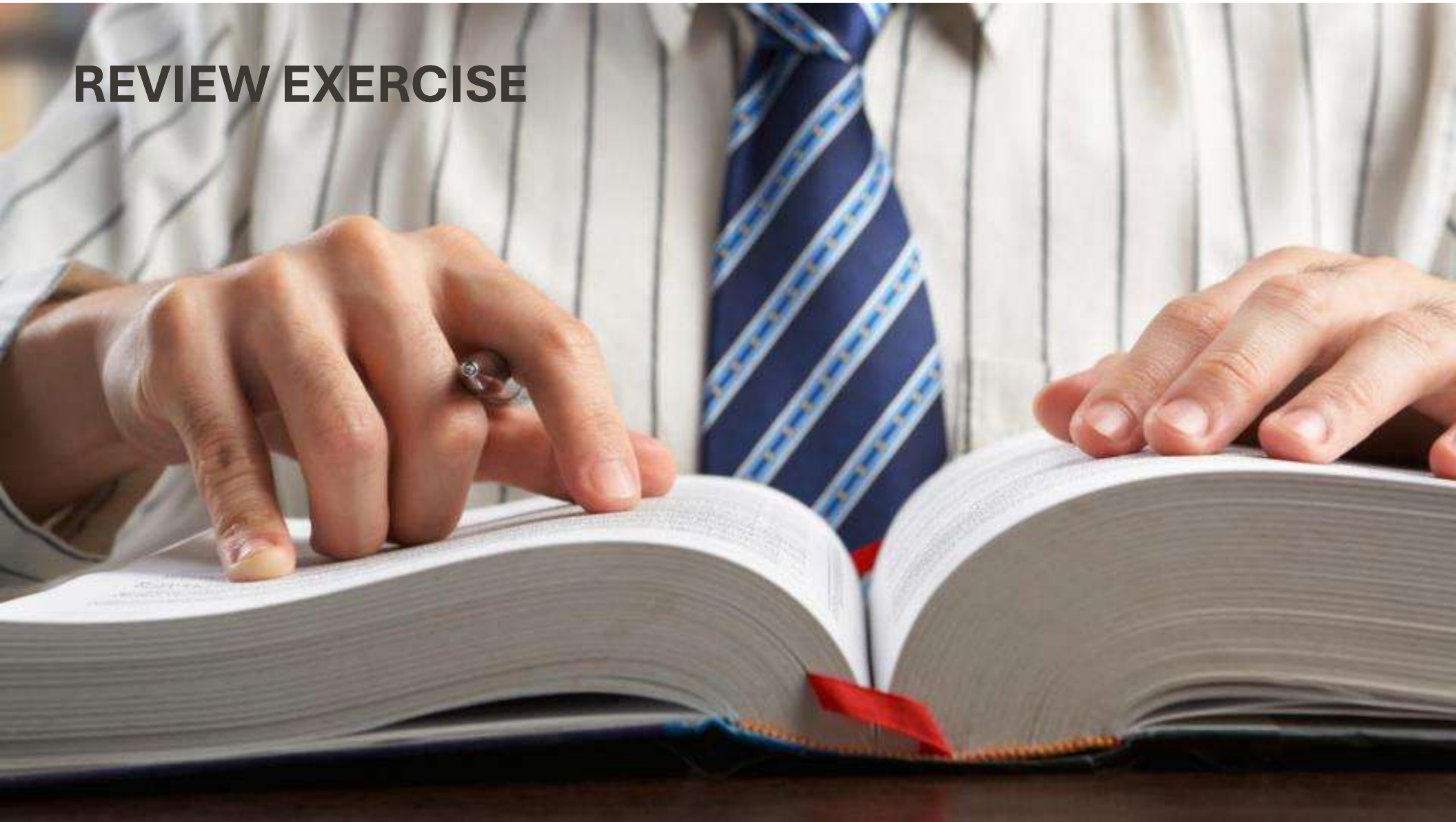
- Incoterm + Named Place + Incoterms year
FOB Yangshan Port Incoterms 2020
DDP Expeditors Raleigh Incoterms 2010
- “Named place” should be as specific as possible. Typically, a city but specifying the terminal, or airport is even better.
- Use a term that makes sense for your mode. Incoterms are for INTERNATIONAL shipping:
“FOB” shouldn’t be used for domestic trucking.
“FAS” is an Ocean term and shouldn’t be used for an air freight shipment.



CONTROLLING COSTS



REVIEW EXERCISE




AUDIENCE QUESTION #1

Incoterms[®]
2020 by the International
Chamber of Commerce (ICC)

What is the next year that Incoterms
will be revised?

- 2027
- 2030
- 2035
- 2040

2030




AUDIENCE
QUESTION
#2

UNDER **EXW** terms...

Who is responsible for export clearance and loading the truck at the named place: Seller or Buyer?

BUYER



AUDIENCE
QUESTION
#3

TRUE or FALSE

Incoterms 2020 will expire when the ICC releases updated Incoterms 2030

FALSE

Incoterms do not expire

BUYER OR SELLER?

A ship runs aground from China to LAX, the buyer and seller had agreed on **EXW** (Ex Works) terms. Who is responsible for any damage that occurs?



BUYER OR SELLER?

A crane smashed into some containers at the loading port causing damage to the freight inside. The buyer and seller had agreed on **FOB** terms.

Who is responsible for the damage?



BUYER OR SELLER?

An airline unit load device (ULD) was sucked into the jet engine on a shipment headed to London.

The agreed terms were DDP, so who is responsible?



ADDITIONAL RESOURCES



Incoterms® 2020 resources

<https://iccwbo.org/>

WEBINAR



Driving Strategic Response to Trade Turbulence in the Automotive Industry

March 26
11:00am-12:00pm EST
Webinar
English

<https://www.expeditors.com/events>

EXPEDITORS NEWSFLASH

<https://info.expeditors.com/newsflash>



QUESTIONS?



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