

Incoterms 2000

Critical points in international transports

In this description, a critical point is that point in transit at which the seller's obligations cease and the buyer's obligations commence.



This chart aims at illustrating the relationship between the seller and the buyer in international trade, and at providing a useful tool both for day-to-day work and for drawing up contracts of sale.

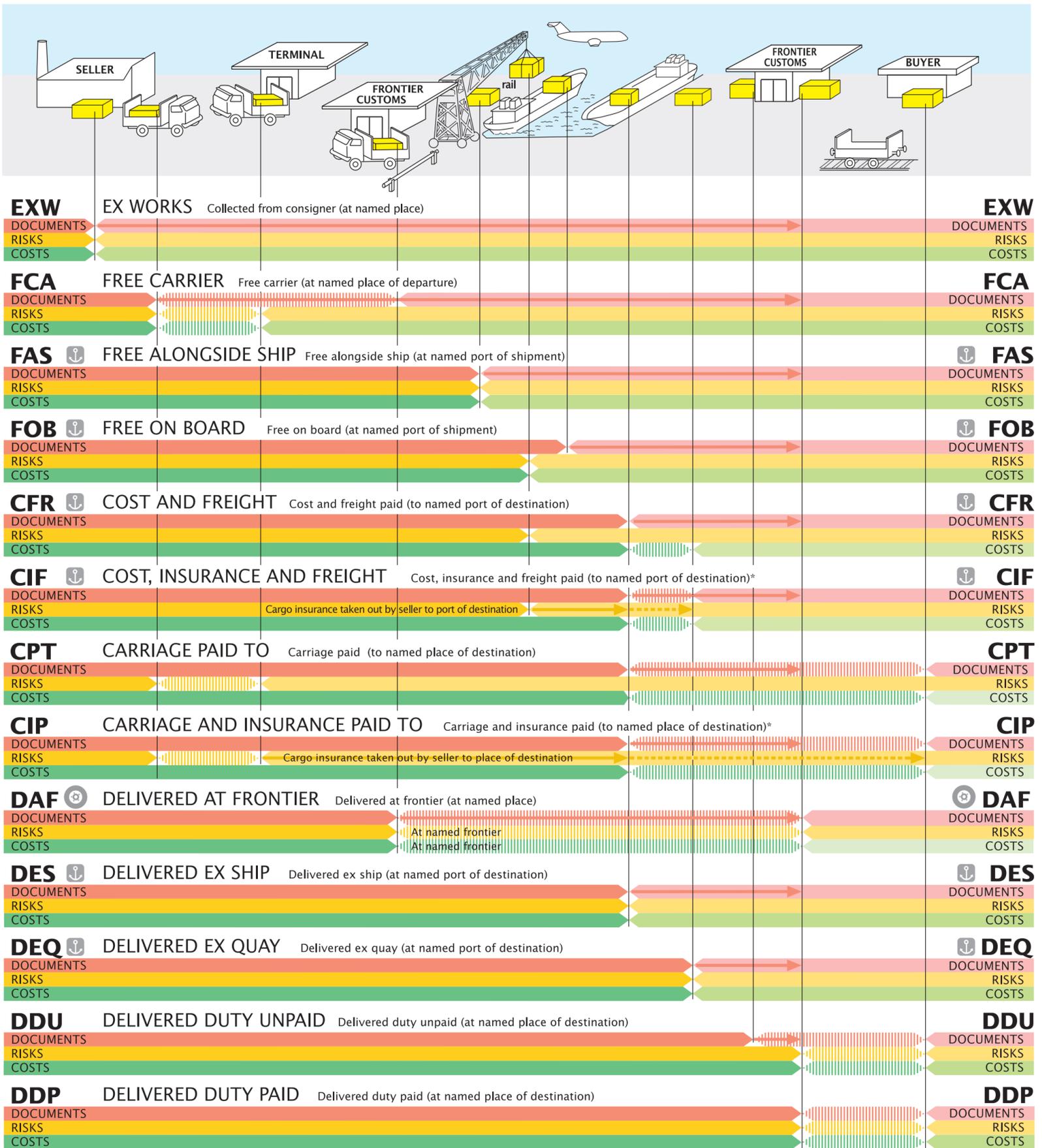
The chart is based on the trade terms contained in Incoterms 2000 approved by the International Chamber of Commerce and dealing with the seller's and buyer's obligations to one another. The trade terms only concern obligations stipulated in the contract of sale. As the Incoterms take the form of written text, it is difficult to illustrate in a simple manner all the different situations occurring in international transports.

The contracting parties may adopt the Incoterms as such as the basis for their contract, but in certain cases amendments and additions can be made.

In case of difference of interpretations between this chart and the Incoterms, the latter shall be decisive. As for differences of interpretation between the Finnish and English-language Incoterms, the latter takes precedence. To avoid misinterpretation, this chart should be used together with Incoterms 2000.



International Chamber of Commerce
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KEY TO THE TERMS USED

EXW, FCA etc.

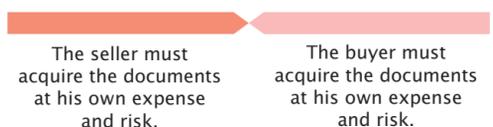
The official abbreviations for the trade terms.

- Trade term applicable to transport by ship
- Trade term applicable to land transport

All other trade terms are applicable to any mode of transport.

Documents

Documents refers to the seller's and the buyer's obligation to acquire documents to be produced at certain stages of transit. The validity of the documents are, however, not indicated. Such documents include, for instance, export licences, certificates of origin, transport documents and insurance certificates.



The seller acquires the documents, where requested by the buyer, at the buyer's expense and risk. The buyer is responsible for the documents being valid for a specific purpose.

Risks

Exposure to an event which may cause loss of or damage to goods is referred to as a risk. Insurance can be taken out against most risks.



Costs

All expenses for goods and transport of goods are referred to as costs.



The critical point to be defined separately in the contract

The trade terms do not define the critical point. Therefore, the critical point, i.e. the place where all contractual obligations are transferred from the seller to the buyer, must be precisely defined in the contract.

*Insurance

Under the CIP and CIF clauses, the seller must, on behalf of the buyer, take out insurance at his own expense against transport risks. The clauses provide that the insurance shall be taken on at least the minimum terms and conditions – such as the Institute Cargo Clauses (C) – unless the seller and the buyer agree otherwise. These clauses cover, however, only part of the cargo risks.



Cargo insurance taken out by the seller up to the named port of destination or the named place of destination.



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