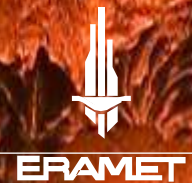




INCOTERMS 2010

ICC new rules for the use of domestic and international trade terms

DES ALLIAGES,
DES MINERAIS ET DES HOMMES.



Incoterms 2010

- ❑ Why having defined new Incoterms rules ?
 - To keep pace with the development of international trade
 - ⇒ Customs-free zones
 - ⇒ Increased use of electronic communication in business transactions
 - ⇒ Heightened concern about security in movement of goods
 - To keep pace with changes in transport practices
 - ⇒ More and more containers
 - ⇒ Multimode transports

- ❑ Target of new Incoterms rules
 - Clearly define the parties' respective obligations
 - Reduce the risk of legal complications
 - Clear and simple presentation of rules

- ❑ Coming into force on 1st January 2011

- ❑ Eramet Alloys the most utilized Incoterms :
 - EXW, FOB, CFR, CIF, CPT, CIP, DDU, DDP



Incoterms 2010

□ Main features of Incoterms 2010 rules

- Number of rules has been reduced from 13 to 11
- New « D » rules
 - ⇒ Incoterms 2000 DAF (Delivered at Frontier), DES (Delivered ex Ship), DEQ (Delivered ex Quay) et DDU (Delivered Duty Unpaid) **deleted**
 - ⇒ **Replaced** by Incoterms 2010 DAT and DAP
 - Delivery At Terminal
 - Delivery At Place
- Classification in two distinct classes
 - ⇒ Rules for any mode or modes of transport
 - ⇒ Rules for sea and inland waterway transport
- Rules for domestic and international trade
- Electronic communication means taken into consideration
- More information regarding insurance
- More information regarding customs and security-related clearances
- More information regarding freight and handling charges
- More information regarding string sales
- « Ship's rail » deleted

Incoterms 2010

❑ How to use the Incoterms 2010 rules ?

- Incorporate the Incoterms rules into the contract of sale
- Choose the appropriate Incoterms rule
- Specify the place or port as precisely as possible
- The Incoterms rules do not replace a contract of sales

❑ May you derogate to the Incoterms 2010 rules ? Yes, but it is risky

- As far as respective obligations of the parties are clearly defined in the sales contract
- As far as the earliest publication is clearly mentioned. Example: DDU Incoterms 2000

• **What needs to be done:**

- **For all new contracts, make sure that you are using the new Incoterms**
- **Identify the customers with whom the contracts show the canceled Incoterms and prepare a negotiation in order to use the new ones.**

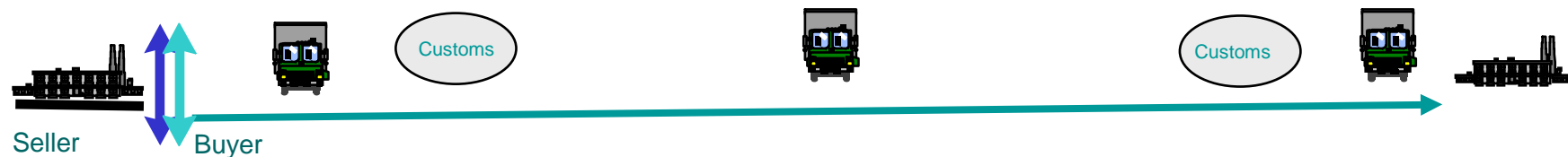
⇒ BUT: make sure that the incoterm is well and fully identified. The incoterm gives the adjusting values that are the base for the calculation of the custom value.

Incoterms 2010 : rules for any mode or modes of transport

□ EXW / Ex Works

- EXW + insert named place of delivery (usually premises of the seller)
 - The seller's obligations
 - ⇒ Place the goods at the disposal of the buyer at the named place
 - ⇒ Provide the buyer assistance for the export of goods
 - ⇒ Provide the buyer all information regarding goods
 - The buyer's obligations
 - ⇒ Take delivery and load goods onto mode of transport
 - ⇒ Bear all costs and risks
 - ⇒ Carry out all customs formalities and obtain export and import license (even if most of the times the sellers does it)
 - ⇒ No obligation to insure the goods
- To be noted that in most of the case, Eramet Alloys is making the exports customs formalities for the following reasons:
- ⇒ For exports of war material (specific documentation)
 - ⇒ For fiscal reasons (no VAT if proof of export)

**In these cases we support these costs that we do not charge to the buyer.
Therefore, kindly avoid EXW (same for FCA).**



Incoterms 2010 : rules for any mode or modes of transport

□ FCA / Free Carrier

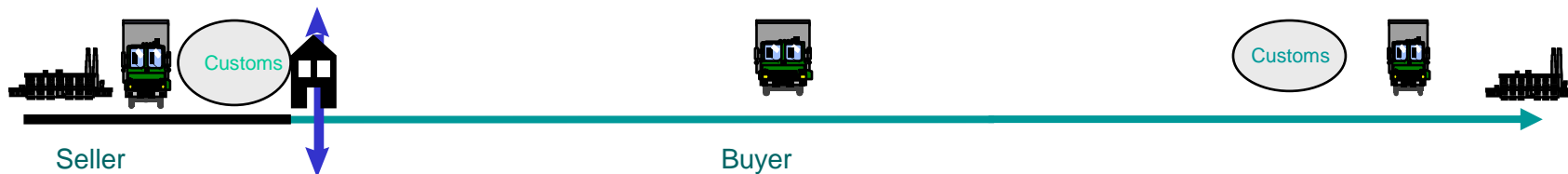
- FCA + insert named place of delivery
- The seller's obligations
 - ⇒ Place the goods at the disposal of the buyer at the named place
 - ⇒ Provide the buyer assistance for the export of goods
 - ⇒ Provide the buyer all information regarding goods
- The buyer's obligations
 - ⇒ Take delivery and load goods onto mode of transport
 - ⇒ Bear all costs and risks
 - ⇒ Carry out all customs formalities and obtain export and import license
 - ⇒ No obligation to insure the goods



Incoterms 2010 : rules for any mode or modes of transport

□ CPT / Carriage Paid To

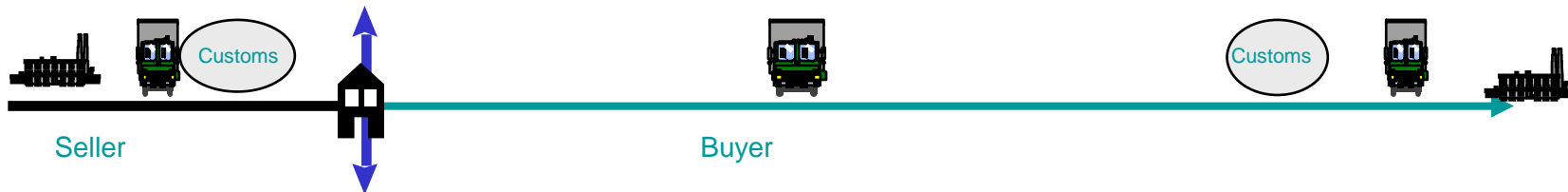
- CPT + insert named place of destination
- The seller's obligations
 - ⇒ Place the goods at the disposal of the buyer at the named place
 - ⇒ Carry out customs formalities for export and obtain export license
 - ⇒ Provide the buyer all information regarding goods
 - ⇒ Bear all costs and risks until delivery at place of destination
- The buyer's obligations
 - ⇒ Take delivery and load goods onto mode of transport
 - ⇒ Bear all costs and risks
 - ⇒ Carry out all customs formalities for import and obtain import license
 - ⇒ No obligation to insure the goods



Incoterms 2010 : rules for any mode or modes of transport

□ CIP / Carriage & Insurance Paid to

- CIP + insert named place of destination
- The seller's obligations
 - ⇒ Place the goods at the disposal of the buyer at the named place
 - ⇒ Obtain cargo insurance complying at least with Clause C of London ICC
 - ⇒ Carry out customs formalities for export and obtain export license
 - ⇒ Provide the buyer all information regarding goods
 - ⇒ Bear all costs and risks until delivery at place of destination
- The buyer's obligations
 - ⇒ Take delivery and load goods onto mode of transport
 - ⇒ Bear all costs and risks
 - ⇒ Carry out all customs formalities for import and obtain import license



Incoterms 2010 : rules for any mode or modes of transport

□ DAT / Delivery At Terminal

- DAT + insert named terminal at port airport or place of destination
- The seller's obligations
 - ⇒ Carry the goods to the named terminal at port or place of destination
 - ⇒ Carry out customs formalities for export and obtain export license
 - ⇒ Provide the buyer all information regarding goods
 - ⇒ Bear all costs and risks until delivery at the named terminal at port or place of destination
- The buyer's obligations
 - ⇒ Take delivery and load goods onto mode of transport
 - ⇒ Bear all costs and risks from delivery at the named terminal at port or place of destination
 - ⇒ Carry out all customs formalities for import and obtain import license
 - ⇒ No obligation to insure the goods



Incoterms 2010 : rules for any mode or modes of transport

□ DAP / Delivery At Place

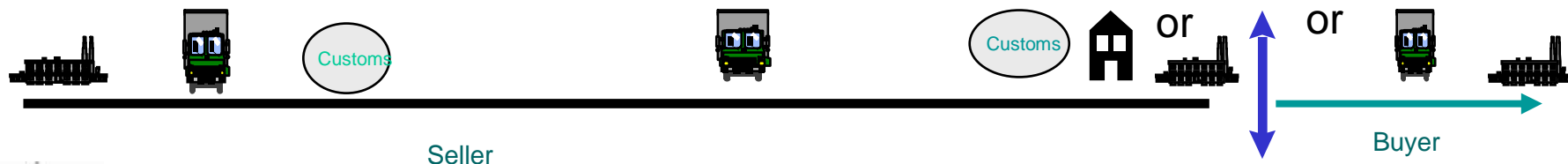
- DAP + insert named place of destination
- The seller's obligations
 - ⇒ Carry the goods to the place of destination
 - ⇒ Carry out customs formalities for export and obtain export license
 - ⇒ Provide the buyer all information regarding goods
 - ⇒ Bear all costs and risks until delivery at the place of destination
- The buyer's obligations
 - ⇒ Take delivery and load goods onto mode of transport
 - ⇒ Bear all costs and risks from delivery at the place of destination
 - ⇒ Carry out all customs formalities for import and obtain import licence
 - ⇒ No obligation to insure the goods



Incoterms 2010 : rules for any mode or modes of transport

□ DDP / Delivery Duty Paid

- DDP + insert named place of destination
- The seller's obligations
 - ⇒ Carry the goods to the named place of destination
 - ⇒ Place goods at disposal of the buyer on the arriving means of transport ready for unloading at the named place of destination
 - ⇒ Carry out customs formalities for export/import and obtain export and import license
 - ⇒ Provide the buyer all information regarding goods
 - ⇒ Bear all costs and risks until delivery at the named place of destination
- The buyer's obligations
 - ⇒ Take delivery of goods at the named place of destination
 - ⇒ Bear all costs and risks from delivery at the place of destination
 - ⇒ Assist the seller for all customs formalities and obtain license
 - ⇒ No obligation to insure the goods



Incoterms 2010 : rules for sea and inland waterway transport

□ FAS / Free Alongside Ship

- FAS + insert named port of shipment
- The seller's obligations
 - ⇒ Deliver the goods alongside of the ship at the named port of shipment
 - ⇒ Carry out customs formalities for export and obtain export license
 - ⇒ Provide the buyer all information regarding goods
 - ⇒ Bear all costs and risks until delivery at the named port of shipment alongside ship
- The buyer's obligations
 - ⇒ Take delivery and load goods onto the ship
 - ⇒ Bear all costs and risks from delivery alongside ship
 - ⇒ Carry out all customs formalities for import and obtain import license
 - ⇒ No obligation to insure the goods



Incoterms 2010 : rules for sea and inland waterway transport

□ FOB / Free On Board

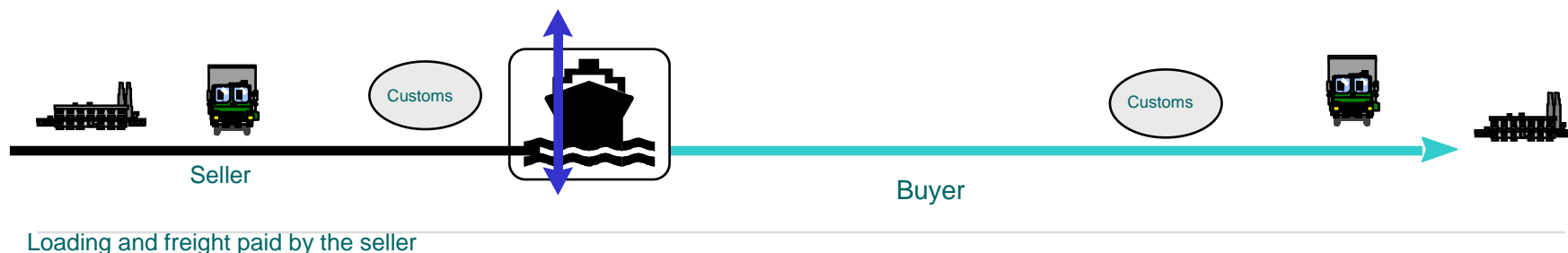
- FOB + insert named port of shipment
- The seller's obligations
 - ⇒ Deliver the goods on board the vessel at the named port of shipment
 - ⇒ Carry out customs formalities for export and obtain export license
 - ⇒ Provide the buyer all information regarding goods
 - ⇒ Bear all costs and risks until delivery on board the vessel at the named port of shipment
- The buyer's obligations
 - ⇒ Take delivery of the goods on board the vessel
 - ⇒ Bear all costs and risks from delivery on board the vessel
 - ⇒ Carry out all customs formalities for import and obtain import license
 - ⇒ No obligation to insure the goods



Incoterms 2010 : rules for sea and inland waterway transport

□ CFR / Cost & Freight

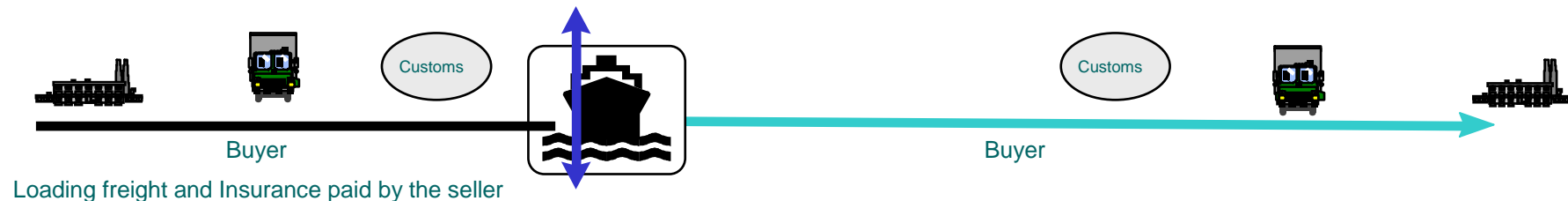
- CFR + insert named port of destination
- The seller's obligations
 - ⇒ Deliver the goods on board the vessel at the named port of shipment
 - ⇒ Carry out customs formalities for export and obtain export license
 - ⇒ Provide the buyer all information regarding goods
 - ⇒ Bear costs and freight until port of destination
 - ⇒ Bear risks until delivery of goods on board the vessel at the named port of shipment
- The buyer's obligations
 - ⇒ Bear risks from delivery of goods on board the vessel at the named port of shipment
 - ⇒ Carry out all customs formalities for import and obtain import license
 - ⇒ No obligation to insure the goods



Incoterms 2010 : rules for sea and inland waterway transport

❑ CIF / Cost Insurance & Freight

- CIF + insert named port of destination
- The seller's obligations
 - ⇒ Deliver the goods on board the vessel at the named port of shipment
 - ⇒ Carry out customs formalities for export and obtain export license
 - ⇒ Provide the buyer all information regarding goods
 - ⇒ Bear costs and freight until port of destination
 - ⇒ Bear risks until delivery of goods on board the vessel at the named port of shipment
 - ⇒ Obtain cargo insurance complying at least with Clause C of London ICC
- The buyer's obligations
 - ⇒ Bear risks from delivery of goods on board the vessel at the named port of shipment
 - ⇒ Carry out all customs formalities for import and obtain import license



CONTACT

- ❑ **Franck Nadel**
- ❑ Purchase Transport Manager
- ❑ ERAMET ALLIAGES
- ❑ Aubert et Duval/Erasteel
- ❑ Tel. Paris : + 33 145 383 735
- ❑ Tel. Clermont: + 33 473 287 531
- ❑ Cell.: + 33 673 875 499

