

USE OF INCOTERMS 2020 IN MULTIMODAL TRANSPORTATION

Kozak L.I., Tyshko D.V.

National Aviation University, Kyiv

Supervisor - Ostapenko T.G. cand. of econ. sc., assoc. prof.

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There are many nuances in every trade. In order not to waste time with negotiations, codified rules - Incoterms - have been developed.

Incoterms - International Trade Topics - are standard terms of a sales contract that are predefined in an international document. The entire list of obligations and conditions has been carefully analyzed and grouped into 11 terms.

For example, "Basic Delivery Conditions" appeared in the trade, each describing the obligations of the seller and the buyer in detail and defining the point in time at which the risk of accidental loss of goods is transferred. The International Chamber of Commerce develops uniform rules.

Each of the Incoterms 2020 rules mainly deals with the three main topics:

- Distribution of transport costs between seller and buyer. The specific location and even the location of the goods is determined (e.g. in the case of sea delivery: along the ship or already on board the ship) when the financing is changed.
- The moment when the buyer replaces the seller who is responsible for the risk of loss, damage or accidental destruction of the goods being moved is a critical moment.

- The delivery date of the goods is determined, i.e. the exact point in time is determined at which the seller actually has to fulfill his obligations to hand over the goods either through the seller or a representative of the transport company.

Each term in Incoterms 2020 is identified with three Latin letters and divided into four groups of basic delivery conditions for products (E, F, C and D). Group "E" sets the minimum obligations of the seller to sell the goods; The groups "F" and "C" impose more extensive obligations on the seller, in the fulfillment of which he is obliged to transfer the goods to the carrier, who can be chosen by both the seller and the buyer. The seller may also be responsible for insuring the shipment. When using group "D", the seller's obligations become maximum and include the delivery of the goods to the buyer at the destination (billing or terminal). They are divided according to the division of responsibilities between the parties to a foreign trade agreement.

Due to the fact that some terms only refer to a certain type of transport, all the basic conditions can be divided:

The first type comprises the seven INCOTERMS 2020 rules that can be applied regardless of the selected means of transport and its quantity (multimodal transport). This class contains the following terms: EXW, FCA, CPT, CIP, DAP, and DDP.

In the second class of the INCOTERMS 2020 rules, the place of delivery and the place where the goods are delivered to the buyer are ports.

Therefore, this class is referred to as “For maritime and inland waterway traffic”. It includes the following terms: FAS, FOB, CFR, and CIF.

We will disclose the terms of use of Incoterms in multimodal transport and learn more about them.

1. EXW (EX-WORKS): The seller is only responsible for ensuring that the goods are available at the specified location (usually in the seller's warehouse or warehouse) in proper packaging. From now on the buyer is responsible for the customs clearance of the goods for the export and the organization of the export and transport.

2. FCA (Free Carrier): The seller is responsible for delivering the goods to his premises, which have already received the export license, and loading the goods onto the selected vehicle.

3. CPT (Carriage Paid To): The seller delivers the goods to the carrier and is responsible for paying the transport costs. The seller's liability expires when the goods are handed over to the carrier.

4. CIP (transport and insurance paid to): The seller delivers the goods to the carrier and is responsible for freight and insurance payments.

5. DAP (Delivered In Place): The seller is responsible for the goods until they are unloaded at the place of delivery. That is, the seller is responsible for unloading the goods. The buyer is responsible for any customs clearance or import duties, and the seller bears all costs and risks until the goods reach the delivery location.

6. DDP (Delivered Duty Paid): The seller delivers the goods to the buyer ready for unloading, whereby all duties, taxes and import duties are paid. The buyer is solely responsible for unloading the goods upon arrival.

Thus, having considered all the rules of Incoterms 2020 for multimodal transportation, we can conclude that they play a major role in the organization of transportation and regulate the most important issues, namely: the distribution of transport costs between seller and buyer, determining delivery dates, etc.

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