

# CHAPTER 2

## IMPORT AND EXPORT LOGISTICS



# Elements of international trade logistics

- 1. Logistics strategies for international trade
- 2. Logistics Process for International Trade
- 3. Logistics Operations for International Trade

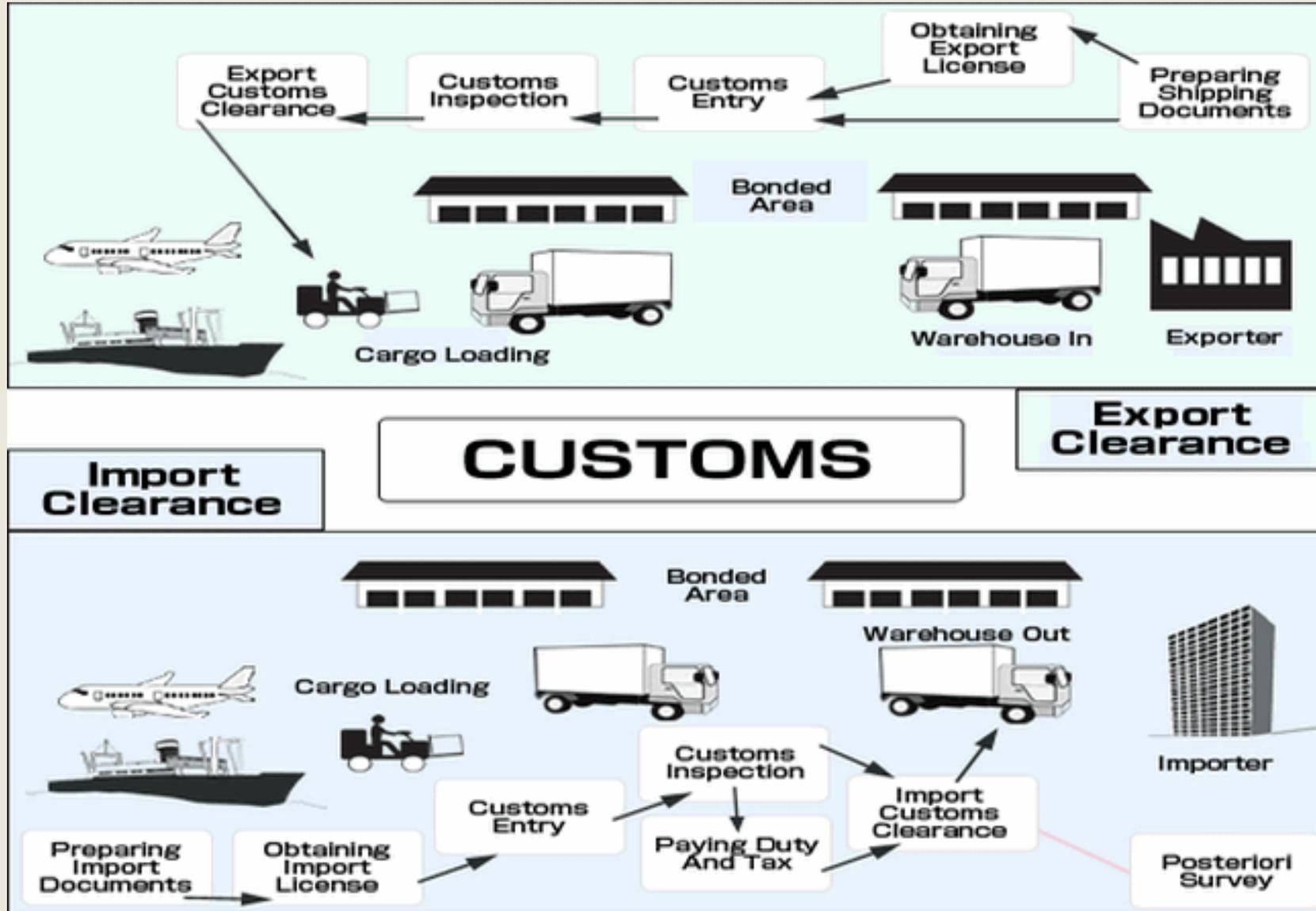


# Logistics and Supply Chain Problems

- 1. International Trade Logistics Problems
- 2. Other problems
  - General import-export problems
  - Trade Policy Issues
  - Transportation



# Import and Export Process



# International Commercial Terms

- **Incoterms (International Commercial Terms):** An international trade agreement is a condition or condition for delivery of goods. Between buyer and seller Incoterms usually has a 10-year agenda to review and revise the content and is maintained and protected by the International Chamber of Commerce (ICC) such as INCOTERMS 2000, INCOTERMS 2010 and INCOTERMS 2020



# Incoterms 2020

Includes 11 Terms

## ■ EXW : Ex Works

- Seller delivers the product at the storefront / factory front by the vehicle that will pick up the product.
- The buyer bears the risk of damage or loss since delivery of the product.
- Delivery Cost: The buyer bears all moving costs from the moment the goods are delivered. From the seller's storefront / factory front.
- Customs Clearance: The buyer clears customs outbound/border/inbound (the seller only provides information and documentation for export).

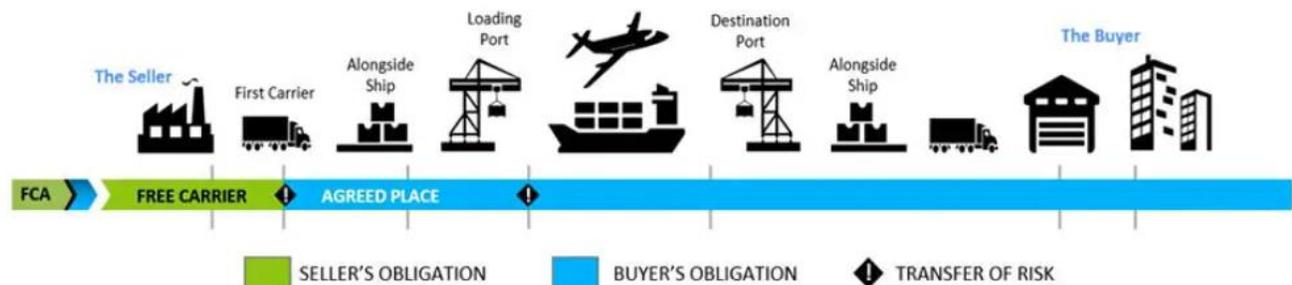


# FCA : Free Carriage

- The Seller delivers the goods to the carrier's vehicle at the buyer's point. Arrange for pick-up at the specified location.
- The buyer bears the risk of loss or damage to the goods from the moment the goods are delivered.
- Delivery Cost: The buyer bears all moving costs from the moment the goods are delivered.
- Customs Clearance: The buyer clears customs outbound/border/inbound (the seller only provides information and documentation for export).

## INCOTERMS 2020 || FCA

### Point of Delivery and Transfer of Risk



# FAS : Free Alongside Ship

- The Seller delivers the goods by placing the goods on the side of the buyer's vessel at the specified port of origin.
- The buyer bears the risk of loss or damage to the goods from the moment the goods are delivered.
- Delivery Cost: The buyer bears all moving costs from the moment the goods are delivered.
- Customs Clearance: The seller clears the customs of departure at the origin. The buyer clears the border/arrival.



# FOB : Free on Board

- The Seller delivers the goods to the buyer's vessel at the specified port of origin.
- The buyer bears the risk of loss or damage to the goods from the moment the goods are delivered.
- Delivery Cost: The buyer bears all moving costs from the moment the goods are delivered.
- Customs Clearance: The seller clears the customs of departure at the origin. The buyer clears the border/arrival.



# CFR : Cost and Freight

- The Seller delivers the goods on board the vessel at the specified port of export.
- The buyer bears the risk of damage or loss since delivery of the product.
- Delivery Cost: The buyer bears all the cost of moving the goods. Starting from the cost of unloading the cargo from the vessel at the port of destination.
- Customs Clearance: The seller clears the export customs. The buyer clears the border/arrival.



# CIF : Cost Insurance and Freight

- The Seller delivers the goods on board the vessel at the specified port of export and must enter into an insurance contract and pay for the insurance from the port of origin to the port of destination.
- The buyer bears the risk of damage or loss since delivery of the product.
- Delivery Cost: The buyer bears all the cost of moving the goods. Starting from the cost of unloading the cargo from the vessel at the port of destination.
- Customs Clearance: Is the seller clearing customs outbound.



# CPT : Carriage Paid To

- Seller delivers the goods to the carrier that he or she hires to deliver the goods to the specified place of destination.
- The Buyer bears the risk of damage or loss from the moment the Seller delivers the Goods to the Seller's hired carrier at the specified point.
- Delivery Cost: The seller is responsible for the cost of moving all goods to the specified place of destination.
- Customs Clearance: The seller clears the export customs. The buyer clears the border/arrival.



# CIP : Carriage and Insurance Paid To

- The Seller delivers the goods to the carrier that he or she employs, delivers the goods to the specified destination location, and must enter into a risk insurance contract and pay the insurance fee to the buyer from the point of delivery to the carrier hired by the seller to the specified place of destination.
- The Buyer bears the risk of damage or loss from the moment the Seller delivers the Goods to the Seller's hired carrier at the specified point.
- Delivery Cost: The seller is responsible for the cost of moving all goods to the specified place of destination.
- Customs Clearance: The seller clears the export customs. The buyer clears the border/arrival.



# DPU: Delivered at Place Unloaded

- The seller delivers the goods at all costs and risks until the unloading of the goods from the vehicle to the specified destination loading and unloading terminal. In the contract of carriage.
- The buyer bears all risks of the product once the product is delivered.
- Delivery Cost: The seller pays all costs associated with the goods up to the specified place of delivery. Under the contract of carriage
- Customs Clearance: The seller clears the customs of departure and border clearance.
- Remarks : \*Before INCOTERMS 2020, DPU was called DAT(Delivery at Terminal).



# DAP : Delivered at Place

- Seller deliver the goods on a transport vehicle that is ready to unload the goods at the specified place of destination (no unloading required).
- The buyer bears all risks of the product once the product is delivered.
- Delivery Cost: The seller pays all costs associated with the goods up to the specified place of delivery. Under the contract of carriage.
- Customs Clearance: The seller clears the customs of departure and border clearance.
- Remarks: \*\*Before INCOTERMS 2020, DAP was called DDU (Delivered Duty Unpaid).



# DDP : Delivered Duty Paid

- Seller: The seller delivers the goods on the arriving transport vehicle ready to unload the goods at the agreed point at the specified place of destination (no unloading required).
- The buyer bears all risks of the product once the product is delivered.
- Delivery Cost: All costs associated with the goods and transportation are borne by the seller until they are delivered to the specified delivery location. Under the contract of carriage
- Customs Clearance: The seller clears all departure/border/arrival customs.



# Risks, Costs and Quotes from Trade Conditions



# End & Questions



# End-of-chapter questions

- 1. What are the elements of international trade logistics?
- 2. What does the logistics process for international trade involve?
- 3. Describe the import and export process.
- 4. Describe the problems of international trade logistics.
- 5. What are the terms of international trade? How each type looks the same or differs, compare them in terms of risk, cost, and bidding?