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Кафедра «Іноземні мови»

МЕТОДИЧНІ ВКАЗІВКИ

до теми

**“Термінологія зовнішньоекономічної діяльності
INCOTERMS”**

з курсу „Ділова англійська мова”

Харків 2009

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Видання підготовлено відповідно до програми навчальної дисципліни і є складовою навчально-методичного комплексу дисципліни „Іноземна мова”.

Методичні вказівки складаються з чотирьох розділів (*Units*): *International Commercial Terms* (Терміни міжнародної торгівлі), *Incoterms for Shipping* (Терміни для навантаження, перевезення та розвантаження вантажу), *Incoterms for multimodal transport and Incoterms covering payment of duty* (Термінологія мультимодальних перевезень і терміни, що описують оплату мита) та *Groups of Terms* (Групи термінів). Для більшої наочності до деяких термінів надані схеми. До кожної теми розроблено словник активної лексики, лексичні та граматичні вправи.

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МЕТОДИЧНІ ВКАЗІВКИ

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УКРАЇНСЬКА ДЕРЖАВНА АКАДЕМІЯ ЗАЛІЗНИЧНОГО ТРАНСПОРТУ

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Кафедра “Іноземні мови”

Методичні вказівки до теми
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(англійська мова)

Харків, 2008

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UNIT 1

INTERNATIONAL COMMERCIAL TERMS

business agreement – торгівельна угода (контракт)

definition – *n* визначення

delivery – *n* доставка

purchase – *n* купівля, придбання

ship – *v* перевозити, відправляти, грузити; **shipment** – *n* вантаж, партія вантажу; перевезення, поставка; **courier service-based**

shipment – кур'єрська доставка

require – *v* вимагати; **requirement** – *n* вимога

commercial invoice – торгівельний рахунок-фактура

obligation – *n* зобов'язання, відповідальність, *syn* **liability**

merchandise – *n* товари

expenses – *n* витрати

insurance – *n* страхування

possession – *n* володіння, майно

lawsuit – *n* судовий процес

address – *v* вирішувати, вживати заходів, реагувати на

clear goods through the customs – *v* очищати товари від мита, проводити товари через митницю

carriage – *n* перевезення

Exercise 1

Find synonyms for the following words. Consult your dictionary or use the text.

Complex (*adj*), major (*adj*), impact (*n*), agreement (*n*), differ (*v*), global (*adj*), use (*v*), purchase (*v*), ship (*v*), deal (*v*), different (*adj*), help (*v*), require (*adj*), responsibility (*n*), primarily (*adv*), fulfil (*v*), goods (*n*), damage (*n*), arrange (*v*), possession (*n*).

Exercise 2

Translate the expressions from the text.

Complex and important tool, sophisticated business, changes in wording, fundamental phrases, effective terminology, the International Chamber of Commerce, revisions and updates, set of rules, a uniform language, packing list, fulfil the obligation, contractual obligation, on a vessel on the high seas, pay damage to goods, shipment's transit, legal possession, broken relations, grasp of shipments, tight hold on goods, terms of insurance, destination country, guarantee delivery date, international cargo matters, origin country, risks of loss or damage.

Exercise 3

Give English equivalents for the following Ukrainian ones (use the previous exercise).

Країна призначення; складний і важливий інструмент; умови страхування; звід правил; гарантована дата доставки; ризик втрати або ушкодження; зміни у формулюванні; виконувати обов'язок; перевезення вантажу; Міжнародна торгівельна палата; відшкодувати ушкоджений вантаж; єдина мова; пакувальний лист; розірвати відношення; міжнародні справи стосовно вантажу; переробка та оновлення; продуманий бізнес; основні фрази; на судні, що знаходиться у відкритому морі; країна походження; діюча термінологія; юридична власність; обов'язки за контрактом; контроль над вантажем; володіння вантажем.

Exercise 4

Find the root words for the derivatives. Which inflexions are they formed of?

Agreement, definition, revision, responsibility, fulfilment, completion, contractual, merchandise, liability, insurance, possession, relationship, shipment, consideration, obligation, guarantee, experienced, formalities, clearance.

Exercise 5

Complete the sentences with the following words: *delivery, purchase, shipment, obligation, merchandise, expenses, possession, carriage.*

1 You can claim back your travelling 2 Parents are under a legal ... to educate their children. 3 Most Indian restaurants offer free 4 Canals in the area were originally built for the ... of coal. 5 The goods are ready for 6 Where did you ... the car? 7 The house has been in the family's ... since the 1500s. 8 They inspected the ... carefully.

Text

Language is one of the most complex and important tools of International Trade. As in any complex and sophisticated business, small changes in wording can have a major impact on all aspects of a business agreement.

Word definitions often differ from industry to industry. This is especially true of global trade. For business terminology to be effective, phrases must mean the same thing throughout the industry. That is why the International Chamber of Commerce created *Incoterms* in 1936. Since that time there have been six different revisions and updates to the *Incoterms*. The *Incoterms* provide a common set of rules for the most often used international terms of trade.

Incoterms are designed to create a bridge between different members of the industry by acting as a uniform language they can use.

Each *Incoterm* refers to a type of agreement for the purchase and shipping of goods internationally. There are 13 different terms, each of which helps users deal with different situations involving the movement of goods. For example, the term FCA is often used with shipments involving Ro/Ro¹ or container transport; DDU assists with situations found in intermodal or courier service-based shipments, etc.

Incoterms also deal with the documentation required for global trade, specifying which parties are responsible for which documents. Determining the paperwork required to move a shipment is an important

job, since requirements vary so much between countries. Two items, however, are standard: the commercial invoice and the packing list.

Incoterms were created primarily for people inside the world of global trade. Outsiders frequently find them difficult to understand. Seemingly common words such as ‘responsibility’ and ‘delivery’ have different meanings in global trade than they do in other situations.

In global trade, ‘delivery’ refers to the seller fulfilling the obligation of the terms of sale or to completing a contractual obligation. ‘Delivery’ can occur while the merchandise is on a vessel on the high seas and the parties involved are thousands of miles from the goods. In the end, however, the terms boil down to¹ a few basic specifics: *costs* (who is responsible for the expenses involved in a shipment at a given point in the shipment’s journey), *control* (who owns the goods at a given point in the journey), and *liability* (who is responsible for paying damage to goods at a given point in a shipment’s transit).

It is essential for shippers to know the exact status of their shipments in terms of ownership and responsibility. It is also vital for sellers and buyers to arrange insurance on their goods while the goods are in their ‘legal’ possession. Lack of insurance can result in wasted time, lawsuits, and broken relationships.

Incoterms can thus have a direct financial impact on a company’s business. What is important is not the acronyms, but the business results. Often companies like to be in control of their freight. That being the case, sellers of goods might choose to sell CIF, which gives them a good grasp of shipments moving out of their country, and buyers may prefer to purchase FOB, which gives them a tighter hold on goods moving into their country.

Determining which term to use requires consideration of many factors. Among these are the following: which of the parties is able to get better terms for shipping and insurance; what obligations the seller will have for the quality of the goods in the destination country; if the buyer requires a guarantee delivery date; if one of the parties is more experienced in international cargo matters; and existence of origin or destination country formalities or risks that one party is better equipped to address.

Essentially, the decisions that must be made are: where the risks of loss or damage should transfer from the seller to the buyer; which party should be responsible for clearing the goods through customs in both the exporting and importing country; who should arrange for carriage of the goods in the exporting country and to the importing country; who should pay for carriage of the goods and insurance; and who should arrange for insurance.

¹ boil down to – зводяться до

² Ro/Ro – трейлерне завантажування та розвантажування судна

Exercise 6

Answer the questions on the text.

1 Who created the system *Incoterms*? When was it created? 2 Why were *Incoterms* created? 3 How many items do *Incoterms* include? 4 Why do parties prefer to use *Incoterms* in fulfilling their business agreements? 5 Name the major notions of all items of *Incoterms*. 6 What incoterms are mentioned in the text? 7 When are FCA and DDU used? 8 What items are considered as standard in the international trade? 9 Describe the term 'delivery' as it is considered in global trade. 10 What is the difference between CIF and FOB according to the text? 11 Name some factors which should be considered while determining which incoterm to use. 12 What factors influence decisions of buyers and sellers regarding *Incoterms*?

Exercise 7

Complete the sentences with the words: *clearance, sight, consular, first (of) exchange, exporting, importing, free, insurance*. **Consult the dictionary.**

1 If no duties are charged on imported or exported goods, they are duty-... . 2 If goods are damaged or lost, their value will be reimbursed by an ... company. 3 The charge made for carrying goods from one country to another is the customs ... charge. 4 A draft payable on presentation is a ... draft. 5 Selling goods outside the seller's country is ... them. 6 An invoice which is certified, in the exporting country, by the consulate of the country of destination is a ... invoice. 7 The original copy of a B/E of exchange is known as the ... of 8 Buying goods from another country is ... them.

UNIT 2

INCOTERMS FOR SHIPPING

disagreement – *n* розбіжність, незгода, суперечність

stipulate – *v* обумовлювати

passing of risk – перехід ризику

warehouse – *n* склад

incur – *v* випливати (виходити) з

unload – *v* відвантажувати; **load** – *v* завантажувати

notify – *v* попереджати

delay – *n* затримка, припинення

refusal – *n* відмова

ship's rail – борт судна

carrier – *n* перевізник, оператор

receipt – *n* квитанція, розписка

discharge – *v* розвантажувати

disposal – *n* право розпоряджатися

duty – *n* МИТО

tax – *n* ПОДАТОК

Exercise 1

Find synonyms from the active vocabulary for the following words.

Porter (*n*), inform (*v*), hold-up (*n*), difference (*n*), storehouse (*n*), fill (*v*), unload (*v*), control (*n*), specify (*v*), cause (*v*), non-acceptance (*n*).

Exercise 2

Complete the sentences with the words: *disagreement, stipulate, warehouse, unload, notify, refusal, carrier, discharge, duty, disposal.*

Make necessary changes.

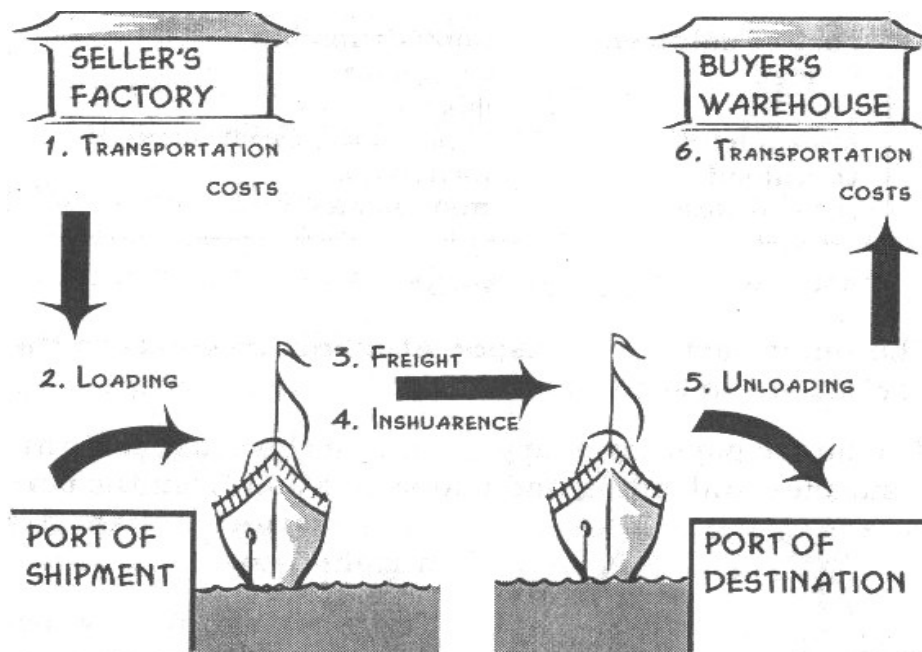
1 Tanner had a lot of cash at his 2 Laws ... the maximum interest rate that banks can charge. 3 His ... to pay the fine got him into even more trouble. 4 We've had a few ... , but we're still good friends. 5 The captain gave the order to ... the cargo. 6 Recently a new large fork lift

has been supplied to the 7 The driver ... some boxes from the back of the truck. 8 In August we were ... that our article had been rejected. 9 You have to pay a ... on the value of goods worth over \$500 that you bring into the country. 10 Switzerland's national ..., *Swissair*, has been having a hard time recently.

Text

When goods are sent from a seller to a buyer, each party has to know exactly which of the costs and risks of transportation they have to bear. In order to avoid disagreements, the sales contract usually stipulates one of the thirteen terms of delivery. They determine which party is to bear the various costs involved in transportation and the point at which the risks are to pass from the seller to the buyer (known as the passing of risk). Note that incoterms EXW, CPT, CIP, DAF, DDU and DDP are commonly used for any mode of transportation. FAS, FOB, CFR, CIF, DES, and DEQ are used for sea and inland waterway.

When goods are to be sent by ship, the following costs have to be paid:



- 1 The cost of transporting the goods from the seller's factory or warehouse to the port of shipment, from which they are to be shipped abroad.
- 2 The cost of loading the goods onto the ship at the port of shipment.
- 3 Freight costs – the charge made for carrying the goods on the ship.
- 4 The insurance costs incurred while the goods are being transported.
- 5 The cost of unloading the goods when the ship reaches the port of destination in the importing country.
- 6 The cost of transporting the goods from the port of destination to the buyer's warehouse.

EXW, ex works (франко-завод) This incoterm represents the maximum obligation for *the buyer* who has to cover all costs and bear all risks until the goods reach his warehouse. These include the loading of the goods from the specified point; arranging the entire contract of carriage of the goods (pre-carriage, main-carriage, on-carriage); the export clearance of the goods; and the import clearance of the goods. *The seller* has the goods ready for collection at his factory. The seller's obligation is fulfilled when the buyer has been notified, and the goods (suitably packed for export) are available to the buyer, at the named place within the time specified. It can be used for all forms of transport.

FAS - Free Alongside Ship (франко вздовж борта судна) *The seller* pays for transportation of the goods to the port of shipment. His obligation and risk are to deliver the goods alongside the vessel at the named port of shipment. The seller must clear the goods for export. *The buyer* pays for everything else (loading, freight, insurance, unloading and transportation from the port of destination to his warehouse). Buyer bears all additional costs as a result of vessel delay or refusal of goods for loading. Buyer must clear the goods for import at the final destination. *The passing of risk* occurs when the goods have been

delivered to the quay at the port of shipment. The term is used for sea or inland waterway transport only.

FOB - Free on Board (франко борт судна, ФОБ) *The seller* pays for the transportation of the goods to the port of shipment and the loading costs. The seller's obligation is fulfilled when the buyer has been notified and the goods have passed over the ship's rail on board the vessel, at the named port. The seller is required to arrange for the export clearance of the goods. *The buyer* pays for everything else (freight, insurance, unloading and transportation from the port of destination to his warehouse). The buyer is responsible for all costs and risks associated with the goods after they have passed over the ship's rail and loaded on board the ship, at the named port. The buyer is responsible to arrange for the carriage of the goods from the named port of shipment (the main-carriage and on-carriage). The buyer is responsible to arrange for the import clearance of the goods. *The passing of risk* occurs when the goods have passed the ship's rail at the port of shipment.

CFR - Cost and Freight (вартість та фрахт) *The seller* pays for the transportation of the goods to the port of shipment, loading costs and freight. The seller's obligation is fulfilled when the goods are delivered to a carrier, pass the ship's rail, and the contract of carriage is arranged, freight prepaid, to the named port. The seller is responsible to arrange for the pre-carriage and main-carriage of the goods. The seller is responsible for the export clearance of the goods. *The buyer* pays for insurance, unloading and for the goods to be transported from the port of destination to his warehouse. The buyer is responsible for all risks associated with the goods after they have passed the ship's rail to be loaded on board the vessel, as well as the costs and risks related to the goods in the importing country. The buyer is responsible for the import clearance of the goods. *The passing of risk* is the same as for FOB (when the goods pass the ship's rail at the port of shipment).

CIF - Cost, Insurance and Freight (вартість, страхування та фрахт) *The seller* pays for the transportation to the port of shipment, loading

costs, freight and insurance. The seller's responsibility is fulfilled when the goods are delivered to a carrier, pass the ship's rail, the contract of carriage is arranged, freight prepaid, to the named port, and insurance is obtained on the cargo. The seller is responsible to arrange for the pre-carriage and main-carriage of the goods. The seller is responsible for the export clearance of the goods. *The buyer* pays the unloading costs and for the goods to be transported from the port of destination to his warehouse. The buyer is responsible for all risks associated with the goods after they have passed the ship's rail to be loaded on board the vessel, as well as the costs and risks related to the goods (receipt of the goods from the carrier) in the importing country. The buyer is responsible for the import clearance of the goods. *The passing of risk* is the same as for FOB and CFR (when the goods pass the ship's rail at the port of shipment).

DES - Delivered ex Ship (доставка на борт судна) *The seller and the buyer* share the costs exactly as described under CIF. The seller's obligation ends when they have delivered the goods to the disposal of the buyer on board the ship, cleared for export, but not cleared for import but delivered the named port of destination before discharging. The buyer is responsible for customs clearance at the country of import and all charges for discharging off the ship. The difference is in *the passing of risk*; this occurs after the ship has arrived at the port of destination but BEFORE the goods are unloaded.

DEQ - Delivered ex Quay (доставка до причалу) *The seller* pays for the goods to be transported to the port of shipment, loading, freight, insurance and unloading. The seller's obligation ends when they have delivered the goods to the disposal of the buyer on board the ship, cleared for export, but not cleared for import but delivered the named port of destination after discharging goods off the vessel at the quay. *The buyer* only has to pay for the goods to be transported from the port of destination to his warehouse. The buyer is responsible to clear the goods for import and pay for all formalities, duties, taxes, and other charges

upon import. *The passing of risk* occurs after the goods have been unloaded at the port of destination.

Exercise 3

You are a British exporter. What were the incoterms here?

1 You paid for the goods to be transported to the docks at Harwich. Afterwards they become the buyer's responsibility. 2 You made the goods ready for collection, but the buyer had to do everything else. 3 You paid all the costs involved in getting the goods to Spain, but left the costs of unloading to the importer. 4 You paid all the costs involved in getting the goods to Mexico, but the buyer took over the risk from the time the goods were loaded onto the ship in London. 5 You paid for the goods to be transported to Dover and loaded onto the ship, but that was all. 6 You paid for the goods to be transported to the docks and loaded onto the ship. You also agreed to pay the cost of carrying the goods across the Atlantic. 7 The importer only had to pay for the goods to be transported from Rotterdam to his warehouse. You paid for everything else.

Exercise 4

For each of the verbs below, three of the four words or expressions fit. In each case find the one which does not. Compose ten sentences of your choice.

<i>do</i>	business, a profit, your homework, a deal
<i>make</i>	money, business, a loss, a decision
<i>take</i>	a long time, a decision, appropriate measures, a deadline
<i>have</i>	progress, something to eat, shares in a company, a meeting
<i>meet</i>	a deadline, customers' expectations, an appointment, a target
<i>launch</i>	a product, a ship, a campaign, progress
<i>complete</i>	a form, a task, a cheque, a project
<i>carry out</i>	an agreement, a plan, research, a market survey
<i>reach</i>	a decision, a strategy, an agreement, a target

Exercise 5

Supply the missing proposition(s) in each sentence: *at (2), on (4), between, to, by, over, in (3), under, into.*

1 Could you call back later? She's ... the other phone. 2 It's not surprising that he's working less hard. He's very close ... retirement. 3 They thought everything was ... control until they had a big dispute ... pay. 4 There's clearly a strong link ... pay and productivity. 5 The people wanted more participation ... the decision-making process. 6 We need a much stronger focus ... the needs of our customers. 7 These meetings always start late. Could everyone make an effort to arrive ... time next time. 8 I've divided this talk ... three main parts. 9 It's impossible to say ... this stage ... the negotiation whether or not we will reach an agreement. 10 We have to have all the figures ... the end of the month ... the very latest. 11 We plan to achieve a 20% deduction ... the workforce before the end of the decade. 12 I'm afraid she's not here – she's ... holiday until next Monday.

Exercise 6

Complete the sentences using phrasal verbs with *check*. Consult the dictionary.

1 The bank won't give you a loan until they have checked (*in, off, out*) your financial situation. 2 Can you check (*in, off, out*) these figures against last year's figures. I'd like to know which year was more successful. 3 Take the books you want to borrow to the front desk and the librarian will check them (*in, out, over*) for you. 4 I am just going to check (*on, over, up on*) the kids before we leave and make sure they are asleep. 5 There are some mistakes in these calculations. Can you check (*in, off, over*) them again. 6 The teacher checked (*in, off, up on*) the students on her registrar as they came into the classroom. 7 The first thing we did when we arrived at the airport was to check (*in, off, out*). 8 We checked (*in, off, out*) of the hotel at lunchtime and went to the airport to get our flight. 9 Her boss is always coming into her office to check (*off, on, up on*) her. He thinks she doesn't work hard enough.

Exercise 7

Complete the sentences with *evidence, laughter, kittens, tickets, agreement, food, musicals, goods* and pay attention to the words that usually go with the verb *produce*.

1 Most of our ... are produced for export. 2 Our cat's just produced six ...! 3 Her remarks produced roars of 4 Hours of bargaining failed to produce an 5 The inspector got on the bus and asked all the passengers to produce their 6 to produce ... in court. 7 It's a paradox that some countries produce too much ... while in other countries people are starving. 8 'Cats' is one of the most successful ... ever produced.

UNIT 3

INCOTERMS FOR MULTIMODAL TRANSPORT AND INCOTERMS COVERING PAYMENT OF DUTY

share – *v* розподіляти, використовувати разом (сумісно)

deliver – *v* доставляти; *syn* **carry, convey**; **delivery** (*n*) – доставка

nominate – *v* називати, призначати

arrange – *v* організувати, влаштувати

contrary – *adj* протилежний; **on the contrary** – навпаки

due time – умовлений час

relate – *v* мати відношення до, визначати

aircraft – *n* літак

border – *n* кордон, *syn* **frontier**

adjoin – *v* межувати, примикати; *syn* **border**

available – *adj* доступний, той, що є у наявності

applicable – *adj* придатний, той, що можна застосовувати

fee – *n* нагорода, заробітна платня, гонорар

constitute – *v* складати, засновувати, назначати

entire – *adj* цілий, повний; *syn* **whole, complete**

Exercise 1

Find synonyms from the active vocabulary for the following words:

Split (v), border (v), name (v), carry (v), connect (v), payment, complete (adj), opposite (adj), organize.

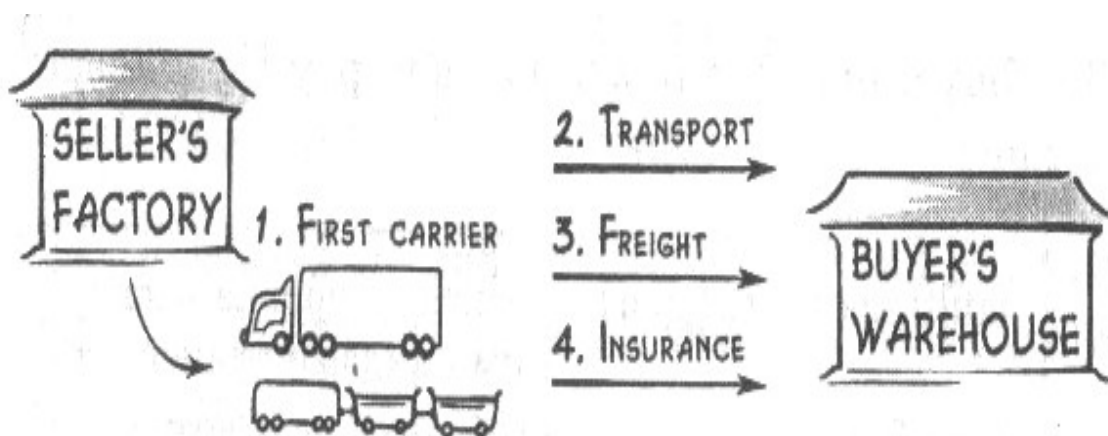
Exercise 2

Complete the sentences with the following words in the appropriate form: *share, deliver, nominate, arrange, contrary, relate, adjoin, fee, entire.*

1 The charges of fraud ... to events that took place over ten years ago.
2 Everybody brings a dish to ... with everyone else.
3 Park entrance ... have gone up to \$15.
4 This function of the word processor allows you to correct the ... document before printing.
5 A luxury hotel ... the convention centre.
6 The government's actions are ... to the public interest.
7 As a boy, Ralph ... newspapers on a bicycle.
8 Ferraro was the first woman to be ... for the job of vice president.
9 If you have a lot of things to do, just make a list and ... them in order of importance.

Text

The next three incoterms can be used for all forms of transport including multimodal (for example road + air, train + ship). The costs and responsibilities to be shared are slightly different from the shipping incoterms:



- 1 The goods are delivered to the first carrier.
- 2 Organisation of transportation to the buyer's warehouse and payment of the costs incurred.
- 3 Freight costs (here called 'carriage') – the charge made for carrying the goods.
- 4 Organisation and payment of insurance for the journey.

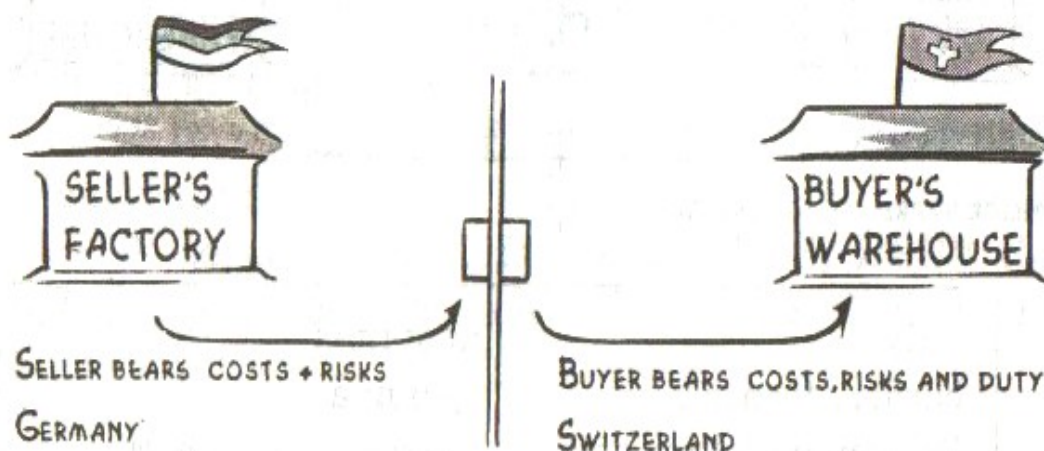
FCA - Free Carrier (вільний перевізник) *The seller* delivers the goods to the first carrier (this is the point at which *the passing of risk* occurs). Seller's obligation ends when they deliver the goods, cleared for export, to the carrier (any mode of transport) nominated by the buyer at the named place. *The buyer* arranges and pays for transportation, freight and insurance. The buyer must contract at his own expense the carriage of the goods from the named place. However, if it is requested by the buyer or if it is commercial practice and the buyer does not give instructions to the contrary in due time, the seller may contract for carriage at the buyer's risk and expense. Buyer must clear the goods for import.

CPT - Carriage Paid to + named destination (перевезення сплачено до) *The seller* delivers the goods to the first carrier (at which point *the passing of risk* occurs) and pays freight charges. The seller's responsibility is fulfilled when the goods are delivered to a carrier, pass the ship's rail, the contract of carriage is arranged, freight prepaid, to the named place of destination. The seller is responsible to arrange for the pre-carriage and main-carriage of the goods. The seller is responsible for the export clearance of the goods. *The buyer* arranges and pays for transportation and insurance. The buyer is responsible for all risks associated with the goods after they have been delivered to the named place of destination, as well as the costs and risks related to the goods (receipt of the goods from the carrier) in the importing country, including insurance. The buyer is responsible for the import clearance of the goods.

CIP - Carriage and Insurance Paid to + named destination (перевезення та страховка сплачені до) *The seller* delivers the goods to the first carrier (*passing of risk*), pays freight charges and arranges and pays for insurance. The seller's obligation is fulfilled when the goods are delivered to a carrier, and the contract of carriage is arranged, freight prepaid – the named place of destination, and insurance is obtained on the cargo. The seller is responsible to arrange for the pre-carriage and main carriage of the goods. The seller is responsible for the export clearance of the goods. *The buyer* only has to arrange and pay for transportation. The buyer is responsible for all costs and risks associated with the goods prior to loading on board the vessel or aircraft, as well as the costs and risks related to the goods upon arrival in the importing country. The buyer is responsible for the import clearance of the goods.

The last three incoterms are used in the case of transportation through a border (although not within the European Union) where duty has to be paid. They can be used for any form of transport.

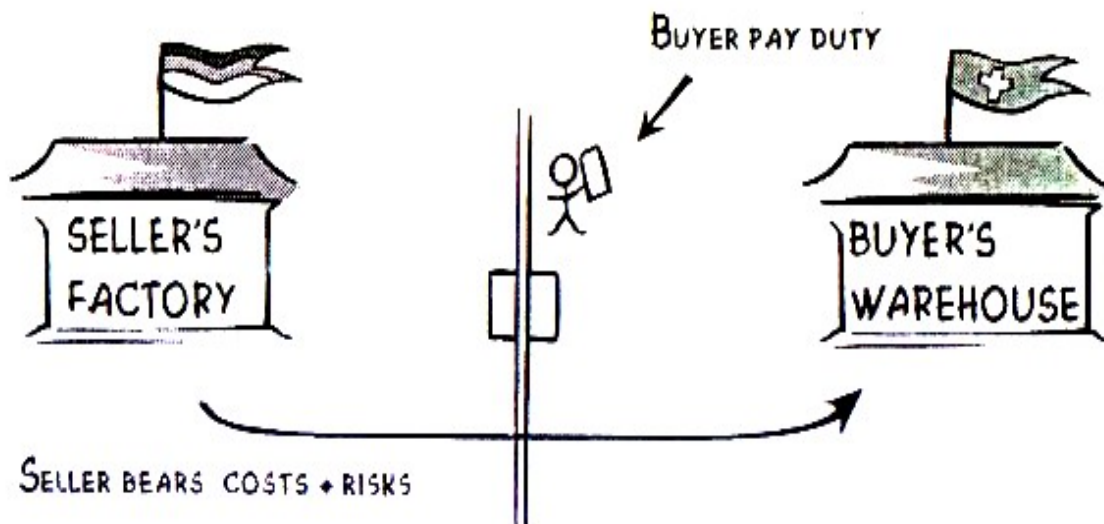
DAF - Delivered at Frontier (доставка до кордону)



This incoterm is most commonly used for overland transport. *The seller* covers all costs and bears all risks until the goods reached a named point at the frontier. The seller's obligation ends when they have delivered the

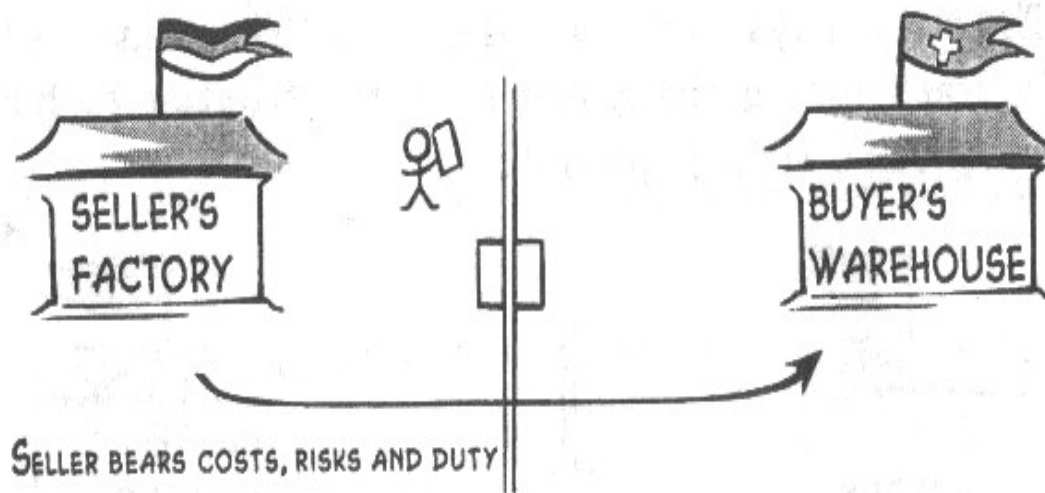
goods to the disposal of the buyer on the arriving means of transport, not unloaded, cleared for export, but not cleared for import at the named point and place at the frontier, but before the customs border of the adjoining country. *The buyer* pays all costs and bears all risks involved in transporting the goods from the frontier to his warehouse. He also pays duty. The buyer is responsible for customs clearance, duties, taxes, and delivery to final destination at the country of import.

DDU - Delivered Duty Unpaid (сплачена доставка без мита)



The seller pays all transportation costs and bears all risks involved in getting the goods to the buyer's warehouse. The seller's obligation is fulfilled when the goods have been made available to the buyer at the named place of destination – uncleared for importation. The seller is required to arrange for the entire contract of carriage (pre-carriage, main-carriage, on-carriage) to the named place of destination. The seller is required to arrange for the export clearance of the goods. *The buyer* only has to pay duty. The buyer is responsible for all costs and risks associated with the goods upon importation at the named place of destination. The buyer is responsible for the import clearance of the goods, including the payment of any applicable duties, taxes and fees.

DDP - Delivered Duty Paid (сплачена доставка та мито)



The seller pays all costs and bears all risks to get the goods to the buyer's warehouse, including paying duty. This incoterm constitutes the seller's maximum obligation. The seller's obligation is fulfilled when the goods have been made available to the buyer at the named place of destination – cleared for importation. The seller is required to arrange for the entire contract of carriage (pre-carriage, main-carriage, on-carriage) to the named place of destination. The seller is required to arrange for the export and import clearance of the goods, including the payment of any applicable duties, taxes and fees. *The buyer* is responsible to take delivery of the goods from the named place of destination.

Exercise 3

Answer the questions on the text.

1 What incoterms are used in multimodal transportation? 2 What is the buyer's obligation under the FCA incoterm? 3 What is the seller's obligation under the CPT incoterm? 4 Where is the passing of risk under the CIP incoterm?

Exercise 4

Which incoterm was used in each case – FCA, CPT, CIP, DAF, DDU, DDP?

1 When we imported T-shirts from the US, we only had to organize transportation – the company in New York did everything else. 2 We offered our customer in Brazil very favourable terms of delivery; he only had to pay duty. 3 I arranged for the goods to be sent as far as the border; after that, it was up to the importer to do everything else. 4 We didn't have to lift a finger – the exporter did everything! 5 We had to arrange insurance as well as paying to transport the last load of goods we imported. 6 I sent the importer the necessary information about the carriage charges he had to pay, and he organized insurance and transportation himself.

Exercise 5

Fit one adverb into each of the extracts from business documents or conversations: *absolutely, actively, conveniently, deeply, expensively, financially, highly, satisfactorily, tactfully, totally, unfairly*. **Translate the sentences.**

1 The new offices are ... situated close to the motorway and to the local railway station. 2 I think what he said was unnecessary, inaccurate and ... unjustified. 3 The new model has been ... tested and you will be impressed by its quiet operation, ease of use and elegant appearance. 4 She said she had been ... dismissed but the court said her employer had been right to sack her. 5 Now that the special project has been ... completed, we can all get on with our old jobs again. 6 Dear Sir, I am ... seeking employment and wonder whether you have any vacancies in your accounts department at the moment. 7 I think we should drop this project right now because I just don't believe that it's ... viable. 8 Your performance in this office over the last two or three months has been ... unsatisfactory. 9 I think the best thing you can do in the circumstances is to ... decline the offer. 10 This book is ... recommended for anyone interested in the workings of international financial markets. 11 – Are you sure? – I'm ... certain.

Exercise 6

Complete the sentences with *questions, chairs, party, marriages, flowers, flights* and pay attention to the words that usually go with the verb *arrange*.

1 Arrange the ... in a circle. 2 I spent an exasperating morning trying to arrange our 3 She arranged the ... in a vase. 4 Isobel's parents arranges a big ... for her eighteen birthday. 5 The ... are arranged in ascending order of difficulty. (= the most difficult ones are at the end). 6 In some countries ... are arranged by go-betweenes.

Exercise 7

The managing director has had an attack of jargon. Help him translate his speech into plain English by substituting the underlined words in each sentence with one of the phrases: *cut the workforce of, business conditions are unfair, personalized, a leading company, change the rules (without consultation), worldwide, the people we do business with, understand and accept, dynamic and productive relationships, approximate, anticipate needs, our basic objective (usually to make a profit), up-to-date, easy-to-use, protest at unfair treatment.*

1 I want you to take on board a number of important points. 2 This company is a major player in the communications industry. 3 We work for lasting relationships with our business partners. 4 We employ state-of-the-art technology. 5 We want to produce the most user-friendly products on the market. 6 In our business relations, we aim to be proactive every time. 7 We propose only tailor-made solutions. 8 We never lose sight of the bottom line. 9 We work hard to get synergy between subsidiaries. 10 We will not hesitate to downsize the organization for maximum efficiency. 11 We will find solutions to business problems even when we do not have a level playing field. 12 If anyone tries to move the goalposts on our commercial agreement ... 13 ... we will blow the whistle. 14 We aim to become a truly global operator. 15 Unfortunately I can only give you ballpark figures today.

UNIT 4

GROUPS OF TERMS

depart – *v* відправляти(ся); *syn* **leave**
facility – *n* виробниче приміщення, завод
premise – *n* приміщення
shipper – *n* вантажовідправник; *syn* **consignor of goods**
customs broker – митний маклер (агент, брокер)
freight forwarder – транспортний агент, експедитор
charge – *n* витрати, *syn* **expense, cost**
virtually – *adv* фактично, насправді
call for – *v* зобов'язувати, вимагати
release – *v тут* передача товару
take over – *v* приймати
appropriate – *adj* відповідний, характерний
stand for – *v* означати, символізувати
caution – *n* уважність, обережність
solely – *adv* виключно, самотійно
uphold – *v* підтримувати, відстоювати
assume – *v* вважати, приймати
schedule – *v* скласти розклад, планувати
outline – *v* намалювати контури, накреслити

Exercise 1

Complete the sentences with the following words: *depart, facility, shippers, charge, virtually, took ... over, appropriate, caution, upheld, scheduled. **Translate the sentences.***

1 We must proceed with extreme 2 Money is being raised to build a new sports 3 The elections are ... for mid-June. 4 He was ... unknown before running for office. 5 Flights by Air Europe ... Gatwick on Tuesdays. 6 Maria's been my partner since I ... the business ... from my father. 7 Their customers, the ... and receivers, want their goods on demand. 8 Your order will be sent free of 9 The decision was ... by

the US Supreme Court late last year. 10 Considering what he did, I think the punishment was

Text

Incoterms are most frequently fall into four categories. Terms beginning with F (FCA, FAS, FOB) refer to shipments where the buyer pays the freight (carriage) costs. Terms beginning with C (CFR, CIF, CPT, CIP) deal with shipments where the seller pays for shipping. E-term (EXW) occurs when a seller's responsibilities are fulfilled when goods are ready to depart from their facilities and the passing point of cost and risk is when the goods leave the seller's premises. D terms (DAF, DDP, DDU, DES, DEQ) cover shipments where the shipper/seller's responsibility ends when the goods arrive at some specific point and the passing point of cost and risk is on arrival in the buyer's country. Because shipments are moving into a country, D terms usually involve the services of a customs broker and a freight forwarder. In addition, D terms also deal with the pier or docking charges found at virtually all ports and determining who is responsible for each charge.

Each group's letter makes up the first letter of incoterm. For example, if your agreement with a buyer calls for the release of goods by the seller to occur at the seller's location, the Ex Works (EXW) Incoterm would be used. This term states among other things that the buyer is to take over carriage and insurance responsibilities at the seller's dock. Alternatively, if the seller were to deliver goods to the buyers dock, including all carriage and insurance, a term from the Arrival group such as DDP would be appropriate. The DDP term stands for Delivered Duty Paid and includes in its definition that the seller will deliver goods to the buyer's dock with all carriage, insurance, and duties paid. DDP represents the most obligations for the seller, whereas EXW represents the least.

Caution must be exercised when using *Incoterms* because the *Incoterms* relate to particular modes of transportation. For example, some of the *Incoterms* deal solely with transport by sea. Terms such as FOB and CIF can be used only for ocean bound freight. FOB, meaning Free on Board, translates to the shipper (seller) having upheld their part of the agreement

when the goods pass the ship's rails at the port of exit. The receiving party (buyer) assumes risk and costs associated with the goods once they pass the ship's rail in the seller's home port. Due to the specific mention of the ship's rails, an aircraft or other mode of transport could not be used with FOB. For a shipment scheduled for delivery by air, rail, or some other form of transport with the same agreement as FOB, one would need to use the Incoterm FCA, or Free Carrier. FCA can include other modes of transportation such as road, rail, interland waterway, and air. Whereas transfer under FOB takes place when the cargo passes the ship's rails, transfer with FCA occurs when delivery of goods has been made at a destination previously outlined by the buying party.

Exercise 2

- a) Using your own words, explain the differences and similarities between: CIF and DES; DES and DEQ; DDP and DDU; FAS and FOB; CRF and CIF; CPT and CIP
- b) Arrange the incoterms in order beginning with the most favourable for the seller and ending with the least favourable.
- c) For which incoterms does the buyer have to pay insurance?
- d) For which incoterms does the seller have to pay freight?
- e) Why do you think special incoterms are necessary for shipping?

Exercise 3

Fill in the missing words in the table.

<i>Verb</i>	<i>Person noun</i>	<i>General noun</i>	<i>Adjective</i>
		administration	
			distributive
advise			
	constructor		
pay			
			soluble
		inspection	
	promoter		
co-ordinate			

		supervision	
		finance	

Exercise 4

Fit each term – the opposite of the words in bold into one of the extracts from business discussions: *cons, contract, decline, fire, loss, peripheral, reduce, weaknesses, withdraw*.

1 We have to debate the **pros** and ... of this project before we go ahead with it. 2 Let's look at the **strengths** and ... of each application in turn and then we'll draw up a shortlist. 3 We expect a **rise** in sales next year followed by a steady ... for two years after that. 4 It's simple: we have to **increase** our prices and ... our costs. 5 You can see the general position if you look at the **profit** and ... account in front of you. 6 Those were the golden years, ladies and gentlemen, when we saw the company **expand** rapidly and successfully. Unfortunately, demand turned down and we were then forced to ... our operations to something approaching our current size. 7 We had managed to **deposit** quite a large sum of money in our account at the beginning of the month but then we had to ... it almost immediately. 8 We need to concentrate on our **core** business and sell off our ... businesses. 9 It's easier to **hire** people when times are good than to ... them when times are hard.

Exercise 5

Complete the sentences with one out of the three choices. Consult the dictionary.

1 He didn't know anything about business, so starting his own was a leap (*into the clouds, in the dark, into the whole*). 2 His new car is amazing, but it must have cost him (*a packet, the sea, the Sun*). 3 I hate the way he criticises everybody. It really rattles (*my back, my bones, my cage*). 4 When her business crashed, she had to pick up the (*fragments, pieces, stones*) and start again. 5 She felt really bad when she realised that she had lost her watch. It wasn't expensive but it had sentimental (*expense, price, value*). 6 I used to go to church under false (*agreements, feelings, pretences*). I never wanted to go but my mother made me. 7 One minute they were just talking and then all hell broke (*free, loose, over*) and everybody started screaming and shouting. 8 He never cheats or tricks anybody when he plays. He always goes by the (*book, instructions, principles*). 9 Don't tell Mary your plans or she'll tell everybody. She is always (*shooting, speaking, talking*) her mouth off. 10 Tom might be

able to help with your problem. He has friends in high (*jobs, places, spots*) who might be able to change the decision.

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