**Topic 6**

**Concept of Incoterms and its application in international practice**

6.1. Concept of Incoterms.

6.2. History of Incoterms.

6.3. Characteristics of INCOTERMS versions.

6.1. Concept of Incoterms:

Incoterms (International Commercial Terms) are international rules that define the responsibilities and obligations of buyers and sellers in international trade concerning the delivery of goods. Incoterms determine who bears the responsibility for transportation, customs formalities, and the risk of loss or damage to the goods. They help to standardize and unify trading conditions, reducing the potential for misunderstandings between parties.

6.2. History of Incoterms:

Incoterms were first developed and published by the International Chamber of Commerce (ICC) in 1936. Since then, they have been periodically updated and revised to reflect changes in international trade and transportation technologies. The latest update, Incoterms 2020, came into effect on January 1, 2020.

6.3. Characteristics of INCOTERMS Versions:

Throughout the history of Incoterms, there have been several versions, each of which included different delivery terms and liability determinations. Here are some key characteristics of some of them:

Incoterms 1936: The first version of Incoterms contained only 10 terms regulating the transportation of goods by sea, air, and rail.

Incoterms 1953: This version expanded the number of terms to 13 and included delivery terms for the transportation of goods by road and inland waterway for the first time.

Incoterms 1980: This was a significant update that replaced Incoterms 1953. This version contained 13 terms, including the first inclusion of the DDP (Delivered Duty Paid) term.

Incoterms 2020: The latest version, which came into effect in 2020, contains 11 terms. It updates and clarifies delivery terms, taking into account modern trends in international trade, such as e-commerce and cyber security risks.

These versions of Incoterms provide standardized and clear terms that help to avoid misunderstandings between parties in international trade.

Incoterms 1936: This initial version primarily focused on regulating the responsibilities and risks associated with the transportation of goods via different modes such as sea, air, and rail. It laid the groundwork for future iterations of Incoterms.

Incoterms 1953: With an expansion to 13 terms, Incoterms 1953 marked a significant development by including provisions for the transportation of goods by road and inland waterway. This expansion reflected the evolving nature of international trade and transportation methods.

Incoterms 1980: A major update from the previous version, Incoterms 1980 introduced important changes and additions. It provided clarity on delivery terms and expanded the coverage of responsibilities, including the introduction of the DDP term, which addressed delivery with duties paid by the seller.

Incoterms 2020: The most recent update, Incoterms 2020, reflects contemporary trade practices and technological advancements. With 11 terms, it streamlines and modernizes the delivery terms to align with current business realities, such as the growing significance of e-commerce. Additionally, it addresses emerging risks like cyber threats, ensuring relevance in today's global trade landscape.

Each version of Incoterms builds upon the previous one, incorporating feedback from international trade practitioners and adapting to changes in trade patterns, regulations, and technologies. By providing a common language for buyers and sellers worldwide, Incoterms facilitate smoother transactions, reduce disputes, and enhance the efficiency of international trade operations.