

## TRÊN LỚP

### FOLDER CỦA MIDU

CK Long

KIM CHI

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8/8

- Doanh nghiệp không cho phép 1 người thực hiện 2 công ty tư nhân tại Việt Nam
- **Phân luồng hải quan:** Hải quan Việt Nam sẽ phân loại hàng hóa dưới hình thức 3 luồng: **Luồng xanh, vàng và đỏ.** Mỗi luồng hàng được phân loại nói lên mức độ đánh giá của cơ quan Hải quan đối với hàng hóa trong **quá trình quản lý rủi ro.**

<b>Luồng xanh</b>	Miễn kiểm tra chi tiết hồ sơ, miễn kiểm tra thực tế hàng hóa	Not checked
<b>Luồng vàng</b>	Kiểm tra chi tiết hồ sơ, miễn kiểm tra thực tế hàng hóa	Check then pass
<b>Luồng đỏ</b>	Kiểm tra chi tiết hồ sơ và kiểm tra thực tế hàng hóa	Check all

- **Special zone in VN:**

The Vietnamese Government agreed to build **three special economic zones** to spearhead the country's growth. One would be located in the **coastal district of Van Don** in the northern province of **Quang Ninh**, another in **Bac Van Phong** in the central province of **Khanh Hoa**, and the third on **Phu Quoc island** in the southern province of **Kien Giang**, **HCM City** is moving ahead with a plan to set up an SEZ there.

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Int SOGs

(+) Adv/Usage

- Penetrate into a new market
- Introduce new products
- Required by market practice
- Establishment of trade relationship is restricted by political, diplomatic reasons

(-) Disadvantages:

- Market practice/Stock market: Phí mua nhà
- Requirements to become commercial intermediaries;

### 4.3 Classification

- **Difference between Brokerage and agency**

#### 1. Brokerage

Article 150 Definition

Features

“Sign contracts, take part in the performance of contracts”

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### 5.3 Classification

- + Spot transaction: Giao dịch giao ngay

- + Forward transaction: Giao dịch kỳ hạn

→ Goal: Earn profit, no exercise a contract

Mua kỳ hạn 6 tháng. Hôm nay giá 20, giá thị trường tăng → Mua giá 22, 25. 6 tháng sau xuống giá thì ông mất tiền. Ông k0 mất tiền của ông mà mất tiền của nhà nước  
→ sentence in prison (lơ là trong việc quản)

- + Hedging transaction: Giao dịch tự bảo hiểm

→ Có hợp đồng

- + Option transaction: Giao dịch tùy chọn

→ **Exercise a contract/not → Still earn a profit**

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### **INCOTerm would match: FCA, FAS, FOB**

North - HN: You make think of road, container

South - HCM: You think of sea, container transport

FOB: Free on board + Named port of shipment, INCOTERMS 2020

FOB Cat Lai Port, Vietnam - Incoterms 2020

Document:

—

B/L (Ocean):

- + Receipt of cargo
- + Title document of cargo

Shipper: Seller, manufacturer, consignor, consignee, buyer, bank	On board: xxx
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Document will prove that the risk will transfer

Làm sao B/O có đánh dấu chữ Onboard → Receipt on board → The risk has already transferred (you need to prove)

On board hay ko onboard: Ko onboard → Receipt for shipment only (Seller is FOC)

Clean/Unclean (vận đơn hàng hảo hay ko hoàn hảo: B/L hoàn hảo hay không

Endorsement: Bank will endorse the bank

FOB tương tự với CFR, CIF vì cũng là sea transport

Sự khác nhau giữa FCA và FOB:

- Mode of transport: Giao hàng bằng container thì giao ở CY (container). The delivery of container is container yard while using FCA - the seller ships the cargo on board

Sử dụng FCA thay FOB vì:

- Risk transfer place is not suitable is not suitable for containerised goods
- Document

—  
CFR = FOB + F(Freight)

CIF = CFR + Insurance

CIF = FOB + I

FCA - place

FAS - loading

FOB - loading

MUA FOB/Mua CIF địa điểm di chuyển rủi ro là **loading port (onboard)**

**CIF:**

\*Claim seller do carrier thuê

Sellers insure the cargo to the buyer. Seller will take insurance C for buyers if not requested

A - maximum risk covered (have to note in the sale contract)

B - medium risk covered

C - minimum risk covered

Ở nước ngoài chào thêm freight, insurance thấp hơn như so với FCA, FOB

$$I = CIF * R$$

$$CIF = C + I + F$$

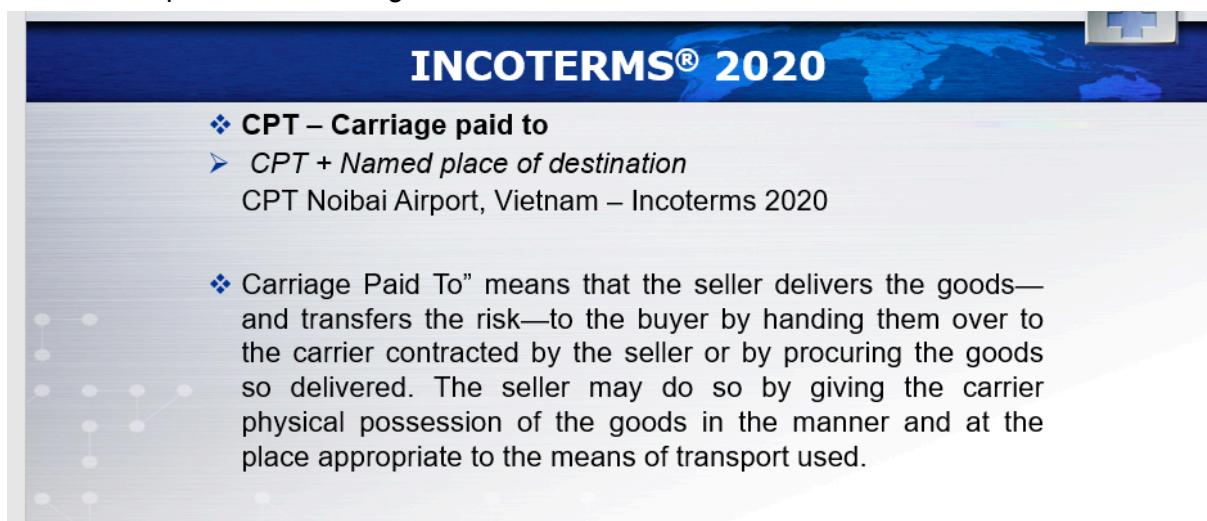
$$CIF(1-R) = C + F$$

$$CIF = (C+F)/(1-R) = CFR/(1-R)$$

at the place of loading

-  
**CPT:**

Cost: Name place of unloading



❖ **CPT – Carriage paid to**

- *CPT + Named place of destination*

CPT Noibai Airport, Vietnam – Incoterms 2020

- ❖ "Carriage Paid To" means that the seller delivers the goods—and transfers the risk—to the buyer by handing them over to the carrier contracted by the seller or by procuring the goods so delivered. The seller may do so by giving the carrier physical possession of the goods in the manner and at the place appropriate to the means of transport used.

Load up to damage: Hàng hóa tổn thất ở 2 dạng (lost and damage) - chịu mọi rủi ro liên quan đến tổn thất đối với hàng hóa.

ICC - International cargo clauses - 01.01.2009

CIP

**INSURANCE OBLIGATION**

Institute cargo law: Các điều kiện bảo vệ hàng hóa

- A: ICC
- 110% CIP (Insurance Value)
- 10%: Lãi dự kiến của lô hàng, được phép mua thêm 10% (Estimated profit). Khi hàng hóa bị tổn thất, nhận được 110%

The insurance should come from Cat Lai Port

### **So sánh Insurance Policy và Insurance Certificate?**

**Vessel: 100.000 DWT. VN ko đóng được nên được phép mua**

**Mua máy bay: Aircraft**

**Mua theo điều kiện INCOTERM nào? (Group C,D,E,F)**

**Mua theo mode of transport nào?**

**Mua theo mode of payment nào? (Tham khảo môn thanh toán quốc tế/)**

→ Không thể dùng CIF, nhóm E, F

→ Hint: ExWork hoặc D group

Ở VN thường 2 hình thức đi kèm là CIF và L/C. (rủi ro này người mua thường bị rủi ro nhiều hơn)

1 F

Contract → commercial

2 F

Law # trade practices/custom

Incoterms is an international trade practice, not law, **not binding** to everyone in the country

The state does not promulgate it, it just happened.

3 F

Incoterms has different versions, the version 2010 mentioned it could be used not only international but also domestic.

4 F

transfer of property/title/ownership → Chuyen quyền sở hữu hàng hóa

Incoterms 2020 does not deal w the ownership of goods

It is not a comprehensive rule, not covering everything related to the delivery of goods.

→ address the transfer through the CISG/Domestic law... based on the contract (applicable law)

5 F

Incoterms 2010 applied to contract of sales, **the obligation of buyer and seller ONLY**, not directly apply to the contract of carriage.

6 F

Applies only when the parties mention it in the contract. Not law but trade practices

7 F

The variations are not stipulated in the Incoterms, they are only used when the contract mentioned them.

8 F

® registered → copyright

W or without R, it still remains unchanged

9 T

GAFTA Hiep hoi thuong mai ve ngu coc va thuc an chan nuoi

## TRUE/FALSE STATEMENT

1. Incoterms rules can be referred to 'delivery terms', 'shipping terms' and 'payment terms' interchangeably.
2. The use of Incoterms rules leaving the year out implies that the latest Incoterms version will prevail.
3. Incoterms can be applied to domestic trade only.
4. Incoterms could be used as applicable law for the sale contracts.

# CHAPTER 1: AN OVERVIEW OF INCOTERMS

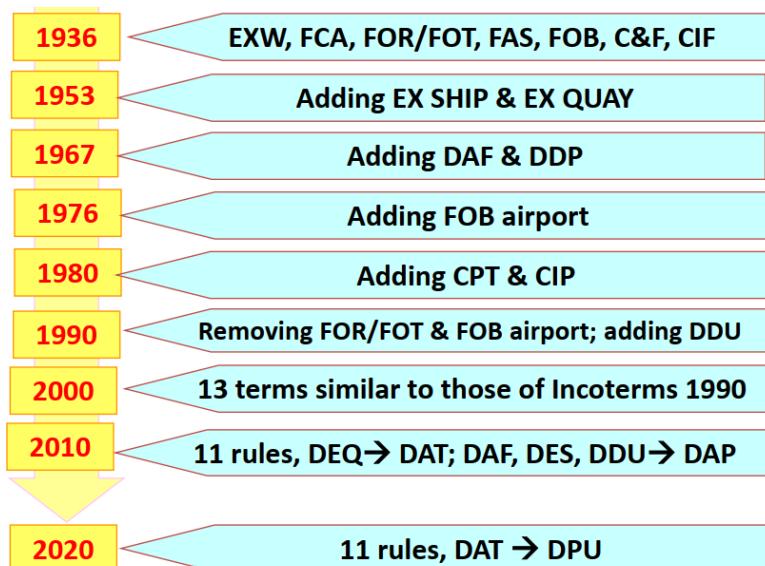
## 1. History and development

What? Who? When?

- 1936
- Incoterms are NOT revised every 10 years

Why?

- Trade terms were widely accepted before 1936 but not yet standardized
- The standardized uniform rule at the international level
- Avoid misunderstandings due to different commercial practices



- Incoterms have different names (trade terms, shipping terms, delivery terms, payment terms). But mainly, incoterms are related to **shipping and delivery**.
- Incoterms focus on 4 parts
  1. carriage contract (who carry, who pay,...)
  2. customs clearance/formalities (thông quan) export clearance & import clearance

- the way the government controlled im&ex (tax, securities...)
- 3. insurance (goods may be lost/ damaged...)
- 4. transfer of risks (who will be responsible for the damage)
- incoterms cover **OBLIGATIONS, COST, RISKS** between buyer and seller
  - EX: FOB Free on board
    1. buyer arrange the carriage contract
    2. both pay for custom clearance. seller will be in charge of export part
    3. neither must pay but usually buyer will pay, not obliged
    4. transfer help seller to be free of liability (transfer from seller to carriage party...)

## 2. Fundamentals

WHAT THE INCOTERMS RULES DO	WHAT THE INCOTERMS RULES <u>DO NOT DO</u>
<ul style="list-style-type: none"> <li>• <b>Obligations:</b> Who does what as between seller and buyer, e.g. who organises <b>carriage</b> or <b>insurance</b> of the goods or who obtains <b>shipping documents</b> and <b>export or import licences</b>;</li> <li>• <b>Risk:</b> Where and when the seller “delivers” the goods, in other words where risk transfers from seller to buyer; and</li> <li>• <b>Costs:</b> Which party is responsible for which costs, for example transport, packaging, loading or unloading costs, and checking or security-related costs.</li> </ul>	<ul style="list-style-type: none"> <li>• whether there is a contract of sale at all;</li> <li>• the specifications of the goods sold;</li> <li>• the time, place, method or currency of payment of the price;</li> <li>• the remedies which can be sought for breach of the contract of sale; <b>punishment/sanction</b></li> <li>• most consequences of delay and other breaches in the performance of contractual obligations;</li> <li>• the effect of sanctions;</li> <li>• the imposition of tariffs;</li> <li>• export or import prohibitions;</li> <li>• force majeure or hardship;</li> <li>• intellectual property rights; or</li> <li>• the method, venue, or law of dispute resolution in case of such breach.</li> </ul> <p>Perhaps most importantly, it must be stressed that the Incoterms® rules <b>do NOT deal with the transfer of property/title/ownership of the goods sold.</b></p>

## 3. Remarks

- It is not mandatory to use INCOTERMS® in a sale contract
- It is NOT a law.
  - INCOTERMS® are not pricing clauses but do have an impact on the pricing.
  - CIF, incoterms quy định the seller will arrange the carriage → price of CIF good will be higher the FOB → incoterms are not payment terms but only affect the price
  - Sales contracts that are based on a former version (e.g. INCOTERMS® 2000) remain valid according to the terms of that version.
  - Can we use 2010 instead of 2020 → yes, because it's not the law, depending on the agreement between buyer and seller. For the law, we have to refer to the most current ver
  - if we already signed the contract but didn't mention the version → **latest ver is NOT automatically applied** now the buyer and seller have to base on other trade practices. if they didn't realize and then applied different ver from each other → thẩm phán solve if they had **previous contract** → can base on that
    - Buyers and sellers should refer to the appropriate version of the INCOTERMS® e.g. FOB Hamburg, INCOTERMS® 2010.

- It is possible to add clauses or change the wording of INCOTERMS®.  
e.g. CFR Charleston port USA incl. THC, CUC, ISPS in Charleston.  
FCA Vienna Airport loaded on aircraft.  
DDP Hanoi Vietnam VAT unpaid

**Case:**

1. The contract b/w VIET COTTON YARN INVESTMENT TRADING JSC & FETA TEKSTIL SAN.TIC.LTD.STI:

“ ALL OTHER CONDITIONS, WHICH ARE NOT STATED IN THIS CONTRACT, WILL REFER TO INCOTERMS 2000”

2. The contract No. BVQA400 b/w FORMOSA INDUSTRIES CORPORATION & NANYA PLASTICS CORPORATION:

“ The INCOTERMS 2000 will be used for this contract”

Risks:

1/ incoterms are not comprehensive rules → not cover all issues → have to negotiate for another law

2/ incoterms only deal w delivery and shipment only

#### **4. Classifications**

- Door-to-door = include pre, main, on → full carriage service
- Door-to-port = pre and main
- Port-to-port = main
- Port-to-door = main and on
- Omni-modal = a single contract, but performed with at least **two different modes** of transport = multimodal
- Containerized
- Bulk goods: goods transported in **large quantities but can not be packaged** in a container: coal, oil, grain, forest products, steel, iron ore,...
- Delivery

Category 1 : Rules for any Mode or Modes of Transport (Multi-modal)		Category 2 : Rules for Sea and Inland Waterway Transport (Maritime)	
EXW Ex Works	DPU Delivered at Place Unloaded	FAS Free Alongside Ship	
FCA Free Carrier	DAP Delivered at Place	FOB Free On Board	
CPT Carriage Paid To	DDP Delivered Duty Paid	CFR Cost & Freight	
CIP Carriage Insurance Paid To		CIF Cost, Insurance & Freight	

### The seller's obligations

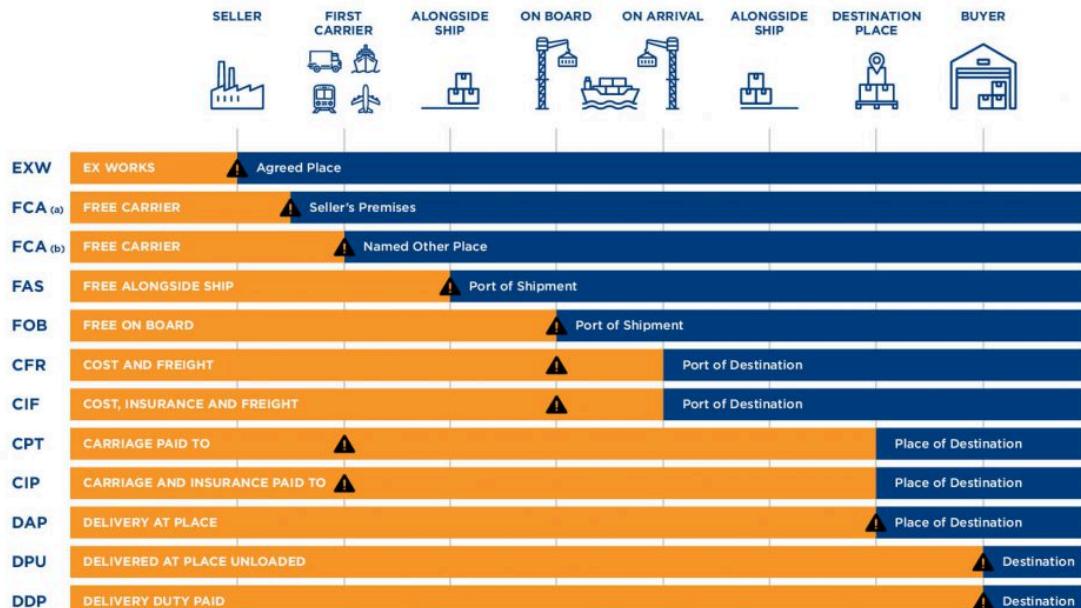
- A1 General obligations
- A2. Delivery (different)
- A3. Transfer of risks
- A4. Carriage
- A5. Insurance (different)
- A6. Delivery/Transport Document
- A7. Export- Import Clearance
- A8. Checking/Packaging/Marking
- A9. Allocations of costs

### The buyer's obligations

- B1. General obligations
- B2. Taking Delivery (different)
- B3. Transfer of risks
- B4. Carriage
- B5. Insurance (different)
- B6. Delivery/Transport Document
- B7. Export- Import Clearance
- B8. Checking/Packaging/Marking
- B9. Allocations of costs

HENNINGHARDERS

INCOTERMS® 2020



The Incoterms® do not constitute a complete contract of sale, but rather become a part of it. Please talk to your Account Manager at Henning Harders for more information.  
Incoterms® is a registered trademark of the International Chamber of Commerce (ICC).

SELLER'S OBLIGATION BUYER'S OBLIGATION TRANSFER OF RISK

## EXW - Ex Works

- EXW (insert named place of delivery) Incoterms® 2020  
→ EXW ABC Co., Ltd, 15 D5 Street, Ward 25, Binh Thanh District, Hochiminh City, Viet Nam, Incoterms 2020
- **named place is ALWAYS related to seller's premises**
  - Ex works means that the seller delivers when it places the goods at the disposal of the buyer at the seller's premises or at another named place (works, factory, warehouse,...)
  - The seller does not need to load the goods on any collecting vehicle, nor does it need to clear the goods for export, where such clearance is applicable

	Seller	Buyer
General obligation	Provide the <u>goods</u> and the <u>commercial invoice</u> in conformity with the contract of sale	
	→ Free from loading, carriage and insurance, customs formalities → EXW represents the minimum responsibility for the seller	

### Notes:

- Transport mode: EXW may be used irrespective of the mode or modes of transport, if any, selected.
- EXW may be suitable for **domestic trades**, where there is no intention at all to export the goods. → Risky for the buyer when **handling the customs clearance**
- EXW imposes the least set of obligations on the seller → The buyer should use it with care.
- **EXW may be used if:**
  - Maximize the obligation of the buyer, who want to manage the time, cost, control the transaction, logistics issue
  - supply and demand of the market: buyer who really want to buy sth from the seller, that they have no choice but to choose the EXW/rules set by the seller
  - non-professional seller, only focus on production
  - buyer who has the subsidiary, branches, offices, representatives in the seller's country

### EXW - loaded

- not mention in the incoterms

### Why is it common?

- the seller helps the buyer to load the goods to the truck since they have the necessary loading equipment at its own premises or to do it for the buyer → extend the seller's obligation
- applicable safety or security rules prevent access to the seller's premises by unauthorized personnel.

## **Who would bear the risk of loss of or damage to the goods occurring while the loading operation?**

- have to mention EXW-loaded in the contract with clarification  
→ EXW-Loaded - at seller/buyer risks

### **REVIEW**

The Vietnamese seller is negotiating to sell his furniture to the Japanese buyer whose representative office is located in Hochiminh city.

EXW loaded Binh Tan District,  
Hochiminh City, Viet Nam, Incoterms  
2020 at seller/buyer's risk

#### **The seller's requirements:**

- Furniture to deliver at seller's warehouse in Binh Tan District, Hochiminh city
- Pre-carriage and main carriage covered by the buyer.
- Furniture is not cleared for export

The buyer's requirement: Seller is in charge of loading furniture into the truck designated by the buyer

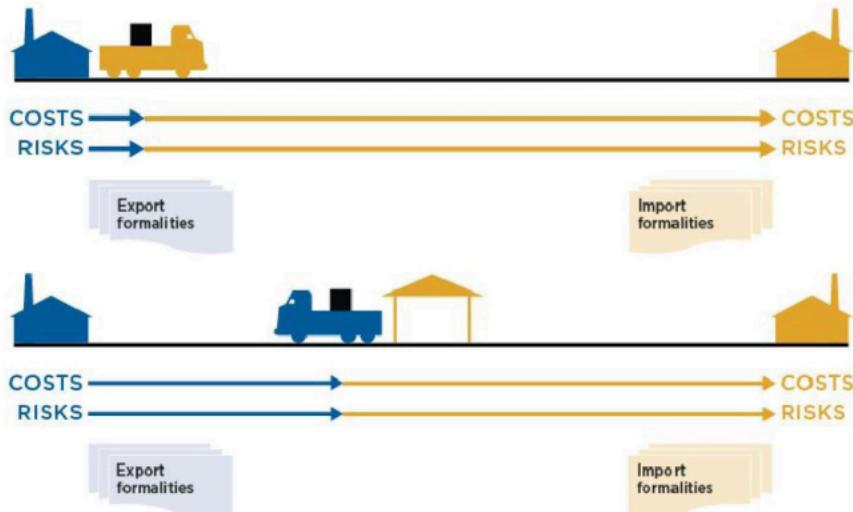
Draft an Incoterms rule in line with these requirements

## **FCA - FREE CARRIER**

- Free → the seller will be free from any liability when he has done his job.
  - FCA → the seller will be free from liability when delivering the goods to the carrier.
  - FCA (inserted named place of delivery) Incoterms 2020
- **Named place → seller's premises or another place: airport, port**
- CA Tan Son Nhat Airport, Viet Nam – Incoterms 2020.

## FCA - Free Carrier

FCA (insert named place of delivery) Incoterms® 2020



- "Free Carrier" means that the seller delivers the goods to the carrier or another person nominated by the buyer at the seller's premises or another named place.
- The parties are well advised to specify as clearly as possible the point within the named place of delivery, as the risk passes to the buyer at that point.

- Free carrier means that the seller delivers the goods to the carrier or another person nominated by the buyer at the seller's premises or another named place.
- The parties are well advised to specify as possible the point within the named place of delivery, as the risk passes to the buyer at that point.

FCA means that the seller delivers the goods to the buyer in one or other of two ways.

1. When the named place is the seller's premises: goods loaded on buyer's means of transport
2. When the named place is another place, the goods are delivered: goods loaded on seller's means of transport → reach the named place → ready for unloading

### OBLIGATIONS:

	Seller	Buyer
General obligation	Provide the goods and the commercial invoice in conformity with the contract of sale	
Delivery	The seller must deliver the goods to the carrier or another person nominated by the buyer at the named point, if any, at the named place, or <b>procure goods so delivered.</b> → string sales: bán hàng theo chuỗi → refers to a string sales in which A first buyer then sells to the next buyer who becomes the second seller and so on	

	<p>Mua hàng hóa → first buyer - mua ở cảng → bán cho ng khác → second seller, hàng đã ở cảng sẵn → fulfill</p> <p>Delivery is completed either:</p> <ol style="list-style-type: none"> <li>Named place is the seller's premises: goods loaded on buyer's transport</li> <li>Reach the named other place by seller's transport and ready for unloading from that transport</li> </ol>	
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- **Container Yard (CY)** (điểm tập kết container) is a place where containers are stored before loading on to the vessel or after unloading from the vessel/ship once it arrives at Port. A Container Yard is primarily used for **FCL** (Full container load shipment).
- **Container freight station (CFS)** is majorly used for **LCL** (Less than container load) shipments. The goods before loading on to the vessel/ship are taken to CFS to be consolidated and after arriving to the port are taken to CFS to be de-consolidated. The goods are also weighted and checked at CFS before loading on the vessel

#### Notes:

- Used irrespective of mode of transport
- Especially suitable for container transport
- FCA should be used instead of FAS or FOB if the seller does not intend to deliver the goods alongside the ship or on board.

#### FCA vs EXW

The liability of the seller in FCA > EXW

→ price of FCA goods will be higher (loading cost, export formalities fee)

#### FCA vs EXW-loaded

EXW-LOADED Loading risk → unclear, required mentioning in the contract

FCA → seller is responsible for loading risk

EXW-LOADED → buyers have to handle all ex and im clearance

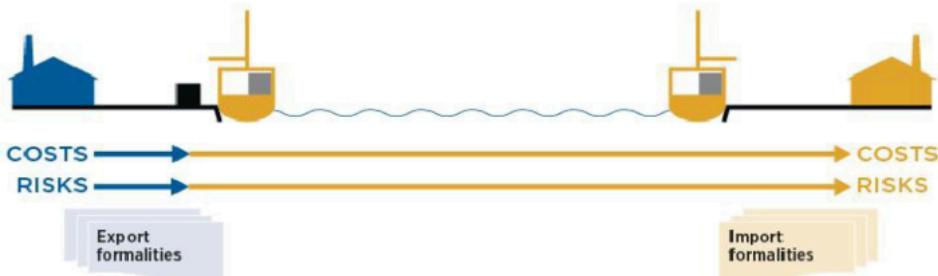
## FAS - Free Alongside Ship

FAS means that the seller delivers the goods to the buyer when the goods are **placed alongside the ship** (e.g. on a quay or a barge) nominated by the buyer at the named port of shipment or when the seller procures goods already so delivered.

FAS (insert named **port of shipment**) Incoterms 2020

## FAS - Free Alongside Ship

FAS (insert named port of shipment) Incoterms® 2020

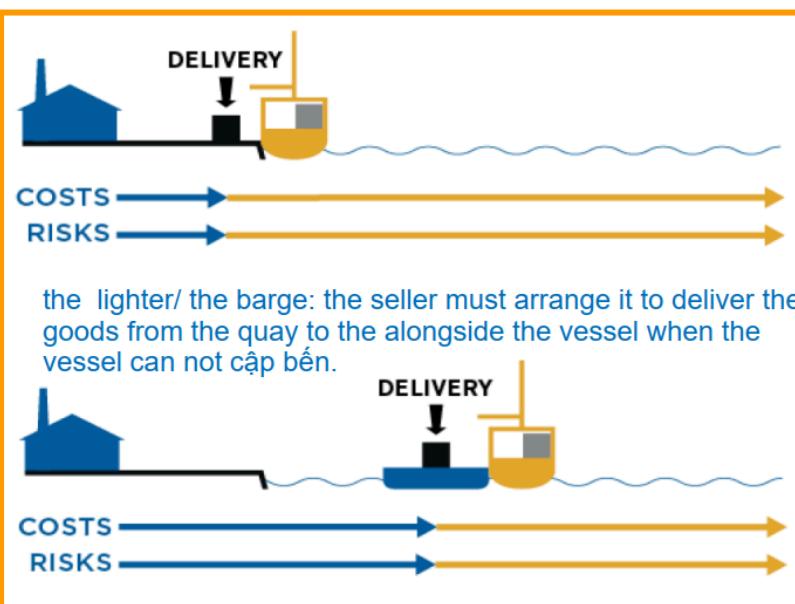


- "Free Alongside Ship" means that the seller delivers when the goods are placed alongside the vessel (e.g., on a quay or a barge) nominated by the buyer at the named port of shipment.
- The risk of loss of or damage to the goods passes when the goods are alongside the ship, and the buyer bears all costs from that moment onwards.

### FAS vs FCA

FAS named place → port

FCA named place → any place



### Notes:

- Used only for sea or inland waterway transport
- Not suitable for containerized goods (using FCA instead of FAS);
- Lighterage/barge charges need to be allocated

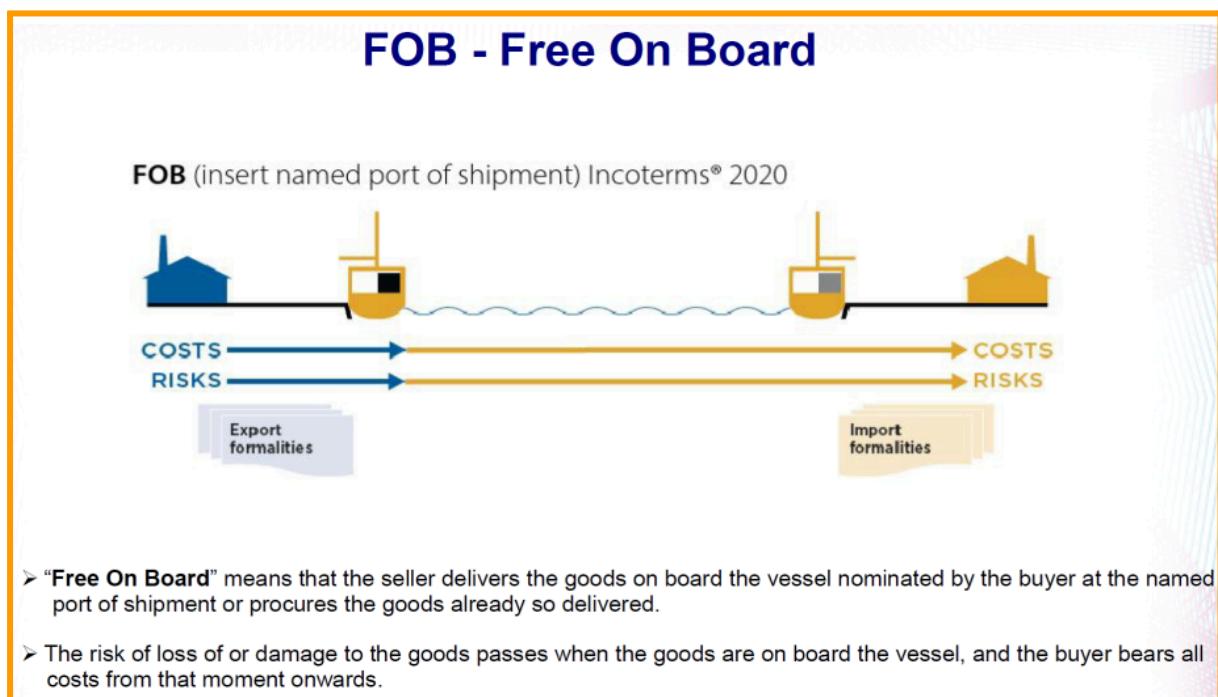
## REVIEW SESSION

- In a FCA contract, delivery period is '*the third week of August 2021*'. Accordingly, the seller is entitled to deliver the goods at any date within the agreed period. **Decide if this statement is true or False. Explain.**
- In a FAS contract, delivery period is '*week 33*'. During that week, on Tuesday, the seller places the goods on the quay where the ship will load on Thursday, but, on Wednesday, they are destroyed by a fire. There is no custom of the port or trade usage. **Who must bear that risk?**
  - False → the buyer will be the one to pick the specific time. If the buyer didn't mention it in the contract, the date should be the last day of the period.
  - The seller has to bear that risk. Until the ship arrives, the seller has not fulfilled the obligations since he only placed the goods on the quay not alongside the ship.

### FOB - Free on board

FOB (insert named port of shipment) INCOTERMS 2020

The seller fulfills his obligation when the goods are placed on board the vessel (on deck - trên boong tàu or at the hole of the vessel)



#### Notes:

- Used only for sea or inland waterway transport
- Not suitable for containerized goods (using FCA instead of FOB);
- Custom of loading port;
- Variations of FOB (FOB stowed, FOB trimmed)
- Usage of transport terms: FI, FO, FIO...

A6:

**Delivery document**

→ Evidence showing that the seller fulfill the delivery obligation

### **Transport document**

→ Receipt showing the

→ Proof of carriage contract, showing the goods is transported to the destination

Under FCA, The seller done his obligation when receiving FCR (Forwarder cargo receipt)

B/L là chứng từ duy nhất thể hiện the goods is delivered cùng đk vận chuyển

→ vừa là delivery và transport document

Under the F group, the seller has to shown the goods is delivered through DELIVERY DOCUMENT (FCR)

### **Normally in the F group:**

**Sellers handle the delivery document (FCR)**

**Buyers handle the transport document (chứng từ chứng minh goods is delivered to the destination)**

**If the transport document = delivery document (which is B/L since only BL mới xác nhận hàng đã dc đặt trên tàu) → Seller handle the cost and the risk of carriage**

FCA, giao hàng cho carrier tại terminal, sellers cần nhận dc FCA - delivery document

Bth trong FCA onboard part thuộc về buyers

FOB Onboard là sellers' liability.

**1. What is meant by ‘placing’ the goods ‘on board’ the vessel? Are securing (chằng buộc), dunnage (chèn lót), and/or trimming (san cào gọn hàng) of the cargo required?**

→ Related to the **port customs** (tùy thuộc vào tập quán cảng)

On board = thường là anywhere on the vessel , nhưng some port sẽ có port customs quy định là Maybe under the ship's tackle (cái cầu) cũng dc xem là on board

→ **natural of goods**

Đối với nhựa đường:

Risk sẽ dc transfer sang buyers khi nhựa dc chuyển trong ống từ port qua tiếp điểm vào tàu (trong trường hợp này = on board) nhưng quyền sở hữu vẫn của sellers cho đến khi buyers

→ **type of vessel (RORO, LOLO)**

→ **do not require securing, dunnage, and/or trimming**

**2. ‘FOB secured stowed and Trimmed’**

→ variations of FOB

→ has to mention “at seller/buyer’s risk”

**3. If goods are dropped during loading and land on deck causing damage. Who would be liable for this?**

→ Liability of sellers, sellers have to place the goods safely on board.

4. Under FOB, what happens if goods are destroyed during loading when only part of the goods has been put on board? Has delivery been made, so that risk for the goods already on board has passed to the buyer?

→ delivery has not been fulfilled → sellers' liability

5. Who pays the cost of B/L?

→ seller

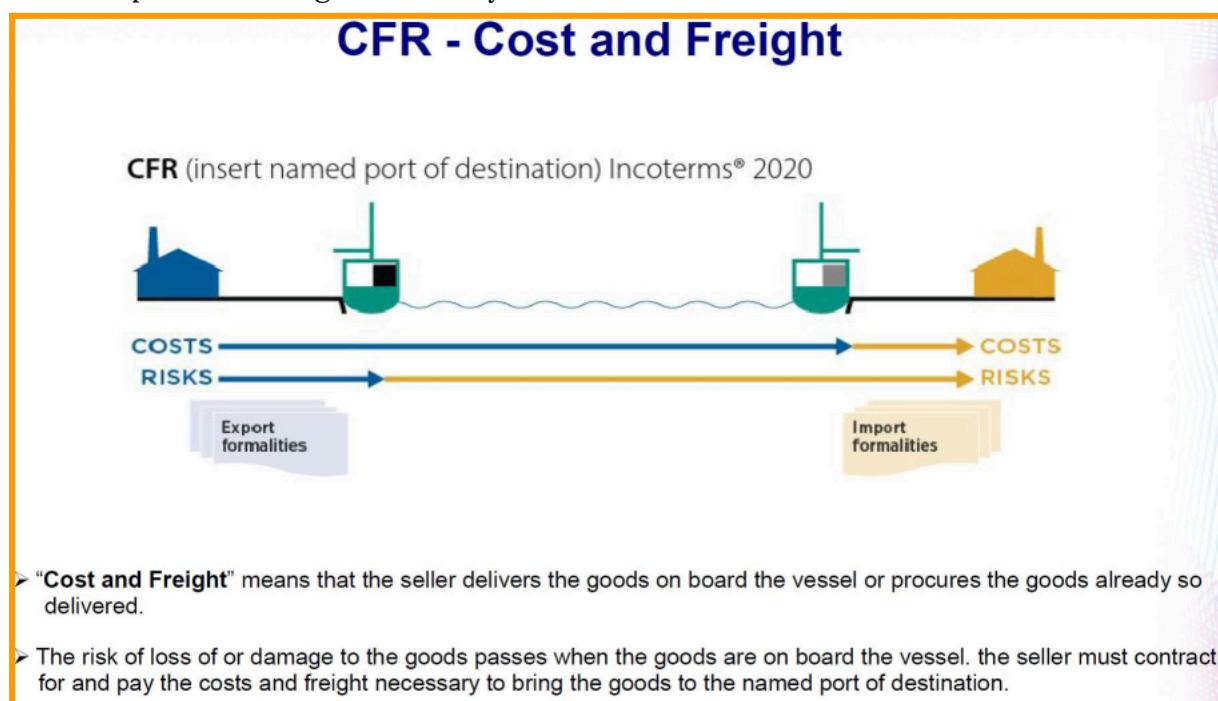
## CFR - Cost and Freight

Freight: cước phí tàu

Cost: base price

CFR (insert named port of destination) INCOTERMS 2020

"Cost and Freight" means that the seller delivers the goods to the buyer on board the vessel or procures the goods already so delivered.



### FOB vs CFR

- FOB → buyers arrange the carriage, named port of shipment (Cat Lai port)
- CFR → sellers arrange the carriage, named port of destination (Rotterdam Port)

Ex: VN (Cat Lai Port) -----> Netherlands (Rotterdam Port)

- Sellers handle the carriage → bear all the cost when the goods arrive at the destination
- Risks transfer when the goods are both on board the vessel → the same with FOB

### Group C & F the same

- Insurance: neither
- Customs clearance: seller → ex, buyer → im

Unloading cost → buyers

**Notes:**

- Not suitable for containerized goods (using CPT instead of CFR).
- The buyer should contract for insurance.
- CNF (1986), C&F, C + F: not recommended.
- Suitable for the containerized goods: FCA, CPT/CIP

Transfer the risk to the carrier, risk-free when the good arrives at the terminal

- Not suitable for the containerized goods: FOB/FAS, CIF/CFR

Containerized goods → sellers delivered to CY/CFS at the terminal (sellers stills bear all the risk until onboard but the control from the terminal to the port belongs to the carrier and the port)

→ solution:

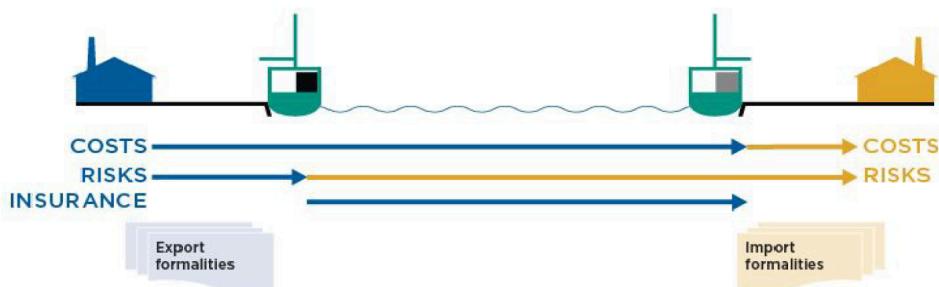
1. Change from FOB to FCA (có thể ảnh hưởng đến giá của goods)
2. Change the place of transferring of risk from on board to the terminal **in the contract**

## CIF - COST, INSURANCE AND FREIGHT

**CIF** (insert named port of destination) INCOTERMS 2020

### CIF - Cost, Insurance and Freight

**CIF** (insert named port of destination) Incoterms® 2020



- “Cost, Insurance and Freight” means that the seller delivers the goods on board the vessel or procures the goods already so delivered.
- The risk of loss of or damage to the goods passes when the goods are on board the vessel.
- The seller must contract for and pay the costs and freight necessary to bring the goods to the named port of destination. The seller also contracts for insurance cover against the buyer's risk of loss of or damage to the goods during the carriage.
- The buyer should note that under CIF the seller is required to obtain insurance only on minimum cover. Should the buyer wish to have more insurance protection, it will need either to agree as much expressly with the seller or to make its own extra insurance arrangements.

## CIF vs CFR

→ sellers have the obligations to buy the insurance in CIF

A5: insurance

Mức bảo hiểm loại C

→ cheapest

1/1/09

INSTITUTE CARGO CLAUSES (C)

**RISKS COVERED**

**Risks**

1. This insurance covers, except as excluded by the provisions of Clauses 4, 5, 6 and 7 below,

- 1.1 loss of or damage to the subject-matter insured reasonably attributable to
  - 1.1.1 fire or explosion
  - 1.1.2 vessel or craft being stranded grounded sunk or capsized
  - 1.1.3 overturning or derailment of land conveyance
  - 1.1.4 collision or contact of vessel craft or conveyance with any external object other than water
  - 1.1.5 discharge of cargo at a port of distress,
- 1.2 loss of or damage to the subject-matter insured caused by
  - 1.2.1 general average sacrifice
  - 1.2.2 jettison.

## If the buyer request clause A, does the seller have to buy that insurance?

→ phải có agreement between the seller and the buyer

The insurance shall cover the goods from the **point of delivery** to at least the named port of destination.

Point of delivery → onboard of vessel

**Why seller has to buy an additional 10% of the invoice (insurance covers 110% value of invoice)** → if the goods are destroyed, the buyer not only lose the goods' value but also the profit, 10% cover the average profit the buyer may receive

The buyer can contact the insurer to receive the insurance even though the seller buys insurance.

Port of loading usually is the location of seller

→ Risky when not mention

## Some Risks when mentioning Incoterms in contract

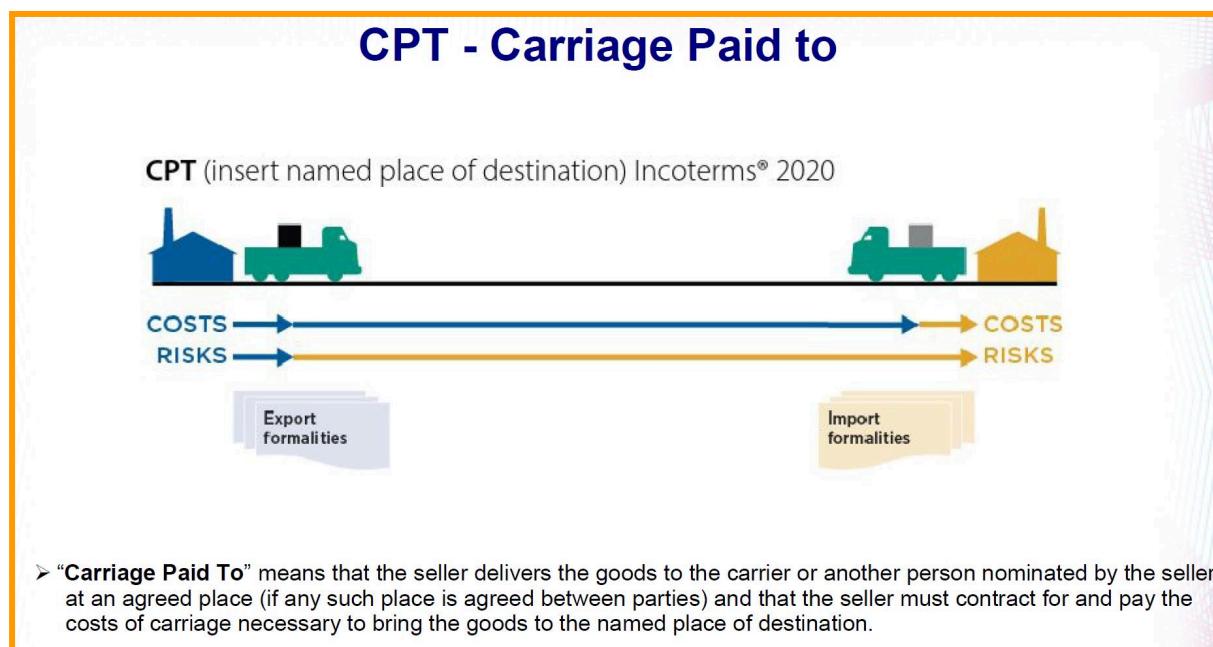
→ check the version of incoterms

→ CNF → old, CFR → new

→ check whether the goods are containerized, suits the kind of contract or not

→ shipping line

## CPT - Carriage Paid To



### CPT vs CFR

CPT → named place of desination

CFR → named port of destination

CPT → transfer the risk: when deliver to the carrier (sooner)

CFR → transfer the risk: when deliver on board the vessel

### CPT vs FCA

CPT is quite similar to FCA, except for the party handling of carriage

CPT

→ Seller handle the carriage

→ Place of destination

→ No one has to pay for the insurance

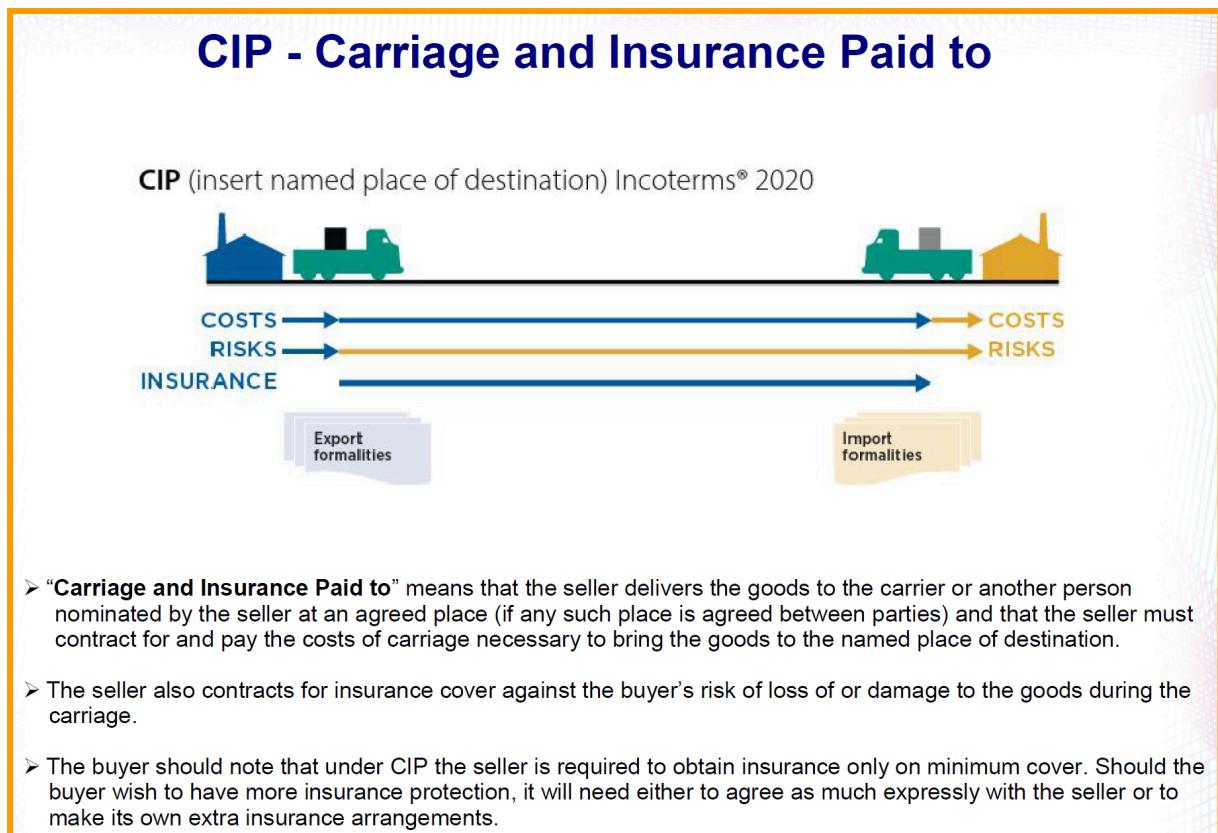
→ Seller clear export, buyer clear import

FCA

→ Buyer handle the carriage

→ Place of delivery

## CIP - Carriage and insurance paid to



### CIP vs CPT

ONLY DIFFERENT: Seller has to pay for the insurance in CIP

CFR + insurance -> CIF (applicable for just maritime, bulk cargo)

CPT + insurance -> CIP (applicable for most of transport, containerized)

### CIF vs CIP

CIF

→ Seller has to buy the clause C (minimum cover)

→ bulk cargo (vd: than đá... ít giá trị hơn)

CIP

→ seller has to buy the clause A (maximum cover)

→ containerized goods (manufactured goods) → higher in value

#### ❖ Notes for C group

- Two critical points
- Avoid stipulating date of delivery at destination (date of arrival)  
‘CIF Rotterdam not later than...’  
‘Shipment to be arrived at discharging port before...’
- Unsuitability of minimum cover for manufactured goods
- *C-terms are not equivalent to D-terms*

C group

- Point of delivery
- Point of transfer of risk

- Different (cost allocation vs risk allocation)  
Who would bear the risk for the late delivery
  - Buyers. The risk has already been transferred.

Under CIP

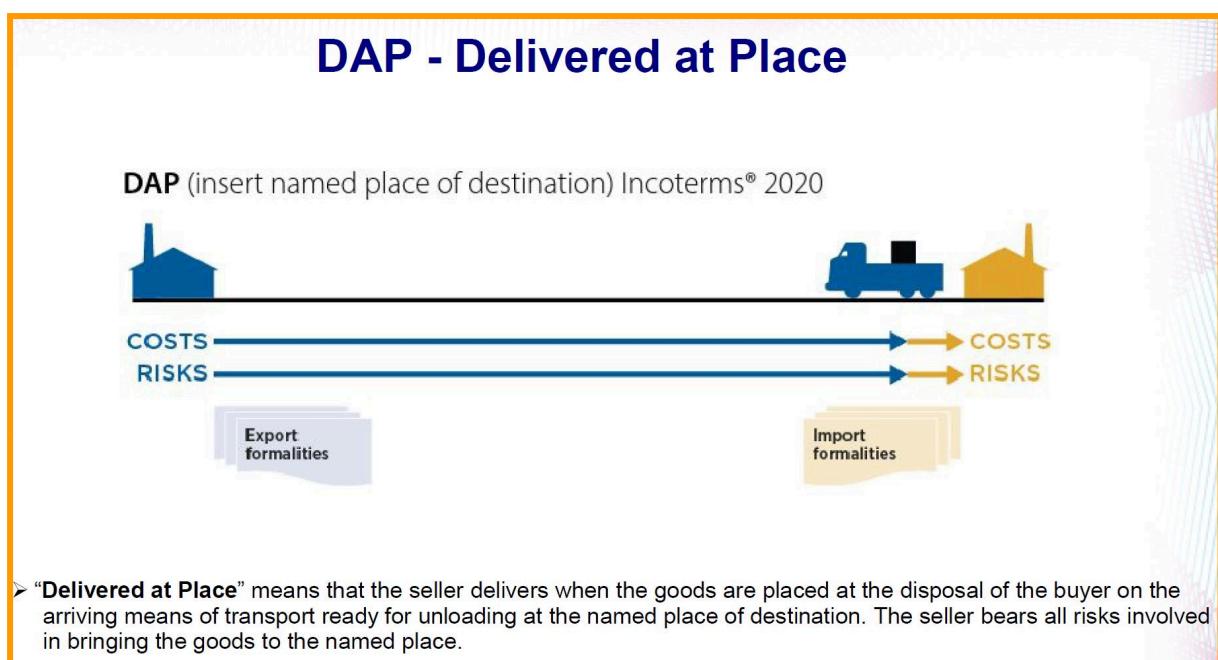
Delivery date → deliver the goods to the carriage/ on the board vessel on the port of loading → seller finish his obligations, transfer risk

If said CIF Rotterdam not later than August

→ Change the CIP incoterms, should not mention “not later ...”

D group: obligation of the seller is highest

## DAP - DELIVERED AT PLACE



Place of destination → Buyers' premises, port, airport

Seller fulfill his obligations when the goods are delivered at the UNLOADING PORT

Seller → ex clearance, buyer → im

Insurance → no one

Carriage → seller handle

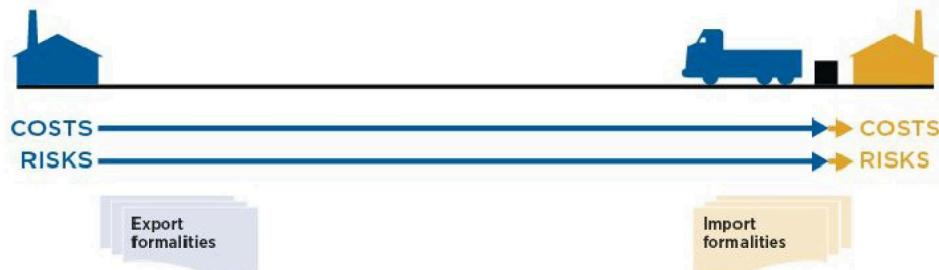
DAP vs CPT

### Only difference risk allocation

## DPU - DELIVERED AT PLACE UNLOAD

### DPU - Delivered at Place Unloaded

DPU (insert named place of destination) Incoterms® 2020

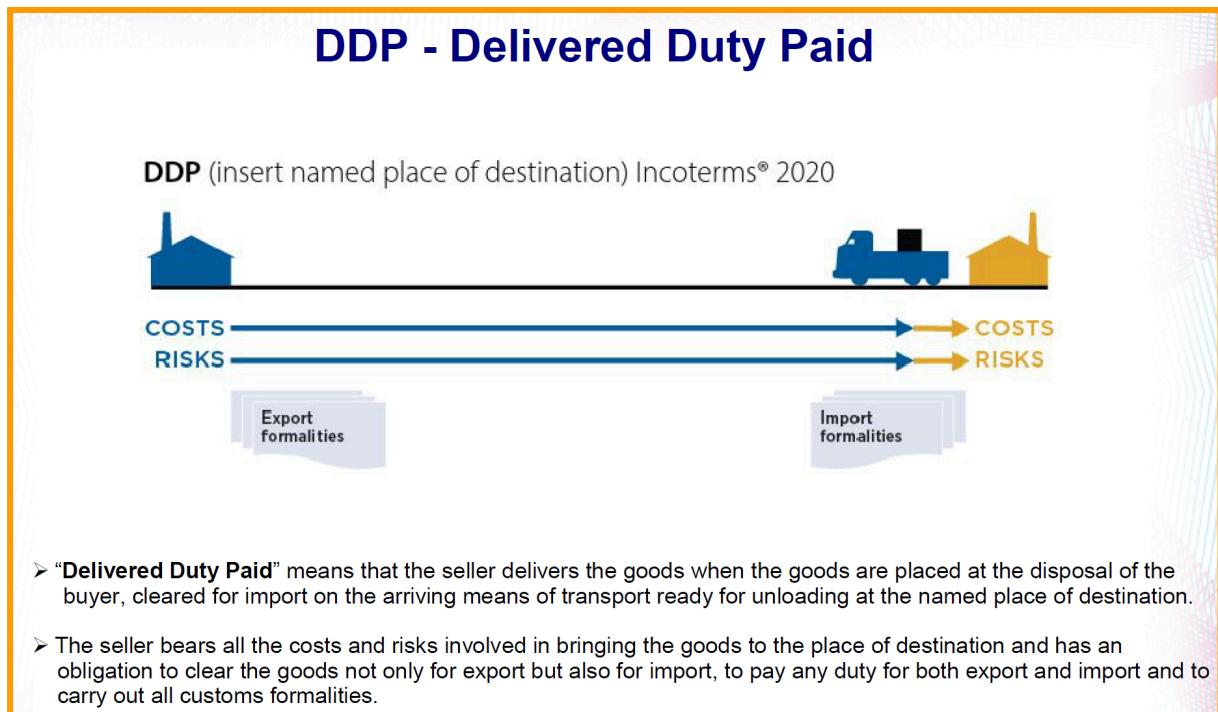


- "Delivered at Place Unloaded" means that Seller delivers the goods and transfer risk to Buyer, when the goods once unloaded from the arriving means of transport are placed at the disposal of the Buyer & at the named place or destination or at an agreed point within that place, if any point has been agreed
- The contract of carriage must be arranged by the Seller up to the agreed point of delivery of destination
- The Seller is liable to unload the good from the means of transportation
- DPU requires the Seller to clear the goods for export however the Seller is under no obligation to clear the good for import or transit through third countries
- Buyer must arrange for import customs clearance and customs duties

#### DPU vs DAP

- Seller has Higher risk than DAP
- Seller has to unload the goods in the destination
- higher cost

## DDP - DELIVERED DUTY PAID



Duty = thuế

Seller has to clear both ex and import → maximum obligations >< EXW

### DAP vs DDP

DDP Seller do both ex and im

DAP seller - ex, buyer - im

### DPU vs DDP

DPU seller has to unload the goods, customs clearance

DDP unload the goods is the responsibility of buyers

### NOTES FOR D GROUP

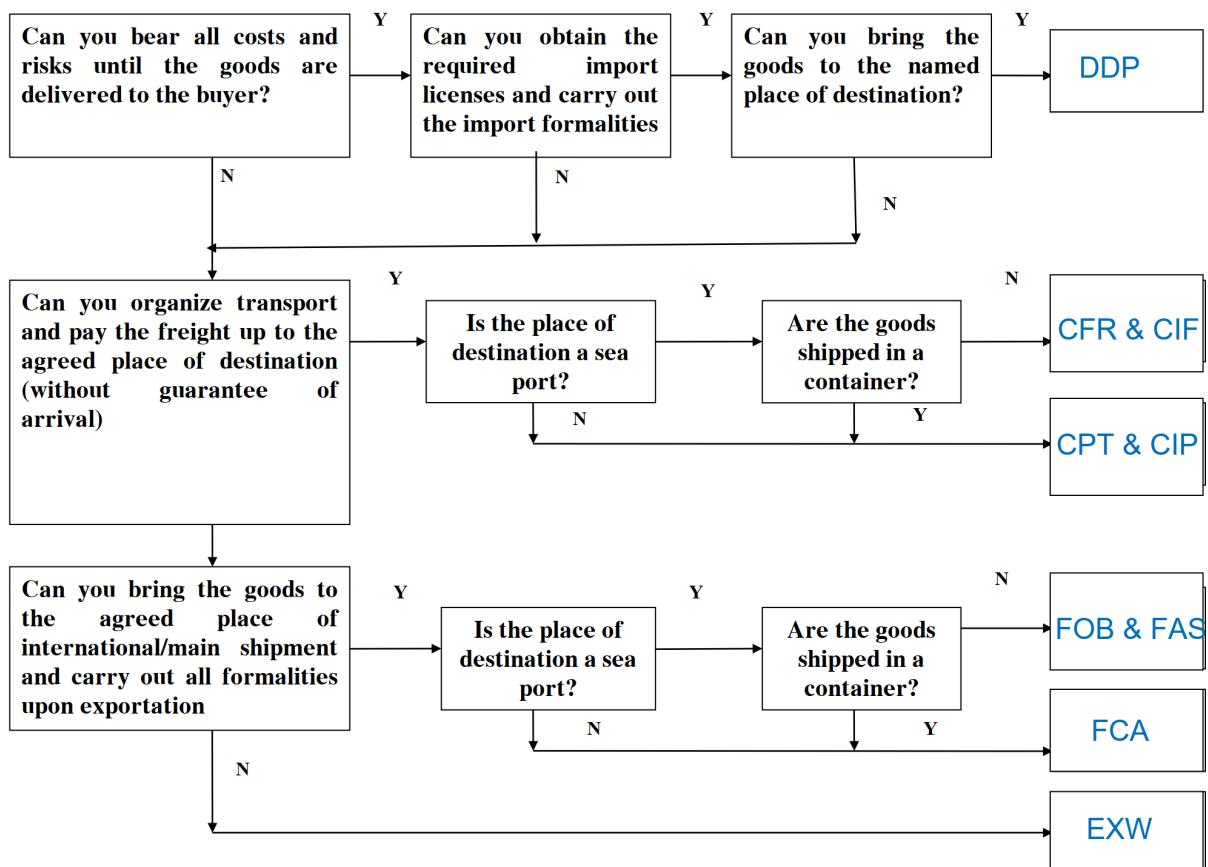
- DAP and DDP do not include unloading
- If any difficulties seem likely to arise in relation to the import of the goods into the buyer's country, the seller should try to avoid using the term DDP.
- DPU or DAP and difficulties of reaching the final destination

Left → right → seller ob tảng dàn

Top → bottom → seller ob tảng dàn

Middle → multimodal mode of transport

## INCOTERMS® 2020 : SOCCER TEAM



A seller from India supplies a shipment of cotton to a buyer in Hochiminh City, under CIF rule (Incoterms 2020). The port of loading: Mumbai, Bombay, India, the port of discharge: Catlai, HCM city, Vietnam.

1. What is the point of delivery?
2. Which is the place named after CIF rule?
3. Which party is responsible for obtaining insurance? And under which cargo clause of insurance?
4. Which party is responsible for claiming for insurance if loss or damage to the goods arises in transit?
5. Which party must pay for carriage?

1. On board
2. Cat lai port of destination
3. Seller. Clause c
4. Buyer
5. Seller

- Exporter: Bombay, India
  - Importer: Saigon, Vietnam
  - Commodity: Polyester materials, containerized.
  - Quantity: 15MT
- Seller's responsibility: Deliver the goods to the first carrier named by the buyer in a container yard at Mumbai, Bombay and make export clearance.
- Buyer's responsibility: all remaining duties and obligations.

**Which rule under Incoterms 2020 should be stipulated in the contract?**

Buyer handles the carriage → E/F

Seller clears export → F

Containerized → FCA

- Exporter: Bombay, India
- Importer: Saigon, Vietnam
- Commodity: Polyester materials, containerized.
- Quantity: 15MT
- Seller's responsibility: Deliver the goods to the first carrier arranged by the seller in a container yard at Mumbai, Bombay, make export clearance, pay for main carriage including unloading cost at Catlai Terminal, Hochiminh City, Vietnam.
- Buyer's responsibility: all remaining duties and obligations.
- Which rule under Incoterms 2020 should be stipulated in the contract?

The seller fulfills obligations when delivering the goods at CY Mumbai, India → C group  
Not D group because Seller has to deliver to SaiGon

CPT

B9

c) Hợp đồng vận chuyển giữa seller ký với carrier, nếu seller pay phí carriage thì buyer ko cần phải trả. Phí đó sẽ đc cộng dồn vào giá bán.

## CHANGES TO INCOTERMS 2020

### 1. On-board B/L in FCA

A6-B6 (Delivery/Transport document)

'If the parties have so agreed, the buyer must instruct the carrier to issue to the seller, at the buyer's cost and risk, a transport document stating that the goods have been loaded (such as a bill of lading with an onboard notation)'

Under FCA

- delivery document → FCR (Forwarder cargo receipt) → seller
- Transport document → B/L → buyer, since they handle the main carriage, easier for them to get transport document
- L/C:

If the seller has to take to B/L, buyer still bear the cost and the risk.

In some case, when buyer pay by L/C, they require some documents, then the seller has to submit the on board B/L, C/O,... to the bank to receive payment.

### 2. Cost

### 3. Different levels of insurance cover in CIF and CIP

In some cases, the seller may be obliged to the insurance clause A

### 4. Carriage in FCA, DAP, DPU, DDP

Arrange at its own cost

→ sometimes the buyer has the capacity to carry buy themselves without hiring the carriage

→ the buyer then must contract or arrange at its own costs for the carriage of the goods.

## 5. DAT → DPU

DAT = delivered at terminal

Terminal: a place where goods are collected

DAT, seller fulfills the deliver goods to the terminal and unloaded, unload **only at the terminal**

If pp want to unload at somewhere else → DAT is NOT applicable

DPU → goods can be unloaded anywhere at the destination as long as the party mention it

## 6. Security-related requirements within carriage obligations and costs

### DICUSSION

Factors affecting the choices of company when choosing the Incoterms rule

- Bargaining positions:

The power of the seller/buyer, position of a person in a negotiation

- Fluctuations of O/F, A/F, insurance

+ Pandemic → lack of vehicle, freight cost may be high → seller should go with the F group (seller don't have to arrange the carriage) instead of C group

If seller handle carriage, contract, if the freight rise, they may be lost.

+ War in Ukraine → seller should go with the F group due to wartime, dangerous if we deliver to the destination.

- Business strategy

**Liner charter:** like bus

### LINER CHARTER

- Liners are ship trading between fixed and predetermined number of ports regardless whether they are full or empty.
- Liners follow a schedule of ports of loading and discharge, usually adhering to a published timetable on set conditions of carriage and often charged at a published rate or freight.
- Liner cargo is almost made up of manufactured or partly-manufactured goods
- The vast majority (90%) of liner cargo is carried in container
- Liner freight includes loading, stowage/trimming and discharge expenses

Even though buyer is the one has to pay for the unloading cost

In reality, C group – seller has to pay for freight include loading and unloading cost/liner charter

## VOYAGE CHARTER - Người đi thuê tàu

### **VOYAGE CHARTER**

- Voyage chartering happens when a charter rents whole or part of a ship for transporting his cargoes from port(s) of loading to port(s) of discharge for a single or some of voyages
- Ships are running as the charterer's requirements
- It almost always carries raw materials, very often in bulk such as iron ore, grain, coal, and oil.
- Freight is determined by market to competitive and negotiated with or without I, O, S, T → FIOST?
- Obligations and responsibility of carriers may be governed by both Bill of lading and charterparty.

- *The seller is responsible for contracting and paying for main carriage, insurance excluded, and risk of loss or damage to the goods once will pass to the buyer when the goods are shipped to the first carrier.*
- Which rule under Incoterms 2020 is used in the following case?

C/D group

Risk not transfer in the destination → C group

First carrier → CPT/CIP

Not insurance → CPT

Under FCA -> delivery document -> FCR

Buyer is the one who arrange the carrier -> the buyer pay for transport document

But in reality, seller may be the one who pay for the transport document. If the payment method is L/C, seller must have the B/L to submit to bank for payment. In this case, seller will get the B/L, under the cost and risk of buyer.

-

True/ False Statement

1. Provided the CIP delivery facility, the seller is entitled to charter the vessel.
2. Delivery facility condition "FOB...designated port of loading" indicates The seller must bear the cost of loading the goods on board
3. Selling goods at CIF price, the freight costs are paid by the buyer.
4. The "I" in CIF, from the perspective of price composition, is the cost of insurance. The seller's responsibility is the seller's responsibility to do insurance goods.
5. Goods inspection is an indispensable clause in the contract import and export.

6. Delivery facility condition "DPU...designated port of destination" indicates liability. It is the seller's responsibility to clear import customs.
7. F" in terms of delivery facility "FAS... (specified port of loading)" is to indicate the freight charge of the primary transport sector.
8. Delivery Facility "FAS.E. (specified port of loading)" means the seller fulfills his obligation to deliver when the goods pass the rail ship.
9. Delivery facility terms "DAP... specified port of destination" are different from CFR is the seller bears all costs for the carriage of the goods in the main leg of the carriage.
10. CPT terms can be used with any means of transport
11. According to EXW terms, the seller is obliged to load the goods onto the vehicle and deliver to the buyer.
12. Under the terms of DDP, the seller is obliged to unload the goods from the means of transport loaded at the destination and delivered to the buyer
13. The purpose of the inquiry is to collect information, so the more you send it out inquiry letter as possible
14. Free offers are used when the market belongs to the buyer
15. A fixed offer letter is an offer that can only be sent to one person at a moment
16. The refund is binding on the person offering the refund
17. After refunding a fixed offer, if you change your mind and accept the offer, the other party still has to sell.
18. Fixed offers may be communicated to the other party by telephone, or in writing and remain in full force and effect.
19. There are two types of order, fixed order and free order.
20. An acceptance with a reservation is still valid as an acceptance
21. The Commercial Law of Vietnam recognizes the date of acceptance letter as date form a contract
22. When importing goods for re-export, the goods owner has the right to package and label them, and mark the goods before exporting them to another country.
23. According to Vietnamese regulations, transshipment goods can be from the exporting country through Vietnam, but did not go through import procedures, then exported to another country.
24. In the export processing method, there can be more than two countries involved
25. Agents are different from brokers in that, agents are responsible for the performance  
contract between the two buying and selling parties
26. Sales agents have the right to receive remuneration in the form of money % of the selling price of goods
27. The commission agent will sign the contract on behalf of the trustee.
28. The authorized agent must bear all costs when signing a contract under the trustee's mandate.
29. If selling goods by auction method, by taking advantage of the competition among buyers, sellers always sell goods with expensive.

30. For the Incoterms group C, the location of risk and cost allocation is duplicate

## CHAPTER 2: INTERNATIONAL SALES OF GOOD

### 1.2 International character (4 yếu tố)

#### What if a party has more than one place of business?

1. Các bên lại có trụ sở tại các quốc gia khác nhau

A buyer in Austria (a CISG State) purchased goods from the Swiss branch of a company with headquarters in Liechtenstein (notably: a non-CISG Contracting State)



K59 Tran Nguyen Minh Thu

23:17 4 thg 9

'Seller's premises' may be any place under the seller's control, including the one hired/contracted/rented by the seller.

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Bản tóm tắt

Đường viền

## TRÊN LỚP

### CHAPTER 1: AN OVERVIEW OF INCOTERMS

History and development

Fundamentals

Remarks

Classifications

EXW - Ex Works

FCA - FREE CARRIER

FAS - Free Alongside Ship

FOB - Free on board

CFR - Cost and Freight

CIF - COST, INSURANCE AND FREIGHT

CPT - Carriage Paid To

CIP - Carriage and insurance paid to

DAP - DELIVERED AT PLACE

DPU - DELIVERED AT PLACE UNLOAD

DDP - DELIVERED DUTY PAID

## CHANGES TO INVOTERMS 2020

### CHAPTER 2: INTERNATIONAL SALES OF GOOD

#### Bật chế độ hỗ trợ trình đọc màn hình

Để bật chế độ hỗ trợ đọc màn hình, nhấn Ctrl+Alt+Z Để tìm hiểu thêm về các phím tắt, nhấn Ctrl+dấu gạch chéo

GIAO DỊCH TMQT

Pvoil (VN) - Singapore (Company) receives import from Korea, Qatar, USA  
sell 100mil USD to VN

The Singapore company is still internationally

2. Đối tượng của hợp đồng qua biên giới (của qgia, của hải quan, custom border), bán hàng tại khu chế xuất, khu công nghiệp, dù ở trong nước vẫn được coi là hàng hóa international
3. Payment currency can be foreign to at least one party to the contract
4. Dispute settlement body (3rd party) should be in another country and totally independent

-

#### PARTIES TO THE CONTRACT

1. Exceed the sphere of authorization: In what aspect → Inspect the letter of authorization
2. The legal representative knows but shows no objection within a reasonable period

See more

Pugas - KDK - nhập khẩu rất nhiều nhưng khi GĐ KDK ký hợp đồng thì có đủ điều kiện pháp lý hay không

- LND (2 cty này ở dạng chi nhánh, **branch**)
- PVG
- PVgas D

#### ARTICLE 674 - CIVIL CODE

#### III. Offer and acceptance

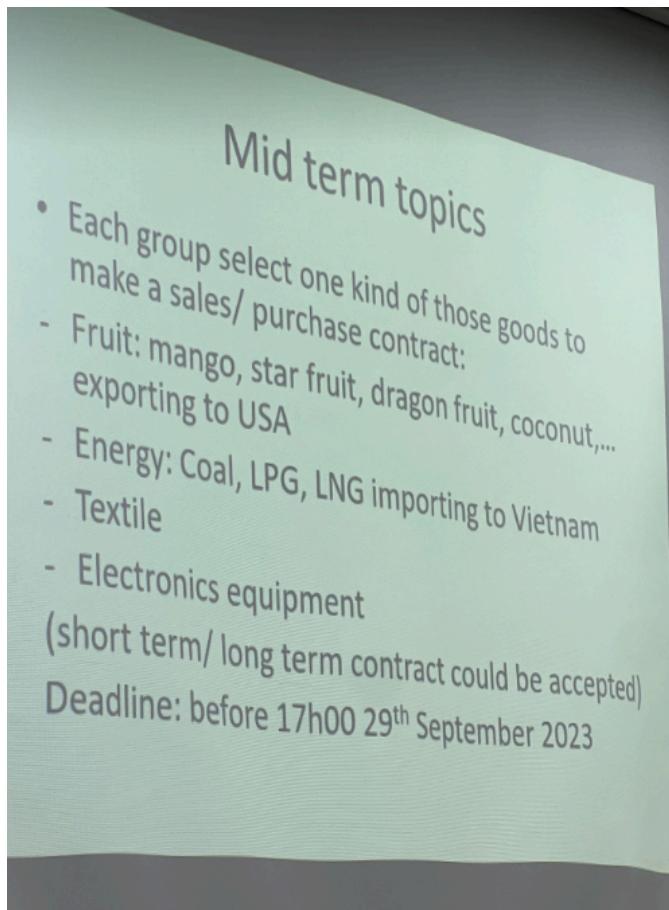
##### **2. The acceptance must be received within the time limitation set forth in the offer.**

- CISG: Art. 18; Art. 21
- VN: Art 34
- Chấp nhận muộn có hiệu lực

##### **3. The acceptance shall not be withdrawn**

##### **4. Drafting an int sale of goods contract**

- **Transport-related term:** Shipment, Packing and Marking
- **Legal-related term:** Force majeure, claim, arbitration
- **Additional terms:** Warranty



### 1.3 Time and place

- HCMC, 15th May, 20...
- 15th March 20 ... in Indonesia
- The purpose is for validity

### 1.4 Contract parties

#### 1.4.1 Seller

Vice Director -> not have authority to present→ possible if authorized

### 1.6 Preamble/Whereas clause:

## 2. Terms and conditions

### 2.1 Commodity/Scope of work

---

### 2.4 Delivery/Shipment

Delivery as per FOB, Incoterms 2010

Ha Phong: Multiple port, not specific port

### Price currency

- Parties agreement:

## 2.5 Price

### 2.5.3

Flexible = basic price + method to review (+/-)

Dầu thô → Ko có fixed price mà chỉ có flexible price

### Drafting a fixed price clause:

Necessary in 4

Vietnam export rice price

- Price currency: USD

## 2.6. Payment

- Payment currency
- Time of payment
- Mode of payment

### 2.6.1 Advance payment

L/C: payment for buyer

Seller prefers advance payment

---

## Liquefied Natural Gas LNG Value Chain

LNG tại Úc: C1 ít, C2 nhiều → deal giá, giảm giá

LNG tại Mỹ: Chất lượng tốt hơn

Lô nhiều tạp chất/Lô sạch → tùy vào segment của tệp KH đầu ra.

LNG dùng INCOTERM NÀO.

- Phương thức vận chuyển: Đường biển
- Điều kiện INCOTERMS: FOB, địa điểm chuyển giao trên boong tàu (bắt đầu bằng việc bơm chất từ khí sang lồng vào ống, đi vào tàu thông qua đường ống).
- Không dùng CIF, CFR vì người bán không phải là người thuê phương tiện vận chuyển
- Sd C/D phù hợp vào năng lực thuê phương tiện vận chuyển của người nhập khẩu
- CIF, người bán thay mặt người mua mua bảo hiểm và thuê phương tiện vận chuyển
- C: Người mua chịu trách nhiệm về tỷ lệ hao hụt

INCOTERM 2000:

- Title of transfer: Sớm hơn risk of transfer
- Risk of transfer: Giữ lại delivery point

—  
MCQ

5. The transfer of risks occurs when the goods are placed on board in the port of shipment with: B → FOB, CFR, CIP

—  
Partial shipment thì cho phép

Transhipment: Prohibited

—

4. If the seller presents a B/L, thì có gọi là cleaned hay không?

Clean có nghĩa là vận đơn ko có clause, hoặc có ghi nhưng không có ảnh hưởng đến tình trạng của hàng hóa. "No clauses, no comment/comment do not affect the status of the followed cargo

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## CHAPTER 2: INTERNATIONAL SALES OF CONTRACT

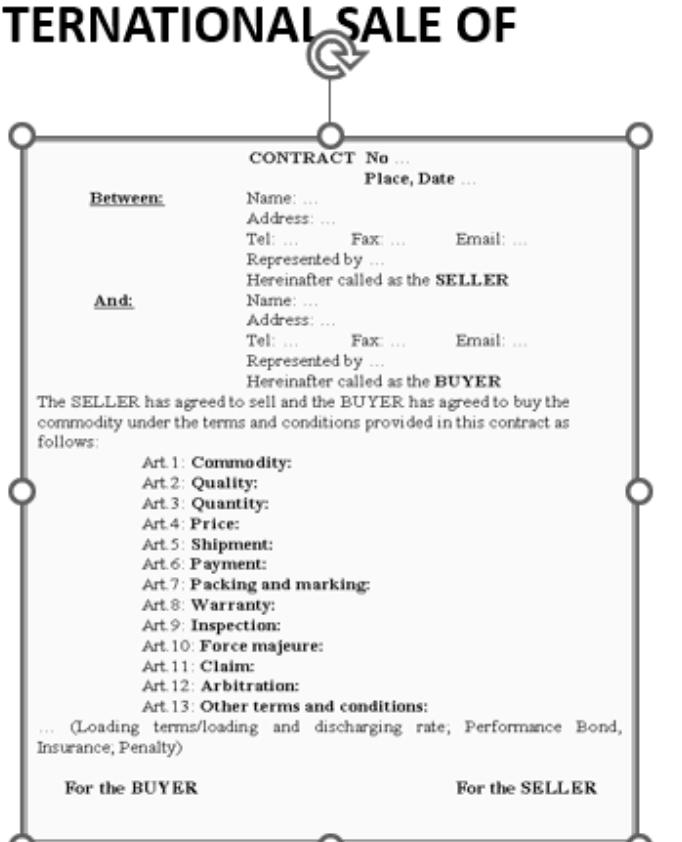
[SLIDE 45]

# IV. DRAFTING AN INTERNATIONAL SALE OF GOODS CONTRACT

## Opening

### Terms and conditions

- Object-related terms
- Finance-related terms
- Transport-related terms
- Legal-related terms
- Additional terms



## OPENING

### 1.1. Type/name of contract

- Export – Import contract
- Sale/Purchase contract
- International sale of goods contract

### 1.2. Contract number

- Contract No. 105/2021
- Contract No. PETECH/2021-15

### 1.3. Time and place

- HCMC, 15th May, 20...
- 15th March 20.. in Indonesia

## 1.4. Contract parties

## 1.5. Definitions

## 1.6. Preamble

## RICE EXPORT CONTRACT

## OFFER AND ACCEPTANCE

<p>P.L TRADING CORPORATION 13333 Wetland East Blvd, Houston, Texas 77041, USA Tel: 281894 5454 Fax: 281.984.0022 Email: <a href="mailto:pvl@PL.com">pvl@PL.com</a></p> <p>H.V FOOD COMPANY LTD. 108 K30 Pho Quang St., Tan Binh District Ho Chi Minh City, Vietnam Email: <a href="mailto:hien@hcm.fpt.vn">hien@hcm.fpt.vn</a></p> <p>Your ref: Our ref: Inq R255</p> <p>28 January, 2014</p> <p>Dear Sir or Madam</p> <p>We have learned your company's name from the trade magazine "The Business World". We would like to have a long-standing relationship with your company.</p> <p>We would be grateful if you could send us some samples of the Vietnamese White Rice Long Grain. We would also appreciate your letting us have full information regarding FOB Ho Chi Minh city port price, terms of payment and earliest delivery date.</p> <p>If the price offered are competitive and the quality is of the standard we required, we shall place large orders with you in future.</p> <p>We look forward to receiving samples and quotation from you soon. Yours faithfully William J.Scheela (Mr.) Purchasing Manager</p>	<p>Dear Mr. William J.Scheela Thank you for your letter of 28, Jan 2014. We have pleasure informing you that we can supply you any quantity from 10,000 MT up to 15,000 MT monthly. According to your enquiry and your requirements, we are pleased to send our offer sheet with terms and conditions as follows:</p> <p>1. Commodity: Vietnamese White Rice Long Grain</p> <p>2. Specifications:</p> <table border="1"><thead><tr><th></th><th>5</th><th>10</th><th>15</th><th>25</th></tr></thead><tbody><tr><td>Broken (%)</td><td>5</td><td>10</td><td>15</td><td>25</td></tr><tr><td>Moisture (%)</td><td>14.0</td><td>14.0</td><td>14.0</td><td>14.0</td></tr><tr><td>Damaged kernel (%)</td><td>0.5</td><td>0.5</td><td>1.0</td><td>3.0</td></tr><tr><td>Yellow kernel (%)</td><td>0.5</td><td>0.5</td><td>1.0</td><td>1.0</td></tr><tr><td>Foreign matter (%)</td><td>0.1</td><td>0.1</td><td>0.1</td><td>0.1</td></tr><tr><td>Paddy (grain/kg)</td><td>15</td><td>15</td><td>30</td><td>40</td></tr></tbody></table> <p>3. Unit price: - Price 5 pct : USD 255/MT FOB stowed, HCM port (Incoterms 2000) - Price 10 pct : USD 245/MT FOB stowed, HCM port (Incoterms 2000) - Price 15 pct : USD 235/MT FOB stowed, HCM port (Incoterms 2000) - Price 25 pct : USD 225/MT FOB stowed, HCM port (Incoterms 2000)</p> <p>4. Packing: In new single PP bags net weight 50 kg/bag</p> <p>5. Payment: By irrevocable L/C at sight</p> <p>6. Shipment: Within one month after order confirmation</p> <p>7. Inspection: By SGS</p> <p>8. Validity: until 25, Feb 2014 We have sent you 4 samples by DHL on Feb 5<sup>th</sup> 2014. We hope to have the honour to receive your order soon.</p>		5	10	15	25	Broken (%)	5	10	15	25	Moisture (%)	14.0	14.0	14.0	14.0	Damaged kernel (%)	0.5	0.5	1.0	3.0	Yellow kernel (%)	0.5	0.5	1.0	1.0	Foreign matter (%)	0.1	0.1	0.1	0.1	Paddy (grain/kg)	15	15	30	40
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<p>SALES CONTRACT No. 01/HGNQ-CAN/111122</p> <p> Date: 11 November 2012 MRS. NGO KIEU HANH - THE DIRECTOR</p> <p>SELLER: HOANG GIA NHUT QUANG ADDRESS: 444/2, BINH CANG 2 HAMLET, BINH THANH COMMUNE, THU THUA DISTRICT, LONG AN PROVINCE, S.R. VIETNAM REP. BY: MRS. NGO KIEU HANH – THE DIRECTOR</p> <p>Telephone No. : Tel: 84-8-3829558 Fax: 84-8-38295618</p> <p>(Hereinafter referred to as the Seller)</p> <p>And</p>
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**BUYER:** FRESH PIECE SUSHI LTD  
**ADDRESS:** UNIT 105 - 1056 WILSON AVE., NORTH YORK, ON M3K 1G6, CANADA  
**TEL:** +1 778 859 8179  
**REP. BY:** MR. DINH TRUNG DUNG – CEO  
Tel: (416) 398-5475 Fax: 867-669-0012

(Hereinafter referred to as the Buyer)

Both sides have mutually agreed on the sales and purchase of Vietnamese Rice subject to the following terms and conditions:

## I. COMMODITY

# Chap 3: Contract performance

## 1. Export license application

- Goods that are not prohibited/not need conditions to be exported → don't need to ask for export license
- Automatic export license → only 1<sup>st</sup> time export require to apply for EL, the next times automatically, no need to apply

## 2. Checking payment

- Inform buyers of delivery.
- Check obligations of preparation relating to payments
- Before preparing and delivery goods, exporters should check information related to payment L/C including
  - is it **accordance to the contract or not**, if the L/C is accepted, it is **independent with the contract**
  - **form of documentary credit**, in all case, to **ensure the seller receipt of payment**, ex: irrevocable
  - **Documents required** → documents that needed to be submitted to get the payment from the bank: **draft** (hối phiếu), **bill of lading**, **commercial invoice**, **C/O**, **packing and weight list**, **insurance policy**

## 3. Goods preparation

### 3.1. Packing

### **3.2. Marking**

### **3.3. Goods checking and inspection**

Why?

- Conformity with contract.
- Subject to regulations of export/import country.

Who inspect? → seller/ 3<sup>rd</sup> party depending on the contract

Validity of certificates?

Procedures: slide

Why pp have to issue the temporary certificate: to make sure the goods would be delivered, conform with the contract

## **4. Carriage & Insurance**

### **4.1. Contract of carriage**

- Liner: hợp đồng thuê tàu có lịch sẵn, tàu chở
- Liner term: the price already includes the loading, trimming, ...
- Voyage: tàu chuyến
- Who handles the carriage: depend on incoterm

### **4.2. Contract for insurance**

## **5. Custom procedures**

- Procedure: slide
- Forms of customs declaration: E-customs, paper-based
- Documents prepared for export customs:
  - Booking note/ booking confirmation: giấy lưu cước, sent from the seller/forwarder to the carriage, ghi chép lại việc chủ hàng đặt chỗ hàng tàu để vận chuyển hh
  - Hop dong mua ban hang hoá (SOG contract)
  - Bảng sao kê định mức tiêu hao nguyên vật liệu → hoàn thuế nhập khẩu nguyên liệu
  - Commercial invoice (cac ben lquan, so hoa don ngay phat hanh thong tin van chuyen, thong tin gia tri lo hang)
  - Packing list (cac ben lquan, so hoa don ngay phat hanh, thong tin van chuyen, thong tin chi tiet dong goi lo hang)
  - Tờ khai hh xk (ng xk, nk, thong tin hh, mức nhập khẩu, dk xuat hang, dk giao hang, dong tien mua ban, dk thanh toan, thong tin hh)

- Additional documents: Certificate of Quality, Certificate of Analysis,
- Insurance policy, fumigation, phytosanitary certificate
- Certificate of inspection (health, fumigation, phytosanitary): Certificate of Quality, Certificate of Analysis, Insurance policy, fumigation, phytosanitary certificate
- Entrusted export contract (hợp đồng ủy thác xk)

Classification of customs inspection:

- Green lane (luồng xanh): done, consignment cleared
- Yellow: customs' document review
- Red: customs' document review and onsite customs inspection (mở hàng ra kiểm tra)

## **6. Making delivery**

Mate's receipt: biên lai thuyền phó

Shipment docs: FCR

## **7. Payment procedures**

## **8. Dealing with claims: khiếu nại**

COR (Cargo Outturn Report): Biên bản hh hư hỏng đồ vỡ

CSC (Certificate of Shortlanded Cargo): biên bản thiếu hụt hh so với hợp đồng/B/L

ROROC (Report On Receipt Of Cargo): biên bản kết toán nhận hàng với tàu

- Gỗ → no need to apply for export license
- Checking payment → TTr
- Prepare goods → Packing
- Inspection: fumigation
- Carriage: FOB
- Insurance: buyer nên mua
- Delivery
- Customs clearance

Provided the CIP delivery facility, the seller is entitled to charter the vessel. → True  
 Explanation: Under the CIP (Carriage and Insurance Paid to) Incoterms rule, the seller is responsible for arranging and paying for carriage to the named destination, including any necessary transport by sea. This means that the seller may charter a vessel to transport the goods to the destination. So, this statement is true.

Delivery facility condition "FOB...designated port of loading" indicates the seller must bear the cost of loading the goods on board the vessel. → True

Explanation: In the FOB (Free On Board) Incoterms rule, the seller is responsible for the costs associated with delivering the goods to the designated port of loading and loading them onto the vessel. So, this statement is true.

Selling goods at CIF price, the freight costs are paid by the buyer. → False

Explanation: Under CIF (Cost, Insurance, and Freight) Incoterms rule, the seller is responsible for the cost of carriage of the goods to the port of destination and the cost of insurance. The buyer is responsible for other costs, but the statement incorrectly suggests the buyer pays for the freight costs.

The "I" in CIF, from the perspective of price composition, is the cost of insurance. The seller's responsibility is the seller's responsibility to do insurance goods. → True

Explanation: In CIF (Cost, Insurance, and Freight) Incoterms, the "I" indeed stands for insurance. The seller is responsible for arranging and paying for insurance on the goods during transit to the named port of destination. So, this statement is true.

Goods inspection is an indispensable clause in the contract import and export. → False

Explanation: Goods inspection is not always an indispensable clause in import and export contracts. It depends on the terms negotiated by the parties involved. Some contracts may include inspection clauses, but they are not universal in all contracts.

Delivery facility condition "DPU...designated port of destination" indicates liability. It is the seller's responsibility to clear import customs. → False

Explanation: Under DPU (Delivered at Place Unloaded) Incoterms, the seller is responsible for delivering the goods to the named place of destination and unloading them. However, the responsibility for customs clearance may vary depending on the specific agreement between the parties. This statement incorrectly assumes the seller is always responsible for customs clearance.

"F" in terms of delivery facility "FAS... (specified port of loading)" is to indicate the freight charge of the primary transport sector. → False

Explanation: The "F" in FAS (Free Alongside Ship) Incoterms rule indicates that the seller is responsible for delivering the goods alongside the vessel at the specified port of loading. It does not specifically address the freight charge of the primary transport sector. The statement is incorrect.

Delivery Facility "FAS (specified port of loading)" means the seller fulfills his obligation to deliver when the goods pass the rail ship. → True

Explanation: Under the FAS Incoterms rule, the seller's obligation is fulfilled when the goods are placed alongside the vessel at the specified port of loading. The term "pass the rail ship" is not typically used in this context, but the seller's responsibility ends when the goods are ready for loading on the vessel. So, this statement is true.

The purpose of the inquiry is to collect information, so the more you send

out an inquiry letter as possible → True

- True: The primary purpose of an inquiry letter in the context of international trade is to gather information about products, prices, terms, and conditions from potential suppliers.

Free offers are used when the market belongs to the buyer → True

- True: Free offers, often associated with Incoterms like EXW (Ex Works), indicate that the seller's responsibility ends at their premises. This is suitable when the buyer has control over the market and logistics.

A fixed offer letter is an offer that can only be sent to one person at a moment → False

- False: A fixed offer letter is a formal and binding offer made to a specific party, but it can be made to multiple parties simultaneously or sequentially. The acceptance with a reservation is still valid as an acceptance → True

- True: An acceptance with a reservation is still considered a form of acceptance. However, it may lead to negotiations or discussions to resolve the reservation or condition.

The Commercial Law of Vietnam recognizes the date of the acceptance letter as the date forming a contract → True

- True: This is generally true in many legal systems, and the date of acceptance is often recognized as the date when a contract is formed. When importing goods for re-export, the goods owner has the right to package and label them, and mark the goods before exporting them to another country.

- True: When goods are imported for re-export, the owner of the goods typically has the right to package, label, and mark the goods according to the requirements of the destination country or the buyer.

According to Vietnamese regulations, transshipment goods can be from the exporting country through Vietnam but did not go through import procedures, then exported to another country.

- The statement is incomplete, and without further information, it's difficult to determine its accuracy.

In the export processing method, there can be more than two countries involved.

- True: Export processing can involve goods moving through multiple countries in various stages of production or assembly, which may include origin, processing, and destination countries.

Agents are different from brokers in that agents are responsible for the performance of the contract between the two buying and selling parties.

- True: Agents typically have more involvement in the contract and may represent one or both parties in the performance of the contract, whereas brokers generally facilitate transactions without becoming parties to the contract.

Sales agents have the right to receive remuneration in the form of a percentage of the selling price of goods.

- True: Sales agents often receive commissions or remuneration based on a percentage of the sales price as compensation for their services.

The commission agent will sign the contract on behalf of the trustee.

- True: Commission agents, acting on behalf of the principal (trustee), may sign contracts related to the sale or purchase of goods.  
The authorized agent must bear all costs when signing a contract under the trustee's mandate.
- True: An authorized agent, when acting on behalf of the principal (trustee), may be responsible for the costs associated with signing and fulfilling the contract, as specified in the agreement.  
If selling goods by the auction method, by taking advantage of the competition among buyers, sellers always sell goods with an expensive price.
- False: The price at which goods are sold at an auction depends on market conditions, buyer interest, and other factors. It is not guaranteed to be expensive, and it can vary.  
For the Incoterms group C, the location of risk and cost allocation is duplicate.
- False: Incoterms in Group C do not duplicate the location of risk and cost allocation. They specify the point of transfer of risk, but the cost allocation varies between different terms in this group.