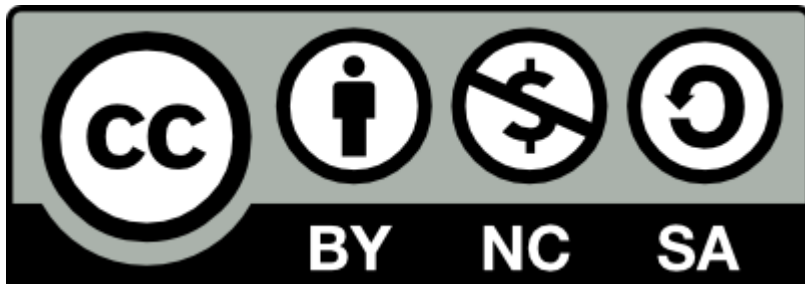


# International Negotiation

Unit 1  
INCOTERMS: EXW  
Felipe Méndez Pérez



General obligations of the parts

Carriage and insurance

Delivery and risks

Notices and documents

Need to know: Where and when is taking place the transmission of the goods and which costs should be paid by seller and buyer.

**Main points**

**PRIOR****NEW**

INCOTERM

Seller

Buyer

Clearance

Carriage

Insurance

Risk

Inspection

Delivery

Reimburse

Notice

Checking

Packaging

Marking

List

**Calp: Key words (15 – 20)**

## PRIOR

INCOTERM name

Basic features

Use of the INCOTERM in "DUA"

Use of the INCOTERM in documents of transport

How to elaborate a basic quotation

## NEW

Delivery conditions

Usefulness of the INCOTERM in particular operations

Notice and paperwork obligations for the parties

Obligations regarding insurance and carriage

# Calp: Key concepts

# \$45 Million In Luxury Cars Almost Sank Over The Weekend – And It's Happened Before!



Benjamin Zhang  
 Jan. 6, 2015, 11:42 AM 22,893

[FACEBOOK](#)
[LINKEDIN](#)
[TWITTER](#)
[EMAIL](#)
[PRINT](#)

A 51,000 ton cargo ship was intentionally run aground over the weekend outside of Southampton on the southern coast of England.



The Hoegh Osaka listing. AP/ Francis Bing

The Norwegian-owned vessel — christened the Hoegh Osaka — had just

with the Bahamian cargo ship Kariba.

Following the collision, the Tricolor capsized and went down within half an hour. Fortunately, all 24 crew members made it safety.



A photographer takes a picture of the wreckage of the Bahamas registered Kariba container ship at the Belgian port of Antwerp. REUTERS/Thierry Roge

Source: <http://www.businessinsider.com/45-million-worth-of-jaguars-and-land-rovers-are-about-fall-into-the-ocean--and-it-has-happened-before-2015-1>

# Advance Organizer

- **Why wouldn't an exporter want to work under EXW conditions in an international commerce operation?**

**Driving questions**

**A THE SELLER'S OBLIGATIONS****A1 General obligations of the seller**

The seller must provide the goods and the commercial invoice in conformity with the contract of sale and any other evidence of conformity that may be required by the contract.

Any document referred to in A1-A10 may be an equivalent electronic record or procedure if agreed between the parties or customary.

**A2 Licences, authorizations, security clearances and other formalities**

Where applicable, the seller must provide the buyer, at the buyer's request, risk and expense, assistance in obtaining any export licence, or other official authorization necessary for the export of the goods.

Where applicable, the seller must provide, at the buyer's request, risk and expense, any information in the possession of the seller that is required for the security clearance of the goods.

**A3 Contracts of carriage and insurance****a) Contract of carriage**

The seller has no obligation to the buyer to make a contract of carriage.

**b) Contract of insurance**

The seller has no obligation to the buyer to make a contract of insurance. However, the seller must provide the buyer, at the buyer's request, risk and expense (if any), with information that the buyer needs for obtaining insurance.

**A4 Delivery**

The seller must deliver the goods by placing them at the disposal of the buyer at the agreed point, if any, at the named place of delivery; not loaded on any collecting vehicle. If no specific point has been agreed within the named place of delivery, and if there are several points available, the seller may select the point that best suits its purpose. The seller must deliver the goods on the agreed date or within the agreed period.

**B THE BUYER'S OBLIGATIONS****B1 General obligations of the buyer**

The buyer must pay the price of the goods as provided in the contract of sale.

Any document referred to in B1-B10 may be an equivalent electronic record or procedure if agreed between the parties or customary.

**B2 Licences, authorizations, security clearances and other formalities**

Where applicable, it is up to the buyer to obtain, at its own risk and expense, any export and import licence or other official authorization and carry out all customs formalities for the export of the goods.

**B3 Contracts of carriage and insurance****a) Contract of carriage**

The buyer has no obligation to the seller to make a contract of carriage.

**b) Contract of insurance**

The buyer has no obligation to the seller to make a contract of insurance.

**B4 Taking delivery**

The buyer must take delivery of the goods when A4 and A7 have been complied with.

EXW

**A5 Transfer of risks**  
The seller bears all risks of loss of or damage to the goods until they have been delivered in accordance with A4 with the exception of loss or damage in the circumstances described in B5.

**A6 Allocation of costs**  
The seller must pay all costs relating to the goods until they have been delivered in accordance with A4, other than those payable by the buyer as envisaged in B6.

**A7 Notices to the buyer**  
The seller must give the buyer any notice needed to enable the buyer to take delivery of the goods.

**A8 Delivery document**  
The seller has no obligation to the buyer.

International Chamber of Commerce

**B5 Transfer of risks**  
The buyer bears all risks of loss of or damage to the goods from the time they have been delivered as envisaged in A4.

If the buyer fails to give notice in accordance with B7, then the buyer bears all risks of loss of or damage to the goods from the agreed date or the expiry date of the agreed period for delivery, provided that the goods have been clearly identified as the contract goods.

**B6 Allocation of costs**  
The buyer must:  
a) pay all costs relating to the goods from the time they have been delivered as envisaged in A4;

b) pay any additional costs incurred by failing either to take delivery of the goods when they have been placed at its disposal or to give appropriate notice in accordance with B7, provided that the goods have been clearly identified as the contract goods;

c) pay, where applicable, all duties, taxes and other charges, as well as the costs of carrying out customs formalities payable upon export; and

d) reimburse all costs and charges incurred by the seller in providing assistance as envisaged in A2.

**B7 Notices to the seller**  
The buyer must, whenever it is entitled to determine the time within an agreed period and/or the point of taking delivery within the named place, give the seller sufficient notice thereof.

**B8 Proof of delivery**  
The buyer must provide the seller with appropriate evidence of having taken delivery.

EXW

International Chamber of Commerce

# Exemplars



EXW

**A9** Checking – packaging – marking

The seller must pay the costs of those checking operations (such as checking quality, measuring, weighing, counting) that are necessary for the purpose of delivering the goods in accordance with A4.

The seller must, at its own expense, package the goods, unless it is usual for the particular trade to transport the type of goods sold unpackaged. The seller may package the goods in the manner appropriate for their transport, unless the buyer has notified the seller of specific packaging requirements before the contract of sale is concluded. Packaging is to be marked appropriately.

**A10** Assistance with information and related costs

The seller must, where applicable, in a timely manner, provide to or render assistance in obtaining for the buyer, at the buyer's request, risk and expense, any documents and information, including security-related information, that the buyer needs for the export and/or import of the goods and/or for their transport to the final destination.

**B9** Inspection of goods

The buyer must pay the costs of any mandatory pre-shipment inspection, including inspection mandated by the authorities of the country of export.

**B10** Assistance with information and related costs

The buyer must, in a timely manner, advise the seller of any security information requirements so that the seller may comply with A10.

The buyer must reimburse the seller for all costs and charges incurred by the seller in providing or rendering assistance in obtaining documents and information as envisaged in A10.

EXW

# Exemplars

- **HOTS:**
  - Analyze. Which are the key components of an INCOTERM
  - Evaluate. How a useful scheme should look like.
  - Create. A list of this components of the INCOTERM EXW.

**LOTS and HOTS**

- Every student will create a folder in Google Drive for the subject International Negotiation.
- This folder will include other folders (one for each INCOTERM).
- The EXW folder should include: case studies solutions and their proposal for the scheme of the INCOTERM.
- Students should make a presentation showing the class all those outcomes. (Feedback from the class → they use it for the next INCOTERM's scheme).

## Tracking the project

- Session 1 (50 minutes): Advance organizer (15 mins). Content: possible issues on an international trade operation. Review EXW rule until point 3.  
***Which are the seller and buyer's general obligations under EXW conditions?***
- Session 2: (50 minutes) Go on with the review until the end.  
***How can you summarize the most important features of the INCOTERM?***
- Session 3 (50 minutes): Start the project introducing the case studies (search in the dictionary the unknown vocabulary):  
Case 1: 45 million \$ in luxury cars.  
Case 2: Plickers

## Sessions

- Session 4 (1:40 hours): Make the INCOTERM's scheme.  
**Task based learning**  
***How can I summarize the whole content of the INCOTERM in a simple scheme that helps me to keep in my mind the most important characteristics of the INCOTERM?***
- Session 5 (50 minutes): Solve the case studies and upload them. **Problem based learning**  
***Can a case study help me to picture what EXW means?***
- Session 6 (1:40 hours): Presentation of the solutions (each student 5 minutes). Feed back session.

## Sessions

- Presentation: in sessions 1 and 2 we've reviewed the INCOTERM's content. Now we are going to re-elaborate it in a way that allow us to remember it better.
- Practice: Work in pairs: make your own scheme summarizing the content of EXW.
- Production: presentation of your scheme after uploading it to Google Drive. Peer feedback: students will offer each other feedback on what they like from others' schemes and what they would have done differently.

## Task Based Learning

- Present the content: the content is implicit in the case studies.
- Problem: there are many case studies with different issues.
- Possible solution: the students, working in pairs, should read the cases and try to figure out different solutions. Some of them require some elaboration in the answer, while other solutions are quite straightforward and will be presented to the students as multiple choice questions through applications such as Plickers, Kahoot, etc..

## **Problem based learning**

- **Presentation:**
  - Engage listener
  - Introduce self and topic
  - Presentation's structure (intro, body with transitions, conclusion)
  - Eye contact
  - Read (not allowed, will take points off from the final grade)
  - Both students speak for about 2 minutes
- **Project PPT:**
  - 4 minute presentation
  - PPT with, at least, 4 slides
  - Few words in slides
- **Content:**
  - Scheme of the INCOTERM's main points
  - Short explanation of the content of each point
  - Explanation of why this scheme-design is useful.

## Checklist



	Presentation Marking Rubric (Group)				Mark
	4	3	2	1	
<b>Visual Appeal</b>	There are no errors in spelling, grammar and punctuation. Information is clear and concise on each slide. Visually appealing/engaging.	There are some errors in spelling, grammar and punctuation. Too much information on two or more slides. Significant visual appeal.	There are many errors in spelling, grammar and punctuation. Too much information was contained on many slides. Minimal effort made to make slides appealing or too much going on.	There are many errors in spelling, grammar and punctuation. The slides were difficult to read and too much information had been copied onto them. No visual appeal.	
<b>Comprehension</b>	Extensive knowledge of topic. Members showed complete understanding of assignment. Accurately answered all questions posed.	Most showed a good understanding of topic. All members able to answer most of audience questions.	Few members showed good understanding of some parts of topic. Only some members accurately answered questions.	Presenters didn't understand topic. Majority of questions answered by only one member or majority of information incorrect.	
<b>Presentation Skills</b>	Regular/constant eye contact, The audience was engaged, and presenters held the audience's attention. Appropriate speaking volume & body language.	Most members spoke to majority of audience; steady eye contact. The audience was engaged by the presentation. Majority of presenters spoke at a suitable volume. Some fidgeting by member(s).	Members focused on only part of audience. Sporadic eye contact by more than one presenter. The audience was distracted. Speakers could be heard by only half of the audience. Body language was distracting.	Minimal eye contact by more than one member focusing on small part of audience. The audience was not engaged. Majority of presenters spoke too quickly or quietly making it difficult to understand. Inappropriate/disinterested body language.	
<b>Content</b>	The presentation was a concise summary of the topic with all questions answered. Comprehensive and complete coverage of information.	The presentation was a good summary of the topic. Most important information covered; little irrelevant info.	The presentation was informative but several elements went unanswered. Much of the information irrelevant; coverage of some of major points.	The presentation was a brief look at the topic but many questions were left unanswered. Majority of information irrelevant and significant points left out.	
<b>Preparedness/ Participation/ Group Dynamics</b>	All presenters knew the information, participated equally, and helped each other as needed. Extremely prepared and rehearsed.	Slight domination of one presenter. Members helped each other. Very well prepared.	Significant controlling by some members with one minimally contributing. Primarily prepared but with some dependence on just reading off slides.	Unbalanced presentation or tension resulting from over-helping. Multiple group members not participating. Evident lack of preparation/rehearsal. Dependence on slides.	
				<b>Total</b>	/20

**Rubric (downloaded)**

	4	3	2	1	Mark
<b>Visual Appeal 10%</b>	There are no errors in spelling, grammar and punctuation. Information is clear and concise on each slide. Visually appealing/engaging.	There are some errors in spelling, grammar and punctuation. Too much information on two or more slides. Significant visual appeal.	There are many errors in spelling, grammar and punctuation. Too much information on many slides. Minimal effort made to make slides appealing or too much going on.	There are many errors in spelling, grammar and punctuation. The slides were difficult to read and too much information had been copied onto them. No visual appeal.	
<b>Comprehension 20%</b>	Extensive knowledge of topic. Members showed complete understanding of assignment.	Most showed a good understanding of topic. All members able to answer most of audience questions.	Few members showed good understanding of some parts of topic.	Presenters didn't understand topic.	
<b>Presentation Skills 20%</b>	Regular/constant eye contact, The audience was engaged, and presenters held the audience's attention. Appropriate speaking volume & body language.	Most members spoke to majority of audience; steady eye contact. The audience was engaged by the presentation. Majority of presenters spoke at a suitable volume. Some fidgeting by member(s).	Members focused on only part of audience. Sporadic eye contact by more than one presenter. The audience was distracted. Speakers could be heard by only half of the audience. Body language was distracting.	Minimal eye contact member/s focusing on small part of audience. The audience was not engaged. The presenters spoke too quickly or quietly making it difficult to understand. Inappropriate/disinterested body language.	
<b>Content 30%</b>	The presentation was a concise summary of the topic with all questions answered. Comprehensive and complete coverage of information.	The presentation was a good summary of the topic. Most important information covered; little irrelevant info.	The presentation was informative but several elements went unanswered. Much of the information irrelevant; coverage of some of major points.	The presentation was a brief look at the topic but many questions were left unanswered. Majority of information irrelevant and significant points left out.	
<b>Preparedness/ Participation/ Group Dynamics 20%</b>	Both presenters knew the information and participated equally, Extremely prepared and rehearsed.	Slight domination of one presenter. Members helped each other. Very well prepared.	Significant controlling by one member. Primarily prepared but with some dependence on just reading off slides.	Unbalanced presentation or tension resulting from over-helping. One member not participating. Evident lack of preparation/rehearsal. Dependence on slides.	
				Total	/20

# My rubric