

[Case Study of the Application of the Incoterms® 2010 Rules](#)

The case below represents questions and challenges of our client with Incoterms® 2010 rules and our interpretation and application of rules to client's situation. At Win Global Partners we address cases individually and always refer to the ICC guidebook as a source.

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Team of Win Global Partners

Challenge

The client shipped 10x20 containers of gypsum board to India under CFR Mumbai. Unfortunately, the shipping company could not approach the port because of the strike. After some weeks delay the goods have arrived to the alternative possible port which has caused some extra charges. The question is: Who (Buyer or Seller) should bear this cost?

Recommendation

According to CFR rule, the Seller must pay carriage costs. The Buyer is responsible neither for any carriage costs nor for extra charges in case of the delay. In this situation the Buyer can also claim the penalty for the delay because it affects the supply chain of the Buyer's project and interrupts it.

In this situation we must look at the terms and conditions of the agreement with the Carrier. According to it, the Carrier agrees to deliver containers to Mumbai by the defined date. However, there are factors which may justify the delay such as bad weather conditions, a civil unrest and some others. Civil unrest by definition is not equal to strike which is a peaceful form of the protest sanctioned by local authorities. In this case according to the clauses of the agreement with the Carrier, the Carrier must not only pay all extra costs/charges, but also compensate the penalty if the Buyer claims it.

Outcome

The client retrieved the compensation for the delay from the carrier, and made sure that unexpected delays are covered in the insurance for next shipments.

[About Win Global Partners](#)

Headquartered in Toronto, Canada, Win Global Partners work in **the area of export-import consulting and logistics** to assist with clients' unique global expansion needs including breaking into new foreign markets. Win Global Partners offer solutions at all steps of clients' international business development from non-exporters/importers to regular exporters/importers, such as: product adaptation, compliance management, export-import outsourcing and freight forwarding. For more information please visit www.winglobal.ca.

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