

# INCOTERMS® 2020

ICC (International Chamber of Commerce) has launched Incoterms® 2020, the newest edition of the renowned trade terms for the delivery of goods, providing certainty and clarity to business and traders everywhere.

The new rules are effective as from January 1, 2020. As of this date, all sales contracts should make reference to the Incoterms® 2020 rules as the latest version of the Incoterms rules.

## RULES FOR ANY MODE OR MODES OF TRANSPORT

	Seller	Cargo terminal	Customs	Customs	Cargo terminal	Buyer	
<b>EXW</b>	EX Works (...named place)						Risks Costs
<b>FCA(a)</b>	Free Carrier (...named place=seller's premises)						Risks Costs
<b>FCA(b)</b>	Free Carrier (...named other place≠seller's premises)						Risks Costs
<b>CPT</b>	Carriage Paid To (...named place of destination)						Risks Costs
<b>CIP</b>	Carriage and Insurance Paid To (...named place of destination)						Risks Costs Insurance
<b>DAP</b>	Delivered At Place (...named place of destination)						Risks Costs
<b>DPU</b>	Delivered At Place Unloaded (...named place of destination)						Risks Costs
<b>DDP</b>	Delivered Duties Paid (...named place of destination)						Risks Costs

## RULES FOR SEA AND INLAND WATERWAY TRANSPORT

	Seller	Cargo terminal	Customs	Customs	Cargo terminal	Buyer	
<b>FAS</b>	Free Alongside Ship (...named port of shipment)						Risks Costs
<b>FOB</b>	Free On Board (...named port of shipment)						Risks Costs
<b>CFR</b>	Cost and Freight (...named port of destination)						Risks Costs
<b>CIF</b>	Cost, Insurance and Freight (...named port of destination)						Risks Costs Insurance

	Risks	Costs	Insurance
 Seller  Buyer	The possibility that an event may occur which could cause loss or damage to the goods is a "risk". Buyers and/or sellers can protect themselves against risks by transport insurance.	Covers all costs except costs of documents. Sales and purchase contracts should clearly state which costs on transfer of the goods are for account of buyer and/or seller.	Transport insurance is the responsibility of the seller.

### THERE ARE TWO KEY CHANGES IN INCOTERMS® 2020 COMPARED TO THE 2010 EDITION:

- ◆ DAT (Delivered at Terminal) is renamed Delivered at Place Unloaded (DPU)
- ◆ FCA (Free Carrier) now allows for Bills of Lading to be issued after loading

### OTHER CHANGES INCLUDE:

- ◆ CIF (Cost, Insurance and Freight) and CIP (Carriage and Insurance Paid To) set out new standard insurance arrangements, but the level of insurance continues to be negotiable between buyer and seller.
- ◆ Where listed, cost allocation between buyer and seller is stated more precisely - one article lists all costs the seller and the buyer are responsible for.
- ◆ FCA (Free Carrier), DAP (Delivered at Place), DPU (Delivered at Place Unloaded) and DDP (Delivered Duty Paid) now take account of buyer and seller arranging their own transport rather than using a third party.
- ◆ Security-related obligations are now more prominent.
- ◆ "Explanatory Notes for Users" for each Incoterm® have replaced the 2010 edition's Guidance Notes, and are designed to be easier for users.
- ◆ CIP now requires as default insurance coverage ICC A or equivalent. It was ICC C under Incoterms® 2010. Required insurance coverage under CIF remains.