

NEW INCOTERMS 2010 – SUMMARY OF MAIN CHANGES

(TRANS GLOBAL FREIGHT MANAGEMENT LIMITED – JANUARY 2011)

Post 1st January 2011 the number of categories has been reduced from four to two.

These categories cover:- Terms for any Mode or Modes of Transport, or Terms for Sea and Inland Waterway Transport.

The aim is to assist Incoterm users to identify the correct terms for their particular requirements.

REDUCTION IN THE NUMBER OF INCOTERMS.

Current number of 13 Incoterms will be reduced to 11.

The following Incoterms will all be removed:

• **DAF** • **DES** • **DEQ** • **DDU**

The following new Incoterms are being introduced:

• **DAT** • **DAP**

Terms for any Mode or Mode of Transport – these consist of the following seven terms: (all of these terms need to specify the Port or Destination).

- CIP – Carriage and insurance paid to
- CPT – Carriage paid to
- DAP – Delivered at place
- DAT – Delivered at terminal
- DDP – Delivery duty paid
- EXW – Ex works
- FCA – Free carrier

Terms for Sea and Inland Waterway Transport - these consist of the following four terms:

- CFR – Cost and freight to
 - CIF – Cost, Insurance and Freight to
 - FAS – Free alongside ship
 - FOB – Free on board
- All are to the named port of destination
- All are to a named port of shipment

DELIVERED AT TERMINAL (**DAT**) DEFINITION:

- Term may be used for all transport modes
- Seller delivers when the goods, once unloaded from the arriving means of transport, are placed at the disposal of the buyer at a named terminal at the named port or place of destination.
- 'Terminal' includes quays, warehouses, container yard or road, rail or air terminal.
- Both parties should agree the terminal and if possible a point within the terminal at which point the risk will transfer from the seller to the buyer of the goods.
- If it is intended that the seller is to bear all the costs and responsibilities from the terminal to another point DAP or DDP may apply.

DELIVERED AT TERMINAL (**DAT**) RESPONSIBILITIES:

- The seller is responsible for the costs and risks to bring the goods to the point specified in the contract.
- Seller should ensure that their forwarding contract mirrors the contract of sale.
- The seller is responsible for the export clearance procedures.
- Importer is responsible to:
 - Clear the goods for import
 - Arrange import customs formalities
 - Pay import duty
- If the parties intend the seller to bear the risks and costs of taking the goods from the terminal to another place then the DAP or DAT term should be used

DELIVERED AT PLACE (**DAP**) DEFINITION:

- Term may be used for all transport modes.
- The seller delivers the goods when they are placed at the disposal of the buyer on the arriving means of transport ready for unloading at the named place of destination.
- Parties are advised to specify as clearly as possible the point within the agreed place of destination, because risks transfer at this point from seller to buyer.
- If the seller is responsible for clearing the goods, paying duties, etc consideration should be given to using the DDP term.

DELIVERED AT PLACE (**DAP**) RESPONSIBILITIES:

- Seller bears the responsibility and risks to deliver the goods to the named place.
- The seller is advised to obtain contracts of carriage that match the contract of sale.
- The seller is required to clear the goods for export.
- If the seller incurs unloading costs at place of destination, unless previously agreed, they are entitled to recover any such costs.
- Importer is responsible for:
 - Effecting customs clearance
 - Paying any customs duties