

NEW INCOTERMS 2020 – SUMMARY OF MAIN CHANGES

(TRANS GLOBAL FREIGHT MANAGEMENT LIMITED – DECEMBER 2019)

There have been some slight changes to the Incoterms from 2010 – 2020 with the most significant being the change in terms from **DAT** (Delivered at Terminal) to **DPU** (Delivered at Place of Unloading).

The emphasis of the new Incoterms is to identify the correct terms for the mode of transport.
Terms for any Mode or Modes of Transport, or Terms for Sea and Inland Waterway Transport.

- Terms for any Mode or Modes 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
 - **DPU** – Delivered at Place of Unloading
 - **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
All are to the named port of destination
 - **CIF** – Cost, Insurance and Freight to

 - **FAS** – Free Alongside Ship
All are to a named port of shipment
 - **FOB** – Free On Board

DELIVERED AT PLACE OF UNLOADING (**DPU**) DEFINITION:

- Term may be used for all transport modes.
- The seller bears all the risks involved in bringing the goods to and unloading them at the named place of destination. In this incoterm rule, therefore, the delivery and arrival at destination are the same. DPU is the only incoterm rule that requires the seller to unload goods at destination. The seller should therefore ensure that it is in the position to organise unloading at the named place. Should the parties intend the seller not to bear the risk and cost of unloading, the DPU rule should be avoided and DAP should be used instead.

DELIVERED AT PLACE OF UNLOADING (**DPU**) RESPONSIBILITIES:

- The seller is responsible for the costs and risks to bring the goods to a specific place and for them to be unloaded.
- Seller should ensure that their forwarding contract mirrors the contract of sale.
- The seller is responsible for the export clearance procedures.
- The costs to transport the goods to the specifically named destination
- The costs of unloading the goods at the specific destination.
- 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 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 then they are not entitled to recover any such costs.
- Importer is responsible for:
 - Effecting customs clearance
 - Paying any customs duties