



Incoterms® 2020 updates

The aim of the revision **Incoterms**® was to improve the user-friendliness of the clauses, which was achieved by a linguistic revision and explanatory comments. The **Incoterms**® were revised by 500 experts from more than 40 countries.

The clauses are recognized worldwide and are used in more than 30 different languages.

Main changes in the Incoterms® 2020 rules compared to the 2010 edition

- > DAT (delivered to the terminal) has been renamed 'Delivered at Place Unloaded' (DPU). It was decided to remove the term "terminal" to resolve the possible misunderstanding referring to this word, sometimes misinterpreted as a customs terminal. It was therefore decided to use DPU (Delivery At Place Unloaded), to extend the reference to "any place, covered or not".
- > FCA (Free Carrier) has been revised for Incoterms® 2020 to cater to a situation where goods are sold FCA for carriage by sea and buyer or seller (or either party's bank) requests a bill of lading with an on-board notation. FCA in article A6/B6 now provides for the parties to agree that the buyer will instruct the carrier to issue an on-board bill of lading to the seller once the goods have been loaded on board, and for the seller then to tender the document to the buyer (often through the banks).



- > CIF (Cost, Insurance and Freight) and CIP (Carriage and Insurance Paid To) define new standard insurance agreements, but the level of insurance continues to be negotiable between buyer and seller. Under the CIF Incoterms® rule, which is reserved for use in maritime trade and is often used in commodity trading, the Institute Cargo Clauses (C) remains the default level of coverage, giving parties the option to agree to a higher level of insurance cover. Taking into account feedback from global users, the CIP Incoterms® rule now requires a higher level of cover, compliant with the Institute Cargo Clauses (A) or similar clauses.
- > Within Incoterms® 2020, all costs associated with a given Incoterms rule now appear at article A9/B9 of that rule, allowing users to see the full list of expected costs at a glance. In addition to the aggregated presentation, the costs associated with each item for example, carriage (article A4/B4) or export clearance (article A7/B7) still appear in the respective articles to accommodate a user who wants to focus on a specific aspect of the sale transaction.
- > FCA (free carrier), DAP (delivered at place), DPU (delivered at place unloaded) and DDP (delivery duty paid) now take into account the buyer and seller arranging their own transport rather than using a third-party carrier, such as a seller using its own means of transportation, or a buyer using its own vehicle to collect goods.
- > Building on the extensive security-related requirements established by Incoterms® 2010, the latest edition of the Incoterms® rules includes clearer and more detailed security-related obligations in articles A4 on carriage and A7 on export/import clearance of each Incoterms® rule. Costs relating to these requirements also appear in the consolidated costs article, A9/B9.
- > The former Delivered at Terminal (DAT) has been changed to Delivered at Place Unloaded (DPU) to emphasise that the place of destination can be any place and not just a "terminal," and to underscore the sole difference from Delivered at Place Unloaded (DPU) under DAP the seller does not unload the goods, under DPU, seller does unload the goods. And since delivery under DAP happens before unloading, Incoterms® 2020 presents the newly named DPU after DAP.
- > "Explanatory Notes for Users" for each Incoterms® have replaced the 2010 edition's Guidance Notes, and are designed to be easier for users.

