

Changes to INCOTERMS2000

Incoterms are internationally accepted definitions (recognized by UNCITRAL) used worldwide for the sale of goods and are the global standard for the most common commercial terms. They exist to assist traders in avoiding costly misunderstandings at each stage of the goods movement.

Approximately every 10 years, the current set of Incoterms is reviewed for adaptation by the International Chamber of Commerce (ICC) in order to relate to current commercial practices.

The current *Incoterms 2000* have been reviewed and a new edition, *Incoterms 2010*, has been scheduled for release. The changes include:

- the removal of four and the addition of two new terms (total 11)
- two categories of terms instead of four

Incoterms 2010 will be implemented January 1, 2011. There will be no 'grace period'.

Enterprise will be developed to take note of these changes by default. You will be informed of the changes in ediEnterprise through a campaign and by Update Note(s) nearer to the implementation date.

Freight forwarders should be aware of the forthcoming changes and consider the impact on the distribution of charges when invoicing consignments.

Total Number of Incoterms Reduced from Thirteen to Eleven

Deleted: DAF, DES, DEQ and DDU

These terms were deleted as they contained considerable levels of overlap.

Added: DAT and DAP

DAT

- DAT 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 risks 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.
- 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.

CargoWise

- 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 term DAP or DAT should be used.

DAP

- 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.
- 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 that they are not entitled to recover any such costs.
- Importer is responsible for:-
 - Effecting customs clearance
 - Paying any customs duties

Changes to Incoterm Groups

The number of categories that Incoterms are grouped by has been reduced from four to two:

- Terms for any Mode or Modes of Transport
- Terms for Sea and Inland Waterway Transport

Terms for any Mode or Modes of Transport

Require specified 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

Require named port of destination:

- CFR - Cost and Freight to
- CIF - Cost, Insurance and Freight to

Require named port of shipment:

- FAS – Free alongside ship
- FOB – Free on Board

Full information of the forthcoming changes can be found at [BIFA](#) or the [ICC](#) website.