

## INCOTERMS 2020

A revised version of the International Commercial Terms ("INCOTERMS") was published by the International Chamber of Commerce ("ICC") on 10 September 2019. This version, which takes effect on 1 January 2020, will bring numerous changes. In the update below, we will explain a few fundamental points and present an overview of the content of the new clauses and the differences from INCOTERMS 2010 in the clauses which are most important to our clients.

### I. Content and Structure of the New Incoterms 2020

Contrary to previous expectations, the changes do not include the elimination of EXW, the division of FCA or the introduction of a new CNI (Cost and Insurance) term, but rather consist primarily of changes of a substantive nature and are evident from the individual terms. The ICC guide book to the revised INCOTERMS is much clearer and easier to use.

An introductory diagram with a horizontal bar showing which party bears the costs and risks under each of the INCOTERMS is followed by explanatory notes and application guidelines which relate e.g. to use of INCOTERMS in the contract.

#### Example: FCA Teaser



After that, the seller's obligations and then the buyer's obligations follow in the familiar 10-point structure, divided into two parts (A1-10 for sellers and B1-10 for buyers):

A1/B1 General Obligations	A2/B2 Delivery
A3/B3 Transfer of Risk	A4/B4 Carriage
A5/B5 Insurance	A6/A6 Delivery/Transport Document
A7/B7 Export/Import Clearance	A8/B8 Checking/Packaging/Marking
A9/B9 Allocation of Costs	A10/B10 Notices

Under the new system, the Incoterms applicable for all modes of transport are as follows: **EXW, FCA, CPT, CIP, DAP, DPU und DDP.**

#### Notes:

In EXW and FCA, the place of delivery is closest to the seller. In the "D" Incoterms, the place of delivery is closest to the buyer. This has a significant impact on which party bears the costs and liability, since the risk of loss passes to the other party upon delivery to the destination or place of delivery.

Incoterms which apply for sea and inland waterway transport only: **FAS, FOB, CFR, CIF.**

## II. The changes at a glance

Changes	Content
FCA (Free Carrier)	Inclusion of bills of lading with onboard notation (relevant for maritime trade)
Costs	Positioning within INCOTERMS shifted
CIP (Carriage and Insurance Paid to), CIF (Cost, Insurance and Freight)	Insurance coverage extended to various coverage levels, transport security requirements specified
FCA (Free Carrier), DAP (Delivered at Place), DPU (Delivered at Place Unloaded), DDP (Delivered Duty Paid)	Change: transport may be organized by the buyer or seller itself or through third parties. Previously, transport could only be arranged through third parties.
DAT (Delivered at Terminal)	DAT was renamed DPU (Delivered at Place Unloaded) and its scope was extended.
Explanatory notes	Explanatory notes have been added at the beginning of each term in order to make the terms easier to use and refer to their use in the contract.
Transport requirements and costs	Transport security requirements (e.g. container screening) added to A4, A7. → The costs arising from these requirements are arranged in A9/B9.

### III. Selected Substantive Changes (with the exception of Incoterms relating to sea and inland waterway transport)

INCOTERM	Changes
General note for all INCOTERMS:	<p>Costs moved to A9/B9, where rules for costs are now concentrated.</p> <p>→ Individual cost provisions removed; some redundancies in A9/B9 and elsewhere.</p>
EXW Ex Works	<p>Transport security requirements added in A4 and A7.</p> <p>A4: Duty to notify buyer of transport risks</p> <p>A7: Assisting buyer in obtaining documents (e.g. for export/import and transit clearance)</p>
FCA Free Carrier	<p>Transport security requirements must be communicated to the buyer (A4).</p> <p>Seller is to assist the buyer in satisfying security requirements in countries of transit/import (A7).</p> <p>Option for buyer to arrange for transport by third parties or to organize and conduct transport itself (B4)</p> <p>Bill of lading with onboard notation (in A6/B6)</p>
CPT Carriage Paid To	<p>Seller is required to satisfy all transport security requirements until the merchandise reaches its destination (A4) and to assist the buyer at its cost in providing security and performing pre-shipment inspections required for transit/import (A7).</p>
CIP Carriage and Insurance Paid To	<p>Different requirements for minimum coverage: the seller is required to obtain transport insurance with minimum coverage in accordance with Clause A of the LMA/IUA Institute Cargo Clauses (also "ICC") (A5) → Careful! Clause C of the LMA/IUA ICC applies in CIF! Accordingly, the scope of insurance coverage to be obtained by the seller in CIP has been extended in favor of the buyer.</p> <p>Seller is required to satisfy all transport security requirements until the merchandise reaches its destination (A4) and to assist the buyer at its cost in providing security and performing pre-shipment inspections required for transit/import (A7).</p>
DAP Delivered at Place	<p>Delivery before unloading → sequence of INCOTERMS changed (DAP before DPU)</p> <p>Option for seller to arrange for transport by third parties or to organize and conduct transport itself (A4)</p> <p>Transport security requirements for sellers in A4 and A7.</p>

<b>DPU</b> Delivered at Place Unloaded	DAT renamed DPU to emphasize that the destination can be any place and does not have to be a terminal (as was formerly the case in DAT).
	Option for seller to arrange for transport by third parties or to organize and conduct transport itself (A4) as well as transport security requirements (A4, A7).
<b>DDP</b> Delivered Duty Paid	Option for seller to arrange for transport by third parties or to organize and conduct transport itself (A4)
	Transport security requirements (A4, A7).



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