

# CLIENT ADVISORY

September 11, 2019

## Incoterms® 2020 Released

Dear Valued Customer,

On Monday September 9, 2019 the International Chamber of Commerce (ICC) released Incoterms 2020, which will go into effect January 1, 2020.

The Incoterms rules were first introduced by the ICC in 1936 to establish commonly accepted definitions and rules related to the delivery of goods between sellers and buyers across the globe. Since their inception, the ICC has periodically revised Incoterms rules to reflect changes in international trade and business.

As with previous revisions, some of the changes are nominal while others are more impactful to actual transactions. Below are notable changes from Incoterms 2010 to 2020.

- The ICC made two changes to DAT (Delivered at Terminal) and DAP (Delivered at Place)
  - DAT will no longer exist and has been renamed DPU (Delivered at Place Unloaded) to emphasize that shipment destinations are broader than just a “terminal”
  - The order in which DPU (previously DAT) and DAP are presented have been reversed, and DAP will now appear before DPU
- Where goods are sold FCA (Free Carrier), most notably for maritime shipments, there is now a requirement for the buyer to instruct its carrier to issue an on-board bill of lading to the seller when requested, and after the goods have been loaded, thereby allowing the seller to tender that bill of lading for Letter of Credit purposes
- CIP (Carriage and Insurance Paid To) now requires the seller to obtain insurance coverage complying with Institute Cargo Clauses (A) (please note: for CIF (Cost Insurance and Freight) insurance requirements remain at Institute Cargo Clauses (C) level, as they were in Incoterms 2010)

The changes also include minor updates to security requirements, description and graphics changes, and the creation of an online tool allowing buyers and sellers to more easily determine which Incoterms 2020 rule best suits their specific transaction.

Thank you for being our Valued Customer. If you have any specific questions, or would like more detailed information or training on Incoterms 2020 for you and your employees please do not hesitate to contact your C.H. Robinson representative.

Sincerely,

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