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PUBLICATION OF INCOTERMS® 2020

The newest edition of the International Commercial Terms (Incoterms), "INCOTERMS® 2020" is expected to be released by the International Chamber of Commerce (ICC) on the 13th of September 2019.

INCOTERMS® 2020 will enter into force on the 1st of January 2020 to offer international trade operators a major tool to accompany their exchanges for the coming 10 years.

The last updated edition of the Incoterms was in 2010 and it brought significant changes to earlier Incoterms. The INCOTERMS® 2020 are expected to remain at the number of 11; 10 of these would keep the same designations while one, the "DAT" (Delivered at Terminal), would change its designation to become DPU (Delivered at Place Unloaded). This change would allow sellers and buyers to use this term to any place agreed by them avoiding the limitation to terminals only. Accordingly, the 11 Incoterms are expected to be the following always split into 2 groups:

- Rules associated with all modes of transport (multimodal):
 - EXW Ex Works
 - FCA Free Carrier
 - CPT Carriage Paid to
 - CIP Carriage and Insurance Paid
 - DPU Delivered at Place Unloaded
 - DAP Delivered at Place
 - DDP Delivery Duty Paid
- Rules which apply to maritime transport and inland waterway transport:
 - FAS Free Alongside Ship
 - FOB Free on Board
 - CFR Cost and Freight
 - CIF Cost Insurance and Freight

The main expected changes are to occur to the levels of insurance required by default in case of the CIP or CIF Incoterms; as for FCA, an On-board bill of lading concept is expected to be introduced.

Finally, for the EXW and DDP, they are still deemed to be the least practical to international trade as all obligations and responsibilities would be totally borne by one side or the other; these two Incoterms are expected nonetheless to be kept within the INCOTERMS® 2020.

Incoterms govern the majority of global international exchanges of goods, they thus play a vital role in the regulation of certain aspects of the relationship buyer and seller in international trade transactions; hence, it is key for international trade operators to understand the extent of the changes that occurred and assess their impact to their transactions before the entry into force of the INCOTERMS® 2020 edition.

DS Avocats Customs & Trade team is at your disposal to provide you with any additional information.

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