

INCOTERMS, NEW VERSION 2020 – VALID FROM JANUARY
1ST 2020



INCOTERMS, new version 2020 – valid from January 1st 2020.

In connection with the ICC, the International Chamber of Commerce, is underway with the introduction of Incoterms 2020, which is expected to be released at the end of the year 2019 before the celebration of the ICCs 100 year anniversary, we will draw attention to some of the significant changes that are expected to be compared to Incoterms 2010.

Phasing out of FAS

FAS (free next to ship) are rarely used. Instead, as a general rule, the FCA is used, which is referred to afterwards. FAS is generally used only for the export/transport of commodities in bulk shipping.

Incoterm FCA expected to be changed to two new Incoterms

The FCA is used in 40% of international trade transactions, which are very flexible with agreed deliveries at different locations (such as shippers address, departure port/Airport and more), which as a rule will be in seller country. The idea is to create two FCA Incoterms, one for road delivery and another for maritime transport delivery.

Redirection of FOB and CIF for container shipping

In connection with the release of Incoterms 2010, it was recommended that when the product was shipped in a container, the FCA and CIP should be used instead of FOB and CIF. However, this change in the 2010 version has not been used as intended by interested parties, exporters, importers, freight forwarders, banks, etc. probably for historical reasons. Incoterms 2020 will therefore again indicate that FOB and CIF can be used for container transport, as was also possible with Incoterms 2000.

New Incoterm CNI

The new incoterm will be defined as CNI (Cost and Insurance) and will cover a gap between FCA and CFR/CIF. Contrary to the FCA, which includes the cost of international insurance due to the seller-exporter, and as opposed to the CFR/CIF, which would not include freight. As in the other incoterms of "C " This new incoterm will become a "arrival incoterm," ie. the risk will be transferred from the seller to the buyer at the port of departure.

Two new Incoterms based on DDP

DDP (provided duty paid) generates some problems due to the fact that customs duties in the importing country are paid by the exporter-seller, regardless of the place of supply of the goods.

Therefore, it is considered to create two new incoterms:

DTP (delivered at Terminal paid): When the goods are delivered to a terminal (port, airport, transport center, etc.) in the buyer's country, and Import duty is paid by the seller.

DPP (delivered on-site paid): If the goods are delivered in a place other than a transport terminal (for example, at the buyer's address), and Import duties are paid by the seller.

Finally, note that the terms that are not mentioned are expected to be unchanged.