

## **Incoterms® 2010: Interpreting Changes\***

**Release Date: November 15, 2010**

On January 1, 2011, the latest version of the Incoterms® rules released by the International Chamber of Commerce will become effective. Incoterms® rules are globally accepted standards that outline certain obligations between parties involved in contracts of sale.

### **What are the updates in the latest version?**

The most significant change in the 2010 version of the Incoterms® rules is the overall reduction from 13 to 11; which includes eliminating 4 rules (DES, DEQ, DAF, and DDU) and the addition of 2 new rules (DAP and DAT).

The two new rules both include delivery at a named location. Under DAP (Delivery at Place) delivery occurs when the goods are placed at the buyer's disposal, ready for unloading. While under DAT (Delivered at Terminal) goods are not delivered until after the goods are unloaded from the delivering vehicle.

Some of the changes to the 2010 rules relate more to the context in which the terms are to be used. For the first time, the ICC is formally recognizing the application to domestic transactions with the subtitle "ICC Rules for the use of domestic and international trade terms." Previously the rules were generally considered international in nature, but the 2010 rules now state that obligations related to export/import formalities exists only where applicable. Also, the ICC is now focusing on grouping the terms into 2 classes based on the mode of transport they may apply to. Listed below are the 2 classes and the rules that fall under each:

Rules for any mode or modes of transport - EXW, FCA, CPT, CIP, DAT, DAP, DDP  
Rules for sea and inland waterway transport - FAS, FOB, CFR, CIF

Other changes in 2010 include the following:

- Removal of all references to the "ship's rail" as a delivery point
- Give electronic means of communication the same effect as paper
- Account for Institute Cargo Clauses revision
- Address obligations related to obtaining/rendering security-related clearances
- More clearly address terminal handling charges under article 6

### **How does this affect me?**

The ICC has recommended the use of the new rules as per Incoterms® 2010; however previous versions may continue to be used for existing or new contracts. It is important that all references to the Incoterms® rules explicitly state the version. In addition, it is important for all parties involved in commercial transaction to keep in mind what Incoterms® rules do not do. Below are clarifications on some of the common misperceptions related to the Incoterms® rules:

- Do not automatically apply, they must be specified in the contract
- Do not provide a method for transfer of title / ownership or revenue recognition
- Do not address specific repercussions related to breach of contract

**Where can I obtain more details?**

For the official ICC publications, visit the ICC's website at <http://www.iccwbo.org/>.

Allyn International has international trade experts on-site that can assist you with questions and/or concerns related to the Incoterms® rules. For inquiries please email [sales@allynintl.com](mailto:sales@allynintl.com) or dial (239) 489-9900 option #6 to speak to an expert today.

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