



FedEx Regulatory Alerts & Updates

Regulatory Alert: Incoterms® 2020 Effective January 1, 2020

November 15, 2019

BACKGROUND

The International Chamber of Commerce (ICC) publishes a series of standardized trade terms widely used in international transactions, known as Incoterms. The updated version of these terms, Incoterms 2020, is scheduled to become effective on January 1, 2020. This is the ninth revision of Incoterms since their inception in 1936.

Incoterms describe various responsibilities and liabilities for parties in a global trade transaction, including such things as insurance, export and import clearance, transportation costs, and ownership risk. Incoterms describe the terms of sale as determined by the contract or purchase order.

Incoterms do not address the price to be paid, the method of payment, or the transfer of ownership. FedEx Express recommends that importers and exporters take this opportunity to review contracted agreements for international transactions and to ensure that use of any Incoterms accurately reflects the agreed upon terms of sale. All customers who routinely utilize Incoterms should make changes as needed and communicate any changes to all relevant parties.

Customers should also take this opportunity to review invoice content for information required for export or import. In addition to the terms of sale, critical invoice information includes description, currency, and country of origin of the articles. Customers should review the invoice requirements for specific countries to ensure that shipment documentation contains all required information.

WHAT HAS CHANGED?

The Incoterms are revised and amended every ten years. Here is additional information regarding Incoterms 2020:

1. The incoterm Delivered at Terminal (DAT) has been replaced with Delivered at Place Unloaded (DPU)
2. There are four incoterms for use with sea and inland waterway transport
3. There are seven incoterms for any mode of transport (including air)

Q&A

Q1: What does “incoterms” stand for?

A1: Incoterms is an acronym standing for international commercial terms.

Q2: Are FedEx customers required to use Incoterms 2020 for their transactions?

A2: No, it is not required. Both parties to a given commercial transaction must agree to use incoterms and agree on the specific incoterm.

Q3: Can any prior incoterm be used or are customers required to only use a 2020 version incoterm?

A3: The two parties to a transaction may agree to use any incoterm from previous versions. Once a specific incoterm is agreed upon, both parties should specify it in the commercial contract.

REFERENCES:

International Chamber of Commerce: <https://iccwbo.org/resources-for-business/incoterms-rules/incoterms-2020/>