

Legal Alert

November 2010

Speedread:

- Incoterms 2010 take effect from 1 January 2011
- Incoterms 2010 will be divided into two groups, terms for any mode of transport and terms for sea and inland waterway transport only
- The number of terms will be reduced from 13 to 11, DAF, DES, DEQ and DDU will be removed and DAT and DAP will be new terms
- Insurance requirements will be changed
- Electronic documents will be used in the same way as paper ones

Incoterms 2010

On 16 September 2010 the International Chamber of Commerce ("ICC") launched amended international sales terms Incoterms 2010, which take effect from 1 January 2011. Incoterms 2010 try to be more friendly for both contractual parties and to mirror the modern language of international trade law.

Incoterms 2010 bring the following changes:

- Incoterms 2010 will be divided into two groups, terms for any mode of transport: CIP (carriage and insurance paid), CPT (carriage paid to), DAP (delivered at place), DAT (delivered at terminal), DDP (delivered duty paid), EXW (ex works) and FCA (free carrier) and terms for sea and inland waterway transport: CFR (cost and freight), CIF (cost, insurance and freight), FAS (free alongside ship) and FOB (free on board);
- the number of terms will be reduced from 13 to 11, DAF (delivery at frontier), DES (delivery ex ship), DEQ (delivery ex quay) and DDU (delivered duty unpaid) will be removed and DAT (delivered at terminal) and DAP (delivered at place) will be new terms;
- DAT will mean delivery of goods to the previously agreed place/terminal. Sales term DEQ will be replaced by it. DAT takes place when the seller puts the goods at the disposal of the buyer unloaded at the named terminal;
- DAP will mean delivery of goods to the buyer's premises but not for the purpose of import. It will replace the sales terms DAF, DES and DDU. DAP takes place when the seller puts the goods at the disposal of the buyer at a named place, on a vehicle ready for unloading (that is, not unloaded);
- the other terms will be amended as follows: the seller and the buyer will be both obliged to provide, on the requirement of the other party, any necessary information regarding the transaction. New rules will also clearly state which party is responsible for terminal costs and handling charges to avoid the situations when they have been charged to the buyer by the seller and by the terminal as well;



Continuation

- where Incoterms require a party to obtain insurance, then the insurance requirements have been changed to reflect the recent updates to the Institute Cargo clauses (standardized terms for cargo insurance of goods, produced by the Joint Cargo Committee, effective since 1 January 2009);
- electronic documents will be used in the same way as paper ones;
- to obviate the inappropriate usage of the rules, Incoterms 2010 provide more detailed instructions for when and how they should be used.

The Czech Republic as a member of the ICC will publish a Czech version of Incoterms 2010 in the middle of November 2010.

Contacts

For further information, please contact your usual contact person from our offices

Balcar Polanský Eversheds

Elišky Peškové 15
150 00 Praha 5

Tel: +420 251 009 111
Fax: +420 251 009 112
E-mail: office@bapol.cz

www.balcarpolansky.cz

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