



The Government has launched what is claimed to be the largest ever public information campaign, aimed at preparing Britain for leaving the EU, urging businesses to check what they need to do to prepare for a no-deal exit.

UKWA has prepared a series of fact sheets for the logistics sector on key issues surrounding a no-deal Brexit, but for more detail, you should visit: [www.gov.uk/get-ready-brexit-check](http://www.gov.uk/get-ready-brexit-check).

Although a Brexit deal has been agreed, it needs to be ratified. The UK could still leave with no deal on 31 October 2019 if the UK and EU do not approve and sign the withdrawal agreement.



Lesley Batchelor  
OBE,  
Director General  
of the Institute  
of Export &  
International Trade

## Incoterms 2020

The UK's exporters and importers will have a lot of learning to do in the months to come. Not only will businesses need to stay abreast of the potential impacts of Brexit, but they will also need to get to grips with the International Chamber of Commerce's (ICC) new set of international commercial terms – widely known by the trademark of Incoterms®.

Incoterms® help exporters, importers, freight forwarders, trade financiers and more to stay on the same page.



### What the Incoterms do and what they describe

International Commercial Terms (Incoterms) explain eleven of the most commonly used three letter trade terms, e.g. CIF, DAP etc. reflecting business to business practice in contracts for the sale and purchase of goods.

- **Obligations** - Who does what e.g. who organises carriage or insurance of the goods, or who obtains shipping documents and export or import licences
- **Risk** - Where and when the seller 'delivers' the goods, in other words where risk transfers from seller to buyer
- **Costs** - Which party is responsible for the costs, for example transport, packaging, loading or unloading costs, and checking security-related costs

The Incoterms rules cover these areas in a set of ten articles, numbered A1/B1, the A articles representing the seller's obligations and the B articles representing the buyer's obligations.



# Incoterms 2020 continued

## The main changes in the new Incoterms 2020

- Delivery and transfer of risk has transferred to A2 & A3 to be more prominent
- A clearer explanation of sale and ancillary contracts
- Bills of Lading with an on-board notation and the FCA Incoterm rule
- Different levels of insurance cover under CIF & CIP
- Arranging for carriage with seller's or buyer's own means of transport in FCA, DAP, DPU and DDP
- Changes to three-letter initials for DAT to DPU
- Inclusion of security-related requirements within carriage obligations and costs - A4 & A7 - this numbering system helps both seller (A) and buyer (B)
- A9/B9 list all costs allocated by the Incoterm

### What Incoterms DO NOT do

Incoterms rules are not a substitute for a CONTRACT OF SALE. They reflect trade practices for all types of goods and can be used for trading of bulk cargo, containers or pallets

### Incoterms DO NOT cover:

- Whether there is a contract of sale
- Specification of the goods sold
- Time, place, method or currency of payment
- Remedies which can be sought for breach of the contract
- Most consequences of delay and other breaches in the performance of contractual obligations
- Effects of sanctions
- Imposition of tariffs
- Export or import prohibitions
- Force majeure or hardship
- Intellectual property rights
- The method, venue, or law of dispute resolution in case of such breach

### Incoterms and contract of sale

- Incoterms rules DO NOT deal with the transfer of property/title/ownership of the goods sold, therefore specific provisions need to be made in the contract of sale
- Incoterms ARE NOT in themselves a contract of sale - they only become part of the contract when they are incorporated into a contract
- Failure to address these requirements in the contract may lead to problems if disputes arise about performance or breach
- Incoterms do not provide the law applicable to the contract
- You can incorporate Incoterms 2020 into a contract, but there are clear rules that must be followed, consult the IoE&IT for further guidance

For specific advice or support, contact Lesley at [enquiries@ukwa.org.uk](mailto:enquiries@ukwa.org.uk)

For information about Incoterms 2020 training courses visit [www.export.org.uk/page/Incoterms2020](http://www.export.org.uk/page/Incoterms2020)