

# INCOTERMS 2010 - RULES AND DEFINITION



The Incoterms 2010 rules have made some significant changes that will be in force, at least, till 2020. These changes include both the elimination and creation of new terms, modification of certain uses in the existing terms and adapting the rules to the operational logistics, Internet communications and security procedures that have been implemented at the borders of countries. A complete and up-to-date information about these changes can be found in the e-book [\*Practical Guide to Incoterms\*](#).

## **Reduction from 13 to 11 terms**

In Incoterms 2000, four terms have been eliminated terms: DES (Delivered Ex Ship), DEQ (Delivered Ex Quay), DAF (Delivered At Frontier) and DDU (Delivered Duty Unpaid).

Incoterms 2010 have created two new Incoterms: DAT (Delivered At Terminal) and DAP (Delivered At Place). The first replaces the three Incoterms DES, DEQ, and DAF, when the merchandise is delivered to the destination country in a terminal or transportation infrastructure (port, airport). DAP has a function similar to DDU, as noted above.

### *New terms in Incoterms 2010*

DAT replaces DES, DEQ y DAF DAP replaces DDU
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## **Priority for Incoterms used with any mode of transport in comparison with sea Incoterms**

The new classification of Incoterms 2010 do not take into account the main criterion of the distribution of costs between seller and buyer, but the mode of transport used: Incoterms for any mode of transport against sea. The Incoterms 2010 rules give priority to those Incoterms for any mode of transport because they fit better with the reality of international logistics.

## **Goods in containers only for Incoterms for any mode of transport but not for sea Incoterms.**

This is perhaps the most significant change in Incoterms 2010. If the cargo is loaded into a container, the Incoterms 2010 clearly state that sea terms should not be used, even if the

delivery takes place in a port. The reason is that containers are delivered to the port terminals, before being placed on board of the ships. When the goods are transport in containers should not be used FOB, CFR or CIF, but their equivalents for multimodal transport, which are respectively FCA, CPT and CIP.

### **Transfer of risks "on board" in Incoterms FOB, CFR and CIF**

In Incoterms 2010, when using the sea terms FOB, CFR and CIF, the transfer of risks

occurs when the goods are "placed "on board" in the port of shipment. However, in the Incoterms 2000, the risk passes when the goods "pass the ship's rail".

### **Allocation of terminal costs**

When using Incoterms in which the seller pays the main transport - such as CPT, CFR, CIP or CIF-, the seller includes in the purchase price the cost of transport to destination including the costs of terminal-what is known as THC (Terminal Handling Charges). However, it happens that most of the transport companies carry the cost of terminal, in particular the discharge of goods on the buyer and, therefore they pay twice for the same service. To avoid this duplication, Incoterms 2010 establish that the terminal costs should be allocated according to the stipulations of the transport contract. They also state that if the seller bears the costs of discharge at the destination port, according to the stipulations in the transport contract, they shall not be entitled to demand the return of the buyer unless otherwise agreed.

### **Security-related information**

Since the attacks of September 11, 2001 various measures to ensure the safe transport of passengers and goods have been put in place. Following these practices, Incoterms 2010 establishes the obligation of the seller to assist the buyer to obtain all information concerning the safety of the goods or their transportation to their final destination. However, Incoterm 2010 states that any costs resulting from obtaining such information will be borne by the buyer.

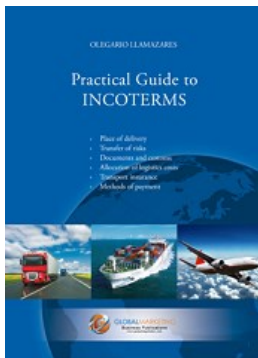
### **Validity of electronic messages and documents**

Incoterms 2010 granted the same validity to the messages and documents transmitted electronically to those that are supported on paper, if it is agreed by the parties or is a common practice. The use of electronic means facilitate the obligation to notify the parties with different information (place of delivery or receipt, date, name of carrier, etc.) and the transmission of documents relating to export and import formalities.

## International and national use

Although Incoterms are in the peculiarities of foreign trade, the 2010 version refers to its use also for domestic trade. This new approach regarding the scope has two justifications: first, there are areas of economic integration (such as the UE) that have the consideration of "domestic" market when customs disappeared. On the other hand, the internal regulations in the U.S. terms of trade - known as RAFTD (Revised American Foreign Trade Definitions) - no longer in force, are expected to be replaced by Incoterms, both in internal operations between U.S. companies and in foreign trade operations between U.S. companies with companies in other countries.

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You can obtain complete information about Incoterms in the ebook [\*Practical Guide to Incoterms 2010.\*](#)

# NEGOTIATION AND ETIQUETTE GUIDES IN 70 COUNTRIES

**How to negotiate and do business in BRAZIL**

**Remember!** Brazil is the third most populous country in the world and a great agricultural producer and a very competitive manufacturer of consumer goods. It also offers many services, especially in the areas of information technology, telecommunications, infrastructure and engineering and consulting. Brazil is one of the top ten economies in the world and one of the most industrialized countries in the Americas. The headquarters of many major companies are located in Brazil.



**KEY FACTS**

POPULATION: 193.5m  
 AREA: 8,511,965 sq km  
 FORM OF GOVERNMENT: Federal republic (26 states and 1 federal district)  
 GDP PER CAPITA (PPP): USD 1,308  
 COUNTRY RISK RATING (Global Vantage): (Rating: A1-A2, A3-A4, B-C/D)  
 CURRENCY: Real (R\$) + 100 cents  
 OFFICIAL LANGUAGE: Portuguese  
 LANGUAGE FOR BUSINESS: Portuguese, Spanish and English

**CONTENTS**

RELIGION: Catholic (70%), Protestant and Evangelical (20%), an increasing number of others (10%)  
 CAPITAL: Brasilia (1.8m)  
 MAIN CITIES: São Paulo (17.5m), Rio de Janeiro (12.2m), Belo Horizonte (2.5m), Curitiba (1.8m)  
 TELEPHONE CODE: 55  
 COUNTRY: BR  
 INTERNET CODE: .br  
 NATIONAL HOLIDAY: 15 September

*Negotiation and Etiquette in Brazil*

**How to negotiate and do business in CHINA**

**Remember!** China is the most populous country in the world and a major manufacturing and export power. It is also a major investment destination for foreign capital. China is a major player in the global economy and is expected to continue to grow rapidly in the coming years.



**KEY FACTS**

POPULATION: 1,380.8m  
 AREA: 9,800,000 sq km  
 FORM OF GOVERNMENT: Socialist republic (22 provinces, 5 autonomous regions, 4 municipalities)  
 GDP PER CAPITA (PPP): USD 5,185  
 COUNTRY RISK RATING (Global Vantage): (Rating: A1-A2, A3-A4, B-C/D)  
 CURRENCY: Renminbi (RMB) + 100 cents  
 OFFICIAL LANGUAGE: Chinese  
 LANGUAGE FOR BUSINESS: Chinese

**CONTENTS**

RELIGION: The country is officially atheist, but in practice, the state protects the freedom of religion of its citizens.  
 CAPITAL: Beijing (19.8m)  
 MAIN CITIES: Shanghai (22.8m), Tianjin (10.8m), Hong Kong (7m), Shenzhen (10.4m), Chengde (10.8m), Wuhan (8.5m), Guangzhou (10.8m), Canton (10m)  
 TELEPHONE CODE: 86  
 COUNTRY: CN  
 INTERNET CODE: .cn  
 NATIONAL HOLIDAY: 1<sup>st</sup> October

*Negotiation and Etiquette in China*

**How to negotiate and do business in RUSSIA**

**Remember!** Russia is the largest country in the world and a major power. It is a major player in the global economy and is expected to continue to grow rapidly in the coming years.



**KEY FACTS**

POPULATION: 142.8m  
 AREA: 17,098,200 sq km  
 FORM OF GOVERNMENT: Federal republic (77 federal administrative districts)  
 GDP PER CAPITA (PPP): USD 9,800  
 COUNTRY RISK RATING (Global Vantage): (Rating: A1-A2, A3-A4, B-C/D)  
 CURRENCY: Russian Ruble (RUB) + 100 kopecks  
 OFFICIAL LANGUAGE: Russian and other (Tatar, Ukrainian, Armenian, etc.)  
 LANGUAGE FOR BUSINESS: Russian

**CONTENTS**

RELIGION: Russian Orthodox, Protestant, Muslim (20% of the population professes to be Jewish)  
 CAPITAL: Moscow (12.4m)  
 MAIN CITIES: Saint Petersburg (5.4m), Novosibirsk (1.4m), Nizhny Novgorod (1.4m), Yekaterinburg (1.4m)  
 TELEPHONE CODE: 7  
 COUNTRY: RU  
 INTERNET CODE: .ru  
 NATIONAL HOLIDAY: 12<sup>th</sup> June

*Negotiation and Etiquette in Russia*

**How to negotiate and do business in AUSTRALIA**

**Remember!** Australia is a major power and a major player in the global economy. It is a major player in the global economy and is expected to continue to grow rapidly in the coming years.



**KEY FACTS**

POPULATION: 22.5m  
 AREA: 7,682,000 sq km  
 FORM OF GOVERNMENT: Federation of states, 2 territories and 8 independent territories  
 GDP PER CAPITA (PPP): USD 32,838  
 COUNTRY RISK RATING (Global Vantage): (Rating: A1-A2, A3-A4, B-C/D)  
 CURRENCY: Australian dollar (AUD) + 100 cents  
 OFFICIAL LANGUAGE: English  
 LANGUAGE FOR BUSINESS: English

**CONTENTS**

RELIGION: Protestant (20%), Catholic (20%)  
 CAPITAL: Canberra (0.3m)  
 MAIN CITIES: Sydney (5.2m), Melbourne (2.9m), Brisbane (2.5m), Perth (1.8m)  
 TELEPHONE CODE: 61  
 COUNTRY: AU  
 INTERNET CODE: .au  
 NATIONAL HOLIDAY: 26<sup>th</sup> January

*Negotiation and Etiquette in Australia*

**How to negotiate and do business in GERMANY**

**Remember!** Germany is a major power and a major player in the global economy. It is a major player in the global economy and is expected to continue to grow rapidly in the coming years.



**KEY FACTS**

POPULATION: 82.3m  
 AREA: 357,021 sq km  
 FORM OF GOVERNMENT: Federal republic (16 states in Länder)  
 GDP PER CAPITA (PPP): USD 39,769  
 COUNTRY RISK RATING (Global Vantage): (Rating: A1-A2, A3-A4, B-C/D)  
 CURRENCY: Euro (EUR) + 100 cents  
 OFFICIAL LANGUAGE: German  
 LANGUAGE FOR BUSINESS: English and German

**CONTENTS**

RELIGION: Protestant (40%), Catholic (30%)  
 CAPITAL: Berlin (3.5m)  
 MAIN CITIES: Frankfurt (6.5m), Cologne (1.8m), Stuttgart (2.3m), Düsseldorf (2.1m), Leipzig (1.1m)  
 TELEPHONE CODE: 49  
 COUNTRY: DE  
 INTERNET CODE: .de  
 NATIONAL HOLIDAY: 3rd October

*Negotiation and Etiquette in Germany*

**How to negotiate and do business in JAPAN**

**Remember!** Japan is a major power and a major player in the global economy. It is a major player in the global economy and is expected to continue to grow rapidly in the coming years.



**KEY FACTS**

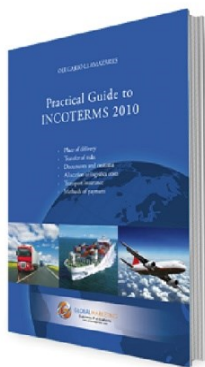
POPULATION: 127.8m  
 AREA: 377,835 sq km  
 FORM OF GOVERNMENT: Constitutional monarchy (47 prefectures)  
 GDP PER CAPITA (PPP): USD 29,488  
 COUNTRY RISK RATING (Global Vantage): (Rating: A1-A2, A3-A4, B-C/D)  
 CURRENCY: Yen (JPY) + 100 yen  
 OFFICIAL LANGUAGE: Japanese  
 LANGUAGE FOR BUSINESS: English

**CONTENTS**

RELIGION: Shintō and Buddhism (80%), Christianity (1%)  
 CAPITAL: Tokyo (12.5m)  
 MAIN CITIES: Osaka (1.9m), Nagoya (1.2m), Fukuoka (1.5m), Sapporo (1.2m), Sendai (1.2m)  
 TELEPHONE CODE: 81  
 COUNTRY: JP  
 INTERNET CODE: .jp  
 NATIONAL HOLIDAY: 23rd December

*Negotiation and Etiquette in Japan*

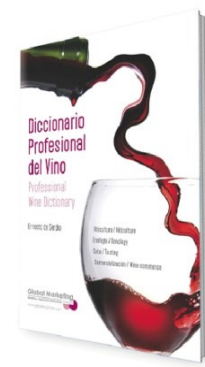
## BOOKS & EBOOKS



*Practical Guide to Incoterms 2010*



*How to negotiate in 50 countries*



*Professional Wine Dictionary*

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