



Australian Customs Cargo Advice

Number 2010/13

Incoterms 2010

This notice is to advise that the International Chamber of Commerce (ICC) has revised Incoterms 2000 to reflect changes in international and domestic trade. Incoterms 2010 comes into effect on 1 January 2011.

Background

Incoterms are a series of international sales terms, published by the ICC and widely used in international commercial transactions. These terms are accepted by governments, legal authorities and practitioners worldwide and facilitate commerce by promoting understanding of the specific, respective tasks of trading parties. They define the roles of buyers and sellers in the arrangement of transportation; they also outline when transfer of risk of merchandise takes place.

The ICC has reduced the number of Incoterms from 13 to 11 by replacing four existing terms with two new terms.

The two new Incoterms are:

- *Delivered at Place (DAP)*; and
- *Delivered at Terminal (DAT)*.

On 1 January 2011, these new Incoterms will replace:

- *Delivered Ex Ship (DES)*;
- *Delivered Ex Quay (DEQ)*;
- *Delivered Duty Unpaid (DDU)*; and
- *Delivered at Frontier (DAF – Not applicable in Australia)*.

Delivered at Place means that the seller delivers when the goods are placed at the disposal of the buyer on the arriving means of transport ready for unloading at the named place of destination.

Delivered at Terminal means that the seller delivers when the goods, once unloaded from the arriving means of transport, are placed at the disposal of the buyer at a named terminal at the named port or place of destination. Terminal includes any place, whether covered or not, such as quay, warehouse, container yard or road, rail or air cargo terminal.

DAT and DAP may be used irrespective of transport and are a substitute for Incoterms 2000 DES, DEQ and DDU.

Implementation

Customs and Border Protection will have the new Incoterms in the Integrated Cargo System (ICS) from 15 December 2010, but ICS users will not be able to draw on those terms until 1 January 2011.

Incoterms 2000 DES, DEQ and DDU will remain in the ICS and will be available for use. A warning message will be produced when one of these Incoterms has been selected advising that the incoterm is not applicable after 1 January 2011. This warning message will not stop processing of an import declaration. The warning message will be displayed for both Electronic Data Interchange and Customs Interactive users.

Further information

For further information on the Incoterms 2010 or to purchase reference material please go to the ICC website:

<http://www.iccwbo.org/incoterms/>

For queries concerning the incoterm implementation, please email the Customs Information and Support Centre at cargosupport@customs.gov.au.

Australian Customs and Border Protection Service
Client Engagement and Cargo Systems
CANBERRA

30 November 2010

GUIDE TO INCOTERMS



GUIDE TO INCOTERMS

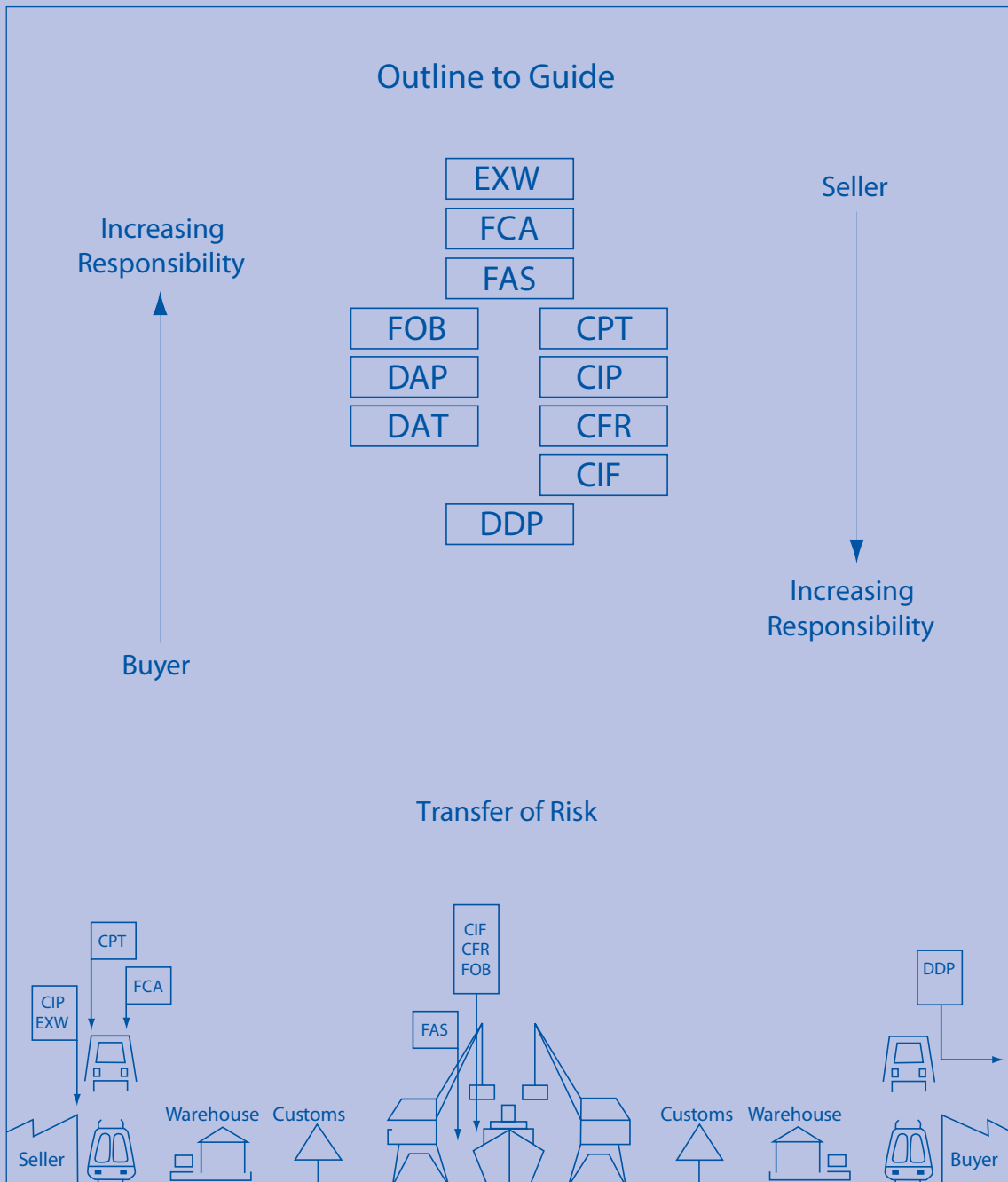


ACE INA Insurance has produced this “Guide to Incoterms” as a simplified and convenient quick reference.

Before accepting any form of contractual liability you must check the precise definition of the rights and obligations of buyers and sellers in the 1990 Incoterms as modified by the ICC or any subsequent revision.

We have concentrated on “transfer of risk” in this guide to avoid complexity but you should not assume “transfer of property” occurs at the same place or time.

The ACE Group does not accept any liability for any errors or omissions in this guide.

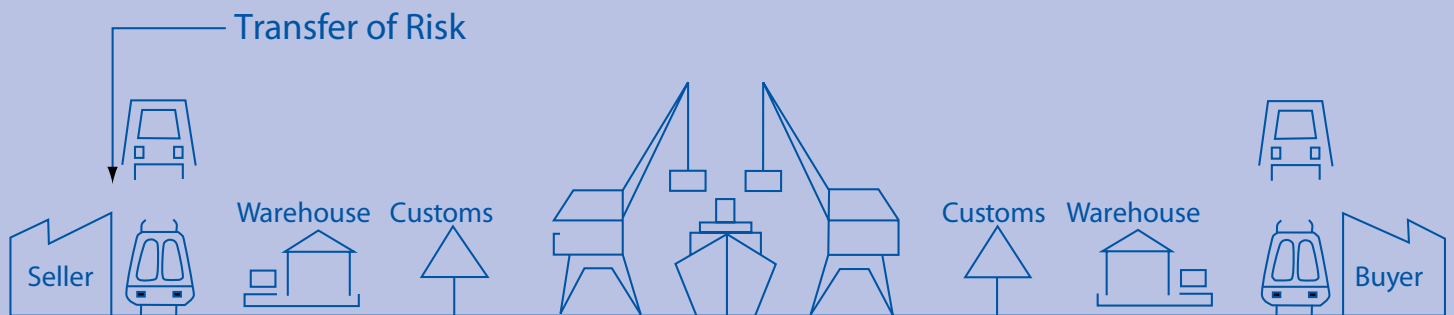


NOTES/EX-WORKS



The Seller's Minimum Obligations

The seller is not responsible for loading the goods onto the buyer's vehicle or for clearing the goods for export.



The Seller's Obligations:

Place the goods at the disposal of the buyer at the named loading point.

Carry the risks up to the seller's.

Pay freight up to the seller's premises.

The Buyer's Obligations:

Obtain import and export licenses.

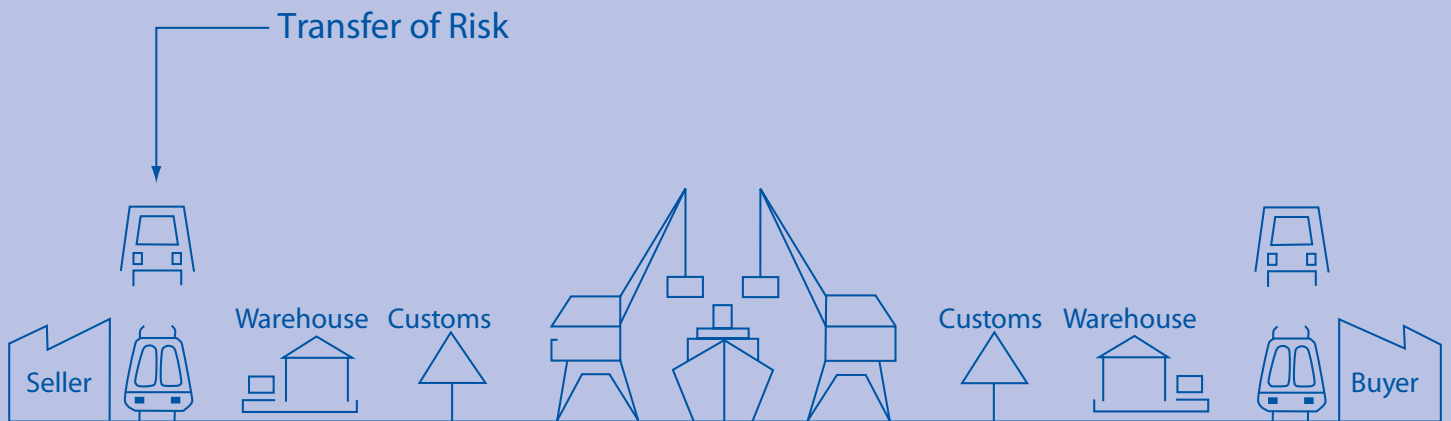
Carry all risks and costs from the time the goods have been placed at the disposal at the seller's premises.

NOTES/FREE CARRIER



The transfer of risk and property occurs at the agreed point at which the seller hands over the goods, cleared for export, to the buyer's carrier.

In the case of a truck or container (whether ISO accepted or not) it is the seller's responsibility to load the goods and the buyers to unload them at their own risk and cost.



The Seller's Obligations:

- Deliver the goods to the courier designated in the contract.
- Carry all risks up to the delivery point.
- Pay freight up to the delivery point.
- Obtain at his own risk and expense any export licenses or other official authorization.

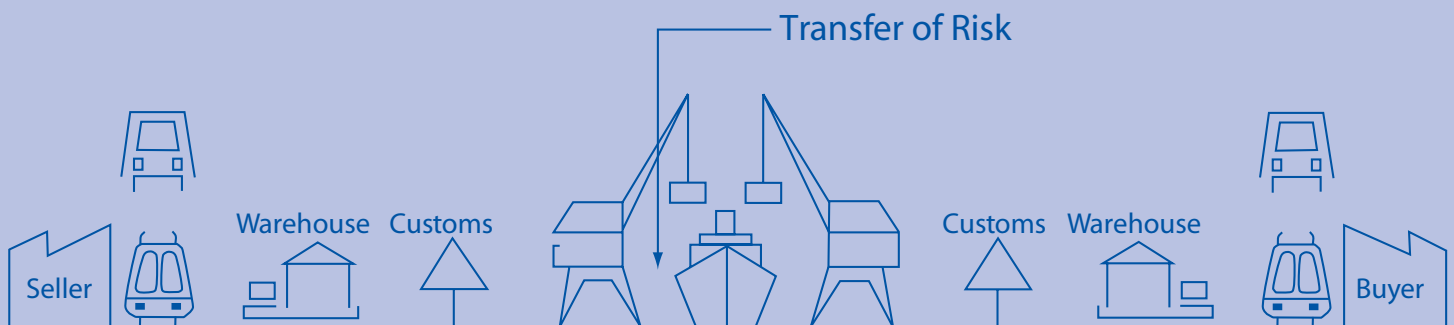
The Buyer's Obligations:

- Contract at his own expense for the carriage of goods from the agreed delivery point.
- Carry all risks for delivery.
- Pay delivery costs.
- Complete all customs formalities for import or transit through another country.

NOTES/ FREE ALONGSIDE SHIP



The seller's obligations cease when the goods are delivered alongside the vessel.



The Seller's Obligations:

Deliver the goods alongside the designated vessel.

Carry all risk up to delivery point.

Pay all freight up to the delivery point.

Provide the buyer with an estimated time of delivery.

The Buyer's Obligations:

Contract at his own expense for shipment of the goods from the named point.

Carry all risks for delivery.

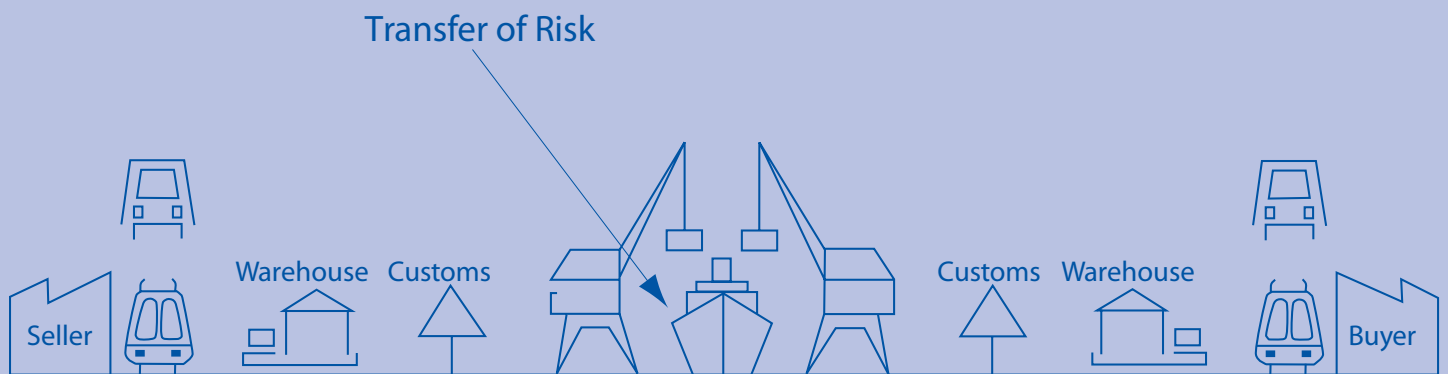
Pay delivery costs.

Complete all customs formalities for both import and export.

NOTES/FREE ON BOARD



When the ship's rail serves no practical purpose, for example with container traffic or roll-on/roll-off, it is better to use the FCA term.



The Seller's Obligations:

Deliver the goods on board the vessel designated by the buyer.

Carry all risks until the goods pass the ship's rail.

Pay all freight up to the ship's rail.

Complete all custom formalities for export.

The Buyer's Obligations:

Contract at his own expense for shipment from the named port.

Carry all risks once the goods have passed the ship's rail.

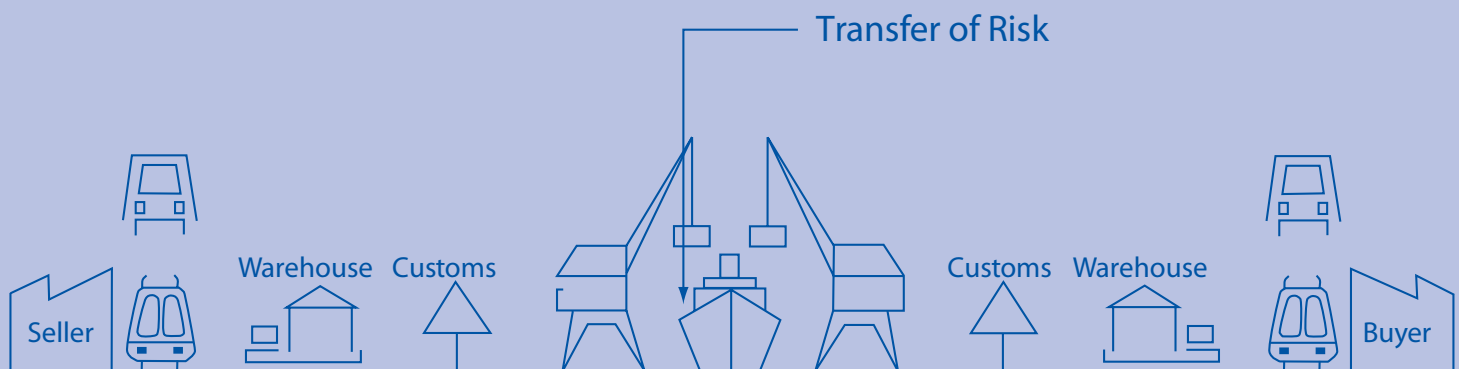
Provide the seller with the vessel's name, named port of shipment and date of delivery.

Complete all customs formalities for import.

NOTES/COST & FREIGHT



Transfer of risk is the same as for FOB (as the goods pass the ship's rail). However with CFR the seller is obligated to pay the freight charges and costs to the destination port. If the ship's rail has no practical purpose then it is better to use the CPT term.



The Seller's Obligations:

Contract at his own expense for loading the goods on the vessel and for shipment to ports of destination.

Carry all risks until goods pass the ship's rail at the point of shipment.

Complete all customs formalities for export.

The Buyer's Obligations:

Complete all custom's formalities for import.

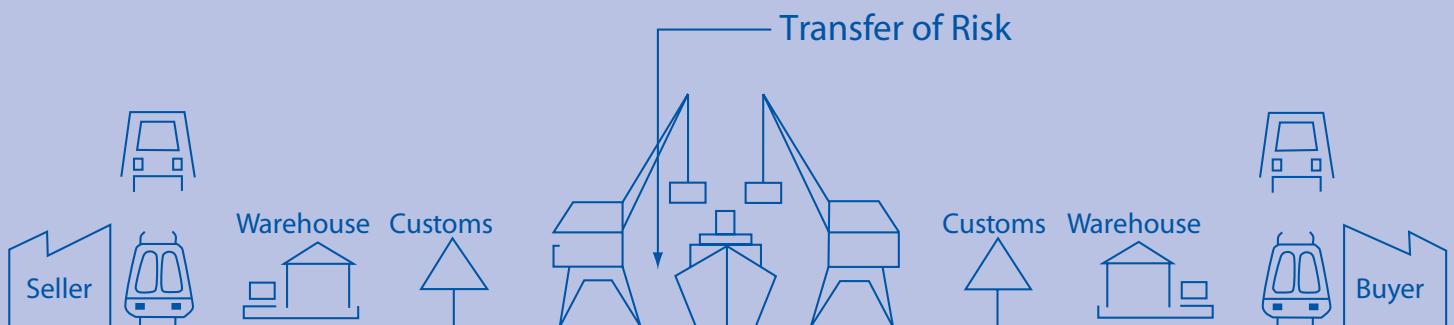
Carry all risks after the goods pass the ship's rail at loading port.

Pay the costs for unloading the cargo.

NOTES/COST, INSURANCE & FREIGHT



CFR plus seller must procure marine insurance (on minimum coverage) against the buyer's risk of loss or damage to goods in shipment from delivery on board the vessel at point of shipment until delivery at buyers warehouse.



The Seller's Obligations:

Contract at his own expense for transport and delivery of the goods on board the vessel.

Obtain at his own expense insurance so that person with an insurable interest in the goods can claim on the policy.

Provide evidence of insurance cover.

Pay freight costs to destination port.

Complete custom formalities for export.

The Buyer's Obligations:

Carry all risks as the goods pass the ship's rail at the destination port.

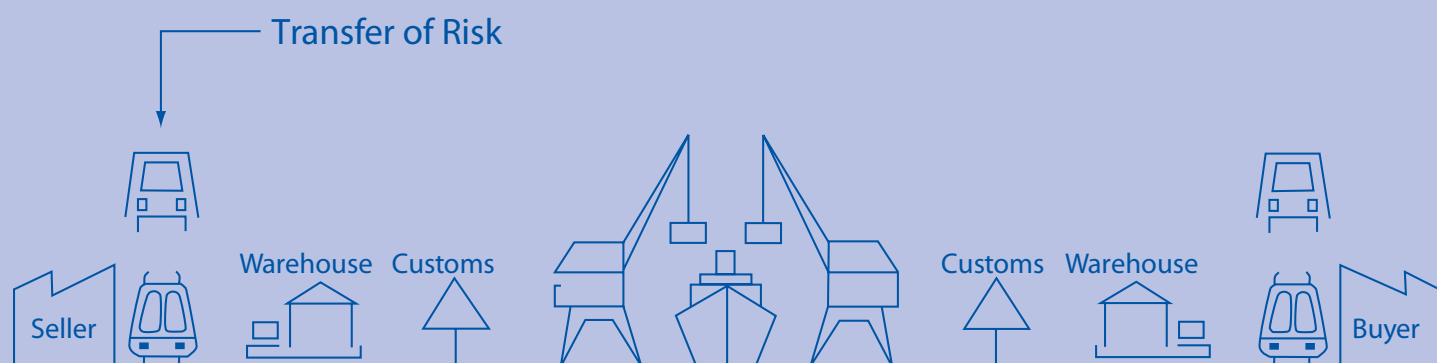
Complete all customs formalities for import.

Pay freight costs from delivery at port of shipment.

NOTES/ CARRIAGE PAID TO



Transfer of risk occurs when goods have been delivered into the custody of the first carrier.



The Seller's Obligations:

Contract at his own expense for the carriage of the goods.

Deliver the goods to the first carrier.

Carry risks until delivery to first carrier.

Pay freight to named destination point.

Complete all custom formalities for export.

The Buyer's Obligations:

Carry all risks during carriage.

Complete all customs formalities for import.

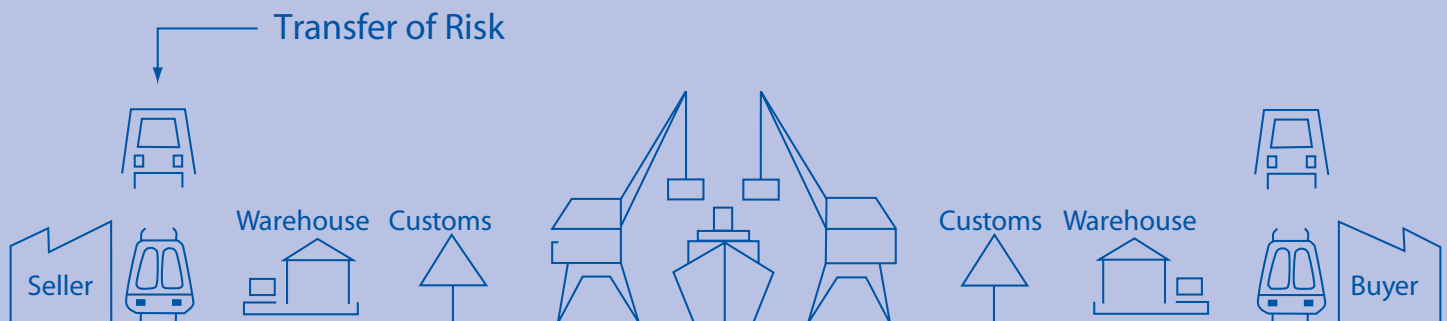
Pay freight from named destination point.

NOTES/ CARRIAGE & INSURANCE PAID TO



CPT plus seller has obligation to procure cargo insurance against the buyer's risk of loss or damage of goods during carriage to named port of destination.

CARRIAGE AND INSURANCE PAID TO ALL TRANSPORT CIP



The Seller's Obligations:

- Obtain at his own expense a contract for carriage of the goods and insurance on minimum coverage during carriage.
- Deliver the goods to the first carrier.
- Carry risks until delivery to first carrier and pay Freight costs up to this point.
- Complete customs formalities for export.

The Buyer's Obligations:

- Carry delivery risks.
- Complete customs formalities for import.
- Pay freight from delivery point.

NOTES/ DELIVERED AT FRONTIER



The transfer of property and risk occurs as the goods are exported across the frontier of the producer's country but before the customs border of the adjoining country.

It is recommended that the buyer and seller agree which one pays for insurance for the total delivery.



The Seller's Obligations:

Under the term DAT (Delivered at Terminal), the word 'Terminal' includes quays, warehouses, container yard or road or rail or air terminal, at the named port or place of destination. The seller is responsible for delivering the goods to the named terminal at the named port or place of destination. The buyer is responsible from that point to effect customs clearance, pay any duties & collect for delivery

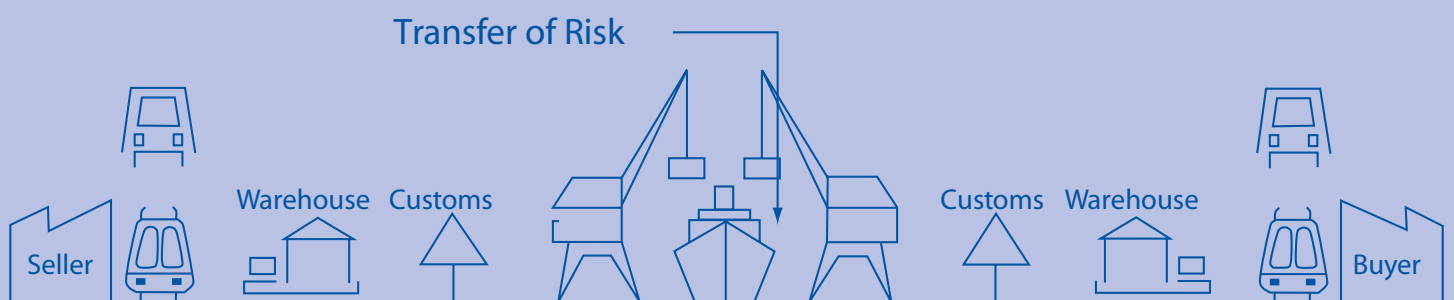
The Buyer's Obligations:

- Carry risks from delivery point at frontier.
- Complete customs formalities for import.
- Pay freight costs from delivery point.

NOTES/ DELIVERED EX-SHIP



The marine transport risks are the responsibility of the seller. The transfer of risks occurs on board the ship uncleared for import at the named destination port.



The Seller's Obligations:

- Obtain at his own expense a contract for transporting the goods.
- Complete the customs formalities for export.
- Carry risks until delivery.
- Pay carriage until delivery.

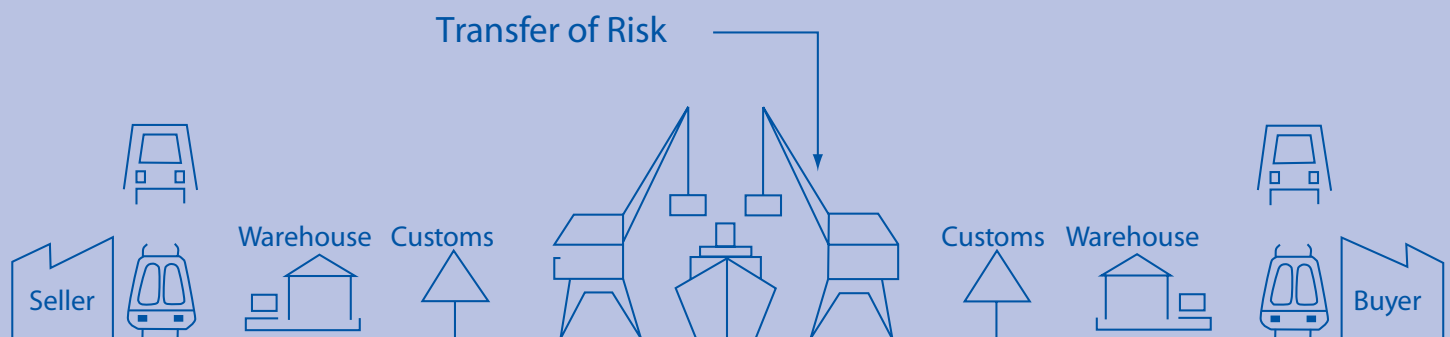
The Buyer's Obligations:

- Complete customs formalities for import.
- Carry risks from point of delivery.
- Pay freight from delivery point including unloading costs from ship.

NOTES/ DELIVERED EX-QUAY (DUTY PAID)



The transfer of risk and property occurs when the seller delivers the goods to the buyer on the quay at the named port of destination, cleared for importation.



The Seller's Obligations:

Complete the customs formalities for both import and export.

Obtain at his own expense a contract for transporting the goods.

Deliver the goods to the buyer on the quay at the destination port carry the risks until delivery.

Pay freight until delivery and other charges (including duty, taxes, etc).

Carry the risks until delivery.

The Buyer's Obligations:

Carry the risks from the delivery point.

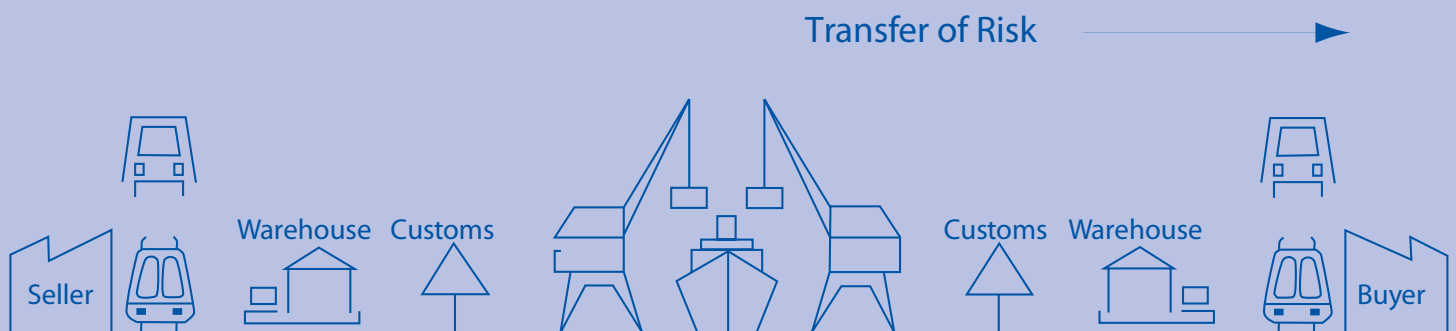
Pay the freight from the delivery point.

NOTES/ DELIVERED DUTY UNPAID



The seller is responsible for delivery and unloading of the goods at the named place in the country of importation.

DELIVERED DUTY UNPAID ALL TRANSPORT DAP



The Seller's Obligations:

Complete the customs formalities for export.

DAP (Delivered at Place). Under DAP, the seller bears responsibility and risks, to deliver the goods to the named place. The buyer is responsible for effecting the customs clearance and any customs duties

The Buyer's Obligations:

Complete the customs formalities for import.

Carry the risks from the delivery point.

Pay freight costs from the delivery at the named place (including import duties/taxes etc).

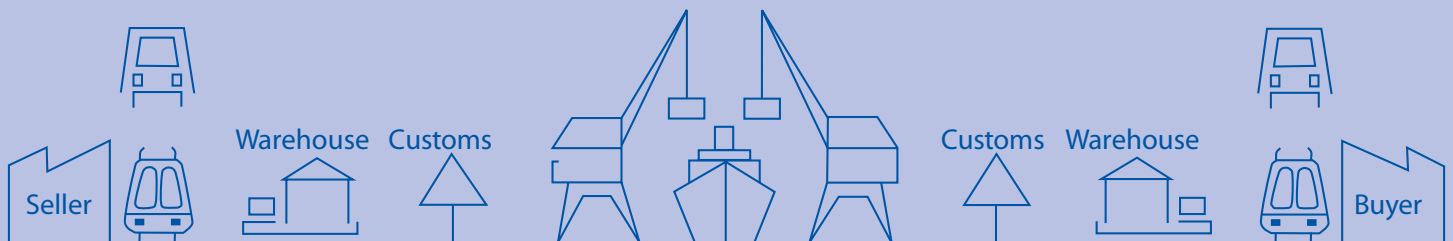
NOTES/ DELIVERED DUTY PAID



This term represents the seller's maximum obligations.
DDU plus customs clearance for import.

DELIVERED DUTY PAID ALL TRANSPORT DDP

Transfer of Risk →



The Seller's Obligations:

Complete at his own expense a contract for transporting the goods.

Complete customs formalities for import and export.

Carry all risks until delivery at the normal place.

The Buyer's Obligations:

Carry risks from point of delivery.

Pay freight from point of delivery.

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