

# Callidus News

ADVOCATES, CONSULTANTS & NOTARY

DUBAI | SINGAPORE | DELHI | MUMBAI | KOLKATA | CHENNAI | COCHIN [info@calliduscmc.com](mailto:info@calliduscmc.com)

## Branches

### Dubai

Business Avenue Building  
Office # 713  
Port Saeed Road, P.O. Box # 90992  
Dubai, UAE, Tel: +97142956664  
Fax: +97142956099

### Singapore

20 Maxwell Road  
#04-02 D, Maxwell House  
Singapore - 069113  
Tel: +65 6221 4090

### Delhi

D 1st 145 Basement (Rear)  
Lajpat Nagar R 1  
New Delhi - 110 024  
Tel: +91 11 4132 1037

### Mumbai

8-B, Dariya Building  
2nd Floor, In between  
American Dry Fruits & Zara  
Dr. D.N.Road, Fort, Mumbai 400 001  
Tel: 022-22853371

### Chennai

Old No. 123, New No.255,  
3rd Floor, Hussiana Manzil,  
Ankapanaiken Street,  
Parrys, Chennai - 600 001  
Tel: +91 98 40 844463

### Cochin

Near St. Joseph's High School  
Chittoor Road, Cochin - 12,  
India  
Tel: +91 484 4010566  
Fax: +91 484 2391895  
[office@callidusindia.com](mailto:office@callidusindia.com)

## INCOTERMS 2020: ADDITIONS, APPLICATIONS AND AFFECTS



Incoterms (International Commercial Terms) are a set of terms published by the International Chamber of Commerce (ICC) which are globally recognised to prevent confusion in trading contracts. Incoterms are used so that both parties involved in a trade transaction understand the tasks, costs, risks and responsibilities, as well as the logistics and transportation management requirements.

The Incoterms rules were first introduced by ICC in 1936 to establish commonly accepted definitions and rules related to the delivery of goods between trading partners worldwide. Since then, ICC has periodically revised the Incoterms rules to reflect changes in the international trade system.

Incoterms 2020 is the ninth set of international contract terms published by the International Chamber of Commerce, effective from 1st January 2020. Incoterms 2020 defines 11 rules, the same number as defined by Incoterms 2010. More accessible and easier to use, Incoterms 2020 includes more detailed explanatory notes with enhanced graphics to illustrate the responsibilities of importers and exporters for each Incoterms rule.

### PURPOSE AND SCOPE OF INCOTERMS 2020

- The parties' obligations to arrange for the carriage and insurance of the goods;
- The point at which goods are "delivered", and the point at which risk in the goods for loss or damage is

transferred from seller to buyer; and

- The various costs associated with the transportation of the goods.

They do not address other key commercial considerations, which are left for parties to address in the sale contract. These include:

- Transfer of title over the goods;
- Contractual payment terms (distinct from costs associated with transportation of the goods);
- Consequences for breach of performance;
- Sanctions;
- Governing law and jurisdiction and Dispute Resolution
- Regulatory obligations, e.g. the shippers' obligation to record containers' verified gross mass (VGM), under Regulation 2 of SOLAS.

### OVERVIEW OF INOTERMS

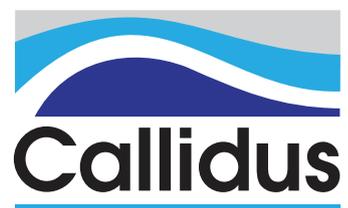
There are 11 trade terms available under the Incoterms 2020 rules that range from Ex Works (EXW), which conveys the least amount of responsibility and risk on the seller, to Delivered Duty Paid (DDP), which places the most responsibility and risk on the seller.

- FCA – Free Carrier
- EXW – Ex-Works or Ex-Warehouse
- FOB – Free On Board
- FAS – Free Alongside Ship
- CFR – Cost and Freight
- CIF – Cost, Insurance and Freight
- CPT – Carriage Paid To



Life has many ways  
of testing a person's  
will, either by having  
nothing happen  
at all or by having  
everything happen all  
at once.

- PAULO COELHO



- CIP – Carriage and Insurance Paid To
- DAP – Delivered At Place
- DPU – Delivered At Place Unloaded
- DDP – Delivered Duty Paid

**DIFFERENCES BETWEEN 2010 AND 2020 INCOTERMS**

The main explanations of Incoterms 2020 have remained the same, with a few key updates and changes.

➤ **Replacement of DAT**

The previous Incoterm DAT (Delivered at Terminal) is now called DPU (Delivered at Place Unloaded). It was decided to change the term to DPU to remove confusion that arose in the past.

➤ **Different level of Insurance Coverage**

In both CIF and CIP cases the responsibility falls on the seller. Incoterms 2010 specified that under both these terms the seller was responsible for obtaining the minimum level of coverage identified by Clause C of the Institute Cargo Clauses. In Incoterms 2020 rules, the seller is now responsible for purchasing a higher level of insurance coverage—at least 110% of the value of the goods as detailed in Clause A of the Institute Cargo Clauses—under the revised term CIP. The insurance requirement hasn't changed for CIF.

➤ **Updated Costs and Listings**

Costs became quite a problem with Incoterms 2010 with some parties. Incoterms 2020 now provides much more detail around costs and now appears under the A9/B9 sections of the rule. This clearly states which costs are allocated to each party.

➤ **Increase in Security Requirements, Allocation and Cost**

Under Incoterms 2020 the security allocations have been added to A4/A7 and the associated costs have been added to A9/B9 in a detailed format.

➤ **Bills of Lading with an on-board notation (FCA - Free Carrier)**

Articles A6/B6 ("Delivery/transport document") of the FCA Incoterm now provide that, where agreed, the buyer may instruct the carrier to issue to the seller (at the buyer's cost and risk), an on-board bill of lading stating that the goods have been loaded.

As delivery under the FCA Incoterm occurs either at the seller's premises, or when the goods are placed at the carrier's disposal at the named place of delivery, it may not have been possible, under the previous version, for the seller to obtain an on-board bill of lading where this was required as a condition of payment. This amendment seeks to resolve this issue.

➤ **Buyer's and Seller's Own Transport**

Under Incoterms 2010 it was assumed that all transport would be undertaken by a third party transport provider. Incoterms 2020 allows for the provision for the buyer or seller's own means of transport. This recognizes that some buyers and sellers are using their own methods of transport, including trucks or planes to get goods delivered.

- This allows for the buyer's own means of transport under the FCA rule
- This allows for the seller's own means of transport under DAP, DPU and DDP

**IMPLEMENTING INCOTERMS 2020**

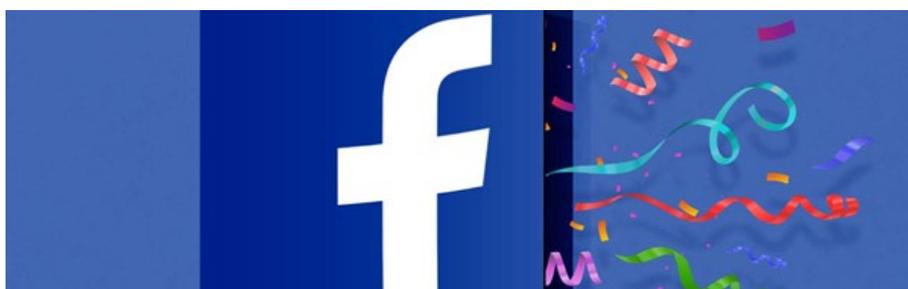
**IN BUSINESS**

- Ascertaining whether Incoterms 2020 are appropriate/applicable for certain standard form contracts.
- Carefully considering which Incoterm most accurately reflects their commercial arrangement, in particular with regard to the place of delivery, the methods of transportation and the destination anticipated.
- Reviewing new arrangements with existing counterparties, prior to 1 January 2020, to identify whether replacement of an old version of their chosen Incoterm with the 2020 version of the chosen Incoterm, will impact on the parties' respective rights and obligations. Parties should avoid automatically incorporating Incoterms 2020 without reviewing them first.
- Resolving any uncertainty or ambiguity by drafting additional express terms into the sale contract.

**CONCLUSION**

Incoterms rules were created to address the risk of misunderstanding and costly disputes in domestic and global trade where sale contracts may not have been adequately drafted. The changes brought about by Incoterms 2020, while not as extensive as expected by some industry observers, attempt to fulfil two objectives: first, to achieve greater clarity so as to enable parties to choose the most commercially suitable terms; second, to address a number of industry concerns that have arisen since the last edition. If history is any indication, then Incoterms 2020 rules will be around for at least a decade.

# THE MEGA FACEBOOK RELIANCE JIO DEAL



In an emergency situation prevailing over the country as well the world, the Facebook came up with an offer to buy almost 10% (9.99% to be exact, the ten percent of shares would give them additional rights which JIO might not Risk) Minority stake of Reliance JIO for an amount of Rs.43,574 crores equivalent to 5.7 Billion USD.

The Facebook CEO Mark Zuckerberg in his facebook page had informed that facebook is teaming with Reliance JIO, he also mentioned in his page that “...we're making a financial investment, and more than that, we're committing to work together on some major projects that will open up commerce opportunities for people across India....”

The Large acquisition by the facebook is totally not new, facebook had earlier bought Instagram for \$1 billion in 2012, WhatsApp for \$19 billion in

2014, and virtual reality firm Oculus VR for \$2 billion in the same year.

The said proposal to purchase the minority stake of Reliance JIO is the biggest minority investment by a technology player in India says an Investment banker. The announcement had a great impact on the share value of the Reliance JIO, after the announcement both BSE and NSE value went high.

What is the future for Reliance Jio now? Reliance Jio has been working

on the blockchain project for the past two years, however they are yet to announce a single product, Facebook, having deployed the world's top blockchain minds on Libra which is due to launch 2020, this can be a potential help for Jio, but the question remain still unanswered, will Reliance Jio be a member of Libra Association? Will facebook and Reliance JIO together eliminate the competition of Amazon and Walmart who have already established a firm position in the market?



## HOT NEWS

# SHIPS SOUND THEIR HORNS IN SUPPORT OF SEAFARERS ON LABOUR DAY



Ports around the world are joining today an initiative encouraging ships to sound their horns for 15 seconds at noon as a special tribute to the contributions of seafarers in keeping supply chains robust and maritime trade going amidst the COVID-19 pandemic.

The initiative, dubbed the Horns of Hope, was launched under the banner of Abu Dhabi Ports and very shortly received support from hundreds of ports in Europe,

the Middle East, Africa, Asia, and the Americas as ships sounded horns to support front-line workers each evening.

On the occasion of Labour Day, the symbolic gesture has received even larger support from ports across the globe. As the world's standard-setting organisation for the shipping industry, it is heartening to see the Horns of Hope solidarity campaign begun by the UAE has been so enthusiastically adopted

by global ports,” Kitack Lim, Secretary-General of the International Maritime Organization, said.

“Those who work in shipping to keep the sea lines open for the world are to be admired and respected for their daily selfless acts of courage in the face of adversity and challenge. We are grateful and continue to applaud our members for their support of the Horns of Hope campaign.”

The International Chamber of Shipping and the International Transport Workers Federation have jointly called upon countries to recognise seafarers as key workers of global trade, and to shed light on the important work they carry out in the ongoing pandemic.

The support is of extreme importance as seafarers face an unprecedented crisis with regard to crew changes due to the pandemic-related travel bans and restrictions, leaving thousands of workers at sea.

“Singapore is grateful to every member of our maritime workforce for their tireless contributions over the years in building Singapore into a global hub port and an international maritime centre. In these challenging times, we wish to show our appreciation to maritime personnel, especially seafarers, and stand in solidarity to ensure that global trade and supply lines stay resilient to support pandemic response around the world,” Quah Ley Hoon, MPA's Chief Executive, said.

“Seafarers are essential service providers of the global supply chain. They play a critical role during this pandemic by transporting essential goods such as food and medicine to consumers and hospitals across the world. On Labour Day, we call on ships to collectively sound their horns to show our appreciation and solidarity with our seafarers, the unsung heroes of global trade,” Mary Liew, SMOU's General Secretary, said.

Address: Near St. Joseph's High School, Chittoor Road, Cochin- 12, India, T: +91 484 4010566, F: +91 484 2391895, [office@callidusindia.com](mailto:office@callidusindia.com)

**Disclaimer** The materials contained in our News Letter and our accompanying e-mail have been prepared solely for information purpose. Neither Callidus nor any of its affiliates make any warranties in relation to the use or reproduction of its contents. The information contained in the news letter is solely for academic and discourse purposes, meant for private circulation; this e-mail message and its attachments may be confidential, subject to legal privilege, or otherwise protected from disclosure, and is intended solely for the use of the intended recipient(s). If you have received this communication in error, please notify the sender immediately and delete all copies in your possession.