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New and revised recommendations and standards

Recommendation No. 5: Abbreviations of Incoterms

Alphabetic Code for Incoterms ® 2010

Document submitted by the UN/CEFACT Information Content Management Group (ICG) for information

Summary

At its sixth session in March 2000, UN/CEFACT agreed to adopt the fourth edition of Recommendation No. 5, recommending the use of the Incoterms elaborated by the International Chamber of Commerce, to provide a set of international rules for the interpretation of the most commonly used trade terms in foreign trade. The present fifth edition of Recommendation No. 5, which supersedes and replaces the fourth edition (ECE/TRADE/259, May 2000), establishes a common code list for the trade terms known as "Incoterms ® 2010". The ICG prepared this latest revision of the code list for Recommendation No. 5 based on Incoterms ® 2010. On 2 May 2011, the Forum Management Group (FMG) decided that the updated Recommendation No. 5 was to be published. It is submitted for information to the UN/CEFACT Plenary.

I. Preamble

1. The United Nations through UN/CEFACT (United Nations Centre for Trade Facilitation and Electronic Business) supports activities dedicated to improving the ability of business, trade and administrative organizations, from developed, developing and transitional economies, to exchange products and relevant services effectively.
2. Its principal focus is on facilitating national and international transactions, through the simplification and harmonisation of processes, procedures and information flows, and so contribute to the growth of global commerce.¹.
3. The UN/CEFACT work-program emphasises the need for developing recommendations, which simplify and harmonize the current practices and procedures used in international transactions. Within this context, the role of the UN/CEFACT Information Content Management Group (ICG) is to secure the quality, relevance and availability of code sets and code structures to support the objectives of UN/CEFACT, including managing the maintenance of UN/ECE Recommendations related to codes. The ICG prepared this latest revision of the code list for Recommendation No. 5 based on Incoterms ® 2010 as published by the International Chamber of Commerce (ICC).
4. Globalization of the marketplace is taking place rapidly, with companies sourcing components in one part of the world, assembling them in another and selling them in yet another. The trend towards transacting business electronically is leading to an increase in the flows of physical goods, with smaller and more frequent shipments of goods and commodities.
5. This globalization of markets has resulted in the growing need for even more efficient and effective information flows across international markets. The solution is to use common procedures and processes based on globally agreed standards. This requires precise mechanisms to define the data and for creating common coding systems to represent specific data items.
6. Incoterms ® 2010 takes account of the increased use of intermodal transport by distinguishing the terms between terms to be used in any mode or modes of transport and terms to be used in sea and inland waterway transport. The term FCA (Free Carrier) gives a clear definition of the seller's delivery obligation in the country of export (if any), irrespective of the mode of transport whereas the new terms DAT (Delivered at Terminal) and DAP (Delivered at Place) define the seller's delivery obligation normally in the country of destination. Incoterms ® 2010 allows for the use of electronic communications to fulfill documentary obligations when this is agreed upon by the parties or, when it is customary.
7. This fifth edition of Recommendation No. 5 supersedes and replaces the fourth edition (ECE/TRADE/259, May 2000).

II. Recommendation

8. At its sixth session in March 2000, UN/CEFACT agreed to adopt the following Recommendation. A list of the countries and organizations represented at this session can be found in the report "United Nations Centre for Trade Facilitation and Electronic Business" (TRADE/CEFACT/2000/32).

¹ From the mission statement of UN/CEFACT.

9. The United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) recommends that the abbreviations of the trade terms annexed here to be accepted and used by Governments, international organizations and business whenever these trade terms are referred to in abbreviated form and mutually promote their use in support of a common approach to trade facilitation.

10. This recommendation implies:

For participants in international trade and transport:

- to accept and implement the 3-letter abbreviations as an alphabetic code for Incoterms ® 2010;

For Governments, international organizations and national trade facilitation bodies:

- to accept and encourage the implementation of the 3-letter abbreviations as an alphabetic code for Incoterms ® 2010.

III. Scope

11. This Recommendation establishes a common code list for the trade terms known as "Incoterms ® 2010". The code list is identical to the trade term abbreviations contained in the ICC publication 715, Incoterms ® 2010 (Entry into force: 1 January 2011).

IV. Field of application

12. The purpose of Incoterms is to provide a set of international rules for the interpretation of the most commonly used trade terms in foreign trade. Trade terms are used to indicate the division of tasks, costs and risks in the delivery of goods from a seller to a buyer. Thus, through the use of Incoterms the uncertainties of different interpretations of such terms in different countries can be mitigated.

13. This Recommendation applies in cases where a coded representation is required to specify trade terms for information exchange between parties involved in international trade and transport. Incoterms ® 2010 applies to contracts of sale and may in turn be reproduced in contracts of carriage, manifests and customs documents.

V. Definitions

14. The following definitions have been adopted for the purposes of this Recommendation:

code: character string that represents a member of a set of values.

code list: complete set of code values for a data item.

document: recorded permanent data containing information.

facilitation: implementation of measures leading to the simplification, standardization and harmonization of the formalities, procedures, documents and operations inherent to international trade transactions.

formality: set of requirements of an official, commercial or institutional nature.

harmonization: alignment of national formalities, procedures, documents, information, and operations to acceptable international commercial norms, practices and recommendations.

intermodal transport: movement of goods in one and the same loading unit or vehicle that uses successively several modes of transport without handling of the goods themselves in changing modes.

multimodal transport: carriage of goods by at least two different modes of transport.

procedure: steps to be followed in order to comply with a formality, including the timing, format and transmission method for the submission of required information.

VI. Maintenance and updating

15. This Recommendation shall be maintained on behalf of UN/CEFACT by the UN/CEFACT Information Content Management Group (ICG) and the International Trade Procedures Working Group (ITPWG) in close consultation with the International Chamber of Commerce Commission on International Commercial Law and Practice.

16. Proposals for updating the Recommendation should be addressed to the Global Trade Solutions Section, United Nations Economic Commission for Europe, Palais des Nations, CH-1211 Geneva 10, Switzerland or to uncefact@unece.org.

17. Draft revisions to this Recommendation shall be issued by the ICG and the ITPWG when required and shall be made available on the UN/CEFACT Web site².

18. Draft revisions shall be subject to a public comment period of at least two months. UN/CEFACT heads of delegation shall be notified of the availability of a draft revision and the period for comment. Following the conclusion of the comment period, the ICG and ITPWG shall address all comments received. Depending on the comments received, a new draft revision shall be issued or a final revision for approval prepared.

19. Final revisions to the body text of this Recommendation shall be approved by the UN/CEFACT Plenary and shall be made available on the UN/CEFACT Web site.

20. Final revisions to the code lists of this Recommendation shall be approved by the ICG and notified to the UN/CEFACT Plenary. These revisions shall be made available on the UN/CEFACT Web site.

²

www.unece.org/cefact.

Annex

Incoterms ® 2010

INCOTERMS FOR ANY MODE OR MODES OF TRANSPORT			
EX WORKS (insert named place of delivery)	EXW	DELIVERED AT TERMINAL (insert named terminal at port or place of destination)	DAT
A L'USINE (lieu convenu de livraison à insérer)		RENDU AU TERMINAL (terminal convenu au port ou au lieu de destination à insérer)	
FREE CARRIER (insert named place of delivery)	FCA	DELIVERED AT PLACE (insert named place of destination)	DAP
FRANCO TRANSPORTEUR (lieu convenu de livraison à insérer)		RENDU FRONTIERE (lieu de destination convenu à insérer)	
CARRIAGE PAID TO (insert named place of destination)	CPT	DELIVERED DUTY PAID (insert named place of destination)	DDP
PORT PAYE JUSQU'A (lieu de destination convenu à insérer)		RENDU DROITS ACQUITTES (lieu de destination convenu à insérer)	
CARRIAGE AND INSURANCE PAID TO (insert named place of destination)	CIP		
PORT PAYE, ASSURANCE COMPRISE, JUSQU'A (point de destination convenu à insérer)			
INCOTERMS FOR SEA AND INLAND WATERWAY TRANSPORT			
FREE ALONGSIDE SHIP (insert named port of shipment)	FAS	COST AND FREIGHT (insert named port of destination)	CFR
FRANCO LE LONG DU NAVIRE (port d'embarquement convenu à insérer)		COUT ET FRET (port de destination convenu à insérer)	
FREE ON BOARD (insert named port of shipment)	FOB	COST, INSURANCE AND FREIGHT (insert named port of destination)	CIF
FRANCO BORD (port d'embarquement convenu à insérer)		COUT, ASSURANCE ET FRET (port de destination convenu à insérer)	