

# OEC NEWS

OUR EXPERTISE YOUR ADVANTAGE

2020 INCOTERMS  
EVERYTHING YOU'LL  
NEED TO KNOW

---

5 TECH TRENDS TO  
WATCH

---

THANKSGIVING  
FUN FACTS

---

ABOUT  
OEC GROUP



# 2020 INCOTERMS UPDATE

INCOTERMS ARE A SET OF STANDARD PACKAGES OF TERMS AND CONDITIONS RELATING TO THE SALE AND TRANSPORTATION OF CARGO OUTLINED BY THE INTERNATIONAL CHAMBER OF COMMERCE (ICC). THEY DEFINE THE POINT AT WHICH THE BUYER ASSUMES RESPONSIBILITY OF CARGO AND ALL RELATED TRANSPORT CHARGES AND RISKS FROM THE SELLER FOR EACH TRADE TERM. TO IMPROVE CLARITY AND ACCURACY OF THE INCOTERM CHOSEN DURING THE TIME OF SALE, THE ICC RECENTLY PUBLISHED INCOTERMS 2020. THE UPDATED VERSION IS MEANT TO MORE CLEARLY EXPLAIN EACH TERM AS WELL AS GIVE DELIVERY AND RISK MORE PROMINENCE.

## BROADER SCOPE OF DAT/DPU

Delivered at Terminal (DAT) is being replaced with Delivered at Place Unloaded (DPU), underscoring that delivery may occur outside of the terminal, such as at a warehouse. As with DAT, DPU is the only rule that requires the seller to unload the goods at their destination.

## CIP TO REQUIRE HIGHER LEVEL OF CARGO INSURANCE

Though sellers previously needed to provide minimal insurance under the Carriage Insurance Paid to (CIP) incoterm, All-Risk insurance is now required for CIP under Incoterms 2020. This applies only to CIP, the default level of coverage will remain unchanged for cargo transported using Cost Insurance and Freight (CIF). The ICC determined CIP will require additional insurance because it is more often used when transporting manufactured goods, while CIF is often used with bulk commodity trades.



## OBTAINING AN ON-BOARD BILL OF LADING UNDER FCA

Under the Free Carrier (FCA) trade term, buyers can now explicitly instruct the seller to issue an on-board bill of lading at the buyer's own expense since this document is often required by the bank if the buyer is importing on the bank's credit. Though the ICC cannot force change in trade finance, the wording has been amended to allow the buyer to make this request of the seller.














# BUYER AND SELLER COSTS OUTLINED FOR EACH TRADE TERM

To improve clarity, the ICC created a list of costs by responsibility (buyer or seller) for each trade term. This will help importers and exporters understand fully which costs they are obligated to pay for each shipment and where the transfer of cargo ownership occurs.

# EXPLANATORY NOTES

Previously referred to as “Guidance Notes” in the 2010 publication, Incoterms 2020 includes “Explanatory Notes for Users” which appear at the start of each section. The notes explain the fundamentals of each trade term such as when it should be used and when risk transfers.

	Any Transport Mode		Sea/Inland Water Way Transport				Any Transport Mode				
	EXW  Ex Works	FCA  Free Carrier	FAS  Free Alongside Ship	FOB  Free On Board	CFR  Cost & Freight	CIF  Cost Insurance & Freight	CPT  Carriage Paid to	CIP  Carriage Insurance Paid to	DAP  Delivered at Place	DPU  Delivered at Place Unloaded	DDP  Delivered Duty Paid
Packaging	Buyer or Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading Charges	Buyer	*Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Delivery to Port/Place	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Export Duty & Taxes	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Origin Terminal Charges	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading on Carriage	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Carriage Charges	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Insurance						Seller "Free of Particular Average"		Seller "All Risks"			
Destination terminal Charges	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller
Delivery to Destination	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller
Unloading at Destination	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	*Seller	Buyer
Import Duty & Taxes	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller

\*Seller is responsible for loading if the terms state FCA at the seller's facility

\*DPU is the only incoterm that requires the seller to unload goods at destination

Source:

- <https://www.incotermsexplained.com/incoterms-2020-coming-soon/>
- <https://gowlingwlg.com/en/insights-resources/articles/2019/icc-incoterms-2020-has-arrived/>
- <http://www.balguerie.com/en/news/incoterms-2020-main-changes>
- [https://www.globalnegotiator.com/blog\\_en/incoterms-2020-main-changes/](https://www.globalnegotiator.com/blog_en/incoterms-2020-main-changes/)



# AUTOMATED DELIVERY 1

Last mile trucking is becoming more critical to supply chains with the rise of consumer expectations for same-day delivery. As artificial intelligence is expected to begin maneuvering vehicles on the roads within the next decade, some drivers may be replaced by autonomous trucks as early as 2027.

# 5 TECH TRENDS TO WATCH

## DRONES 2

Rising interest in autonomous and semi-autonomous drones will help companies grow their last-mile delivery capabilities by improving flexibility and delivery speeds.

## 4 IOT

The Internet of Things (IOT) is expected to improve insights into what trucks are carrying, preventing deadheading, or trucks carrying around empty loads. In warehouses, IOT devices will be used to safely operate machinery and move heavy items around on automated carts.



- Source:
1. <https://dofr.com/blog/when-will-automation-take-over-trucking-industry-scientists-now-have-estimate>
  2. <https://shippingandfreightresource.com/blockchain-ocean-freight/>
  3. <https://www.techrepublic.com/article/forrester-the-5-iot-predictions-paving-the-way-for-2020/>
  4. <https://qz.com/1712151/amazon-orders-100000-electric-delivery-trucks/>
  5. <https://www.inboundlogistics.com/cms/article/good-question-whats-the-2020-supply-chain-buzzword-or-phrase/>



## 3 BLOCKCHAIN

Blockchain technology will increase supply chain visibility and automate Bill of Lading transfers as cargo ownership changes between supplier and buyer. This can translate to industrywide savings up to \$5 billion and reduced lag time between new product launches and their actual shipments

## 5 TRANSPARENCY

Improvements to supply chain visibility will allow all stakeholders in the logistics industry to operate more efficiently by preventing damage or loss of cargo as well as streamlining inventory management.





# HAPPY THANKSGIVING

From OEC Group



Did you know? The average American consumes **4,500 calories** on Thanksgiving Day.



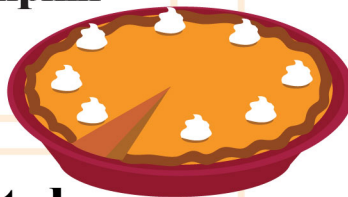
Altogether, Americans consume **736 million pounds** of turkey on Thanksgiving Day alone, enough to fill **10,952 TEUs**. It requires an estimated **14,700 big rigs** to deliver all the tasty turkeys eaten on this one day.



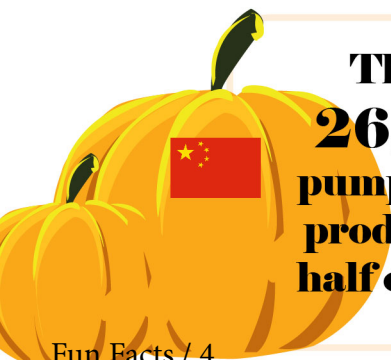
Californians consume the most turkey in the U.S. on Thanksgiving Day!



About **50 million** pumpkin pies are eaten on Thanksgiving. It takes **25 million pounds** or **372 TEUs** worth of pumpkin to make all those pies.



The U.S. imported **26,000 TEUs** of pumpkins and pumpkin products last year, over half of which came from **China**



The top 3 exporters of cranberry products last year were

-  **U.S.**
-  **India**
-  **Netherlands**

Source:  
• <https://worldstrides.com/blog/2016/11/9-fun-facts-about-thanksgiving/>  
• <http://allparenting.com/my-life/articles/969379/20-thanksgiving-fun-facts-to-teach-kids>  
• <https://spoonuniversity.com/lifestyle/thanksgiving-day-food-facts>  
• <http://www.rgllogistics.com/blog/truckers-make-thanksgiving-possible>  
• Panjiva





# ABOUT OEC GROUP

At OEC Group, we have demonstrated our commitment to customer service in trans-Pacific trade for more than 35 years. Founded in 1981, OEC Group had a vision to provide comprehensive logistics services to clients. Today OEC Group serves destinations throughout the world and has grown into one of the leading logistics providers in North America. With over fifty offices worldwide, we take pride in being close to your cargo at all times.

OEC Group is monitoring and adapting to the changing market. We are well positioned to make continuous improvements to your supply chain using the fastest, most efficient and cost-effective services available. We work tirelessly to stay on top of the ever-changing logistics industry with the goal of delivering the most current information and services to you, our customer.

Our business is making our logistics expertise, your competitive advantage.