

**DPU | Delivered at Place Unloaded
(named place of destination)
Incoterms® 2020 [UPDATED]**



DPU | Delivered at Place Unloaded (named place of destination) Incoterms® 2020 [UPDATED]

This is a new rule for 2020. While it is often stated as simply being a change of name from the previous DAT (Delivered At Terminal) it is in fact just that little bit more. DAT itself was introduced 2010 as an expansion of DEQ (Delivered Ex Quay) to cover any mode of transport. The implication in DAT was that the seller delivered the goods, unloaded, into a terminal whether that be an open area of land such as a container yard or a covered warehouse such as at an airport. Regrettably that explanation was not clear in the wording of DAT though its location before DAP in the order of the 2010 rules tends to reinforce that. The difference now between DPU and DAP is that it means any place including the buyer's premises and therefore is shown now after DAP.

Certainly for land transport within the Europe/Central Asian land mass it is feasible, and with courier parcels delivery it represents what

typically happens as the driver takes the parcel from the truck and hands it to the buyer. It is even feasible for smaller airfreight parcels which the truck driver can lift.

How it will turn out in practice for heavier packages by airfreight and cross-ocean container shipments is yet to be seen. Not only must the seller's carrier obtain from the buyer the appropriate paper work to take possession of the goods from the airline or shipping line but now it must also provide the means of unloading the truck at the destination place. For a container this could mean providing additional labour and a forklift plus a pallet jack for moving the goods within the container. Add to that potential insurance and workplace safety issues when labour and machinery not employed or contracted by the buyer operate within the buyer's premises.

DPU Seller and Buyer Obligations

DPU A1 / B1: GENERAL OBLIGATIONS

A1 (General Obligations)

In each of the eleven rules the seller must provide the goods and their commercial invoice as required by the contract of sale and any other evidence of conformity such as an analysis certificate or weighbridge document etc that might be relevant and specified in the contract.

Each of the rules also provides that any document can be in paper or electronic form as agreed to in the contract, or if the contract makes no mention of this then as is customary. The rules do not define what "electronic form" is, it can be anything from a pdf file to blockchain or some format yet to be developed in the future.

B1 (General Obligations)

In each of the rules the buyer must pay the price for the goods as stated in the contract of sale.

The rules do not refer to when the payment is to be made (before shipment, immediately after shipment, thirty days after shipment, half now half later, or whatever) or how it is to be paid (prepayment, against an email of copy documents, on presentation of documents to a bank under a letter of credit, or other arrangement). These matters should be specified in the contract.

DPU A2 / B2: DELIVERY

A2 (Delivery)

The DAP and DDP rules require the seller to take on almost the maximum responsibility of placing the goods at the disposal of the buyer at the agreed destination place, or point within that place, but not unloaded from the arriving means of transport. This usually would be a truck but could be a train, a barge or even a ship and unlikely though it might be a chartered aircraft.

The DPU rule goes one step further, requiring the seller to unload the goods from the arriving means of transport. DPU is the old DAT rule but expanded to mean any place to avoid the misunderstanding of the 2010 rule where many took it literally from its title to just mean a terminal, even though it meant anywhere from an open field to a covered warehouse including the buyer's warehouse.

A common mistake with DAP and DDP especially is the reverse of the misunderstanding with the old DAT, to believe that the destination will always be the buyer's premises, but this need not be the case. The buyer could nominate say the site of a new factory they are building for their client, it could be the container terminal in the destination country, or somewhere else. If it is the buyer's premises or a site they have nominated then usually they would have the equipment on hand to unload the goods but sometimes the truck will have a crane mounted on it or even a forklift tucked into the rear of it, or the goods are so specialised that the seller would need to also provide the equipment to unload the goods making it DPU. If the destination is a terminal then it would be usual that the seller's carrier would unload the means of transport or arrange for that unloading, such as the container from the truck delivering it from the quay, the goods from the chartered aircraft and so on, again making it DPU not DAP.

The delivery must be made on the agreed date or within the agreed period.

B2 (Delivery)

The buyer's obligation is to take delivery when the goods have been delivered as described in A2.

DPU A3 / B3: TRANSFER OF RISK

A3 (Transfer of Risk)

In all the rules the seller bears all risks of loss or damage to the goods until they have been delivered in accordance with A2 described above. The exception is loss or damage in circumstances described in B3 below, which varies dependent on the buyer's role in B2

B3 (Transfer of Risk)

The buyer bears all risks of loss or damage to the goods once the seller has delivered them as described in A2.

If the buyer fails to inform the seller exactly to where it is to deliver the goods, or if the buyer fails to import clear the goods then it bears the risk of loss or damage to the goods from the agreed date or agreed period for delivery.

For example, if the seller despatches the goods to the buyer and they are held indefinitely by the importing country's authorities because the buyer failed to obtain the necessary import permit, then the buyer bears the risk.

A4 (Carriage)

The seller must arrange, or contract for, carriage to the named place of destination, and if there is an agreed point within that destination then to that point. Cost of this carriage is for the seller. As the seller has to arrange the carriage it needs to know from the buyer if there is a specific point in the place of delivery to which the goods must be transported. For example, if the destination is shown as simply "Budapest, Hungary" where in that large metropolis is the seller's carrier to leave the goods? It could be that it is to be the buyer's premises, or a particular location say in an empty building site, or the carrier's premises, or the airport, or the container yard, or a particular quay on the river... the exact point should be agreed upon. If it is not then it is the seller's choice to select the point that best suits its purpose, usually being the cheapest option such as a cargo terminal.

For DAP and DPU, if the delivery at the destination is to occur after the buyer completes any necessary import formalities then the cost of storage due to delays in those formalities being completed is for the buyer, always assuming the seller has provided the buyer with necessary documents in time. For DDP it is the seller who bears the cost of any storage due to delays in import clearance.

B4 (Carriage)

The buyer has no obligation to the seller to arrange a contract of carriage.

DPU A5 / B5: INSURANCE

A5 (Insurance)

Despite the seller having the risk of loss or damage to the goods up to the delivery point, the seller does not have an obligation to the buyer to insure the goods.

B5 (Insurance)

Because the seller has the risk of loss or damage to the goods up to the delivery point, the buyer does not have an obligation to the seller to insure the goods.

A6 (Delivery / Transport Document)

The seller, at its own cost, must provide the buyer with any document the buyer needs to take over the goods. What form this document takes will depend on agreement in the contract, and might simply be in the form of a receipt which the buyer is to sign. However, it might, in the case of DAP and DPU where the buyer must import clear the goods, be a copy of the seller's transport document to evidence the export and the date of shipment.

B6 (Delivery / Transport Document)

The buyer must accept the document provided in A6 as it actually takes no part in the transport process.

DPU A7 / B7: EXPORT / IMPORT CLEARANCE

A7 (Export / Import Clearance)

Where applicable, the seller must at its own risk and expense carry out all export clearance formalities required by the country of export, such as licences or permits; security clearance for export; pre-shipment inspection; and any other authorisations or approvals.

Additionally, as the point of delivery in these rules is in the importing country, the seller must also carry out and pay for any formalities required by any country of transit before that delivery occurs.

The seller has no obligation to arrange any import clearances. However if the buyer requests, at its own risk and cost, the seller must assist in obtaining any documents and/or information which relate to formalities required by the country of import such as permits or licences; security clearance for import; pre-shipment inspection required by the import authorities; and any other official authorisations or approvals.

B7 (Export / Import Clearance)

Where applicable, the buyer must assist the seller at the seller's request, risk and cost, in obtaining any documents and/or information needed for all export-related formalities required by the country of export as well as any formalities required by any country of transit.

Where applicable, the buyer must carry out and pay for all formalities required by the country of import. These include licences and permits required for import; import clearance; security clearance for transit and import; pre-shipment inspection; and any other official authorisations and approvals.

DPU A8 / B8: CHECKING / PACKAGING / MARKING

A8 (Checking / Packaging / Marking)

In all rules the seller must pay the costs of any checking operations which are necessary for delivering the goods, such as checking quality, measuring the goods and/or packaging, weighing, counting the goods and/or packaging.

The seller must also package the goods, at its own cost, unless it is usual for the trade of the goods that they are sold unpackaged, such as in the case of bulk goods. The seller must also take into account the transport of the goods and package them appropriately, unless the parties have agreed in their contract that the goods be packaged and/or marked in a specific manner.

B8 (Checking / Packaging / Marking)

In all rules there is no obligation from the buyer to the seller as regards packaging and marking. There can in practice however be agreed exceptions, such as when the buyer provides the seller with labels, logos, or similar.

DPU A9 / B9: ALLOCATION OF COSTS

A9 / B9 (Allocation of Costs)

The only difference between DAP and DPU is that the seller pays for the unloading of the goods.

DPU A10 / B10: NOTICES

A10 (Notices)

The seller must give the buyer any notice the buyer needs to receive the goods.

B10 (Notices)

If the parties agree in the contract, the buyer must give the seller sufficient notice of when, and the point within the place of destination, where they require delivery. The contract will usually detail how much notice is to be given, and this might vary with the mode/s of transport.

Delivered at Place Unloaded (DPU): Advantages and Disadvantages

This rule started out life in 1953 as EXQ (Ex Quay) and was renamed in Incoterms® 1990 as DEQ (Delivered Ex Quay), requiring the seller to deliver the goods unloaded from the vessel onto the quay (wharf). Clearly this referred only to goods directly loaded onto the vessel such as bulk and break-bulk cargo. In Incoterms® 2010 this rule was replaced by an expanded one to cover any mode of transport, DAT (Delivered at Terminal) where a “terminal” was described in the Guidance Note (as “information that is particularly helpful” according to the Introduction in that book) but not in the rule itself, as including “any place, whether covered or not, such as a quay, warehouse, container yard or road, rail or air cargo terminal.” Clearly it was envisaged that it referred to delivery into some form of transport terminal for the buyer to collect them, after any import clearance formalities had been completed.

Fairly late in discussions for the Incoterms® 2020 rules there were representations from a very small number of National Committees to expand this rule to cover delivery to the destination outside a terminal and where the seller arranged unloading. This could occur for example with specialised capital machinery being delivered to a site where the seller was also responsible for assembly and installation. Thus, at almost the last minute, was borne DPU (Delivered at Place Unloaded). When the Drafting Committee revised DAT to DPU it received support from an increased number of National Committees.

This rule differs from DAP in only one point, that in DAP the seller delivers at the nominated place not unloaded and in DPU unloaded.

In hindsight, a very good question would be, should this rule exist at all? Why was A2 not split into two delivery options, as occurs with FCA? Then there would have only been 10 Incoterms® 2020 rules.

The comments regarding letters of credit in DAP apply equally here.

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Refer to ICC publication no. 723E for the text*

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The Commentary on the Incoterms® 2020 rules is authored by Bob Ronai CDCS, a member of the ICC's Incoterms® 2020 Drafting Group, in partnership with Trade Finance Global (TFG).

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