Incoterms DAP: Delivered but not unloaded – responsibilities clearly allocated

DAP (Delivered at Place) is an Incoterms rule under which the seller transports the goods to the agreed place of destination and makes them available there for unloading. Only upon being made available at the place of destination does the risk pass to the buyer. For technical buyers, DAP is a practical option when they wish to outsource transport and delivery logistics but still want to control customs formalities and import clearance themselves.

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Key facts at a glance

01 DAP is part of Incoterms 2020 and is suitable for all modes of transport.

02 The seller bears costs and risk up to the goods being made available at the place of destination, excluding unloading.

03 Import duty, import VAT and import clearance are, in principle, paid by the buyer.

04 The place of destination must be named as precisely as possible in the purchase contract.

05 DAP replaced the earlier rules DAF, DES and DDU and resembles DDP, but without customs clearance by the seller.

Definition: Incoterms DAP

DAP (Delivered at Place) is one of the eleven Incoterms rules of the International Chamber of Commerce (ICC), most recently defined in the 2020 edition. The rule governs when costs and risk in international goods procurement pass from the seller to the buyer.

Core rule and transfer of risk

In a DAP transaction, the seller delivers the goods to the named place of destination and makes them available to the buyer there, ready for unloading. Transfer of risk occurs at this moment – unloading

itself is the buyer's responsibility. Transport insurance is not mandatory under DAP, but in practice it is nevertheless advisable to agree who takes out the insurance.

Distinction from DDP and DAP/DPU

Under DDP (Delivered Duty Paid), the seller additionally assumes import duty and import formalities – an incalculable risk for many sellers, which is why DAP is often the more pragmatic choice. DAP differs from DPU (Delivered at Place Unloaded) in that under DPU the seller carries out unloading at the place of destination. Buyers should deliberately weigh these three rules against each other.

Scope of application

DAP can be used multimodally, i.e. for road, rail, air, sea and inland waterway transport as well as combined transport. The rule is therefore suitable for machinery, plant components, steel, plastic semi-finished products and almost all typical industrial procurement goods.

Cost allocation and obligations under DAP

The practical benefit of an Incoterms rule depends on how consistently procurement and sales implement the allocation of obligations. DAP follows a clear line: the seller bears the export side and the main carriage, the buyer the import side.

Seller's obligations

The seller organises and pays for transport and export packaging, handles export clearance including export duty, issues the commercial invoice and transport documents and delivers to the agreed place. Making the goods available at the place of destination – without unloading assistance – is also part of this. Once the goods arrive there, the delivery obligation is fulfilled.

Buyer's obligations

The buyer handles import clearance: import duty, import VAT, where applicable inspection obligations and consignee details for the customs declaration. The buyer is responsible for unloading, onward transport from the place of destination and acceptance of the goods including incoming inspection. This allocation fits well with established import structures with a fixed customs broker set-up.

Typical cost drivers

In addition to freight and packaging, demurrage and detention charges, storage at border crossings and missing export documents affect the final price. Anyone requesting quotations from suppliers under DAP should make these cost blocks visible in the bid evaluation – for example within a tendering process with uniform Incoterms, so that quotations remain comparable.

Methods and procedure for selecting Incoterms in procurement

The choice of delivery clause is a strategic procurement decision and belongs equally in tender documents, framework agreements and order terms. A structured approach prevents disputes.

Incoterms in the enquiry and award process

In tenders, the buyer should specify the desired Incoterms rule including the exact place, or alternatively request several variants (e.g. EXW, FCA, DAP) for price quotations. This enables a clean total cost of ownership analysis in which freight, customs and handling costs are compared. If DAP fits into an overarching commodity strategy, the rule can be anchored there in the long term.

Contractual implementation

In the purchase contract, the rule must always be cited with the addition "Incoterms 2020" and the full place, for example "DAP Sampletown factory, gate 3, Incoterms 2020". Vague specifications such as "DAP Germany" leave room for interpretation regarding transfer of risk and costs. In direct awards to suppliers or during series start-up (SOP), the clause should be coordinated with delivery scheduling and forecast management so that transport capacity and customs processes are aligned.

Interfaces in day-to-day business

Operationally, DAP agreements affect packaging management (export packaging, ISF/AEO requirements), Intrastat reporting for intra-Community movements of goods, and automatic account assignment in financial accounting for freight cost allocation. Anyone systematically measuring delivery performance should also anchor DAP-related deadlines in carrier performance – here the related term carrier performance from supplier monitoring fits.

Key KPIs for DAP supply chains

Anyone using DAP as a standard clause should make the performance of the transport chain measurable. Key metrics are those that depict both seller performance and the import process.

On-time delivery and lead time

On-time delivery (OTD) is measured at the place of destination in a DAP transaction – this is where the risk passes. Typically, buyers in series deliveries aim for values above 95 to 98 per cent. Average delivery time should be recorded per lane and supplier in order to identify bottlenecks in the main carriage early.

Customs and processing metrics

Relevant are the number of rejected or reworked customs declarations, the time from border crossing to goods being made available, and demurrage/detention costs per consignment. If these values rise, the initially favourable DAP arrangement turns uneconomic. A look at freight costs per tonne or per consignment completes the picture.

Damage and quality metrics

Since the risk passes at the place of destination, damage notifications at this point are critical: anyone accepting damaged goods bears the risk from that moment. The rate of complained-about consignments should therefore be tracked alongside classic quality metrics – related to acceptance criteria in goods receipt and the control plan for quality-critical parts.

Risks and controls in DAP transactions

DAP allocates responsibility clearly, but harbours typical pitfalls: unclear places, customs issues and transfer of risk in the event of damage. Targeted controls minimise these risks.

Unclear places of destination and unloading situations

The most common point of dispute is the exact handover place. Important details are: precise address, unloading point, notify party and agreed time windows. Without this information, the seller can formally fulfil the delivery obligation even though the goods are not usable for the buyer. In addition, a written arrangement on unloading assistance and vehicle requirements (tail lift, ADR, etc.) is recommended.

Customs, compliance and supply chain

For imports from third countries, the buyer bears the customs risk – including correct country of origin and HS codes. For suppliers from risk countries, the buyer should take account of the due diligence obligations of the supply chain act, and for wood and paper products additionally plan for the EUDR in procurement. The documentation should be set up so that audits and authority enquiries can be handled smoothly.

Transfer of risk and damage settlement

Damage during the main carriage is at the seller's expense – but the buyer must document it: photo protocol, note on the delivery note, timely notice of defects. If the notice of defects is omitted, a missed deadline similar to a bid complaint deadline may jeopardise the claim. Transport insurance is recommended despite this allocation of risk, as DAP does not prescribe it; the allocation of costs should be fixed contractually.

Current developments around DAP

The Incoterms 2020 have strengthened DAP and sharpened its distinction from DPU and DDP. At the same time, geopolitical and regulatory framework conditions are changing the assessment of the clause.

Incoterms 2020 and DPU

With the 2020 edition, the former rule DAT was renamed DPU and is thus the only rule under which the seller unloads. DAP remains unchanged. Buyers should check contract documents for outdated citations (DDU, DAT, DAF) and update them to the current version.

Regulation and sustainability

Increasing requirements regarding proof of origin, CO2 reporting and supply chain documentation mainly affect the import side – i.e. the buyer's side. DAP offers an advantage here: the buyer retains control over customs brokers, data quality and evidence records. For non-binding demands for price stability, hedging via the commodity strategy for critical materials also helps.

Digitalisation of the supply chain

Track-and-trace data, electronic consignment notes and cXML-based ordering processes reduce the effort of monitoring DAP consignments. Anyone cementing supplier strategies through a strategic partnership or a supplier award can jointly develop Incoterms standards and digital handover processes – thereby strengthening the award maturity of their own organisation.

Distinction and related terms

Proper application requires knowledge of the neighbouring rules and related procurement instruments. DAP sits in the series CPT – CIP – DAP – DPU – DDP and should not be considered in isolation.

CPT, CIP and the C rules

Under CPT (Carriage Paid To) and CIP, the seller bears the freight costs to the place of destination, but the transfer of risk already occurs upon handover to the first carrier. This is the key difference from DAP, under which risk and costs lie with the seller up to the destination. For container transport, many buyers deliberately choose CIP because the transfer of risk occurs earlier and more clearly at the terminal.

Stocking and commodity group logic

Anyone using DAP with long transport times should reflect this in their stocking strategy and calibrate the service level target per commodity group accordingly. Commodity group management also benefits from a uniform Incoterms policy, as comparability across suppliers and regions is created.

Typical metrics

Metric	Typical value
On-time delivery (OTD) at the place of destination	> 95–98% *typical benchmark for series deliveries; measured at the agreed handover point*
Demurrage/detention costs per consignment	close to €0 *Rising values indicate customs or documentation problems*
Proportion of correct export/import documents	> 99% *Completeness rate of handover documents per consignment*

Complaint rate at transfer of risk	< 1% *Damage notifications directly upon making goods available at the place of destination*

Practical example

A mid-sized mechanical engineering company initially sourced precision components from a third country under EXW. Freight costs varied widely between individual suppliers, and the customs process repeatedly caused delays due to missing documents. Procurement switched to DAP with a named place of destination at the factory gate for critical parts and anchored the clause in framework agreements.

- Uniform Incoterm specification DAP in all RFQs to compare quotations on the same cost basis.
- Central customs broker contract and standardised document checklist for import clearance.
- Track-and-trace integration with supplier management and KPI evaluation of on-time delivery at the place of destination.
- Training of goods-inward staff on documentation and timely notification of defects in case of damage at the handover point.

Conclusion

DAP shifts transport and export responsibility to the seller and leaves import clearance with the buyer – a smart allocation for industrial buyers with their own customs expertise. What matters is a precisely named place of destination, clearly regulated unloading and notify details, and clean documentation at the transfer of risk. Anyone consistently anchoring DAP in tenders, framework agreements and KPIs creates comparability and reduces disputes. The distinction from DDP and DPU should be examined case by case and fixed unambiguously in the contract. In this way, the delivery clause turns from a contractual detail into a controllable lever for costs and on-time delivery.

Frequently asked questions

? What does DAP mean in a purchase contract?

DAP stands for Delivered at Place and is an Incoterms rule of the ICC (2020 edition). The seller delivers to the named place of destination and makes the goods available there; unloading is the buyer's responsibility. Costs and risk pass upon making the goods available.

? Who pays duty under DAP?

The buyer bears import duty, import VAT and import clearance. The seller handles export clearance and transport to the place of destination. Anyone wishing to leave customs clearance with the seller should consider DDP instead – have it checked legally and tax-wise on a case-by-case basis.

? Difference between DAP and DPU?

Under DAP, the seller makes the goods available at the place of destination but does not unload – unloading is the buyer's responsibility. Under DPU (Delivered at Place Unloaded), the seller unloads. The difference affects costs, timing and transfer of risk at the handover point.

? Who is liable for transport damage under DAP?

Until the goods are made available at the place of destination, the seller bears the transport risk. Nevertheless, the buyer must document any damage and give notice within the deadline, otherwise claims may be forfeited. Transport insurance is not mandatory under DAP and should be agreed contractually.

? When is DAP better than EXW or FCA?

DAP is suitable when the buyer wants to firmly anchor freight costs and delivery dates with the seller, but can manage import clearance themselves. Under EXW the transport risk would lie entirely with the buyer, and under FCA the seller's obligation already ends at the handover point in the country of origin.

? Is DAP suitable for all modes of transport?

Yes, DAP is a multimodal rule and works for road, rail, air, sea and combined transport. It is therefore more flexible than purely maritime rules such as FAS or CFR and is widely applicable in mechanical engineering, plant construction and supply parts.

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