



Ibero -American Report

Incoterms® 2020



The Project

The objective of this project is to disseminate the results of the investigation carried out by the International Chambers of Commerce's National Committees of on commercial practices, the use of the Incoterms® Rules by the business community, and its adherence to the provisions of the 2020 edition in the Ibero-American region.

The study has allowed :

- a) Arriving at a diagnosis of the users' perception of the rules at the Ibero American level;
- b) Finding causes for current problems in using the rules;
- c) Segmenting in such a way that the results show specifics of the studied countries, sectors and companies' size, among other aspects





Ibero - American team

The TEAM



The research team, called the “Ibero-American Incoterms® Group”, is made up of professionals appointed by International Chambers of Commerce’s National Committees from: Argentina, Bolivia, Costa Rica, Colombia, Ecuador, Guatemala, Mexico, Panama, Paraguay and Spain.



Findings

Findings from the survey

Most relevant matters

The following findings are not exhaustive but only some of the most representatives:

- Commercial practice predominates over Incoterms Rules.
- Learning in commercial practice comes much more from the uses and customs.
- One of the frequent source of knowledge continues to be Internet and blogs.
- Regardless of access to the official regulations, there is general ignorance of the text.
- It is commercial custom to use containerized cargo under FOB, CFR and CIF negotiations. Practice trumps regulations

Findings from the survey

Most relevant matters

An interesting question:

What is the reason or cause of this difference between what the regulations establish and the usual commercial practice?

- The repetition of a trade term over time in subsequent transactions, especially if they have not previously identified a logistical or legal problem, no matter if such a trade term is not the correct one.
- The users privilege to carry out their trade business than the correct use of the Incoterms Rule, and do not consider necessary to get training on these trade terms .
- In the practice, the Incoterms have been seen more as a table or graphic image with the list of responsibilities that abound in the networks and based on the ICC charts, and in many of the cases that is enough to understand the responsibilities of the seller and buyer without going deeper.
- Lack of training on the Incoterms Rules or deficient/poor training. Both, trainers and users, must be certified to ensure correct understanding.



Findings from the survey

Most relevant matters

Another interesting question:

Why is there an apparent resistance from users to use the official terms, along with an advance in the adequacy of the terms?

- Firstly, because of the natural human behavior of rejecting change; secondly, because of the resistance to read, study, learn, and apply what is new; thirdly, because they have not had a bad business experience as a buyer or seller and prefer the "comfort of the bad known rather than the good to be known".

Conclusion:

- Having Incoterms rules 723 does not guarantee that users will read and interpret them correctly, but it is a good start. They should study them constantly and, if necessary, ask for help from experts.





A scientific approach .
How do we make it?

Objective And Research

Research Objective

To know the **state of empirical use** of the rules - by economic sector - and level of recognition of the regulation, as well as the **perception of users** regarding the level of clarity offered by the 2020 publication.

Then, find **the root causes** of that perceptions and usages.

Research Questions

- How are Incoterms rules applied in different sectors of the economy?
- **Do they apply according to regulation or business practice?**
- How much do respondents know about the rules?
- How clear is the content of the Incoterms®2020 publication from the users' perspective?
- What do users propose to improve the latest version?



The approach

A mixed research instrument based on both **quantitative and qualitative** methods. Since the research question aims at empirical exploration of uses, quantitative methods are efficient. In order to know the causes of the phenomena being studied, it is necessary to approach theory and experts, with this, qualitative methods support the objectives. The **mixed method results in a report capable of finding empirical evidence and causalities** .

Instruments

Survey [1]

Content Analysis by cases [2]

Panel of experts [3]



[1]

This is the instrument for
researching

What people think !

The Survey

- 254 forms answered in Ibero-America.
- 28 questions applied on form.
 - ✓ Main source for descriptive statistics.
 - ✓ This is the instrument of “perceptions”.

What **people says they do** , how do you feel about rules, what are the perceptions about official rules,.



[2]

This is the instrument for
researching

What people really does !

The Content Analysis

- 160 case studies were conducted.
- 18 variables capture.
- Cases taken from 5 sample countries
- 6 types of documents inspected (mainly transport and invoice).

✓ Main source for inferencial statistics (regressions).

What **people really do** , how they apply rules in practice.



[3]

This is the instrument for
researching

Why it happens –root
causes!

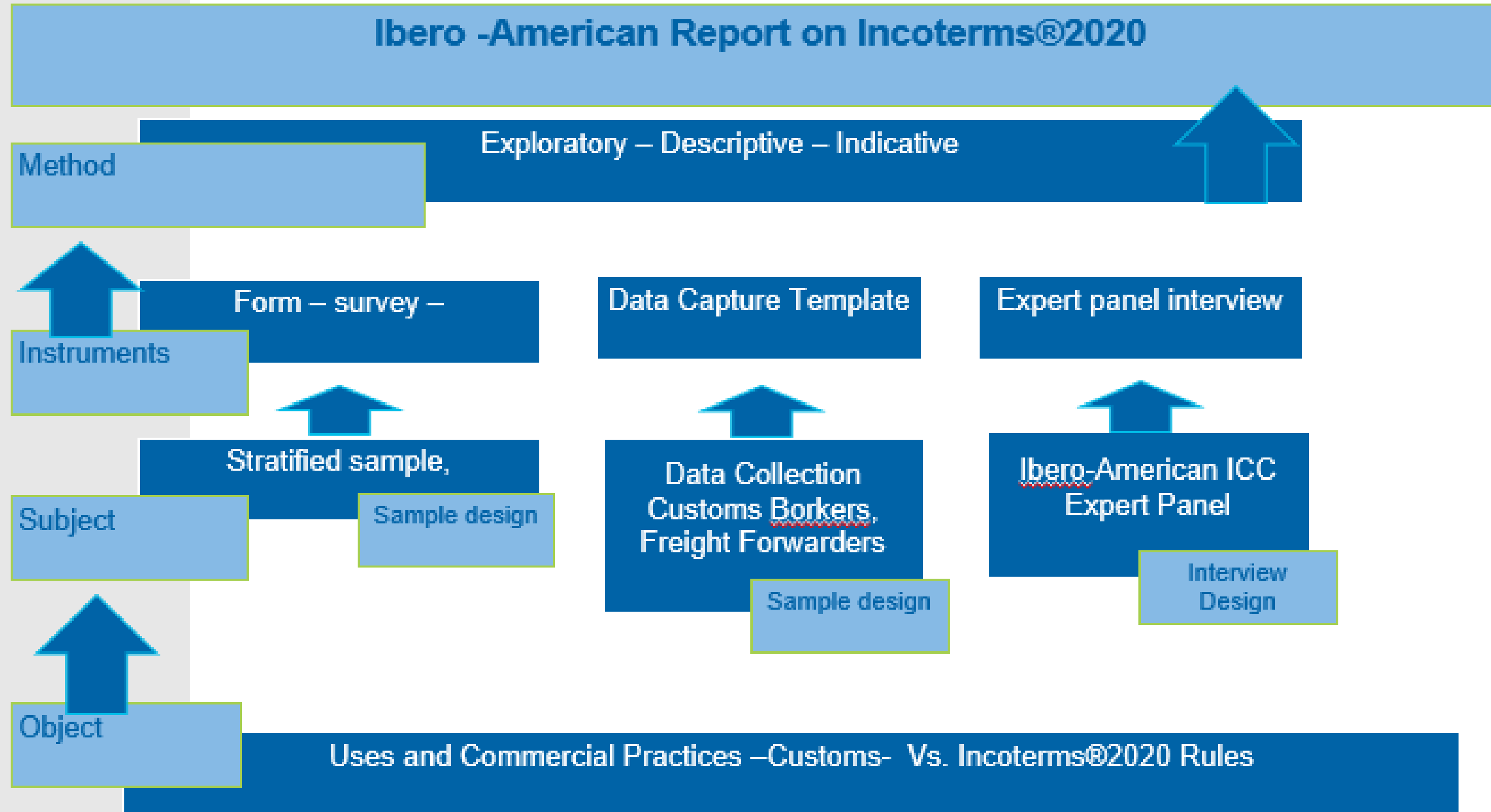
Structured Interview

– Expert Panel –

- 11 experts in panel
- 3 high questions based on descriptive and inference statistics results.
- Counting words levels 1, 2 and 3 most used words in replies.
 - ✓ Heading process.
 - ✓ Key findings –root causes–

Why , causes of main findings







Reflections on the data collected

Q&A



THANK YOU VERY MUCH!