

# Overview Over The Survey On The Use Of Incoterms® In China

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Xiang Gao

Professor of Law, China University of Political Science & Law  
Vice-Chair, ICC Global Commission on Commercial Law & Practice

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Email: [gao\\_x@hotmail.com](mailto:gao_x@hotmail.com)



中国政法大学  
CHINA UNIVERSITY OF POLITICAL SCIENCE AND LAW

# Introduction

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## 1. Purpose

- a) To have a better understanding as to how Incoterms® are being used in China
- b) To know the problems involved with the use of Incoterms®
- c) To have factual support for promotion, training and future revision of Incoterms®

## 2. Questionnaire (41 questions + sub-questions altogether. First draft in 09/2022; group of experts meeting on 23/11/2022; sent out in 03/2023)

- a) Information about the participants (11)
- b) Information about the use of Incoterms® (22)
- c) Information about the use of Incoterms®2020 (9)

## 3. Answers: 94 received; 92 valid



# About The Participants

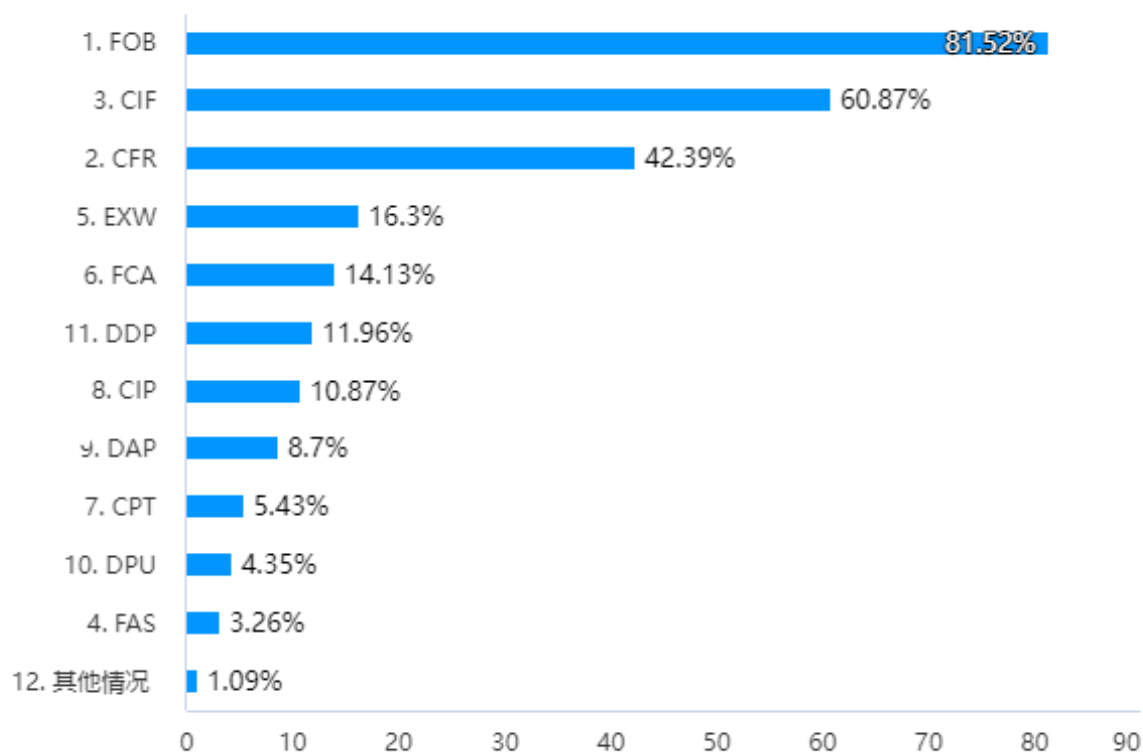
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1. Types of firms: SOEs, private enterprises, joint ventures & WFOEs
2. Area of business: manufacturing, trading (including commodities traders) & services
3. 19 industries: agriculture, forestry, fishery, mining, etc
4. Size of business:
  - a) USD100,000 or less for single transaction or yearly trade at USD500,000;
  - b) Single transaction or yearly trade for USD10,000,000 or more
5. Regions of trade: every continents



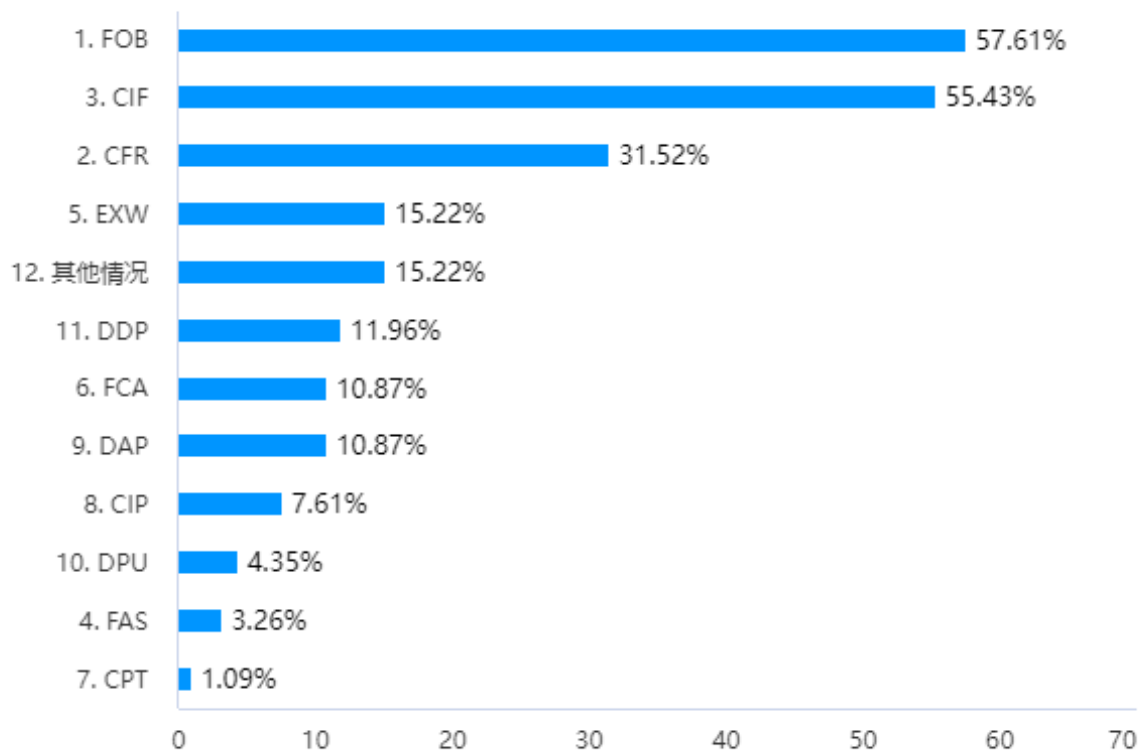
# Top Three Trade Terms Used In Export

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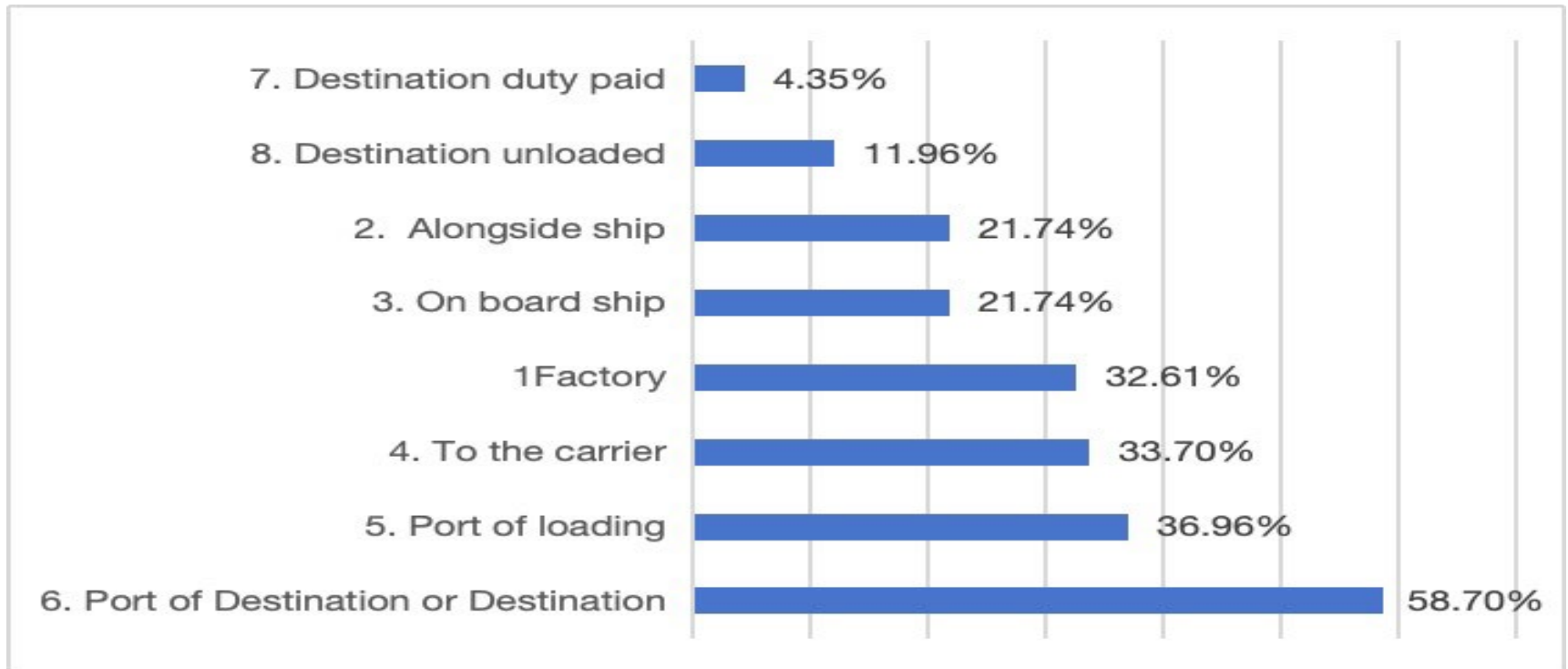
# Top Three Trade Terms Used In Import

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# Delivery Point Provided in Import & Export Contract

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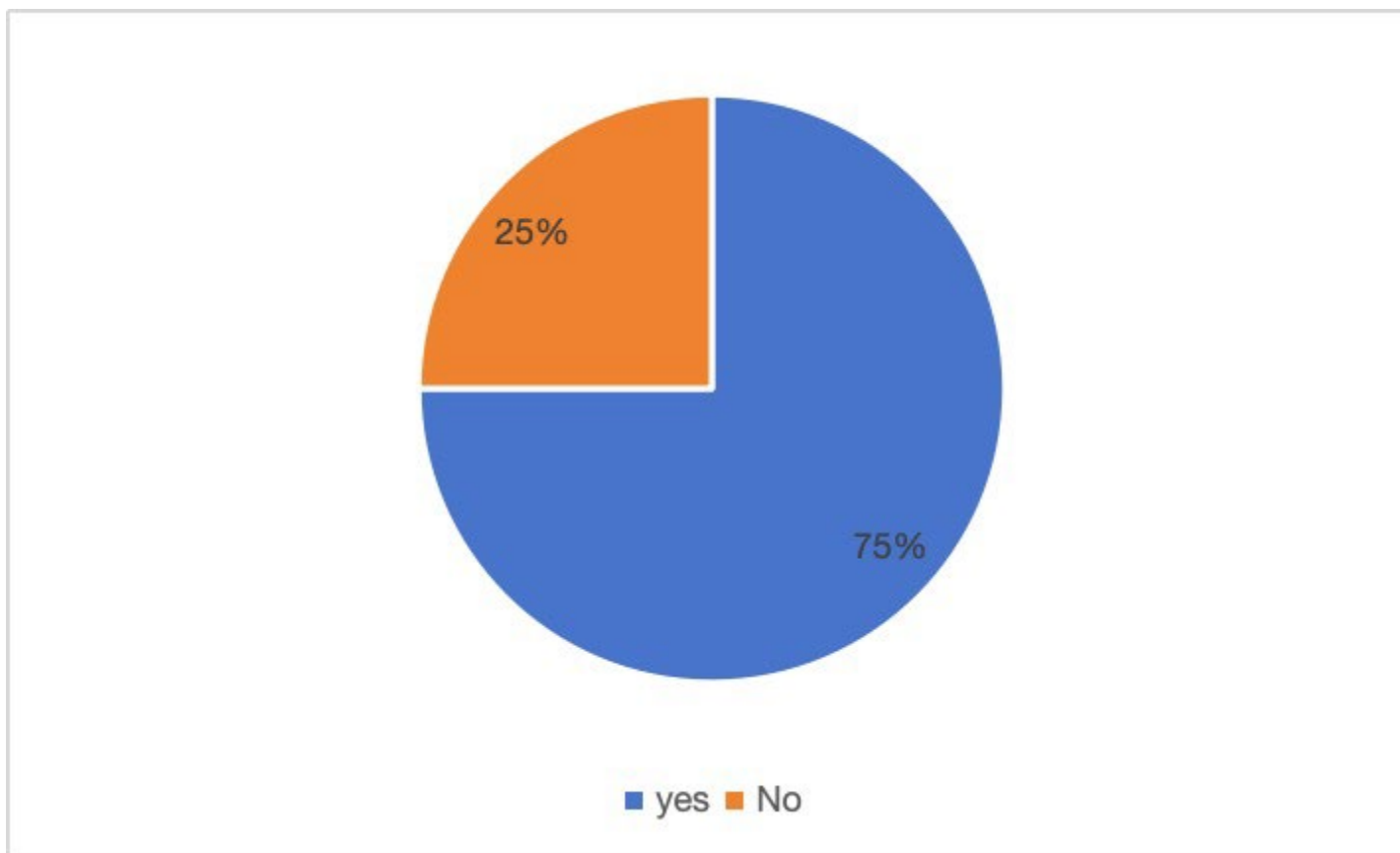


# Key Considerations When Choosing Trade Terms



# When Doing Container Shipping, Do You Use FOB/CFR/CIF Instead Of FCA/CPT/CIP?

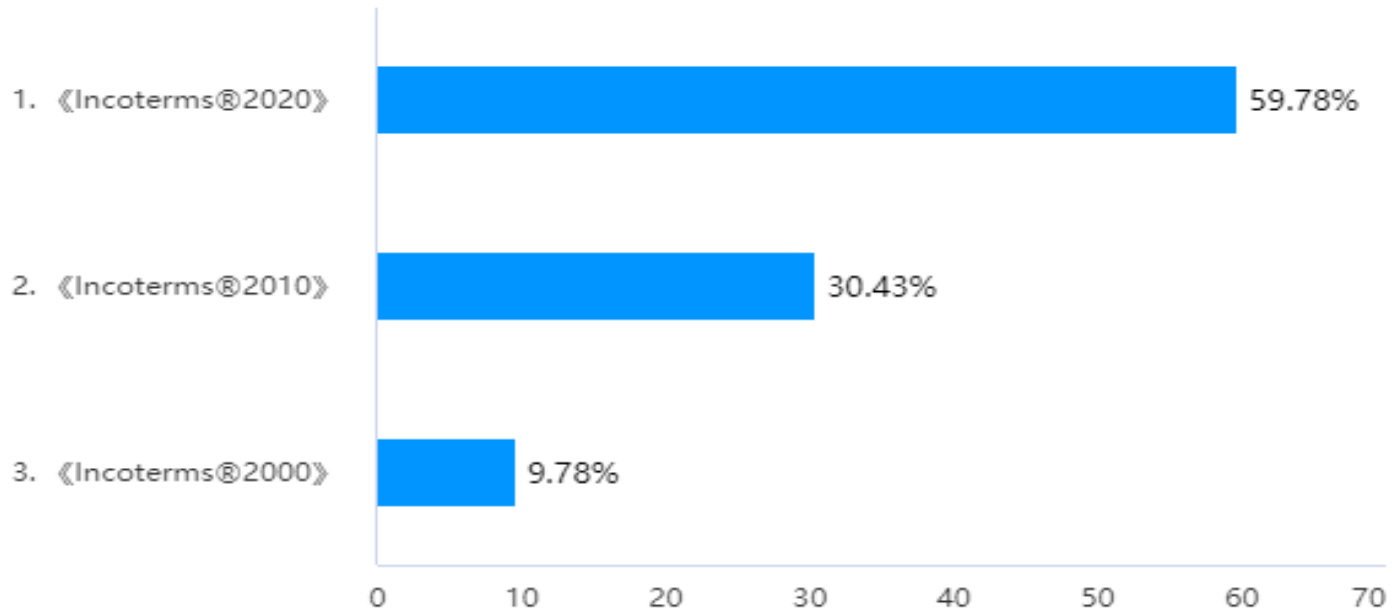
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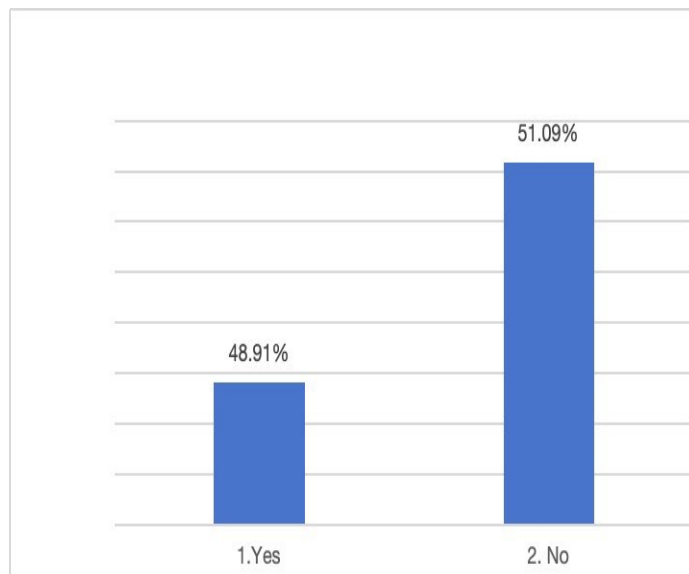
# Version Of Incoterms® Is Being Used

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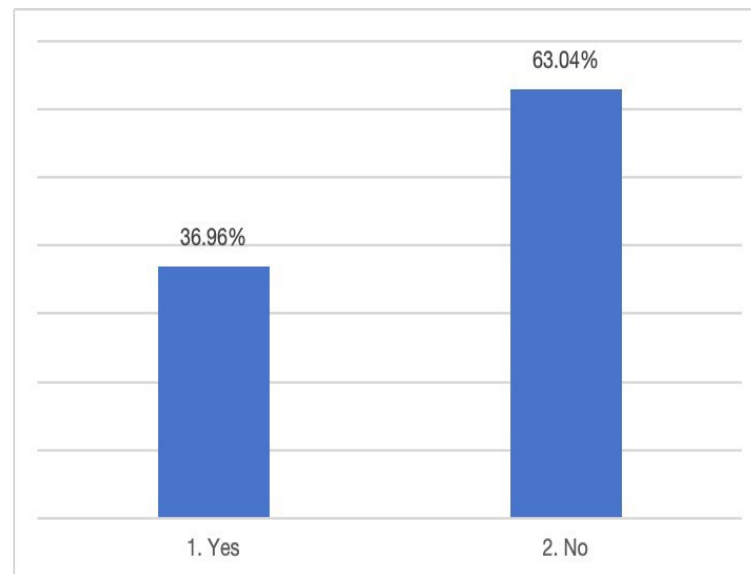


# When Using Incoterms®2020, Have You Noticed The Changes Made To Incoterms®2010 In Incoterms®2020?

Change in the three-letter initials for DAT to DPU



Different levels of insurance cover in CIF and CIP



# Summary of Findings (1)

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1. While FOB, CIF & CFR are the most popular, all the 11 trade terms in Incoterms®2020 have appeared within the top three trade terms used
2. Top three factors considered when choosing trade terms:
  - a) Freight (44.57%)
  - b) Risk in transport (38.04%)
  - c) Client's preference (35.87%)
3. Reasons for choosing the version of Incoterms®
  - a) Incoterms®2020 (59.78%): 1) most recent; 2) clearer; 3) use the new rather than the old
  - b) Incoterms®2010 (30.43%): 1) accustomed to it; 2) more fit for purpose; 3) client's preference
  - c) Incoterms®2000 (9.78%): 1) accustomed to it; 2) clearer; 3) knowing it since college
4. Use in domestic trade
  - a) 53.26% know & 46.74% don't know
  - b) 32.61% have used in domestic trade & 67.39% haven't



# Summary of Findings (2)

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1. No indication of the version of Incoterms® (39.13%)
2. Mismatch
  - a) While the top three trade terms used are FOB, CIF & CFR, where delivery happens when the goods on board ship, the top three delivery points provided in sales contract are port/place of destination (58.7%), port of loading (36.96%) & carrier (33.7%)
  - b) When container shipping is used, 75% of the users use FOB/CFR/CIF instead of FCA/CPT/CIP
3. Dispute arising out of incorrect use of Incoterms®
  - a) 10.87%, arising out of the fees charged at the loading port when using container shipping
  - b) 8.7%, arising out of the wrong choice of trade terms



# Reflections

## What Should and Can ICC Do?

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1. Promotion and training

2. Next revision

a) When?

b) How? Key issues to be addressed:

① Ongoing incorrect use of FOB/CFR/CIF instead of FCA/CPT/CIP

② Ongoing disputes arising out of the fees charged at the loading port when using container shipping (10.87%)

3. Some more?

a) Work with other Commissions in the ICC?

b) Establish new commissions or sub-commission of shipping and port management?



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# Thank you

