



# **CLP COMMISSION MEETING**

**19th October 2023**

# **4. ARTIFICIAL INTELLIGENCE (AI) AND THE INCOTERMS<sup>®</sup> RULES**

**CLP Discussion Lab: exploring possible applications of AI in the context of the Incoterms 2020 Rules. Part 2**

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**Some context (27 Apr 2023):** ICC Spain's CLP Commission is currently working on a research study to collect bad practices in the selection and use of Incoterms® Rules. We wonder if AI technology could be applied to:

1. Know which key factors currently lead users to select a specific Incoterms Rule.
2. Help users select the most suitable rule in view of their circumstances.

## **Some context (19 Oct 2023):** Ibero-American Report on the Use of Incoterms® 2020 Rules.

1. Extended use of Incoterms Rules.
2. Incorrect use of Incoterms Rules.
3. Unconscious use of Incoterms Rules.

Cause: lack of knowledge and/or lack of understanding by sellers and buyers, and in general, along the entire logistics chain (end-to-end) of the meaning and use of the Rules.

### *Possible root causes:*

1. Current media/dissemination channels are not enough (according to the Ibero-American study, 55% of users do not know the official source of knowledge on the Rules).
2. **Users of the Rules are not aware of their incorrect use of the Rules. Their use is based on “*what we have always done*” and is not contrasted against official sources.**

## How is ICC currently trying to solve this problem?

1. Publications like No.175 on Incoterms® 2020 Rules and guides as “the ICC Transport and Incoterms® 2020 Handbook”).
2. Training (ICC Academy).
3. Rules Update every 10 years.
4. Initiatives by National and Regional Committees, i.e.:
  - [Incoterms® 2020 Digital Guide](#) by ICC Germany.
  - [Ibero-American Report on the use of the Incoterms® 2020 Rules](#).

**Is it enough?**

## Our proposal:

- Facilitate knowledge of the Rules by users by using **AI** techniques and, specifically, Generative AI.
- How: Creating a **Bot/Assistant** (like ChatGPT):
  - Allowing users to interact by using **natural language**.
  - **Free** statement by users of what they are looking for, not being limited by a closed number of options.
  - If the Bot need more **information** to select a Rule, it will establish a **dialogue** by making **questions** to the user.
  - The Bot will answer in a **reliable and reasoned** way.
  - The initial scope of this Bot would be focused on Incoterms Rules but could be open to other areas of international trade (international contracts, documentary credits, transport documents, customs..)

## **This would allow ICC to:**

- Provide a more direct and personalized service.
- Reach more users directly.
- Have a better understanding of what are users looking for when using Incoterms<sup>®</sup> Rules, by analyzing the questions.
- Improve the system by analyzing the feedback.
- Have a new revenue model (pay per use, premium services, advertising...)
- This service could be provided subject to prior registration, allowing to obtain new users of ICC traditional services (training...)

## Why not using any of the current generative AI services (ChatGPT, GPT-4, Claude, Google Bard):

- Lack of **accuracy** in the answer.
- **Randomness** in the answer.
- Lack of argumentation or, what is worse, incorrect argumentation leading to a false appearance of verisimilitude.
- Current services prioritize giving a valid response, without verifying that the user has provided **all requested information**.
- Lack of **privacy** for users.
- **ICC does not obtain feedback** to improve the text of the Rules.
- Some of them are **paid** services.



Commercial systems, rather than a solution, are a problem themselves, since they answer and argue incorrectly, without the ability to determine when they are doing it right and when they are doing it wrong.



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