

DAR ES SALAAM MARTIME INSTITUTE

**ASSESSMENT OF THE EFFECT OF INTERNATIONAL COMMERCIAL
TERM ON THE GROWTH OF INTERNATIONAL TRADE IN TANZANIA**

A Case study of Port of Dar es Salaam

By

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**Dissertation Submitted in partial fulfillment of the Requirement for the
Bachelor Degree of Shipping and Logistics Management**

2021

CERTIFICATION

The undersigned certifies that they have read and hereby recommends for acceptance by The Dar es Salaam Maritime Institute, a dissertation entitled *Assessment of the effect of international commercial trade on the growth of international trade in Tanzania/ A Case study Port of Dar es Salaam* in partial fulfillment of the requirement for the Bachelor degree of Shipping and Logistic Management in Dar es Salaam Maritime Institute.

.....

Capt. Chiragi

(Supervisor)

Date:

DECLARATION AND COPYRIGHT

I, Jonas R. Mmari, declare that this study is my own original work and it has not been presented and will not be presented to any other university for a similar or any degree award.

Signature.....

ACKNOWLEDGMENT

I would like to thanks the Almighty God for granting me health and strength during the whole period of undertaking this research.

My supervisors Capt. Chiragi, you deserve the best for devoting your time and efforts while supervising this study. To me, they have been a mentor, they did more than their ordinary share as a lecturer, and they have been so committed and dedicated towards this achievement.

Also, I would like to thank my family, parents, relatives, and friends for the valuable contributions they made in accomplishing this research. Indeed, there is nothing better I can say to them than thanking and praying for them to continue having this heartfelt love and affection.

It is impossible to mention every person who has helped in one way or the other during the execution of this study, but I recognize the role played by everyone who knowingly or unknowingly helped me in undertaking this study.

ABSTRACT

This study assessed the effects of International Commercial Terms in the growth of international trade, a case of Dar es Salaam Port. The study used three specific objectives, namely; to determine the level of awareness on application of INCOTERMS to Importers at Dar es Salaam Port, to examine reasons influencing the application of particular INCOTERMS, and to determine how risks and costs can be reduced in shipping when correctly understanding and applying INCOTERMS. The research design used in this study was descriptive in which data used for analysis was collected using the quantitative and qualitative method. The research used a sample size of 30 respondents. Data were collected using questionnaires, interviews and documentary review.

The findings indicate that Importers at Dar es Salaam Port were aware of the applications of incoterms, whereby, the relevance of INCOTERMS to the type of transaction, cost implications, easiness to compute taxes, time of delivery of goods and cargo risks were among the criteria considered in selecting incoterms.

Further, the convenience of use, experience and exposure on use were other reasons that influenced the selection of particular incoterms. It was concluded that the proper application of Incoterms would lead to the low cost of importation, easy computation of taxes, reduced delivery time and low risks of goods, thus enhancing the progression of import trade. The study recommends that understanding of incoterms among importers should be the priority before embarking on international trade.

LIST OF ABBREVIATIONS AND ACRONYMOUS

CFR	Cost and Freight
CIF	Cost Insurance and Freight
CPT	Carriage Paid To
DDP	Delivery Duty Paid
DMI	Dar es salaam Maritime Institute
DSM	Dar-es-salaam
EXWS	EX-works
FAS	Free Alongside Ship
FCA	Free Carrier
FOB	Free on Board
GATT	General Agreement on Tariffs and Trade
GDP	Growth Domestic Product
ICC	International Chamber of Commerce
ICS	Institute of Chartered Shipbrokers
INCOTERMS	International Commercial Terms
Tan Trade	Tanzania Trade Development Authority
TCCIA	Tanzania Chamber of Commerce, Industry and Agriculture
TPA	Tanzania Port Authority

TRA	Tanzania Revenue Authority
UK	United Kingdom
UNDP	United Nations Development Programmer
VAT	Value Added Taxes

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CHAPTER ONE

1.0 INTRODUCTION

This chapter presents the background, statement of the problem, objectives of the study, research questions, significance of the study, limitation of the study, delimitation of the study and scope of the study.

1.1 Background of the Study

The set of international commercial terms which are now commonly referred to as Incoterms were first developed in 1928 by the Paris based International Chamber of Commerce. These are terms which allocate rights, risks and obligations of the parties to sales contracts with respect to delivery of goods. They define, inter alia, who between exporter and importer will be responsible for arranging the transport, insurance necessary for delivery of goods or not (Gutterman, 2011).

Although they were important terms, they still carried different meanings to different traders and countries. In 1936 the ICC published the first international trade rules which had 11 commercial terms and which for the first time were meant to carry same meaning to everyone. The terms have ever since gained significance in international trade cycles (ICC, 2011). The Incoterms are usually published every after ten years and to date there are 13 terms according to the Incoterms 2010 published by ICC and operationalized in January 1, 2011 (ICC, 2011). The Incoterms are not mandatory, are not international trade laws and therefore cannot be enforced by law but once they are incorporated in trade contracts (sale or buy) they are given legal effect (RBS, 2012) and traders' privy to the contracts are bound to honor them.

The Incoterms have gained popularity in international trade given the benefits that accrue by incorporating them in the international trade contracts and the risk that one would suffer by not incorporating the incoterms in contracts. The correct use of the Incoterms 2010 delivery terms involved from the contractual partners not only the knowledge of the content of such rules, but also their proper insertion in the international sale agreement with all the necessary details. Any omission or lack of specification in this regard may diminish or cancel the benefits expected by a seller or buyer on completion of such transaction.

Incoterms mostly inform the sales contract by defining the respective obligations, costs and risks involved in the delivery of goods from the Seller to the Buyer while on the other hand Incoterms do not constitute a contract by either supersede the law governing the contract, define where title transfers nor address the price payable, currency or credit terms.

Incoterms are said not be mandatory but with higher importance to be incorporated while transacting international business between shipper/exporter and importer. This paper provides a way forward in finding out to apply the factors that the Tanzania business community is using to decide the incoterms to apply while conducting their international business.

1.2 Statement of the Problem

The importance of INCOTERMS in international trade cannot be overemphasized, yet most importers in developing countries like Tanzania are not familiar enough with their applications. The lack of knowledge in the use of INCOTERMS has been leading to using the same terms to different transactions without considering any particular operation. According to Malfliet (2014), multimodal transport terms are often wrongfully applied to sea and inland waterway transport exchangeably. Parties in International Shipping must understand how INCOTERMS vary and failure to understand the correct definition of each INCOTERM used will lead to problems throughout the subsequent supply chain. Prahladka (2014) warns that the lack of knowledge regarding applications of INCOTERMS in international trade contracts can subject exporters and importers to inadequate sales budgets, delayed delivery of goods, increased risks and ambiguities in payments. Also, incorrect application of INCOTERMS may affect payment of goods and services, the delivery schedule also can lead to the undesired offsetting of lead time, increased costs, reduced inventory control, poor customer service and improper or missing INCOTERMS dramatically disrupts the flow of goods and damages a given company's reputation.

Findings from different researchers indicate that INCOTERMS should be used in the creation of competitive advantage through an improved flow of the supply chain and hence satisfying both parties involved in the trading contract (Malcom, 2011). Furthermore, Malcom (2011) argues that the risks related to factors on the application

of INCOTERMS between the shipper, exporter, and importers are significant, noting that there are considerable risks which can be mitigated if the used phrases persistently mean the same thing throughout the transaction. In Malfliet (2014) it is provided; even though applications of INCOTERMS are considered necessary for import and export trade, there is a knowledge gap related to the effects of INCOTERMS in international trade. In addressing the knowledge gap; this study was conducted to assess the effects of INCOTERMS in the growth of international trade in Tanzania, based on importers using Dar es Salaam port.

1.3 Objectives of the Study

1.3.1 General objective

The main objective of this study is to analyze the impact of International Commercial Terms in the growth of international trade in Tanzania, a case study of Dar es Salaam port.

1.3.2 Specific objectives

The following are the guiding specific objectives of the study:

- i. To determine the level of awareness of importers using Dar es salaam port on the application of INCOTERMS.
- ii. To determine how risks and costs can be reduced in shipping when correctly understanding and applying INCOTERMS.

- iii. To examine the outcomes of the application of INCOTERMS on the progression of the import trade.

1.4 Research Questions

The following are the research questions guiding the study:

- i. What is the level of awareness of importers at Dar es Salaam port on the application of INCOTERMS?
- ii. What are the reasons influencing importers at Dar es Salaam port on the application of particular INCOTERMS?
- iii. What are the outcomes of the application of INCOTERMS on the progression of the import trade?

1.5 Significance of the Research

Findings of this study are significant to different stakeholders, both in national and in international trade as follows:

Knowledge contribution: The study adds literature for other researchers and writers wishing to undertake research relating to this topic. The study explores the knowledge of Tanzania's export and import business on the rules governing their trading process. It gives different dimensions of the factors that affect the country's international trade growth and therefore, the need for various remedies to the problem.

Exporters and importers: knowledge of INCOTERMS is significant in the regulation of International business relations which business community to identify their

obligations in the business transactions and increase the confidence on making a trade which may lead to reduced time, limited physical movements to the different countries to source for the goods and also cut costs.

Policy contribution: policy makers need correct information to enact laws and rules. Knowledge of weaknesses in the application of INCOTERMS in international trade leads to policy-related actions, which ultimately enhance the way international trade is practiced in the country.

Personal benefits: The research study increases the capacity of the researcher and sharpens the knowledge which is necessary for solving managerial problems and operation under logistics activities. It is also a partial fulfillment for the award of Bachelor Degree of Shipping in Shipping and Logistics Management of the Dar es salaam Maritime Institute.

1.6 Limitation of the Study

The study was limited in terms of its coverage. The study based on importers of Dar es Salaam port, which implies that the finding for this study is for importers of Dar es Salaam port only. Although the INCOTERMS apply for both importer and exporters' thus focusing on importers in Dar es Salaam as case study for analysis was limited to a particular context.

1.7 Delimitation of the Study

This current study focused on importers at Dar es Salaam port, to avoid generalization of the study findings. The results reflect what was observed for importers focusing on

the effects of the use of International Commercial Terms in the growth of international trade in Tanzania.

1.8 Scope of the Study

The study confined itself to the availability, accessibility and use of the Incoterms at in the shipping industry and export trade in Dar es Salaam. It has mainly considered terms that are usually important for water transport only.

CHAPTER TWO

LITERATURE REVIEW

2.1 Chapter Overview

The previous chapter introduced the study problem. The current chapter presents the literature review related to the study problem. The chapter begins with the definition of key concepts, theoretical review, empirical review, research gap, as well as the conceptual framework.

2.2 The concept of INCOTERMS

INCOTERMS are recognized worldwide by governments, legal authorities, and transportation professionals are recognized as international rules set up in 1936 by the International Chamber of Commerce (ICC) in Paris to regulate the essential sellers and buyers internationally. In international business, INCOTERMS identify the physical points in the supply chain where damage or risk of shifting from one part to another in the sale contract. Also, it is through INCOTERMS that location in the supply chain is determined where the responsibility of transport and custom related cost shifts from the exporter to the importer (Exports Gates, 2014).

The purpose of the INCOTERMS is to standardize the usage of trade terms in order to reduce uncertainty and avoid disputes. The most recent version of the INCOTERMS was published in 2020. However, older version can still be used if the parties so wish. What do the INCOTERMS cover?

The INCOTERMS define the rights and obligations of the parties with regards to:

1. Delivery and transportation documentation (*or equivalent electronic notifications*);

2. Allocation of costs for freight, taxes, duties, insurance etc.; and

3. Transfer of risk.

This chapter presents Literature Review. Incoterms literature especially in Tanzania is scant or not available. However, worldwide the literature is Sample in supply. Recognized worldwide by governments, legal authorities, and transportation professionals, the use of Incoterms is however not obligatory. Incoterms are a tool offered to companies which can, theoretically at least, choose to use them or not. Still, the absence of an Incoterms in a contract can cause significant problems when determining the customs value of the merchandise, leading the authorities of a large number of countries, such as Morocco or Algeria, to require their use, thus making them quasi-compulsory (Chevalier, 2000).

Incoterms are not mandatory, however any exporter/ importer by virtue of incorporating them in their sales contracts they become legally binding. The scenario is even made complicated by the fact that there are quite few or no best options around. Apart from USA which at one time deployed its own terms called United States Federal Uniform Commercial Code (UCC) introduced in 1952 and no any other country has ever developed her own commercial rules except the United States (Mantissa, 2014).

In international business, Incoterms identify physical point in supply chain where damage or risk of loss shifts from the exporter to importer. In addition, it's through Incoterms that location in supply chain is determined where responsibility of transport and custom related cost shifts from the exporter to importer (Exports Gates, 2014).

The Incoterms also help in determining the critical point of transfer of risks of seller to buyer, in the process of goods forwarding (risks of loss, robbery or deterioration of goods) allowing the person supporting these risks to prepare enough, especially in terms of insurance taking, specify and subscribe the contract of carriage. This means the seller or buyer, define the party responsible for packaging, operations handling,

on loading and offloading of the goods or porting and discharge of containers, and operations of inspection, distribute logistic and administration expenses between seller and buyer in various stages of the trading process. In addition, it also enables to fix obligations for achievement of the formalities, payments of rights, importation and supply of the documents. Ultimately, Incoterms can be used in creation of competitive advantage through an improved flow of supply chain, and hence satisfying both parties involved in the trading contract (Exports Gates, 2014).

The Incoterms rules determine the trade flow worldwide. It can be used insofar as these rules 'facilitate business transactions globally by helping traders avoid uncertainties arising from differing interpretations; thus, the Incoterms provide the guide to the exporters and importers on the obligations that will guide in their transactions in terms of determining the risks, payment mechanisms and the destination points (Berezhna, 2012).

2.3 Overview of the Incoterms 2020

In the ICC publication on the Incoterms 2020 divided in rules for any mode or modes of transport, and rules only suitable for sea and inland waterway transport¹³. This way, the ICC wishes to change the recurring habit of using maritime terms when the multimodal 14 terms would be more appropriate. In this overview, the terms are arranged according to the balance of obligations between seller and buyer. EXW represents the minimum obligation, and DDP the maximum obligation for the seller. This is the way the Incoterms were presented in 1990 and 2000. I prefer this classification as it remains relevant from an educational point of view;

Four categories can be distinguished:

-) **E-terms** (only EXW): the goods are placed at the disposal of the buyer at the seller's premises 'come to collect the goods
-) **F-terms**: the buyer is responsible for the cost and risk of the main international carriage goods are sent from
-) **C-terms**: the seller pays for the main international carriage, but does not bear the risks there of goods are 'sent to, freight prepaid

) **D-terms:** the seller bears all costs and risks up to the delivery point in the country of destination goods are ‘delivered at’.

The Incoterms 2000 were thus divided in departure contracts (E-terms), main carriage unpaid (F-terms), main carriage paid (C-terms) and arrival contracts (D-terms) 15. In a broad sense, E-, F- and C-terms are all departure contracts, because delivery occurs at the agreed place of departure, and only the D-terms are arrival contracts. If the Incoterms 2020 were classified according to the classification system in the prior editions, they would be broken down in categories as follows;

Table 1: Classification of the Incoterms 2020 in E, F, C and D- terms

DEPARTURE		ARRIVAL	
Category E	Category F	Category C	Category D
EXW	FCA	CPT	DAT
	FAS	CIP	DAP
	FOB	CFR	DDP
		CIF	

Source: Malfliet J. (2011)

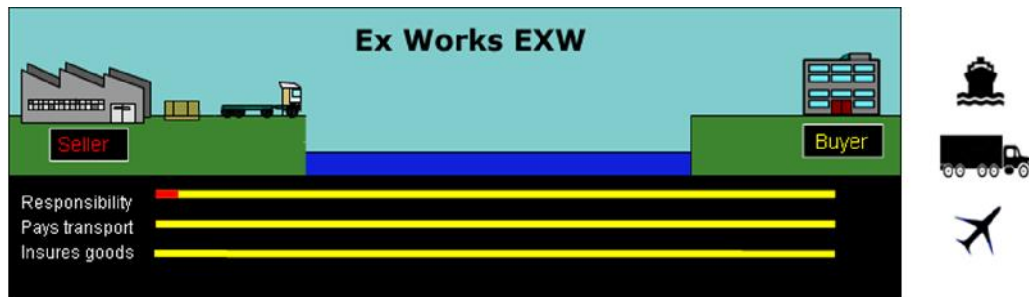
In Incoterms, the term ‘delivery’ refers to the point when risk passes from the seller to the buyer generally this will also be the point upon which costs pass, even in the C-terms although with an exception for the costs of freight. The latter terms have two ‘critical points’: delivery, and thus passing of risk, occurs in place of departure, whereas carriage to the agreed place of destination is for the account of the seller, but at buyer’s risk.

2.3.1 EXW (Ex Works)

EXW represents the minimum obligation for the seller (as opposed to DDP) the seller fulfills his obligation to deliver when he places the goods at the disposal of the buyer at the seller’s premises or at another named place (works, factory, warehouse, etc.),

not loaded, not cleared for export. The contractual shipper on the waybill should be the buyer.

As the seller is often better placed and equipped to load the goods (and clear them for export when applicable), parties are advised to use 'FCA seller's premises' instead of EXW.



2.3.2 FCA (Free Carrier)

Under FCA seller's premises, the seller delivers by loading the goods on the collecting vehicle, provided by the buyer. Now the shipper on the waybill will be the seller. Under FCA other place, the seller delivers the goods at the agreed place, on the seller's means of transport, ready for unloading. The shipper on the waybill should be the buyer. In both cases, it the seller is responsible to clear the goods for export (when applicable). The buyer organizes the main international transport, although if it is commercial practice, or at the buyer's request, the seller may organize transport at the risk and expense of the buyer (this is a FCA additional service or FCA +). Preferably – i.e. if the carrier agrees – the seller will then book carriage on a 'freight collect' basis. If the carrier does however not agree to a 'freight collect' and claims a 'freight prepaid', an additional line will appear on the invoice 'freight at buyer's request'.



2.3.3 Free alongside ship (FAS) - (...NAMED PORT OF SHIPMENT):



a) Delivery

The seller's obligation ceases when the goods are placed alongside the ship on the quayside.

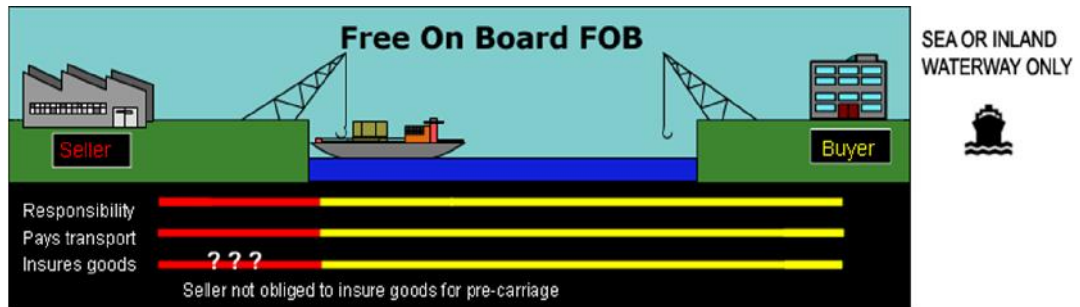
b) Transport and Insurance

The buyer bears all the costs and risks of loss or damage after the goods have been placed alongside the ship on the quayside. The parties will insure the goods separately for their part of transit.

c) Customs formalities

The buyer is responsible for clearing the goods for export and import.

2.3.4 Free On Board (“FOB”) - (...NAMED PORT OF SHIPMENT):



- a) **Delivery** Under this, the seller's delivery obligation extends to ensuring that the goods (properly packaged) are safely placed on board the buyer's appointed vessel in a manner which is customary for the port of shipment. As soon as the goods have passed over the ship's rail, the seller's obligation is fulfilled. Up until the point, before the goods crossing the ship's rails, the seller bears all risks for the goods.

b) Transport and Insurance

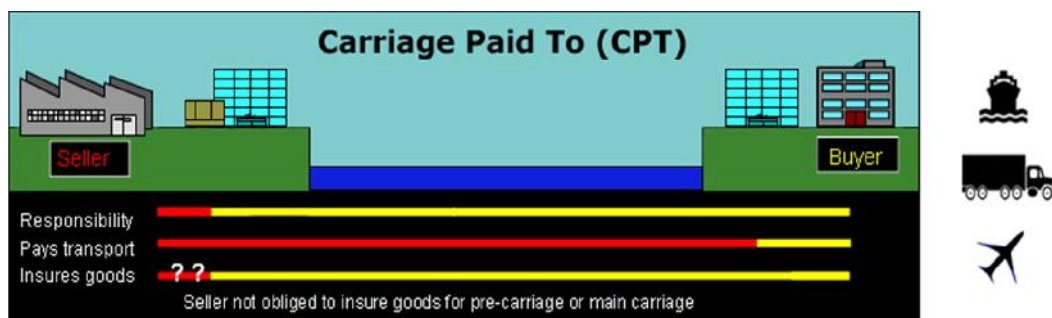
The vessel must be provided and contracted by the buyer at his own expense. Equally, the buyer must arrange and bear the cost of any insurance coverage.

c) Customs formalities

The seller must obtain any requisite export documentation and complete all export customs formalities at his own expense. Equally, the buyer must obtain any requisite import documentation and complete all import customs formalities at his own expense.

2.3.5 CPT (Carriage Paid To)

CPT has two 'critical points'. Delivery, and thus passing of risk, occurs at the place of departure, when the seller hands over the goods to the carrier that has been contracted for transport to the agreed place of destination. Nevertheless, the seller pays – and thus includes in his selling price, the costs of transportation (the freight) that is for the seller's account under the contract of carriage until arrival at the agreed place of destination. In other words, the carriage is for the account of the seller, but occurs at buyer's risk. Often it is presumed that all the costs until destination are for the account of the seller (and thus included in the contract price). This is not the case. CPT indeed signifies 'Carriage Paid To' and not 'Costs Paid To'.



The seller pays the freight or carriage to the named destination, but the risks passes to the buyer once the goods are delivered to the first carrier, whatever the form of transport used, or the multimodal nature of the transit.

Since the risk passes to the buyer as the goods are delivered to the 1st carrier, it will usually be for the buyer to insure the good for the whole transit after that point.

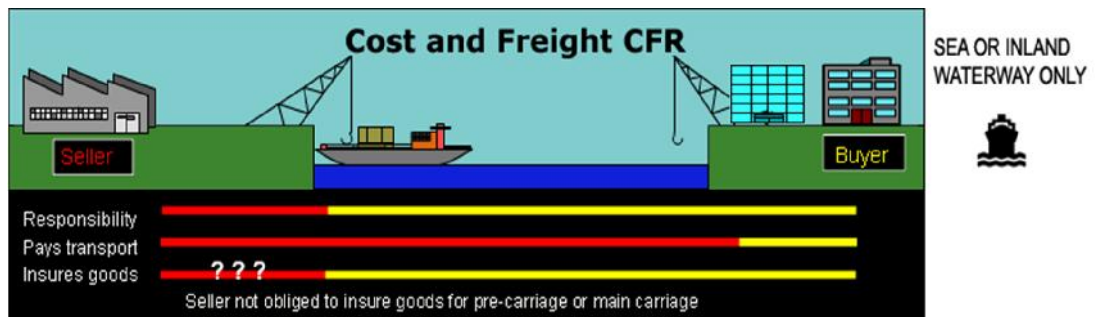
2.3.6 CIP (Carriage and Insurance Paid to)

This term is very close to CPT, but puts an additional obligation on the seller to procure cargo insurance covering the goods at least to the agreed point of destination and complying at least with the minimum cover as provided by clauses (C) of the Institute Cargo Clauses. This cover may be sufficient for bulk goods, but is often insufficient for manufactured goods that often have a value exceeding by far the carrier's liability under the waybill. In such cases, the most extended cover available

should be applied for, e.g. clauses (A) 20 including ‘War Risk’ and SRCC (Strikes Riots and Civil Commotion). In the latter case, the buyer is advised to stipulate the obligation of the seller to undertake an extended cover in the contract of sale. The seller obtains insurance not for his own risk, but for the benefit of the buyer (the one that has an insurable interest as the risk already passed). Buyers or sellers might be compelled to take out insurance in their own country, to minimize expenditure in foreign currencies and/or to support the domestic insurance industry. In such situations, a buyer can be obliged to import on CPT (or FOB) terms, whereas a seller might be legally obliged to sell on CIP terms 21. In such situations, ‘umbrella covers’ and ‘seller’s contingency’ insurance policies might be appropriate.

2.3.7 CFR (Cost and Freight)

CFR equally has two ‘critical points. Delivery, and thus passing of risk, occurs in the port of departure, when the seller places the goods on board the vessel (as in FOB). On the other hand, the seller pays the freight until the port of destination. In other words, sea carriage is for the account of the seller, but occurs at buyer’s risk.



a) Delivery

The nature of delivery and the passing of the risk is the same as for FOB.

The seller’s delivery obligation extends to ensuring that the goods (properly packaged) are safely placed on board the buyer’s appointed vessel at the port of shipment. As soon as the goods have passed over the ship’s rail, the seller’s obligation

is fulfilled. Up until that point, before the goods crossing the ship's rail, the seller bears all risks for the goods.

b) Transport and Insurance

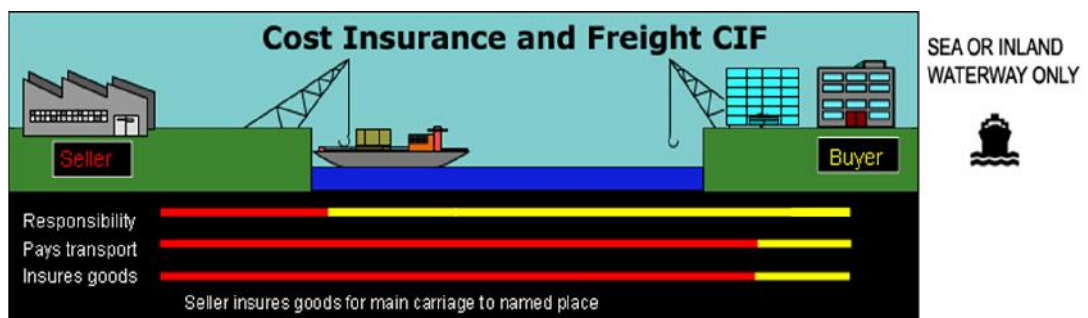
The seller must arrange and bear the cost of transporting the goods to the named port of destination. However, the seller is not obliged to take out an insurance policy for the goods.

c) Customs formalities

The nature of this obligation is identical as that for FOB (*see above*). Please note that many traders continue to use the traditional abbreviation "C&F" when they refer to the above obligations. However, any contract which says "C&F INCOTERMS" will be assumed to refer to the definition of C&F used in INCOTERMS 1980. This definition is substantially different from the INCOTERMS 2010 definition of CFR. Thus, it is strongly recommended that the parties use the correct abbreviation, i.e. CFR, in order to avoid any unexpected confusion or dispute.

2.3.8 CIF (Cost, Insurance and Freight)

This term is very similar to CFR, but puts an additional obligation on the seller to procure cargo insurance in the buyer's interest.



a) Delivery

The nature of delivery and passing of risk for CIF is the same as that for FOB *above*.

Under this term, the seller's delivery obligation extends to ensuring that the goods (properly packaged) are safely placed on board the buyer's appointed vessel at the port of shipment/loading. As soon as the goods have passed over the ship's rail, the seller's obligation is fulfilled. Up until that point, before the goods crossing the ship's rail, the seller bears all risks for the goods.

b) Transport and Insurance

The seller is obligated to procure and bear the cost of transport and minimum insurance cover of the Institute Cargo Clause" for the goods in question to the named port of destination". If the buyer requires additional insurance, he must bear the relating cost himself.

c) Customs formalities

The nature of this obligation is the same as that for CFR (*see above*).

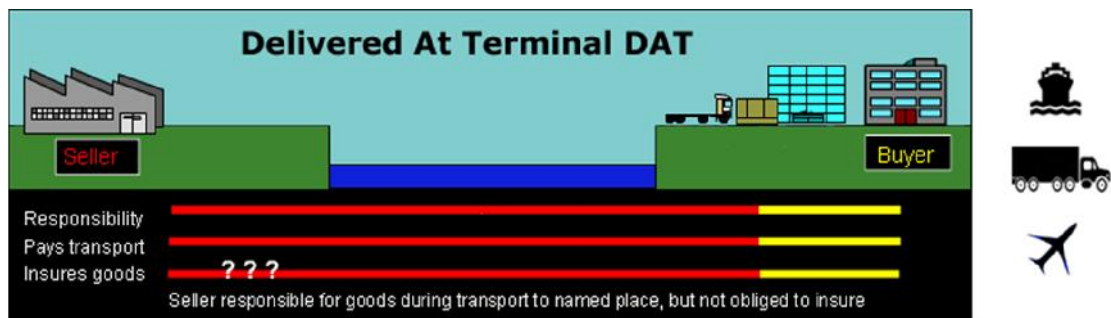
The seller must obtain any requisite export documentation and complete all export customs formalities at his own expense. Equally, the buyer must obtain any requisite import documentation and complete all import customs formalities at his own expense.

2.3.9 DAT (Delivered at Terminal)

The seller delivers the goods when he places the goods at the disposal of the buyer, unloaded from the arriving means of transport, in a terminal at the agreed port or place of destination. The buyer has to clear the goods for import. DAT is a new Incoterm that also encompasses DEQ (Delivered Ex Quay) Incoterms 2000. Therefore 'terminal' is to be interpreted in a broad sense and "includes any place, whether

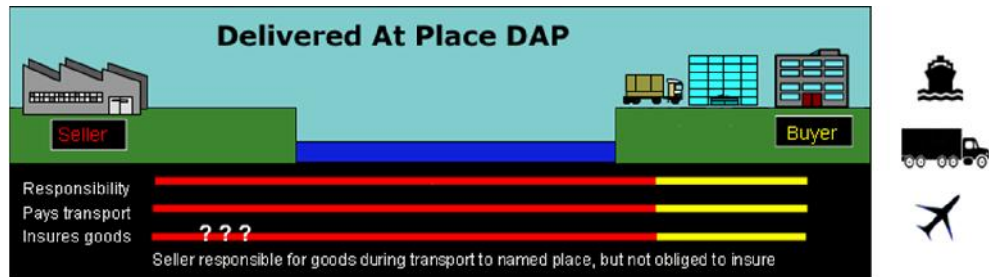
covered or not, such as a quay, warehouse, container yard or road, rail or air cargo terminal.

Changing commercial practices induced the ICC to propose a term ‘unloaded in terminal’. Sellers indeed want to increase their control on the supply chain for all sorts of reasons (reputation and quality maintenance, cost, etc.), choosing not only the freight forwarder at departure and the carrier, but also the terminal where they want their clients to collect their part of the (consolidated) shipments. The former DDU did not cover this variant of delivery conditions. C. M. Radtke, member of the drafting group, also referred to a tendency of the ‘liner terms’ to disappear and be replaced by freight conditions that are freely negotiated between the maritime transport companies and their clients. The latter conditions often include the terminal handling charges (THC) in the port of destination. In container trade conditions like ‘terminal in-terminal out’, that include unloading costs at destination, have become normal practice. DAT gives parties an option that did not exist in the former Incoterms to select a term that exactly matches their intentions, without having to fall back on variants of ‘official’ Incoterms.



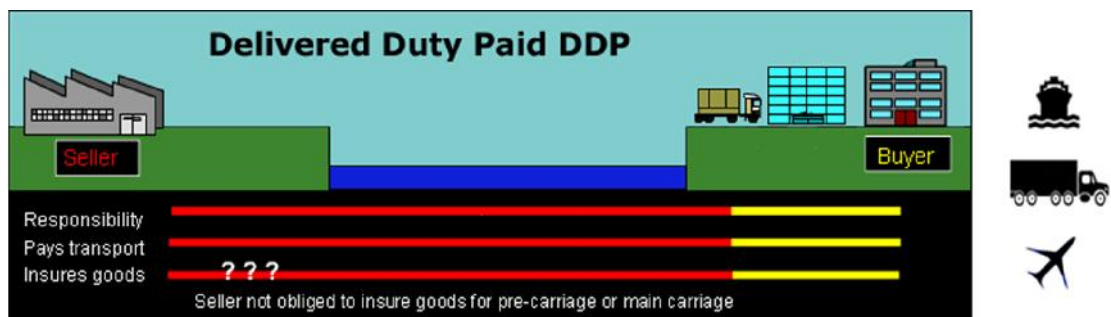
2.3.10 DAP (Delivered At Place)

DAP means that the seller delivers when the goods are placed at the disposal of the buyer on the arriving means of transport, ready for unloading, at the agreed place of destination. Import duties and formalities have to be conducted by the buyer. The seller bears all risks involved in bring the goods to the named place



2.3.11 DDP (Delivered Duty Paid)

DDP is essentially the same as DAP, but with the added obligation for the seller to obtain all official authorizations, carry out all customs formalities and pay all duties,



taxes and other charges payable upon import, including VAT. The term represents the maximum obligation for the seller (as opposed to EXW).

This is the maximum commitment for the seller, and the minimum for the buyer. The seller delivers to the buyer after paying the duty on import to the country of destination. However, it is possible to deliver DDP exclusive of VAT or taxes.

2.4 Theoretical Literature Review

The following sections provide a summary of the theories supporting the study; subsection explains the theory of situational awareness. This theory argues that the knowledge of stakeholders about INCOTERMS is essential in the correct selection of INCOTERMS. On the other hand, explain the theory of staple economy. The theory of staple economy insists on the proper application of INCOTERMS in the success of international trade

2.4.1 The theory of Situation Awareness

The theory of Situation Awareness (SA) gained popularity between the mid-1980s through to the 1990s. The theory builds on the premises that people need situation awareness to do tasks effectively. For many years, situation awareness was primarily based on training and experience in the environment (Endsley and Garland, 2000). Situation awareness is defined as the perception of the elements in the contexts within a volume of time and space comprehension of their meaning and the projection of their status shortly (Endsley, 2001).

Although situation awareness use has continued to grow its importance today, it was conceived to be a model for decision making for crews in military and aircraft. In the flight environment, the safe operation of the aircraft is essential in a manner which is consistent with the pilots' goals depending on a current assessment of the changing situation including details of the aircraft's operational parameters, external conditions, navigational information, other aircraft, and hostile factors. Without this awareness (which needs to be both accurate and complete), the aircrew will be unable to perform

their functions effectively. Small lapses in SA can have catastrophic impacts (Endsley, 2002).

2.4.2 The Staple Theory of Economic Growth

The staple theory of economic growth and development was first articulated to explain the process of economic evolution in different places with an abundance of natural resources. The theory assumes that only by exporting staple products and importing manufactured products can a staple-based economy realize relatively high-levels of material well-being. The success of a staple economy depends on its capacity to transform staple products into cost-competitive exports, mainly through supply-side variables. The staple export sector can also lead to the growth process even when it is not the economy's leading sector through linkages with other parts of the economy, though the extent of this depends on social and political factors like international trade laws, INCOTERMS and technology (Michie et al., 2001). This theory emphasizes on import terms, including global commercial terms (INCOTERMS), the terms should favor both parties doing business and should be precise to all parties.

2.4.3 Relevance of the Theories

The use of situation awareness has now moved from use in military and aircraft only to other large and complex systems such as manufacturing, refineries, and nuclear power plants. Logistics is an example where practitioners in international trade must correctly use situational awareness. It will help to ensure that goods get to the right place at the right time, streamline operations, cut costs and improve efficiency by working closely with their suppliers throughout the product life cycle of transactions

(Zyl, 2003). Use of the correct INCOTERMS entails the application of Situation Analysis in which decisions depends on the current environments. The practitioners in international trade, on many occasions, fail to use the right INCOTERMS and instead rely on pre-conceived practices. Inadequate awareness of the right application of INCOTERM rules by international traders leads to using the same terms to different transactions without regard to a particular transaction (Malfliet, 2014). This way, multimodal transport terms are wrongfully applied to sea and inland waterway transport exchangeable. The theory of Situation Awareness can be used in practices of international trade, in particular during the selection of the right INCOTERMS.

On the other hand, the staple theory of economic growth is relevance in the application of INCOTERMS in international trade between countries or parties. It explains that each part doing business should understand INCOTERMS in their transaction. As far as INCOTERMS are concerned, the effectiveness of staple economic growth will depend on the extent to which exchanges in the process of supply chain consider the correct application of INCOTERMS for the mutual benefits of the trading parties. INCOTERMS, currently known as requisite in any international trade is very important and will make the relevance of the staple economy when the parties in the trade are well conversant with their applications

2.5 Empirical Literature Review

Mbuya (2014) evaluated factors that influence decision making in INCOTERMS used by importers and exporters during sales agreements and transactions. The study indicated that importers are influenced by the company practice, value or cost of the

freight, mode of shipment and the volume of shipment to choose the INCOTERM to apply. Further, it was noted that the organizations that support trade had not made efforts to create awareness to the exporters and importers on the application of the INCOTERMS.

Hien et al. (2009) identified the essential factors necessary in choosing INCOTERMS when analyzing the impact of the choices of INCOTERMS on a specific export transaction. The findings revealed that both internal and external business environments must be considered. It was suggested that training should be increased to create awareness of the strategic dimension of INCOTERMS and to promote the utilization of INCOTERMS.

Kankunda (2013) pointed out that the lack of knowledge to interpret INCOTERMS has been leading to the high cost of doing businesses among importers and exporters. Also, reported that many importers do not understand these terms such as Cost and Freight, Free on Board and Cost Insurance and Freight (CIF) which lead high cost in international trade transaction to East African importers and exporters.

Likewise, Prahladka (2014) revealed that the lack of awareness of the contribution of INCOTERMS rule in international trade contract leads to inadequate sales budgets, undesired offsetting of lead time, unfavorable inventory levels and poor customer service. Ultimately, INCOTERMS should be used in the creation of competitive advantage through an improved flow of the supply chain and hence satisfying both parties involved in the trading contract.

Malcom (2011) examined the risks related to factors on the application of INCOTERMS between the shipper, exporter, and importers. It was noticed that there are considerable risks which can be mitigated if used phrases persistently mean the same thing throughout the transaction.

Malfliet (2014) studied how INCOTERMS 2010 provide harmonized interpretation rules for eleven standard trade terms from which a trader has to choose the Incoterm that is most appropriate for the specific transaction wishing to engage. The International Chamber of Commerce encourages the use of 'multimodal' terms (FCA, CPT, CIP, etc.) instead of the 'maritime' INCOTERMS (FAS, FOB, CFR, and CIF). According to the ICC, maritime terms are not appropriate, and thus should be avoided in container trade, as the seller does not 'deliver' the container on board the vessel, but most often hands over the goods to the carrier at a central point or terminal.

The findings were that merchants usually do not analyze the possible effects of choosing one or another trade term but instead continue to sell as their predecessors have done previously. Every transaction is treated in the same way. The study further found that the legal consequences would be that wrongful contract under maritime terms would make them assume the risk of loss of or damage to the goods during a period when they have lost control over the goods. The study concluded that traders should be advised to take a specific look at the newly introduced terms DAP and DAT.

2.6 Research Gap

From the empirical literature, it was found that different factors influence the choice of INCOTERMS. They include; company practice, value or cost of the freight, mode

of shipment and the volume of shipment (Mbuya, 2014). Other factors; understanding of supplier's decision, buyer's understanding of INCOTERMS; customs regulations; freight cost; mode of delivery, the value of goods and the volume of shipment (Estiller et al., 2014). Experience of use was another factor that led to some importers selecting certain types of INCOTERMS. It was also underlined that lack of explicit awareness of the INCOTERMS led some importers choosing INCOTERMS which led to high costs of doing business (Kakunda, 2013; Prahladka, 2014; Malcom, 2011). The gap in the literature is that most of these studies were conducted outside of Tanzania, and in the long past and mostly did not directly involve importers. Therefore, this work is attempting to conduct the study in a Tanzanian environment and specifically focusing importers.

2.7 Conceptual Framework

It is conceptualized that the criteria on application of INCOTERMS in international trade is driven by the independent variables which are; the level of awareness of importers and factors influencing use of INCOTERMS in import trade. The dependent variables are; delivery time, cost of importation, quality of service, inventory control, cargo risks and effectiveness of supply chain. If the independent variables move positively, the dependent variables would also move positively, thus lead to the growth of international trade.

Figure 2.1 shows the conceptual framework.

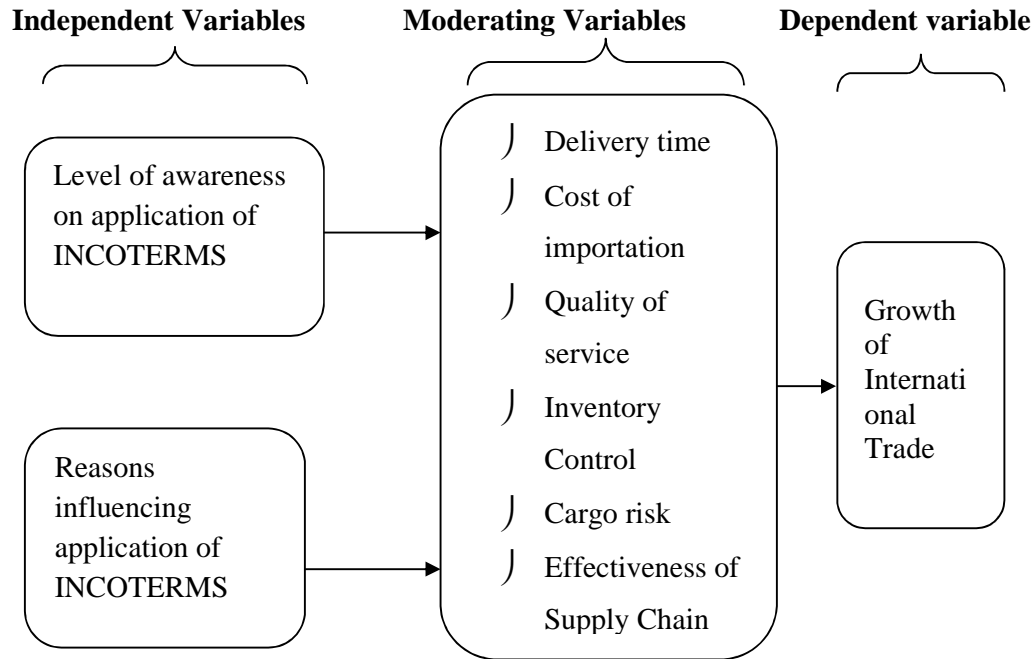


Figure 2.1: Conceptual Framework,

Source: Adapted from the Theory of Situational Awareness (Endsley and Garland, 2000)

2.7.1 Relationship between Variables

Level of awareness of importers on the application of INCOTERMS would lead them to formulate good reasons to select the kind of INCOTERMS to use and subsequently determine how they select INCOTERMS to use during import transactions. If the awareness is high it means they would select the correct INCOTERMS according to the type of transaction thus lead to short delivery time, reduced cost of importation, increased quality of transaction, inventory control, reduced risk of cargo and increased effectiveness of the supply chain. Correct use INCOTERMS would ultimately lead to

efficient transactions making parties to the contract realize mutual benefits thus get more encouragement to do international business. This would lead to overall growth of international trade.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Chapter Overview

The former chapter reviewed the literature. The current chapter presents the research methodologies applied. The chapter introduces various methodologies including research design, area of the study, study population, sample and sampling technique, data collection methods, data analysis, validity and reliability and ethical consideration of the study.

3.1 Research Design

The research design used in this study was descriptive in which data used for analysis was collected using the quantitative and qualitative method. The study was conducted in Dar es Salaam Port and assessed the effect of International Commercial Terms in the growth of international trade. The descriptive design was selected because of its ability to detailed attempted to draw an understanding of the importers' awareness of INCOTERMS and its contribution to the growth of international trade

3.2 Area of the Study

The study was conducted at the Dar-es-salaam port, which remains the largest port in Tanzania. The Dar es Salaam Port is strategically located to serve as a convenient freight linkage between sea and land transport. It serves as a gateway to local and transit cargoes to vast hinterland of East and Central African countries, the Middle East, Europe, Australia and America. The port serves a crucial role in the economic

development of the nation by handling imported and exported cargoes, which are essential sources of revenue generation and GDP growth. Further Dar es Salaam port has a large number of populations, therefore, created assurances availability of research respondents.

3.3 Study Population

The study population consisted of Importers at Dar es Salaam port who make one of the largest groups of players in international trade. It was however not easy to determine the number of Importers at the Port since importers come and go on a daily basis.

3.4 Sampling Techniques and Sample Size

3.4.1 Sampling technique

Purposive and simple random techniques were used to select the respondents in the study.

3.4.1.1 Purposive Sampling

The purposive technique was employed to select management representatives of Tan-Trade and TCCIA. Purposive sampling is used to select respondents who have beneficial information. In this case, Tan-Trade and TCCIA managements have clear knowledge about the applications of INCOTERMS.

3.4.1.2 Simple Random Sampling

Simple random sampling is used where all members of the population have the same knowledge about the research problem and thus are given equal chances of being selected in the sample size. Importers were selected randomly in order to get their views about the application of INCOTERMS on international trade.

3.4.2 Sample size

The sample size used in this study was 30 respondents drawn from the population of people as shown in Table 3.1

Table 3.1 Distribution of sample size by sector

Study Units	Drawn Sample	Selection Technique
Tan-Trade Management	1	Purposively
TCCIA Management	1	Purposively
Importers at Dar es Salaam Port	13	Randomly
TOTAL	15	

Source: Research field data, 2021

3.5 Methods of Data Collection

Data were collected from various sources, whereby both primary and secondary methods of data collection were employed.

3.5.1 Primary methods of data collection

3.5.1.1 Interview

Both structured and unstructured interview questions were used to gather data about the study problem. Structured questions are pre-arranged questions aimed to solicit data from respondents about the research problem. This method was used because importers don't have permanent offices at the Dar es Salaam Port, therefore were found where they were at the time.

3.5.1.2 Questionnaires

A list of questions was prepared to collect information; questions were distributed to importers in Dar es Salaam Ports. The questionnaires were used to collect primary data. The questionnaires were open-ended for the questions which needed more details and close-ended for the questions that required short answers and quick responses. The advantage of using questionnaire was that it allowed freedom of importers to answer questions based on their knowledge about the effect of INCOTERMS on international trade (See Appendix I).

3.5.1.2.1 Observation

The observations were made on the progression of cargo off-loading from ships, warehousing, clearance and loading for delivery.

3.5.2.2 Content Analysis

Mayring (2000), content analysis is a method for summarizing any form of content by counting various aspects of the content. The researcher intended to use this method in obtain key content arises during the data collections. This enables a more objective evaluation than comparing content based on the impressions of a listener. Content analysis enables researchers to sift through large volumes of data with relative ease in a systematic fashion.

3.5.2 Secondary method of data collection

3.5.2.1 Documentary review

This approach aims to collect data from sources like journals, magazines, newspapers, books, and websites through the internet, Dar es Salaam port files and documents used (published and non-published) with relevant information. The documentary review was used to collect some information from the Dar es Salaam Port Management.

3.6 Data Management Analysis and Presentation

3.6.1 Data Management

Data entry and checking were done every day during the data collection before analyzing them. This included checking the data for internal consistency, completeness, miscoded responses and coding some open-ended questions

3.6.2 Data Analysis and Presentation

The study employed both qualitative and quantitative methods of data analysis. As known, the purpose of data analysis was to provide answers to the research questions. Therefore, the data collected was summarized and coded. The questionnaires that were received from various respondents to ascertain whether the question asked was answered. Detailed tables and graphs were prepared from the research variables. In this study, all quantitative data that were collected were analyzed quantitatively. The responses that were received from respondents were analyzed using content analysis results presented and organized in the form explanations

3.7 Validity and Reliability

3.7.1 Validity

Validity determines whether the research truly measures what was intended to be measured and how accurate the tools of measurements were. The collected data from all reliable sources using questionnaire, interview, and documentary review were validated. And to ensure that data collected were valid. Joppe (2000) argued that validity determines whether the research truly measures what was intended to measure or how accurate the research results were. In other words, the research instrument must allow hitting "the bull's eye" of the research object. And all information that was collected was relevant for the study.

3.7.2 Reliability

The pre-testing of questionnaires and interview questions was carried out in a pilot study to 6 respondents before the leading research is conducted. This was aimed at ensuring that the respondents understood the questions in the questionnaires and interview guides as it was expected. When this was done, the researcher was in the position for administering to the respondents who appreciated the questions as it was understood.

Further, respondents employed in the study were people who are the daily practitioners in international trade, making use of INCOTERMS. Thus, they had correct information about the topic under study. That being the case, their responses were reliable. Joppe (2000) defines reliability as the extent to which results were consistent over time, and an accurate representation of the total population under study was referred to as reliability, and if the results of a study are capable to be reproduced under a similar methodology, then the research instrument was considered reliable.

3.8 Ethical consideration

In an attempt to produce a quality and reliable study, the researcher asked for permission from the Dar es Salaam Maritime Institute. After being granted ethical clearance, institutional permission was also sought before starting data collection. Participants were consented and given information about the study individually and they were provided with two copies written consent which was signed and one copy remained with the Principle investigator while the other copy remains with the participant. Participation was in voluntary bases. Participants who agreed to

participate in the study were being recruited. The study was anonymous; participants were identified using number to maximize confidentiality.

CHAPTER FOUR

DATA ANALYSIS AND RESULTS INTERPRETATION

4.0 Chapter Overview

This chapter presents data and analysis of the data as gathered from the field based on the specific objectives examined. The study analyzed the effects of usage of International Commercial Terms towards the growth of international trade in Tanzania a case of Dar es Salaam Port Importers. The specific objectives were; determining the level of awareness on application of INCOTERMS to Dar es salaam Port Importers, to determine the risks and cost can be reduced in shipping when correctly understanding and applying INCOTERMS, and reviewing the outcomes of the use of INCOTERMS on the progression of Import trade.

4.1 Profile of Respondents

The profile of respondents indicates the nature of those who participated in the study. In this study, the focuses were the Dar es Salaam port importers of goods. The study aimed at assessing the effects of usage of International Commercial Terms towards the growth of international trade in Tanzania a case of Dar es Salaam Port Importers. The profile here shows the gender/sex, age, education, and experience distribution of importers as shown in tables.

Table 4.1: Gender of Respondents

Gender	Frequency	Percent
Male	12	80
Female	3	20
Total	15	100.0

Source: Survey Data, 2021

Table 4.1 shows that 12(80%) of respondents were male, and 3(20%) were female. The findings imply that large percent of importers at Dar es Salaam port is male and few are female. Even though males dominate in the import of goods, however, both male and female participate in the import business.

Table 4.2: Age of respondents

Age	Frequency	Percent
18-25 Years	0	0
26-35 Years	2	13.3
36-45 Years	4	26.7
46-55 years	9	60
Total	15	100.0

Source: Survey Data, 2021

Table 4.2 shows that 4(27.6%) of respondents were aged 36-45 years, 2(13.3%) were aged 26-35 years, 9(60%) were aged 46-55 years and 0(0%) were aged 18-25 years. The findings imply that importers at Dar es Salaam port had different age ranging from 18-25 years to 46-55 years.

Table 4.3: Education of respondents

Education	Frequency	Percent
Primary education (standard I-VII)	0	0
Secondary education	3	20
Certificate or Diploma	4	26.7
Advanced diploma or bachelor degree	8	53.3
Total	15	100.0

Source: Survey Data, 2021

Table 4.3 shows that 3(20%) of respondents had secondary education, 8(53.3%) had an advanced diploma or bachelor degree, 4(26.7%) had certificates or diplomas, and 0(0%) had primary education (standard I-VII). The findings imply that importers at Dar es Salaam port have different education levels ranging from primary education (standard I-VII) to advanced diploma or bachelor degree education level.

Table 4.4: Experience of respondents

Experience	Frequency	Percent
1-5 years	5	33.3
6-10 years	7	46.7
above 10 years	3	20
Total	15	100.0

Source: Survey Data, 2021

Table 4.4 indicates that 7(46.7%) had 6-10 years of experience in import of goods at Dar es Salaam port, 5(33.3%) had 1-5 years of experience in import of goods and 3(20%) had 10 and above experience in import of goods. The findings imply that importers at Dar es Salaam port had a different experience in the import of goods ranging from 1-5 years to above ten years.

Experience in import business was perceived as determinants in the selection of the right INCOTERMS used in international trade. Apart from training, experience in the trade can impact positively the practitioners towards the proper conduct of the business through the ongoing learning they acquire on the field.

4.2 Objective 1: The level of awareness on application of INCOTERMS to Dar es Salaam Port Importers.

The study investigated the level of awareness on application of INCOTERMS to Dar es salaam Port Importers. The study first investigated if importers of goods at Dar es Salaam port were aware of incoterms. The findings are presented in Table 4.5.

Table 4.5: Understanding the term INCOTERMS

Understanding	Frequency	Percent
Yes	13	86.7
No	2	13.3
Total	15	100.0

Source: Survey Data, 2021

Table 4.5 shows that 13(86.7%) of respondents said they knew the term, while 2(13.3%) of respondents said they did not understand. The findings imply that the majority of importers at Dar es Salaam port understood the term incoterm. In addition to that, the study investigated awareness of Dar es Salaam importers on the application of Incoterms in imports of goods.

4.3 Objective 2: To determine how risks and costs can be reduced in shipping when correctly understanding and applying INCOTERMS.

The study investigates how the risks and cost can be reduced in shipping when correctly understanding and applying incoterm. The respondents were asked way to manage cargo risk by using incoterm. The result obtained are presented in Table 4.6

Table 4.6 The awareness of INCOTERMS in managing cargo risks and cost on import of goods

Awareness	Frequency	Percent
Strongly disagree	1	6.7
Disagree	1	6.7
Neutral	0	0
Agree	3	20
Strongly agree	10	66.6
Total	15	100

Table 4.6 points that 20 percent of respondents agreed that they had an awareness of incoterms as applied in managing cargo risks on import of goods, 66.6 percent of respondents strongly agreed on it, 0 percent were neutral, 6.7 percent disagreed and 6.7 strongly disagreed on it

The findings imply that 96.7 percent of importers were aware of incoterms as applied in managing cost and cargo risks on the import of goods, while 13.4 percent were not aware of it. This further implies that importers of goods at Dar es Salaam port where

are aware of incoterms as applied in managing cost and cargo risks on the import of goods.

4.4 Objective 3: The outcomes of the application of INCOTERMS on the progression of Import trade.

The study investigated the outcomes of the application of incoterms on the progress of import trade. The respondents were asked whether uses of INCOTERMS have any outcomes on the progression of Import trade. The results obtained are presented in Table 4.7.

Table 4.7: The uses of INCOTERMS

Use of Incoterms	Frequency	Percent
Yes	13	86.7
No	2	13.3
Total	15	100

Source: Survey data, 2021.

Table 4.7 indicates that 13(86.7%) of respondents considered uses of INCOTERMS had outcomes on the progression of Import trade while 2(13.3%) considered applications of INCOTERMS have no any results on the progression of Import trade. Since the majority of importers found that uses of INCOTERMS have outcomes on progression of Import trade, we can conclude that uses of INCOTERMS have outcomes on the progression of Import trade.

Based on these results we can conclude that use of incoterms results in effective communication and understandings on imports of goods and contributes to the progression of Import trade.

CHAPTER 05

Chapter five presents discussions of the research results in association with the effects of usage of International Commercial Terms towards the growth of international trade in Tanzania, a case of Dar es Salaam Port Importers. The current chapter presents a summary of the study, the conclusion with the results obtained and recommendations.

6.1 Summary of the Study

The main objective of this study was to assess the effects of usage of International Commercial Terms towards the growth of international trade in Tanzania a case of Dar es Salaam Port Importers. The specific objectives were; determining the level of awareness on the application of INCOTERMS to Dar es salaam Port importers, determining how risks and the costs can be reduced in shipping when correctly understand and applying INCOTERMS to Dar es Salaam Port Importers and examining the outcome of the application of INCOTERMS on the progression of the import trade.

The study adopted the theory of situational awareness, which explained that proper knowledge of certain situation is very important in leading to making correct decisions. This takes the same stand when selecting correct INCOTERMS by importers and any stakeholder in international trade. In addition to that, the study also used the theory of staple economy, which also insisted on the proper application of correct INCOTERMS in the success of international trade.

The study employed a descriptive study design in analyzing the study problem whereas both quantitative and qualitative approaches were used. The research was conducted at Dar es Salaam Port and Dar es Salaam port importers were the largest group of players in international trade. The study used a sample of 30 respondents where 92 were Dar es Salaam importers and two staff from TAN TRADE and TCCIA. Data were collected using a questionnaires, interviews, and documentary review. The data collected were analyzed using descriptive statistics.

The study found that importers at Dar es Salaam Port were aware of application incoterms for imports. They were also aware of using incoterms in choice of appropriate cost to cover when importing goods and services. They were aware of using incoterms in control of inventory in imports of goods. Furthermore, they were aware of the use of incoterms in negotiation between importers and manufacturers or traders outside a country. In addition to that, the importers were aware of the use incoterms in managing cargo risks on import of goods and services. Finally, importers were aware of use incoterms in promoting an effective supply chain system on import of goods and services and ensuring quality and safe delivery of import goods.

The study also found that when there is appropriate application of INCOTERMS such as relevance of INCOTERMS to the type of transaction on import of goods, there would be lowest costs of imports, most straight way to compute taxes, fast delivery of goods and reduction of cargo risks. These factors are important reasons influencing application of particular incoterms on import trade.

The study revealed that incoterms that result in timely delivery of imports, reduction of costs on imports, effective inventory control of imports and promoting quality of imports contribute in the progression of import trade. Also, incoterms that result in the reduction of cargo risk, yield effective supply chain on imports and effective communication and understanding on imports of goods contribute toward the progression of import trade.

6.2 Conclusion of the Study

The use of Incoterms has been considered very important for the progression of import trade. Based on these facts, it is concluded that more awareness is required for importers in Tanzania to understand the value and benefits of applying correct incoterms when importing goods from other countries. It is also concluded that strategies to promote effectiveness on use of Incoterms to importers should be made a priority for all port stakeholders.

6.3 Recommendations of the Study

The study recommends that understanding of incoterms among importers should be the priority before embarking on import business because promoting growth and progression of import trade depends upon appropriate use of Incoterms. Awareness can be enhanced through different programmed including media campaigns, training provided by Port authorities and seminars. Such awareness will help importers mitigate cargo risks, higher costs of importation, timely delivery of cargo and eventually promote progression of international trade in the country.

6.4 Areas for Future Study

The study suggests that a future research has to be conducted on the effects of International Commercial Terms in the Growth of International Trade in Tanzania, taking case study of different ports in Tanzania.

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APPENDEX

Dear respondent,

I, Jonas R Mmari is a student of Dar es salaam Maritime Institute pursuing a bachelor degree of shipping and logistics management (DMI). I am conducting a study on “effects of International Commercial Terms in the growth of international trade in Tanzania, A Case of Dar es Salaam Port Importers” as partial fulfillment of the Degree of Shipping and Logistics Management. I would, therefore, be very grateful if you could spend some time to respond to a series of questions. You are assured that any information provided would be used for academic purpose only and your responses are strictly confidential.

SECTION ONE

1. Demographic Characteristic

Sex: Male / Female

2. Age:

- a) 18 – 25
- b) 26 - 35
- c) 36 - 45
- d) 45 - 55
- e) 56 – 60

☐

3. Level of education:

- a) Primary education (Standard I-VII)
- b) Secondary education
- c) Certificate or Diploma
- d) Advanced Diploma or Degree of Bachelor
- e) Postgraduate Diploma or Masters
- d) PhD
- ∞Other

☐

4. Working Experience:

- (a) Less than a year
- (b) 1 - 4 years
- (c) 5 -10 years
- (d) Above 10 years

☐

SECTION TWO

Objective One: To determine the level of awareness on application of INCOTERMS by DSM Port Importers.

5. Do you understand about the term INCOTERMS

- a) Yes b) No

☐

6. What is the meaning of the term INCOTERMS?

- (a) International Contracts of Cargo Transport
- (b) International Contracts of Sale
- (c) International Contracts of Ownership Transfer
- (d) International Commercial Terms

☐

7. What do you think exactly can happen when INCOTERMS are not used correctly?

- (a) A supply chain entity is not fully accepting payment for all goods and services.
- (b) Disrupts the flow of goods and damages a given company's reputation.
- (c) May affect the payment of goods, delivery schedules, increased costs, reduced inventory control, and negative customer interactions.
- (d) All of them

☐

8. What do you consider the outcome of the application of incoterms on the progression of import trade?

- i)
- ii)

iii)

iv)