

## **Assessment on Effects of Incoterms in Reduction of Exportation Costs to Cash Crops Exporters, A Case of Cashew Nut Exporters at Mtwara Port**

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### **Abstract**

*International commercial terms play a crucial role in international trade, particularly for cash crop exports like cashews. This study explores how Incoterms, a set of international commercial terms, affect cash crop exportation from Tanzania. According to current cashew nut policy developed June 2021, Tanzania's President Samia Suluhu issued an order instructing that all cashew nuts produced in the Southern regions must be exported via Mtwara Port to counteract congestion at Dar es salaam Port. This research aims to bridge gap existing to exporters at Mtwara Port lacking a comprehensive understanding on the application and implications of Incoterms in international trade transactions by providing an assessment on effects of Incoterms in cost reduction to cashew nut exporters at Mtwara port. The study deployed mixed-methods research designs by In-depth primary and secondary data collection methods were conducted with key stakeholders, such as exporters, port officials, and industry experts. The results, derived from both quantitative and qualitative data analysis, offered insights into the challenges and opportunities related to Incoterms usage particularly in terms of cost reduction, simplified tax calculations, shorter delivery times, and decreased risks associated with goods transportation. By understanding how Incoterms influence export efficiency and risk management, cashew nut stakeholders can develop strategies to maximize exports of cashew nut volume through Mtwara Port and contribute to Tanzania's economic growth. findings were analyzed using descriptive statistical analysis to identify patterns, trends, and relationships between Incoterms and export performance. Based on the findings, recommendations were made on the use of D terms that could enhance the efficiency, competitiveness, and growth of Tanzania's cashew nut market in the global arena compared to previous exportation volumes. It was concluded that the proper application of Incoterms would lead to the low cost of exportation, easy computation of taxes, reduced delivery time and low risks of goods, thus enhancing the progression of export trade specifically cashew nut exportation. The study recommends that understanding of Incoterms among exporters should be the priority before embarking on international trade.*

**Keywords:** *Cashew Exports, Incoterms, Mtwara Port, Export Efficiency, Stakeholders*

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## 1.0 Introduction

International trade specifically exportation plays a fundamental role in the global economy and serves as a critical engine of economic growth for many developing nations (Asian Development Bank, 2016). Tanzania, with its rich agricultural resources and strategic port locations, has significant potential to expand its international trade footprint. Cashew nuts represent a major agricultural export for Tanzania, with Mtwara Port serving as a crucial hub port for cashew exports (Cubas, 2017). Incoterms are a set of globally recognized standard trade terms published by the International Chamber of Commerce (ICC). They define crucial aspects of international sales contracts, including the allocation of responsibilities, costs, and risks between buyers and sellers. The choice of Incoterms can significantly impact the profitability, efficiency, and risk management of international trade transactions. For Tanzanian cashew exporters, selecting the appropriate Incoterms is crucial for ensuring smooth transactions, mitigating potential disputes, and enhancing their position in the global cashew market. Despite their importance, the full impact of Incoterms on the growth of Tanzania's international trade remains an area that warrants further investigation (Notteboom & Rodrigue, 2015). Limited research exists on the specific challenges and opportunities faced by Tanzanian exporters, particularly within the cashew sector, when navigating the intricacies of Incoterms. This knowledge gap hinders efforts to develop effective strategies and policies for boosting export performance and driving economic development (Hardiyanto et al., 2020).

Usually, sellers choose to use free onboard or freight on board (FOB) because it provides low risk and responsibilities pertaining to marine transport. While buyers do like to use cost insurance and freight (CIF) because risk and liability in this term fall in the hands of shipper till the cargo reached the port nominated by the buyer himself. It is essential to identify these factors for understanding the relationships and the decision-making processes in the exporter-importer relationship. The quality of the relationship is associated with the choice of Incoterms because it plays a significant role in decision making. This is especially important when the decisions concerning risk distribution and risk transfer from the exporter to the importer are in supply chains. The relationship between parties, it was put forward that Incoterms identify physical points in the supply chain where damage or risk of loss shifts from exporter to importer (Bose, 2014).

Cashew is majorly grown as a cash crop in Tanzania. The high quality and bigger size of the nuts earn high prices for cashews in local as well as international markets. The high prices of exported cashews generate 10-15% of the country's foreign exchange. Hence, the government of Tanzania is generating favorable policies in order to increase production.

One such is supporting local cashew processors, both as individuals and collectively, to grow, increase their capacity and become sustainable through an initiative that allows processors to buy directly from farmers. Tanzania is one of the major cashew producing countries in Africa. Major cashew growing areas in Tanzania include Mtwara, Lindi, Ruvuma, and Tanga. Among these regions, the Mtwara and Lindi regions contribute more than 87% to the national cashew production.

This research study aims to bridge gap by conducting a comprehensive assessment on the effects of Incoterms in cost reduction to cashew nut exporters at Mtwara Port. It will identify the most used Incoterms in Tanzanian cashew exports and their implications in exportation costs, also challenges faced by Tanzanian cashew exporters in understanding and applying Incoterms

effectively, assessing the impact of Incoterms on the profitability, competitiveness, and risk exposure to Tanzanian cashew exporters.

Focusing on exporters at Mtwara Port lack a comprehensive understanding on the application and implications of Incoterms in international trade transactions, potentially leading to suboptimal decision-making processes. The factors influencing the selection of specific Incoterms by exporters, such as transaction type relevance, cost implications, tax computation ease, delivery time, and cargo risks, need to be explored to determine their impact on trade outcomes (Asian Development Bank, 2016). The study seeks to assess how the proper application of Incoterms can affect the progression of export trade at Mtwara Port, particularly in terms of cost reduction to enhance shorter delivery times, simplified tax calculations and decrease risks associated with cashew nut exportation.

The existing research assessed the causes of insufficient application of Incoterms among exporters, thirteen possible causes were outlined namely, Mother Company's decision, supplier's decision, Incoterms policy, buyer's understanding of Incoterms, customs regulations and company practices (Exports Gates, 2014).

(Prahladka, 2014) revealed that the lack of awareness of the contribution of Incoterms rule in international trade contracts 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. 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, 2016; Prahladka, 2014; Malcom, 2019). While there's a growing body of international research on the impact of Incoterms on trade costs, efficiency, and dispute resolution, a critical gap exists regarding the specific implications for developing nations, especially within the sub-Saharan African context. Studies from other African countries highlight prevalent challenges like limited knowledge of Incoterms and their potential mismatch with the nature of export transactions. Specific to Tanzania, existing research on cashew exports tends to focus broadly on areas like value chain analysis, market access, and general export challenges. A comprehensive assessment on how Incoterms can directly optimize exportation costs and influence the growth of Tanzania's cashew exports through Mtwara Port is currently lacking.

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 in cost outcomes especially in cash crops exportation such as cashew nuts. This gap hinders Tanzanian cashew exporters, policymakers, and stakeholders from making fully informed decisions on Incoterms adoption and related strategies. Without a clear understanding of how different Incoterms impact costs, risks, competitiveness, and profitability within the local context, it's difficult to optimize export growth and overall benefits of Tanzania's participation in the global cashew market.

Acknowledging knowledge gap, this research directly addresses the existing knowledge gap by providing a focused assessment on the effects of Incoterms in cost reduction to Tanzanian cashew exporters. It aims to deliver actionable insights to empower exporters and facilitate the development of effective policies and capacity-building programs to strengthen Tanzania's position on benefits of Incoterms application in exportation of cash crops to an international market

## 2.0 Methodology

This study deployed a mixed-methods research design to assess the effects of International Commercial Terms (Incoterms) on growth of international trade in Tanzania, specifically focusing on cashew nut exportation at Mtwara Port. To achieve the research objectives, a combination of quantitative and qualitative data collection methods were utilized (Cahoon, 2021). A structured questionnaire was administered to a representative sample of cashew nut exporters at Mtwara Port to gather qualitative data on their level of awareness and understanding of Incoterms, as well as the cost outcomes associated with their application. In-depth interviews were conducted with key stakeholders, such as exporters, port officials, and industry experts, to gain quantitative insights into the challenges and opportunities related to Incoterms usage. The collected data were analyzed using descriptive statistics analysis to identify patterns, trends, and relationships between Incoterms and export performance. Based on the findings, recommendations were made on specific Incoterms that could enhance the efficiency, competitiveness, and growth of Tanzania's cashew nut market in the global arena. This research focuses on Mtwara Port, a strategic hub for Tanzania's cashew nut exports and a vital player in the nation's international trade. By narrowing the scope to Mtwara Port.

The study population were focused on key actors in Tanzania's cashew nut export sector, specifically those operating at Mtwara Port. The study benefited from a two-pronged sampling approaches both purposive and stratified random sampling techniques were used to select participants (Cahoon, 2021). The key informants were purposively selected to represent various stakeholder groups relevant to cashew nut exportation. This includes cashew nut exporters and traders, shipping companies involved in cashew nut transportation, relevant government agencies responsible for trade, customs regulations, and industry associations representing cashew nut exporters. To ensure a representative sample of the wider cashew nut exporter community, stratified random sampling were employed. Exporters were stratified based on factors such as company size, export volume, and years of experience. Within each stratum, a random sample were selected. Thus 96 respondents were selected to represent the population. Consider the table 2.1 of sample distribution table.

S/N	Study units	Sample Size	Sampling Techniques
1	Exporters at Mtwara Port	94	Randomly
2	CMA Shipping line	1	Purposive sampling
3	MSC Shipping line	1	Purposive sampling

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<b>Total</b>	<b>96</b>
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**Table 2.1** Sample Distribution Table

The research utilized a mixed-methods approach to collect primary data. Semi-structured interviews were conducted with key informants identified through purposive sampling (Wang, 2022). These interviews were delved into their understanding and experiences regarding the use of Incoterms in cashew nut exports, the associated costs, risks, and their impacts on growth of Tanzania cashew nut market. Structured questionnaires were administered to the stratified random sample of cashew nut exporters. These questionnaires were collected as quantitative data on frequency and volume of cashew nut exports, types of Incoterms used in export contracts, perceived costs and benefits of different Incoterms, challenges encountered in using Incoterms and suggestions for improving Incoterms awareness and utilization.

Observation can play a supplementary role in data collection for this research study. While primarily reliant on interviews and questionnaires, targeted observations at Mtwara Port can offer valuable insights. Researchers observed the loading and unloading of cashew nut shipments, noting the efficiency of logistics, adherence to contractual terms, and potential challenges arising from the use of specific Incoterms in vessel bookings. Observing interactions between exporters, shipping companies, and customs officials also shed light on the practical application of Incoterms and any communication or coordination issues. Such observations were complementing interview and questionnaire data, providing a more holistic understanding of the real-world implications of Incoterms in Tanzania's cashew nut export sector (Wang, 2022).

Focused group discussions (FGDs) were conducted with separate groups of cashew nut exporters, traders, and representatives from shipping companies. These FGDs fostered open discussions and encouraged participants to share their collective experiences, challenges, and insights regarding the use of Incoterms in cashew nut exports. The group dynamic was facilitating deeper understanding of shared concerns, diverse perspectives, and potential solutions. A moderator was guiding the discussions to ensure all relevant topics are covered, while allowing for spontaneous interactions and the emergence of new ideas. The FGDs were particularly valuable for exploring the nuances of Incoterms application, identifying common barriers to effective utilization, and generating recommendations for improvement in a collaborative setting.

Secondary data collection involved a comprehensive review of relevant documents and reports. A comprehensive review of relevant documents were conducted to gather contextual information and secondary data on the cashew nut export sector (Durdella, 2022). This includes government documents such as trade policies, customs regulations, agricultural policies, and reports on cashew nut production and exports. Industry reports such as Market analyses, trade statistics, and publications by industry associations such as the Cashew nut Board of Tanzania.

But also, academic literature including research papers and articles on Incoterms, international trade, and the cashew nut industry.

In this study, data analysis was tailored to the specific nature of the collected information, employing a mixed-methods approach. Quantitative data obtained from the structured questionnaires, focusing on frequencies of Incoterms usage, perceived costs and benefits, and

challenges encountered, were analyzed by using descriptive statistics and inferential tests. This involved calculating frequencies, percentages, means, and standard deviations to summarize the data, as well as examining potential differences between groups (e.g., exporters of different sizes or experience levels). Qualitative data from interviews and focus group discussions were undergo thematic analysis to identify recurring patterns, key themes, and divergent perspectives on Incoterms utilization in cost reduction for cashew nut exports. The integration of quantitative and qualitative findings provided a comprehensive understanding of the effects of Incoterms on the growth of Tanzania's cashew nut export market, offering both statistical insights and nuanced interpretations of stakeholder experiences. This holistic approach enhanced the validity and richness of the research findings, contributing to a more informed understanding of the role of Incoterms in international trade.

### **3.0 Findings and Discussion of the study**

While previous research has often focused on the impact of Incoterms on trade costs, efficiency, and dispute resolution, a critical gap exists regarding the specific implications for developing nations, especially within the sub-Saharan African context. Studies from other African countries highlight prevalent challenges like limited knowledge of Incoterms and their potential mismatch with the nature of export transactions in general exports, this study provides valuable context-specific insights on effects of Incoterms in export cost reduction to cashew nut exporters at Mtwara port (Malcom, 2019).

The results, derived from both quantitative and qualitative data analysis, offer insights in optimization of export costs and benefits associated with application of Incoterms in cashew exportation. The discussion that follows interprets these findings, highlighting key trends, challenges, and opportunities, and situating them within the broader context of Tanzania's export sector and global efforts to reduce costs in cashew nut exportations. Ultimately, this section aims to provide a comprehensive understanding on the effect of incoterms in cost outcomes to cashew exporters at Mtwara port (Prahladka, 2014)

Mtwara Port has reduced several charges to attract more traders for instance the wharfage fee has been reduced by 0.1% and stevedoring and handling charges have been cut by 30% making it one of least expensive port ports serving local farmers in Tanzania. During the cashew trading season, exporters can store empty containers at the port's facilities for free which leads to substantial saving on storage costs. By strategically choosing the appropriate Incoterm and leveraging the cost benefits at Mtwara Port, cashew exporters can optimize their expenses and improve their overall profitability. The findings revealed that large percent of cashew nut exporters at Mtwara Port were male 76.6%, and few are female 23.4% with different ages ranging from 18-25 to 46-55 years old. Cashew nut exporters at Mtwara port have different education levels ranging from primary to bachelor's degree with different years of experience in cashew nut exportation ranging from 1-5 years to above 10 years. Experience in the export business was perceived as determinant in the selection of the right incoterms to be used in international trade. Apart from training, working experience impact positively the practitioners towards the proper conduct of the business through the ongoing learning they acquire in the field. The findings obtained in this study are presented below,

### 3.1 The level of awareness on application of Incoterms to cashew exporters at Mtwara port.

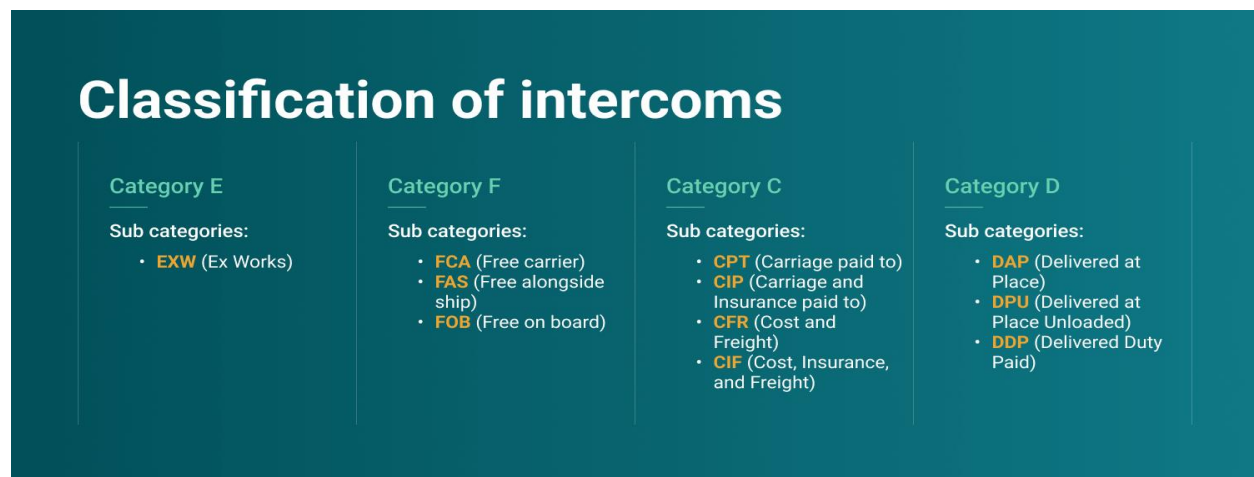
The following table summarizes the quantitative and qualitative data obtained purposively to understand awareness of cashew exporters on application of Incoterms to export.

Understanding	Frequency	Percent
Yes	92	97.9
No	2	2.1
Total	94	100.0

**Source:** Survey Data,2024

The study revealed that 97.9% of respondents said yes, they knew about Incoterms as used in exports while 2.1% of respondents said they did not understand about Incoterms.

This implies that majority of cashew exporters at Mtwara port were aware on application of Incoterms in exportation, only they lack skills on selection of right terms to be used to optimize freight costs. Below are the major four groups of Incoterms,



#### Incoterms used in any Mode of Transport

**EXW** (Ex Works), The seller makes the goods available at their premises. The buyer bears all costs and risks involved in taking the goods from the seller’s premises to the desired destination. **FCA** (Free Carrier), The seller delivers the goods to a carrier, or another person nominated by the buyer at the seller’s premises, or another named place. **CPT** (Carriage Paid To), The seller pays for the carriage of the goods to the named place of destination. The risk transfers to the buyer upon handing over the goods to the carrier. **CIP** (Carriage and Insurance Paid To), Like CPT, but the

seller also pays for insurance against the buyer’s risk of loss or damage to the goods during transit. DAP (Delivered at Place), The seller delivers when the goods are placed at the disposal of the buyer at the named place of destination. The seller bears all risks involved in bringing the goods to the named place. DPU (Delivered at Place Unloaded), The seller delivers when the goods, once unloaded, are placed at the disposal of the buyer at the named place of destination. DDP (Delivered Duty Paid), The seller delivers the goods to the buyer, cleared for import and all applicable duties paid, at the named place of destination.

**Incoterms used in Sea and Inland Waterway Transport** FAS (Free Alongside Ship); The seller delivers when the goods are placed alongside the vessel at the named port of shipment. The buyer bears all costs and risks from that moment onwards. FOB (Free On Board), The seller delivers when the goods pass the ship’s rail at the named port of shipment. The buyer bears all costs and risks from that point. CFR (Cost and Freight), The seller pays the costs and freight to bring the goods to the port of destination.

The risk transfers to the buyer once the goods pass the ship’s rail in the port of shipment. CIF (Cost, Insurance, and Freight), Similar to CFR, but the seller also pays for insurance against the buyer’s risk of loss or damage to the goods during transit.

**3.2 Lack of awareness on application of Incoterms to appropriate costs of exportation.**

Lack of awareness	Frequency	Percent
Strongly disagree	3	3.2
Disagree	2	2.1
Neutral	7	7.4
Agree	77	81.9
Strongly agree	5	5.3
Total	94	100.0

**Source:** Survey Data,2024

The finding on table revealed that 87.2% of cashew exporters were lacking knowledge and awareness on selection of right Incoterms to be used on appropriate export costs when exporting cashew nuts via Mtwara port while 5.3% were aware. This implies that cashew exporters at Mtwara port were not aware on selection of right Incoterms to be used for cashew exports, mostly were advised to use C-terms like CFR,CIF,CPT and CIP in vessel rate agreements in which sellers arrange only transportation of cashews but not responsible for risk of cargo loss, damage and other



additional costs after shipment, hence exporters incur additional costs in Transshipment ports specifically Singapore and Colombo where India and Vietnam (Ho chi minh port) shipments are effected.

### 3.3 The relevance of Incoterms to different types of transactions on cashew exportation.

Relevance of Incoterms	Frequency	Percent
Strongly disagree	4	4.3
Disagree	3	3.2
Neutral	5	5.3
Agree	57	60.6
Strongly agree	25	26.6
Total	94	100.0

**Source:** Survey Data, 2024

The findings reveals that 87.2% of exporters agreed on the relevance of Incoterms to different types of transactions in cashew nut exportation while 7.5% of respondents disagreed on it. This implies that on average cashew nut exporters agreed on the relevance of Incoterms to different types of transaction required for cashew exportation costs.

### 3.4 The Incoterms which provide easiest way to compute tax on cashew exportation.

Compute Taxes	Frequency	Percent
Strongly disagree	3	3.2
Disagree	2	2.1
Neutral	11	11.7
Agree	51	54.3
Strongly agree	27	28.7
Total	94	100.0

**Source:** Survey Data,2024

The findings reveals that 83% of respondents agreed that there are Incoterms which provide the easiest way to compute taxes in cashew exportation while 5.3% disagreed on it.

### 3.5 Incoterms reduce costs of cargo risks

4 Incoterms Reduce Risks	Frequency	Percent
Strongly disagree	1	1.1
Disagree	1	1.1
Neutral	6	6.4
Agree	55	58.5
Strongly agree	31	33.0
Total	94	100.0

**Source:** Survey Data, 2024

The finding implies that 91.4% of respondents agreed that Incoterms reduce risks associated with cargo damage on cashew exportation while 2.2% of respondents disagreed on it.

### 3.6 Incoterms optimize freight costs on cashew nut exportation

Use of Incoterms	Frequency	Percent
Strongly disagree	4	4.3
Disagree	6	6.4
Neutral	9	9.6
Agree	42	44.7
Strongly agree	33	35.1
Total	94	100.0

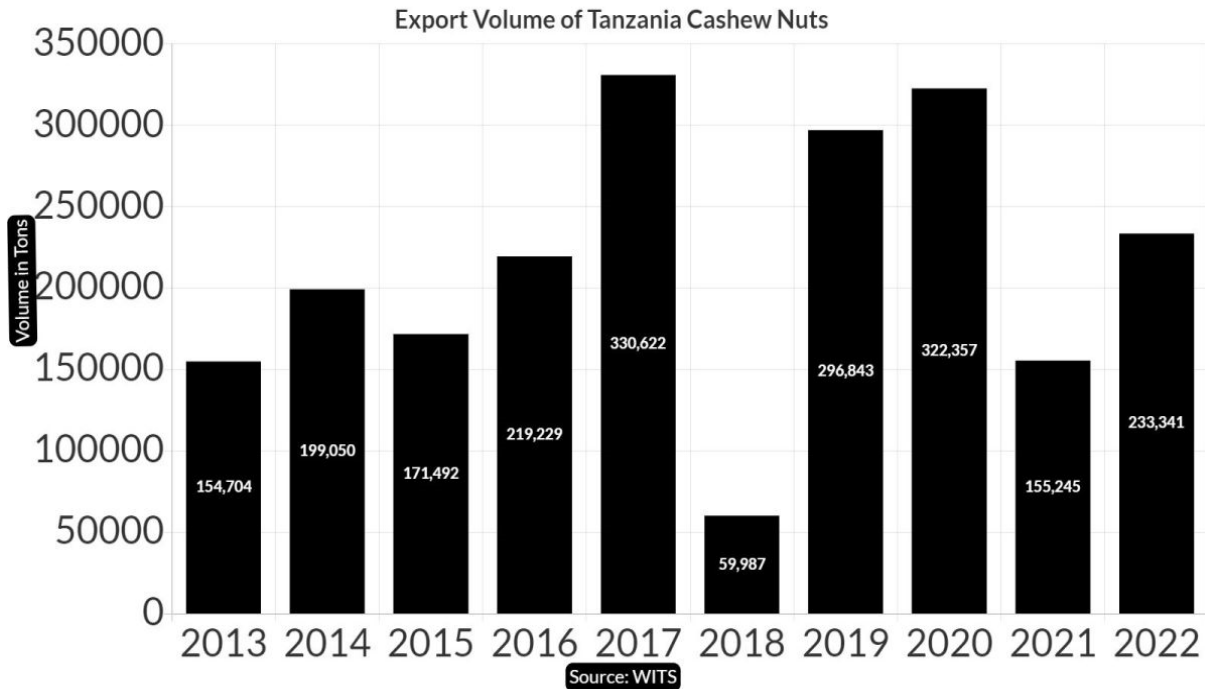
**Source:** Survey Data, 2024

Findings revealed that 44.7% of respondents agreed that Incoterms optimize freight costs for cashew exportation, 35.1% strongly agreed on it, 9.6% were neutral on it, 6.4 % disagreed on it and 4.3% strongly disagreed that Incoterms optimize nothing to freight costs. The finding implies that 79.7% of respondents agreed that Incoterms optimize freight costs for cashew exportation while 10.7 5 disagreed on it.

According to Francis Alfred (2024), Director Cashew nut Board of Tanzania said, *The government has been making various efforts to enhance cashew nut production in the country, including revitalizing the cashew nut farmers database. The rise of cashew exports attributed to subsidies provided by the government to the sector, proper use of pesticides, seminars and trainings to exporters on application of the right export procedures including selection of right Incoterms in appropriate export costs has to be emphasised too because Incoterms provide a standardized set of trade terms that define responsibilities and costs in international transactions. By using Incoterms, businesses can clarify roles, allocate costs, and manage risks. Understanding and utilizing Incoterms enhance communication, prevent disputes, and ensure smooth international trade.*

### 3.6 Change in volume of cashew nut exports from Tanzania 2013-2022

In 2022, Tanzania shipped out just above 200,000 tons of cashew nuts. It is an increase of 50% from the previous year. Over the last 10 years, cashew exports from Tanzania have enjoyed steady growth. The highest jump in volume was recorded from 2017, 2019 and 2022 at over 50%. The peak volume was in the year 2017 at **330,622** tons compared to other years back where by different factors were involved to that achievements including the use of right Incoterms by cashew exporters at Dar es salam port served as hub port for cashew nut exports before Mtwara port starts to serve as hub port for cashew nut exportation.



Statistical graph shows cashew nut export volumes from Tanzania 2013-2022.

### 3.7 Change in volume of cashew nut exports from Tanzania 2023.

Tanzania as one of the largest exporters of cashew nuts globally, In the 2023, the country exported **222,389 metric tons** of cashew nuts, valued at around \$220 million down from 330,622 metric tons valued at around \$542 million in 2017. The report also shows production increased by 115,900 metric tons in the 2023/2024 season, from 189,100 metric tons in the 2022/2023 season to 305,000 metric tons in the 2023/2024 season. The Tanzanian government almost doubled subsidies provided to the sector to US\$72.8 million in the 2023/2024 season, up from US\$36.9 million in the prior season, hence cashew output will increase.

The choice of Incoterms (International Commercial Terms) is significantly impacting the export volumes of cashew nuts from Tanzania. By selecting CIF (Cost, Insurance, and Freight) instead of D terms (like DAP - Delivered at Place or DDP - Delivered Duty Paid), exporters might be exposing themselves to higher risks of cargo damage. **CIF (Cost, Insurance, and Freight)** The seller covers the cost of shipping and insurance up to the destination port. However, the risk transfers to the buyer once the goods are loaded onto the vessel. This means any damage during transit is the buyer's responsibility while **D Terms (DAP, DDP, etc.)**, The seller is responsible for delivering the goods to a specified destination, covering all costs and risks until the cargo reach to the buyer premises, By choosing CIF, Tanzanian cashew nut exporters might be avoiding some upfront costs but are potentially facing higher risks and costs due to cargo damage during transit,

Opting for D terms could mitigate these risks, as the seller retains responsibility until the goods are safely delivered.

### 3.8 Recommendations on Incoterms that can directly influence exportation and growth of Tanzania cashew nut markets in international trade.

According to Shipping lines export managers advised that, Despite the existing challenges in costs of exporting cashew nuts, D-terms specifically Delivery at Place (DAP) plays an essential role in freight cost optimization where seller taking full responsibilities to delivery cargo to consignee premises on agreed rate agreement confirmed in draft bill of lading at Port of loading. More trainings required to cashew exporters on selection of right terms that will reduce loss associated with freight fluctuations. Respondents were asked on recommended D-terms on how can directly influence exportation and growth of Tanzania cashew nut market that optimize exportation costs, on time cargo delivery and cargo damage risks control in international trade.

### 3.9 The use D-terms can directly influence exportation and growth of Tanzania cashew nut markets in international trade.

Use of D-terms	Frequency	Percent
Yes	87	92.6
No	7	7.4
Total	94	100.0

**Source:** Survey Data, 2024

Findings indicates that 92.6% of respondents were agreed on the use of D-terms such as Delivered at Terminal (DAT), Delivered at Place (DAP), Delivered Duty Paid (DDP) on progression of cashew nut exportation at Mtwara port while 7.4% disagreed that applications of D-terms had no contribution on the progression of cashew nut exportation trade.

Since majority of cashew nut exporters agreed that uses of D-terms have positive outcomes on progression of export trade particularly in export costs, we can conclude that selection of the right Incoterms can directly enhance growth of Tanzania cashew trade. Based on these results, to a substantial extent, the use of right Incoterms will enhance the progress of Tanzania cashew exportation.

Tanzania's cashew nuts export volume rose 71% in the first quarter of the current marketing year 2024 beginning October. Export volumes rose to 241,478 metric tons in the October to December quarter from 141,000 tons in the same prior year period. In the first quarter of the current marketing year, cashews were sold for export at a maximum price of 2,495 Tanzania shillings a kilogram

(\$0.99) and a minimum price of TZS1,445 a kilogram. In the marketing year through September 2023, production were estimated at 400,000 tons, up 69% from 236,000 tons the prior year and the Production is expected at 700,000 metric tons by the 2025-26 marketing year, (CBT,2023).

Cashew nut production in Tanzania is growing aggressively, according to its Cashew Nut Board of Tanzania (2023), with significant opportunities for investors along the value chain, Nearly 90% of Tanzania’s cashew nut exports remain unprocessed and is mainly exports to India and more recently Vietnam where by Incoterms plays an essential role to effect export costs at Trashment ports Colombo and Singapore as well as on time delivery when D terms will be used in a countract of carriage to issue right rate agreement in shipping order and Bill of lading manifested by carrier.

**Cashew nuts export volume from Tanzania-Mtwara port to other countries as per CBT 2024.**

SN	ORGIN	TRADE	PRODUCT DESCRIPTION	QUANTITY (Kg)	DESTINATION
1	Tanzania	Export	Cashew nuts	134,535,000	India
2	Tanzania	Export	Cashew nuts	84,545,000	Vietnam
3	Tanzania	Export	Cashew nuts	571,536	Netherlands
4	Tanzania	Export	Cashew nuts	996,296	China
5	Tanzania	Export	Cashew nuts	158,531	Slovenia
6	Tanzania	Export	Cashew nuts	304,715	Egypt, Arab Rep
7	Tanzania	Export	Cashew nuts	178,760	United state
8	Tanzania	Export	Cashew nuts	112,020	Turkey
9	Tanzania	Export	Cashew nuts	134,406	Kuwait
10	Tanzania	Export	Cashew nuts	109,149	Saudi Arabia
11	Tanzania	Export	Cashew nuts	102,774	United Arab Emirates
12	Tanzania	Export	Cashew nuts	93,360	Oman
13	Tanzania	Export	Cashew nuts	82,263	South Africa
14	Tanzania	Export	Cashew nuts	32,298	Morocco
15	Tanzania	Export	Cashew nuts	112,871	Kenya
16	Tanzania	Export	Cashew nuts	26,940	Lebanon
17	Tanzania	Export	Cashew nuts	130,000	Rwanda
18	Tanzania	Export	Cashew nuts	28,577	Iran, Islamic Rep
19	Tanzania	Export	Cashew nuts	13,000	Zambia
20	Tanzania	Export	Cashew nuts	14,793	Germany
21	Tanzania	Export	Cashew nuts	13,000	France
22	Tanzania	Export	Cashew nuts	11,000	Iraq
23	Tanzania	Export	Cashew nuts	50,000	Bangladesh

24	Tanzania	Export	Cashew nuts	29,010	Libya
25	Tanzania	Export	Cashew nuts	2,100	Angola
26	Tanzania	Export	Cashew nuts	472	Japan
27	Tanzania	Export	Cashew nuts	260	United Kingdom
28	Tanzania	Export	Cashew nuts	500	Uganda
29	Tanzania	Export	Cashew nuts	300	Botswana
30	Tanzania	Export	Cashew nuts	216	Canada
TOTAL EXPORTS 2023				222,389,147	

#### 4.0 D-terms enhance timely delivery for exported cashew nuts from Mtwara-Tanzania

Timely Delivery	Frequency	Percent
Strongly disagree	2	2.1
Disagree	2	2.1
Neutral	4	4.3
Agree	75	79.8
Strongly agree	11	11.7
Total	94	100.0

**Source:** Survey Data, 2024

The findings reveals that 91.5% of cashew exporters agreed that the use of D terms results in timely delivery of exported cashew nuts and contributes to the progression of exportation trade from Tanzania while 4.2% of exporters disagreed on it. This is to conclude that the use of right Incoterms enhances timely delivery of cargo.

#### 4.1 Conclusion of the study.

The study found that cashew exporters at Mtwara Port were aware of the application of Incoterms for Export, but they were not aware of selecting right Incoterms to appropriate cost to cover for cashew export. They were aware of using Incoterms to control cashew inventories. Furthermore, they were aware of the use of Incoterms in negotiations between exporters and manufacturers or traders outside a country. In addition to that, the cashew exporters were aware of the use of

Incoterms in managing export cargo risks. Finally, exporters were aware of the use of Incoterms in promoting an effective supply chain system for exports and ensuring quality and safe delivery of exported cashew nuts. The study also found that when there is appropriate application of Incoterms such as application of D-terms to the type of transaction on cashew exports, there would be lowest costs of exports, most straight way to compute taxes, fast delivery of cashew nuts and reduction of cargo risks associated with wrong choices of Incoterms.

The study revealed that selecting right Incoterms results in timely delivery of exports, reduction of costs on exports, effective inventory control of exports and promoting quality of exports that contributes to the progression of Tanzania cashew nut trade and D-terms were confirmed to be the best. Also, right terms results in reduction of cargo risk, yield effective supply chain on exports and effective communication and understanding on cashew exports that contributes to the progression of Tanzania export trade.

The use of Incoterms has been considered very important for the progression of exports, specifically cashew exportation trade. Based on these facts, it is concluded that more awareness is required for Mtwara cashew exporters to understand the value and benefits of applying correct Incoterms when exporting cashew nuts from Tanzania to other countries. It is also concluded that strategies to promote effectiveness on the use of right Incoterms to cashew exportation should be made a priority to all Mtwara port stakeholders.

#### **4.2 Recommendation of the study.**

The study recommends that understanding on the use of right Incoterms to both exporters and Importers should be the priority before commencing international trade because promoting growth and progression of trade depends upon an appropriate use of Incoterms and awareness that can be enhanced through different programs including media campaigns, training provided by Port Authorities and seminars. Such awareness will help exporters and importers to mitigate cargo risks, higher costs of importation or exportation, timely delivery of cargo and eventually promote progression of international trade in our country.

#### **4.3 Area for future study.**

The study suggests that future research must be conducted on the effects of International Commercial Terms in maximization of cash crops exportation from Tanzania, A case of Sesame seeds exporters at Dar es salaam port.



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