**SNA/M1.17/9.2**

**11th Meeting of the Advisory Expert Group on National Accounts,**
**5-7 December 2017, New York, USA**

**Agenda item: 9.2**

# CIF/FOB recording of imports and exports in the national accounts and the balance of payments

## Introduction

At Statistics Netherlands we are increasingly struggling with the CIF/FOB recording of imports and exports in the national accounts and the supply-use tables. Due to data limitations we propose a recording of imports and exports of goods on the basis of the actually observed transaction values. But also from a conceptual viewpoint we argue that the CIF/FOB recording seems to contrast the actual economic state of affairs and should therefore be replaced by a recording of goods imports and exports at actual transaction values.

This paper highlights some of the persistent measurement difficulties encountered at Statistics Netherlands and the creation of possible distortions in the balance of trade when holding on to a CIF/FOB recording. The examples also show that, alternatively, a recording based on the actual transaction value will overcome these problems.

## Documentation

A paper on: CIF/FOB recording of imports and exports in the national accounts and the balance of payments

## Main issues to be discussed

The AEG is requested to:

- Discuss the conclusions and recommendations at the end of the paper.

**CIF/FOB recording of imports and exports in the national accounts and the balance of payments**

Paper prepared for the AEG meeting in New York, 5-7 December 2017

*Leo Hiemstra & Mark de Haan*[1]

## Introduction

1. At Statistics Netherlands we are increasingly struggling with the CIF/FOB recording of imports and exports in the national accounts and the supply-use tables. Due to data limitations we propose a recording of imports and exports of goods on the basis of the actually observed transaction values. But also from a conceptual viewpoint we argue that the CIF/FOB recording seems to contrast the actual economic state of affairs and should therefore be replaced by a recording of goods imports and exports at actual transaction values.

2. The line of thinking in this paper corresponds closely to the findings in a recent paper for the Eurostat Balance of Payments Working Group by Jens Walter (2017).[2] The paper by Walter provides detailed argumentation why a recording on actual transaction basis is preferred to a CIF/FOB recording. Walter's paper also explains that this issue has been around for some time.[3]

3. This paper highlights some of the persistent measurement difficulties encountered at Statistics Netherlands and the creation of possible distortions in the balance of trade when holding on to a CIF/FOB recording.

## The international guidance

4. Imports and exports of goods are to be valued free-on-board (FOB), i.e. at the customs frontier of the exporting country, even if the parties involved have agreed upon other delivery terms (BPM6 10.30 and SNA 3.149). Imports in the supply (and use) tables are recorded at cost-insurance-freight (CIF), i.e. as valued at the border of the importing country. Subsequently a CIF-FOB adjustment at macro level is required to arrive at the required FOB value of imports (SNA 3.149 and table 14.4).

5. The requirement of a uniform valuation of imports and exports at the border of the exporting country is an unfortunate deviation from the actually observed transaction price as a general valuation principle in 2008 SNA (see for example SNA 2.59) and BPM6. While the 2008 SNA introduces several important improvements, compared to its predecessor (1993 SNA) with respect to recording of imports and exports at a strict transfer of ownership basis (e.g. goods sent abroad for processing, merchanting), the required FOB recording seems to deviate from this general recording principle. As shown in this paper it may require adjustments of import and export of transport services which contrast statistical observation and economic reality.

6. Indeed it is recognized in the SNA that the use of FOB valuation is not necessarily ideal for use in the national accounts or balance of payments (SNA 14.69-70). The cost elements required to convert the invoice values to FOB values, and to convert CIF-values to FOB-values, are usually

[1] The views expressed.., etc.
[2] "Measuring merchandise and international freight transportation costs in the balance of payments" by Jens Walter (Deutsche Bundesbank). Paper for the Eurostat Balance of Payments Working Group, 29-30 November 2017.
[3] Anne Harrison (2013) "FOB/CIF Issue in Merchandise Trade/Transport of Goods in BPM6 and the 2008 SNA", paper for the Twenty-Fifth Meeting of the IMF Committee on Balance of Payments Statistics Washington, D.C.

lacking. In addition it may require imputing fictitious flows in order to obtain the current balance of goods and services at comparable (FOB) prices (SNA 14.72).

**Accounting practice**

7. Theoretically the FOB-valuation of imports and exports should lead to uniform values as applied for the exporting and importing countries, but in practice this may not be the case due to data gaps and uncoordinated adjustment methods. Our impression is that CIF/FOB adjustments may easily give rise to further data asymmetries between trading countries.

8. To illustrate this point, table 1 presents customs information on Dutch imports of goods (Extra EU trade). The table compares invoice and CIF values on the basis of information from two observation years 2015 and 2016, including together more than 4 million records.

9. A logical pattern is expected in the difference between the invoice value per 'terms of delivery' item (as presented in the row) and the CIF value (in the column). The difference should stepwise increase from negative (at the top) to positive (bottom) according to the incoterms scheme presented in Annex 3. In other words the difference is expected to have the largest negative value for imports under the delivery condition EXW and the largest positive value for imports with delivering condition DDP. Of course, in case the actual delivery condition is CIF, the difference should be zero.

**Table 1**
**Imports of goods by terms of delivery, 2015 and 2016**

| Terms of delivery (Incoterms) | Number of records (x 1000) | CIF-value (bln € ) | Invoice-value (bln € ) | Cif -/- invoice value (bln € ) | % differ-ence |
|---|---|---|---|---|---|
| EXW<br>*Ex Works* | 793 | 16.7 | 16.3 | 0.4 | 2.3 |
| FCA<br>*Free Carrier* | 451 | 18.1 | 16.4 | 1.7 | 9.6 |
| FAS<br>*Free Alongside Ship* | 3 | 0.2 | 0.2 | 0.0 | 3.4 |
| FOB<br>*Free On Board* | 1195 | 33.0 | 31.8 | 1.2 | 3.7 |
| CFR<br>*Cost And Freight* | 268 | 8.9 | 8.9 | 0.0 | 0.5 |
| CIF<br>*Cost Insurance Freight* | 404 | 24.0 | 23.6 | 0.4 | 1.6 |
| CPT<br>*Carriage Paid To* | 104 | 2.1 | 2.0 | 0.1 | 2.4 |
| CIP<br>*Carriage and Insurance Paid to* | 155 | 7.0 | 7.0 | 0.0 | 0.3 |
| DAT<br>*Delivered at Terminal* | 10 | 0.4 | 0.4 | 0.0 | 1.8 |
| DAP<br>*Delivered at Plate* | 500 | 28.2 | 27.6 | 0.6 | 2.1 |
| DDP<br>*Delivered Duty Paid* | 176 | 13.0 | 13.0 | 0.0 | -0.3 |
| Totals | 4057 | 151.6 | 147.2 | 4.4 | 2.9 |

10. As shown in table 1 the expected pattern is not found. We conclude that this data source does not allow for proper CIF/FOB adjustments. On the contrary our impression is that CIF/FOB adjustments add additional noise to the import-export data. At Statistics Netherlands we have no alternative data source at our disposal for the CIF/FOB adjustments. As a result we doubt the quality of the CIF/FOB adjustments made in the Dutch national accounts.

11. In the case of Intra EU trade, survey information does not necessarily provide information on the terms of delivery which further complicates making CIF/FOB valuation adjustments on the reported transaction values.

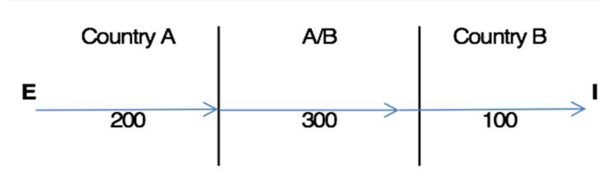
12. Another relevant point is that the constructed CIF/FOB values for exports and imports of goods are inconsistent with the data collected for the international trade in transport services.

13. To illustrate this problem two out of three examples given in Box 10.3 of BPM6 are further examined below. The examples are elaborated from the viewpoint of the importing country (Country B).

**Table 2a**
**Example BPM6 – Box 10.3**

| Available data: | |
|---|---|
| Value of the goods | 10000 |
| FOB-value of the goods | 10200 |
| CIF-value of the goods | 10500 |
| Transport cost in country A | 200 |
| Transport costs area A/B | 300 |
| Transport costs in country B | 100 |

Situation:




14. The statistical sources provide the information as presented in table 2a. The merchandise trade in goods statistics will report an import value (on CIF-basis) of 10500. Results obtained from the international trade in services statistics (ITS) will depend on the nationality of the carrier. To keep things simple all transportation from the premises of the seller (in A) to the buyer (B) is supposed to be carried out by one resident (from the perspective of Country B), or non-resident, carrier. Both options are investigated. Of course, in reality several carriers (resident in different countries) can be involved in the related transportation activities.

15. To illustrate the complexity of a CIF/FOB adjustment the objective in the worked out examples is to record in the supply table the import of goods at CIF value. It should be noted that similar complexities occur when applying in the accounts FOB adjustments.

***Example 1***

16. The trading parties are supposed to contract on an FOB basis i.e. the invoice price is 10200. The exporter is responsible for transport costs up to the frontier of A and the importer is responsible for subsequent costs. In such a situation it may not be expected that related transport activities are carried out by one single carrier as assumed in this (simplified) example. However, such considerations do not disturb the measurement complexities illustrated here.

17. BPM6 explains that in this case no rerouting is needed. However, to align the trade in services data accordingly, we argue that even in this simple case ‘rerouting’ of services is required.

*1.A - Carrier is resident in country B*

18. The CIF import value equals 10500 (cf. table 2a). The FOB contract implies that invoice of transport services is being split between the exporter (transport in country A: 200) and importer (all other transport: 400). Based on a FOB contract the carrier is expected to report an export of 200 which corresponds to transport costs in country A payable by the exporter.

19. In this case the trade balance based on a CIF recording of goods will be understated by -300. This discrepancy results from the transport costs from A to B which should not be part of import. These transport services are included in the CIF value of the imports, but delivered by a resident

carrier. To obtain a consistent balance of trade, a CIF recording requires a fictitious services import adjustment of -300.

20. As reflected in the third column, in case the actual transaction (FOB) price was used the source would have provided a consistent picture.

**Table 2b**

| What is actually going on in terms of imports? | | What will initially be recorded? | | Our preferred recording on transaction basis | |
|---|---|---|---|---|---|
| Imports | | Imports | | Imports | |
| Goods | 10000 | Goods (CIF) | 10500 | Goods (FOB) | 10200 |
| Services | --- | Services | --- | Services | --- |
| | | Exports | | Exports | |
| | | Goods | --- | Goods | --- |
| | | Services | 200 | Services | 200 |
| Balance of Imports | -10000 | Trade balance | -10300 | Trade balance | -10000 |

*1.B - Carrier is not resident in country B*

21. As 200 of transport costs is already included in the FOB price of goods, we may expect that accordingly an additional 400 transport services show up as services import in the trade in services statistics. In other words, the importer will report an import of transport services of 400 which corresponds to the transport costs bridging the borders of countries A and B, as well as transportation in country B.

**Table 2c**

| What is actually going on in terms of imports? | | What will initially be recorded? | | Our preferred recording on transaction basis | |
|---|---|---|---|---|---|
| Imports | | Imports | | Imports | |
| Goods | 10000 | Goods (CIF) | 10500 | Goods (FOB) | 10200 |
| Services | 600 | Services | 400 | Services | 400 |
| | | Exports | | Exports | |
| | | Goods | --- | Goods | --- |
| | | Services | --- | Services | --- |
| Balance of Imports | -10600 | Trade balance | -10900 | Trade balance | -10600 |

22. Also in this example, initially the CIF recording in the supply table causes the balance of trade to be understated by -300. The importer reports an import of services of 400, but the transport costs from country A to B borders are already included in the CIF value of the goods. A CIF recording would require a fictitious service trade import adjustment of -300.

23. As presented in the third column the actual FOB contract price guarantees a consistent recording.

24. The conclusions drawn from both examples 1.A and 1.B are the following. The required imputations in the trade of services cannot be made without information on the residency of the carrier (and other trade service providers) involved. This information may not be readily available. The

examples show that the recording of goods at actually observed transaction values is expected to be consistent with the recording of the corresponding trade services flows. Trading parties will either report a transaction in goods (which may to some extent include services components) or separately a transaction in trade services.

***Example 2***

25. In this example the trading parties are engaged in an "ex works" (EXW; cf. Annex 3) contract. This implies the invoice price is 10000 and the importer in country B pays separately for all transport from the seller's premises to its own.

26. This example is again elaborated from the viewpoint of the importing country (Country B). The merchandise trade statistics of country B show a CIF recording of 10500 to be included in the supply table. Again, we assume that transport services are either provided by a domestic or a foreign carrier.

*2.A - Carrier is resident in country B*

27. In this case no import of services is being recorded. In the case of an EXW contract, a CIF recording of goods leads to an understated trade balance of -500. Again, this recording requires an imputed fictitious import flow of transport services of -500 to counterbalance this inconsistency. The preferred recording based on the actual (EXW) as exposed in the third column is limited to the trade in goods only. The trade balance will not include the recording of services which is according to the actual transaction between the trading parties.

**Table 2d**

| What is actually going on in terms of imports? | | What will initially be recorded? | | Our preferred recording on transaction basis | |
|---|---|---|---|---|---|
| Imports | | Imports | | Imports | |
| Goods | 10000 | Goods (CIF) | 10500 | Goods (EXW) | 10000 |
| Services | --- | Services | --- | Services | --- |
| Exports | | Exports | | Exports | |
| Goods | --- | Goods | --- | Goods | --- |
| Services | --- | Services | --- | Services | --- |
| Balance of Imports | -10000 | Trade balance | -10500 | Trade balance | -10000 |

*2.B - Carrier is not resident in country B*

28. The EXW contract leads to a separate recording of all transport services of 600. As a result the CIF recording of imports of goods in the supply table leads again to an overstated import of 500. This amount corresponds to the transport services included in the CIF value. The CIF recording requires a counterbalancing recording import of services of the same amount (-500) which is not observed in reality.

**Table 2e**

| What is actually going on in terms of imports? | | What will initially be recorded? | | Our preferred recording on transaction basis | |
|---|---|---|---|---|---|
| Imports | | Imports | | Imports | |
| Goods | 10000 | Goods (CIF) | 10500 | Goods (EXW) | 10000 |
| Services | 600 | Services | 600 | Services | 600 |
| | | Exports | | Exports | |
| | | Goods | --- | Goods | --- |
| | | Services | --- | Services | --- |
| Balance of Imports | -10600 | Trade balance | -11100 | Trade balance | -10600 |

29. The examples 2.A and 2.B confirm the conclusions made under example 1. Without information of residency of the carrier, proper imputations cannot be made and a CIF/FOB recording diverging from the actual transaction value will easily lead to mistakes in the trade balance. The third columns illustrate a consistent recording based on the observed EXW transaction.

**To conclude**

30. This paper illustrates that a CIF/FOB recording may lead to mistakes in the trade balance when such recordings are not according to actually observed transaction values. CIF/FOB recording adjustments are not according to the general SNA principle of recording on ownership transfer basis as they require adjustments of services flows as actually observed.

31. The illustrated measurement complexities also occur when applying in the national accounts the CIF/FOB adjustments. Further, it can easily be shown that measurement errors will also occur when applying FOB valuation adjustments of goods exports.

32. The recording in the national accounts and balance of payments of imports and exports on actually observed transaction values seems to be a practical way out. Our suggestion is to recommend such a recording in the future international guidelines for national accounts and balance of payments.

33. Of course in theory this implies not having a uniform valuation principle for the international trade in goods (imports, exports). But in practical terms this means avoiding detailed data modifications which easily lead to lower quality results and disturbances in the trade balance. It may even give rise to further asymmetries in the trade data between countries.

34. In the case of merchanting, international traders will not easily be able to report on the FOB values of goods purchases and the CIF values of their sales. They will be able to report on the actual purchases and sales prices.

35. Summing up:

- The information obtained from the merchandise trade statistics to adjust transaction values to CIF/FOB is (at least in the Netherlands) of low quality (cf. table 1);
- The corresponding adjustment in the trade of services cannot be made without information on the residency of the carrier (and other trade service providers) involved (cf. tables 2a-2e) and on the terms of delivery. This information may not be readily available.

- The recording of goods at actually observed transaction values is expected to prevent further inconsistencies in the recording of goods and services trade flows. Please be aware that merchandise trade statistics follow a cross border registration while trade in services statistics follow a BPM6 - transfer of ownership - recording. Bridging these conceptual differences is already challenging as it is. Overall, for the total balance of trade (goods and services), this recording may even lead to smaller asymmetries in the bilateral trade balances between countries.

## Annex 1 – references to BPM6

10.30 The principle for valuation of general merchandise is the market value of goods at the point of uniform valuation. The point of uniform valuation is at the customs frontier of the economy from which the goods are first exported, that is, free on board (FOB). Market value is discussed in paragraphs 3.67–3.80.

10.31 The terms of delivery of goods are the responsibility of the buyer and seller of goods under each contract. The arrangements made between exporters and importers vary. As a result, transaction prices agreed between exporters and importers include varying amounts of distribution costs, including none, some, or all of wholesaling, transport, insurance, and taxes. An example is given in Box 10.2. Data from international transactions reporting systems and business surveys use transaction prices, and so have a variable mix of valuation bases.

10.32 IMTS use FOB-type valuation as the statistical value of exports and CIF-type for imports. FOB type valuations include:

(a) FOB—at port on the frontier of the exporting country (for goods dispatched by sea or inland waterway);

(b) “free carrier” (FCA)—at terminal on the frontier of the exporting country (for goods dispatched by means of transport to which FOB is not applicable); and

(c) “delivered at frontier” of the exporting country (for goods dispatched by means of transport to which FOB and FCA are not applicable; e.g., when goods are exported by railroad or pipeline). (Where the customs frontier is not applicable, such as where there is a single market, the territorial frontier is used in its place. There may be cases where the application of FOB-type values is problematic, such as for goods under merchanting, nonmonetary gold changing ownership without delivery, or goods processed and sold in the economy of processing, so a transaction value is used.)

10.33 CIF-type valuations include:

(a) “cost, insurance, and freight” (CIF) at the border of the importing country; and

(b) “carriage and insurance paid” to the border of the importing country.

10.34 To convert imports from CIF to FOB valuation for international accounts purposes, the value of freight and insurance premiums incurred from the frontier of the exporting country to the border of the importing country should be deducted. Ideally, CIF to FOB adjustment for imports should be obtained for each goods transaction, or at a detailed level. The relationship of FOB to CIF prices varies according to factors such as the type of good, weight, scale (bulk or not), special needs (such as refrigeration or careful handling), mode of transport, and the distance traveled. CIF to FOB ratios change over time, due to factors such as fuel prices, competition and technology in the transport industry, change in the proportion of different types of goods, and changes in source economies. For goods when the customs points of the exporting and importing territory are contiguous, the CIF and FOB values would be the same.4 The FOB valuation point means that export taxes are treated as payable by the exporter and that import duties and other taxes of the importing economy are payable by the importer. To the extent that this is not the case, adjustments like those for freight and insurance are necessary.

10.35 In some cases an estimate of a marketprice equivalent price may need to be made. (See paragraphs 3.71–3.79 for more details.) For example, barter trade, aid goods, provision of goods and services between affiliated enterprises, under- or overinvoicing, goods on consignment or for auction, or where goods change ownership but a final price is determined later may require adjustment to the goods value. Such adjustments may also require corresponding financial account items, such as trade credit; in the case of goods supplied by direct investors to their direct investment enterprise below cost or without charge, the corresponding entry is direct investment equity.

10.36 Compilers should verify that realistic valuations have been used in customs declarations, rather than notional figures, such as zero, or a price that is small or highly rounded. In the cases when the price is determined later, subsequent adjustments should be made to take into account the final price when it becomes available. The recording of possible adjustments is discussed further in paragraph 3.73.

**Box 10.3. Numerical Examples of the Treatment of Freight Services**

A piece of equipment costs 10,000 units at the factory at which it was produced in Economy A. It costs 200 to transport it to the customs frontier of Economy A, 300 to transport it from the customs frontier of Economy A to the customs frontier of Economy B, where a customs duty of 50 is levied, and it costs 100 to deliver it from the customs frontier to the customer. (For simplicity, insurance of the equipment during transport is not covered in the example.) Under all contractual arrangements between the parties, the FOB value is 10,200 and the CIF value is 10,500. However, how the services are recorded depends on the arrangements for paying the transport costs and the residence of the transport provider. A few of the possible arrangements are discussed below:

**Example 1:**

The parties contract on an FOB basis (i.e., the invoice price is 10,200; the exporter is responsible for costs up to the frontier of A and the importer is responsible for subsequent costs). In this case, no rerouting needed. All freight is shown as being provided by the actual provider and payable by the actual invoiced party.

**Example 2:**

The parties contract on an “ex works” basis (i.e., the invoice price is 10,000; the buyer pays for transport from the seller’s premises).

• The freight from the factory to the customs frontier of Economy A is provided by a resident of Economy A. The 200 payable, which is actually a service provided by a resident of Economy A and payable by a resident of Economy B, must be rerouted to be shown as a resident-to-resident transaction within A, as all costs up to the frontier of the exporting economy are treated as being payable by the exporter and included in the price of the goods.

• The freight from the factory to the customs frontier of Economy A is provided by a resident of Economy B. The 200 payable, which is actually a domestic service transaction within Economy B, must be rerouted as being a service provided from B to A, as all costs up to the frontier of the exporting economy are treated as being payable by the exporter.

**Example 3:**

The parties contract on a CIF basis (i.e., the invoice price is 10,500). The 300 payable for freight from the customs frontier of Economy A to that of Economy B is rerouted, because the contract makes it payable by the exporter, but it is treated as payable by the importer in balance of payments statistics (i.e., following FOB valuation). As a result, if the freight provider is a resident of A, a domestic transaction within A is treated as being a balance of payments transaction. Conversely, if the freight provider is a resident of B, an international transaction is treated as being a domestic transaction within B. It is not normally possible to study every contract, so general patterns of freight cost arrangements need to be identified. When contract terms other than FOB are used, actual payment arrangements for freight may need adjustments to meet the FOB valuation convention. In all cases where apparently domestic transactions are rerouted to be recorded as international transactions, or vice versa, goods trade must be recorded on a consistent basis, so that the financial payment from B to A equals the sum of its goods and services imports, both before and after re-routing adjustments. (If the goods are recorded at FOB values, the adjustments to freight bring them into consistency with goods; if the goods are recorded at transaction values, the goods values need corresponding adjustments.) Rentals, charters, or operating leases of vessels, aircraft, freight cars, or other commercial vehicles with crews for the carriage of freight are included in freight services. Also included are towing and services related to the transport of oil platforms, floating cranes, and dredges. Financial leases of transport equipment are excluded from transport services (see paragraphs 5.56– 5.59 and 10.17(f)).

## Annex 2 – References to the 2008 SNA

3.149 Imports and exports of goods are recorded in the SNA at border values. Total imports and exports of goods are valued free-on-board (FOB, that is, at the exporter's customs frontier). As it may not be possible to obtain FOB values for detailed product breakdowns, the tables containing details on foreign trade show imports of goods valued at the importer's customs frontier (CIF, that is, cost, insurance and freight), supplemented with global adjustments to FOB values. CIF values include the insurance and freight charges incurred between the exporter's frontier and that of the importer. The value on the commercial invoice may of course differ from both of these.

14.69 In most countries, most information on imports and exports of goods will come from customs declarations. These declarations are compiled for administrative purposes, namely the levy of import and export duties, and are therefore not necessarily ideal for use in the national accounts or balance of payments context but are used because of their general availability and consistency of valuation.

14.70 Within customs declarations, imports are usually valued CIF (that is, they include cost, insurance and freight) at the point of entry into the importing economy. This valuation is standard, regardless of whether any of the CIF elements are provided by domestic enterprises because import duties are typically imposed on the CIF valuation. It also excludes the cost of transport from the border of the importing economy to the premises of the importer. This transport also may be provided by either a resident or non-resident carrier. Exports are valued FOB (free on board) at the point of exit from the exporter's economy. It includes the cost of transport from the exporter's premises to the border of the exporting economy. The CIF/FOB valuation principles arise from the common situation where goods are transported by ship from one country to another and it is not unreasonable to assume that transport to and from the ship would be undertaken by carriers resident in the relevant economy. This assumption may still hold in the main for goods transported by sea and air. It is much less satisfactory for goods transported overland where a single vehicle may transport goods from the exporter to importer without a break at national borders.

14.71 As noted already, if it is the exporter that contracts the delivery (whatever the nationality of the carrier), it is correct that the cost of transport is included in the value of the good imported, though describing this as CIF is not helpful in the context of the SNA since it is a legitimate part of the cost of the imported good and should not be seen as a separate import of transport services. The delivery contractor provides services to the exporter and these are shown as an import of services to the exporting economy if the contractor is not co-resident with the exporter.

14.72 If it is the importer that contracts the delivery and if the carrier is not co-resident with the importer, an import of services takes place and, ideally, for the SNA it would be desirable to separate the CIF value into the value of the good only and the value of the transport service. If the importer undertakes delivery itself or contracts with a unit resident in the same economy, there is in fact no import of services even though it will appear there when imports of goods are recorded CIF. To counteract this, a fictional export of the same amount of services must be shown to leave the current balance of goods and services correct.

**Annex 3 – overview of incoterms**

| Incoterm 2010 | Export-Customs declaration | Carriage to port of export | Unloading of truck in port of export | Loading charges in port of export | Carriage (Sea Freight/Air Freight) to port of import | Unloading charges in port of import | Loading on truck in port of import | Carriage to place of destination | Insurance | Import customs clearance | Import taxes |
|---|---|---|---|---|---|---|---|---|---|---|---|
| EXW | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer |
| FCA | Seller | Buyer or Seller* | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer |
| FAS | Seller | Seller | Seller | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer |
| FOB | Seller | Seller | Seller | Seller | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer |
| CFR | Seller | Seller | Seller | Seller | Seller | Seller | Buyer | Buyer | Buyer | Buyer | Buyer |
| CIF | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Buyer | Seller | Buyer | Buyer |
| CPT | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Buyer | Buyer | Buyer |
| CIP | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Buyer | Buyer |
| DAT | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Buyer | Buyer |
| DAP | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Buyer | Buyer |
| DDP | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller |