UNITED NATIONS
DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS
STATISTICS DIVISION

Expert Group on International Merchandise Trade Statistics
First meeting
New York, 3-6 December 2007

Country Presentation
Brazil

Item 9: Imports CIF and FOB

**Expert Group Meeting on International
Merchandise Trade Statistics
First meeting – New York – 3-6 December 2007**

HOW TO PRODUCE STATISTICS ON IMPORTS FOB?

The Brazilian Experience

Why to produce imports fob ?

◆ With the current globalization and the growing need to examine bilateral trade, the data production of import fob, with the greatest level of detail possible as information (by the addition of the Declaration of Import), is essential to identify the likely comparative differences.

◆When you compare statistics of two countries, the idea is to compare the flow (export and import) using the same valuation (incoterm) and, as most of the data are in export FOB, it is essential to have data fob imports, in order to not find unrealistic differences.

Why to produce imports fob ?

◆ **Likewise, statistical data of import fob are widely used by central banks in balances of payment and systems of national accounts. When a country does not produce statistics for imports FOB, it uses statistical methods based on experiences that usually distort bilateral figures, mainly because these models do not take into account the characteristics of products traded, distance, mode of transport and so on.**

◆ **In Brazil, all foreign trade operations are automated through the Integrated System of Foreign Trade – SISCOMEX -, involving the three bodies responsible for Brazilian foreign trade: Ministry of Finance, Secretary of Foreign Trade and Central Bank of Brazil, each with their own specific activities.**

◆**On the next slides, I will present how we obtain the imports fob data in Brazil using that System.**

How to produce statistics on imports fob? The Brazilian experience.

◆ **STEP 1 - The importer access the SISCOMEX and supplies all business information, including incoterm used in the condition of purchase, typing all the values in the same condition;**

◆**STEP 2 – Internally, the system evaluates the information provided and converts, systemically, all incoterms to the value of the goods at the place of boarding, equivalent to the FOB value.**

How to produce statistics on imports fob? The Brazilian experience.

◆**STEP 3 - Once a declaration of import contains more than one commodity, the system makes the distribution of additional costs in accordance with the incoterm used. If you have only one product, the distribution of costs is direct;**

STEP 4 - We take as an example a statement on the condition of import purchasing CIF (Cost, Insurance and Freight) and with several additions (more than a commodity):

How to produce statistics on imports fob? The Brazilian experience.

◆**STEP 5 - The distribution of freight is made in proportion to the net weight of each commodity;**

◆**STEP 6 - The distribution of the insurance is made in proportion to the value of each commodity.**

With the steps 5 and 6, we have, for example:
Value of imports CIF: 10,000
Net weight in kg: 10,000
Total amount of freight: 1,000
Total value of insurance: 1,000
Number of goods of DI: 5 items of the HS

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◆ **STEP 8 - Value of each Addition:**

- Commodity 1 - Value of imports CIF: 1,000
Net weight in kg: 7,000

- Commodity 2 - Value of imports CIF: 2,000
Net weight in kg: 200

- Commodity 3 - Value of imports CIF: 3,000
Net weight in kg: 1,300

- Commodity 4 - Value of imports CIF: 2,000
Net weight in kg: 1,300

- Commodity 5 - Value of imports CIF: 2,000
Net weight in kg: 200

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◆**STEP 9 - Distribution of freight (1,000) by Kg**
Commodity 1-Value of imports CIF: 1,000
              Net weight in kg: 7,000   ->700
Commodity 2-Value of imports CIF: 2,000
              Net weight in kg: 200   ->20
Commodity 3-Value of imports CIF: 3,000
              Net weight in kg: 1,300   ->130
Commodity 4-Value of imports CIF: 2,000
              Net weight in kg: 1,300   ->130
Commodity 5-Value of imports CIF: 2,000
              Net weight in kg: 200   ->20

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◆ **STEP 10 - Distribution of Insurance (1,000)**
Commodity 1 - Value of imports CIF: 1,000 ->100
Net weight in kg: 7,000
Commodity 2 - Value of imports CIF: 2,000 ->200
Net weight in kg: 200
Commodity 3 - Value of imports CIF: 3,000 ->300
Net weight in kg: 1,300
Commodity 4 - Value of imports CIF: 2,000 ->200
Net weight in kg: 1,300
Commodity 5 - Value of imports CIF: 2,000 ->200
Net weight in kg: 200

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◆ **STEP   11 - Calculation   of   FOB   value   of   goods:**

Commodity 1 - Value of imports CIF: 1,000 -100-700 = 200 fob
Net weight in kg: 7,000
Commodity 2 - Value of imports CIF: 2,000 -200-20 = 1,780 fob
Net weight in kg: 200
Commodity 3 - Value of imports CIF: 3,000 -300-130=2,570 fob
Net weight in kg: 1,300
Commodity 4-Value of imports CIF: 2,000 -200-130 = 1,570 fob
Net weight in kg: 1,300
Commodity 5-Value of imports CIF: 2,000 -200-20 = 1,780 fob
Net weight in kg: 200

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◆ **Additionally, that methodology can be applied on a manual system of statistics production   or   on   hybrid   systems (papers and automatic systems).**

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Comparative of incoterms with FOB

C + F	cost plus freight >	DDU	delivered duty unpaid >
C + I	cost plus insurance >	DEQ	delivered ex quay (duty paid >
CFR	cost and freight >	DES	delivered ex ship >
CIF	cost, insurance and freight >	EXW	ex works < =
CIP	carriage and insurance paid to >	FAS	free alongside ship <=
CPT	carriage paid to >	FCA	free carrier <=
DAF	delivered at frontier >=	FOB	free on board =
DDP	delivered duty paid >	OSC	Another condition of sale >=

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Note: (+) sum to the value on condition of sale (-) Reduces the value on condition of sale	EXW	FCA	FAZ	FOB	CFR	CIF	CPT	CIP	DAF	DES	DEQ	DDU	DDP
Value on condition of sale	+	+	+	+	+	+	+	+	+	+	+	+	+
Shipping in the exporting country	+												
Secure in the exporting country	+												
L / U / H in the exporting country	+												
International Freight					-	-	-	-		-	-	-	-
International Insurance						-		-		-	-	-	-
Loading, unloading and handling international					-	-	-	-		-	-	-	-
Customs duties and taxes											-		-
Freight in the country of importation							-	-				-	-
Insurance in the country of importation								-				-	-
L / U / H in the country of importation							-	-				-	-
Interest on financing	-	-	-	-	-	-	-	-	-	-	-	-	-
Another costs	-	-	-	-	-	-	-	-	-	-	-	-	-

The IMTS recommendation (Ver.2)

Par. 116.   To promote the comparability of international merchandise trade statistics and taking into account the commercial and data reporting practices of the majority of countries, <u>it is recommended</u> that:

-   (a) *The statistical value of imported goods* be a CIF-type value;

Par. 121. <u>It is recommended</u> that countries which use CIF-type values of imports make efforts to collect separately data for freight and insurance, at the most detailed commodity/partner level possible, in order to derive the FOB-type values needed for national accounts and balance of payments statistics. When such data are not available directly, countries may wish to obtain them through sampling.

New IMTS recommendation (Ver.3) (suggest)

Par. 116(?).   To promote the comparability of international merchandise trade statistics, for national accounts and balance of payments statistics and taking into account the commercial and data reporting practices of countries, <u>it is recommended</u> that:

-   (a) *The statistical value of imported goods* be a FOB - type value;

Par. 121(?). <u>It is recommended</u> that countries which use CIF-type values of imports make efforts to collect separately data for freight and insurance, at the most detailed commodity/partner level possible, in order to derive the FOB - type values needed. When these data are not available directly, countries may wish to obtain them through sampling or applying the method of distribution used by several countries, available in Annex "nn".

MINISTRY OF DEVELOPMENT, INDUSTRY AND FOREIGN TRADE

SECEX

SECRETARIAT OF FOREIGN TRADE

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