

C. Emerging good practices in the compilation of free on board (FOB)-type value of imported goods

14.20. A number of countries compile FOB-type value of imported goods on a regular basis. An example of how this is done is provided in box XIV.1 below.

Box XIV.1

The practice of the Philippines in computing the FOB value of imports

The valuation of imports in its monthly releases in the Philippines is in terms of FOB value. The final publication for imports, however, consists of both FOB and CIF.

The FOB value is computed in two ways. First, the terms of delivery or Incoterms in box 20 of the Import Entry and Internal Revenue Declaration Form (IERD) is checked. If the entry in box 20 is FOB, the value is simply copied. If the terms of delivery is CFR, the FOB value is computed by subtracting the Freight value which is found in box 9a of the IERD. If the terms of delivery are CIF, the FOB value is computed by subtracting the sum of the freight value (box 9a) and the insurance value (Box 9b).

Another way to compute the FOB value is as follows: FOB value = Dutiable value in pesos (box 46)/Exchange rate (box 23) – [Freight value (box 9a) + Insurance value (box 9b)]

14.21. *Adjustments to invoice value to obtain FOB-type value of imported goods.* Table XIV.2 provides guidance on the adjustments to invoice price that are required to obtain the FOB-type value of imported goods. (See para. 14.17 for explanation of the notation used in Table 14.2)

14.22. *Estimation of FOB value of imports from alternative data sources.* In cases where FOB values are not available from the primary trade data source, they can be estimated using actual or estimated freight and insurance costs for transactions that are provided by traders on declarations, supplemented by information on freight and insurance rates from providers of those services. Further, CIF/FOB adjustment factors could be obtained for a sample of imports through supplementary surveys of importers. The sample could be selected from the imports declarations, with information on importers' names and contact addresses being the basis for the survey. Another possibility is to obtain information on the exported value in cooperation with authorities in the exporting countries, if processing systems and confidentiality rules allow declarations to be accessed.

Table XIV.2

Adjustments to the invoice price required to obtain FOB-type value of imported goods

Cost items	Terms of delivery											
	F	E	F	F	C	C	C	C	D	D	D	D
	O	X	C	A	F	I	P	I	A	A	D	D
	B	W	A	S	R	F	T	P	T	P	P	P
			/x									
Costs in exporting country												
1. Cost of loading on internal transport	Y	+	*	*	*	*	*	*	*	*	*	*
2. Cost of transportation from seller's warehouse to main carrier (including container stuffing costs)	Y	+	*	*	*	*	*	*	*	*	*	*
3. Cost of insurance to border of exporting country	Y	+	*	*	*	*	*	*	*	*	*	*
4. Contract of carriage, trade documents in exporting country	Y	+	*	+	*	*	*	*	*	*	*	*
5. Cost of loading on main carrier (including transport and warehouse port costs)	Y ^a	+	+	+	*	*	*	*	*	*	*	*
6. Cost of customs clearance at exportation, including any export duties and other charges	Y	+	*	*	*	*	*	*	*	*	*	*
Main carriage												
7. Cost of international carriage to border of importing country												
8. Cost of insurance while in international carriage												
Costs in importing country												
9. Cost of customs clearance at importation, including import duties and other charges												
10. Cost of unloading at the port of importation (including transport and warehouse port costs)							^b					
11. Cost of transportation in the importing country (including container un-stuffing costs)												
12. Cost of insurance while in transport in the importing country												
13. Cost of unloading at the buyer's warehouse												

Abbreviations: CIF: cost, insurance, freight; EXW: ex works; FCA: free carrier; FAS: free alongside ship; FOB: free on board; CFR: cost and freight; CPT: carriage paid to; CIP: carriage and insurance paid to; DAT: delivered at terminal; DAP: Delivered at place; and DDP: delivered duty paid.

Note: "Y" signifies that a cost item is covered by the definition of FOB-type value and normally included in the invoice price when delivered under FOB terms. An asterisk (*) signifies that the cost item is normally included in the invoice price, when the goods are delivered under the terms indicated by the columns heading, with no adjustment needed. A plus sign (+) signifies that the cost item is excluded from the invoice price and is to be added. A minus sign (-) signifies that the cost item is included in the invoice price and is to be subtracted.

^aUnder the FOB term, this cost item may be divided between seller and buyer and may be only partially included in the invoice value of the goods. However, it should be fully *included* in the FOB-type statistical value of imported goods.

^bUnder the CIF term, this cost item may be divided between seller and buyer and may be only partially included in the invoice value. However, it should be fully *excluded* from the FOB-type statistical value of imported goods.

14.23. *Adjustment factors.* If it is not possible to calculate the FOB value of imports directly, adjustment factors can be derived. The allocation of work in this area between trade statistics and balance-of-payments compilers will depend on national circumstances, but the interlinked nature of the tasks means that there should be close cooperation. As freight and insurance costs vary with factors such as the commodities involved, mode of transport, size of consignment, and distance between ports, adjustment factors should be derived in some detail, for example, by country, product and mode of transport. To the extent that the costs vary over time and with the mix of products, they will need to be updated frequently. For adjustment factors from samples, the degree of detail is likely to be considerably less than is possible with complete coverage from customs declarations. Adjustment factors are usually expressed as percentages of trade values, but this is only an approximation, as some costs relate to weight or volume rather than to value. In addition, the relative prices of the good and its transport costs might move in different ways (for example, if metal prices fall, there is no reason to expect that freight costs will also fall). The insurance companies that insure goods when they leave a country are possible sources of information on insurance costs.