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APPENDIX E

DERIVATION OF C.I.F./F.O.B. CONVERSION FACTORS

Table E-1 presents details of the computations made to derive the factors for adjusting imports where recorded c.i.f. to an f.o.b. basis (Tables 11 to 15).¹ These details come from estimates for 190 items made by the U.S. Tariff Commission on the basis of an examination of entry documents for some 13,000 import shipments in 1965 (only part of which relate to the import categories covered by the present analysis). The Tariff Commission's investigation was directed toward ascertaining the increases that would be needed to express U.S. import values on a c.i.f. basis comparable to the way most other countries' imports are recorded. One may therefore question the appropriateness of these factors for converting other countries' imports to an f.o.b. basis. The reasons for doing so are given in the first section of Chapter 4. It may be noted that the adjustment factors obtained are applied to the four main groups of products distinguished in Table E-1 and are not used at any finer level of detail.

¹ Table E-1 covers only the labor-intensive manufactures which are the main subject matter of this study. The same source (i.e., the Tariff Commission's report) has also been used to make a rough adjustment of other categories of trade given in Tables 10 and 17.

TABLE E-1

Derivation of Estimated Freight and Insurance Charges for Present Analysis from Tariff Commission Study

TSUS Schedule, Part and Subpart	Main Groups and Subgroups Used in Present Analysis (<i>italicized</i>) and Selected Items from Tariff Schedules of the United States	Recorded Value of U.S. Imports (\$ million)		Estimated Freight and Insurance as Per Cent of Recorded Value	
		(1)	(2)	T.C. Study (2)	Derived Average (3)
	<i>Labor-intensive manufactures, total</i>	1,010*			11.3
	<i>1. Textiles; clothing and accessories</i>	286*			7.0
	<i>a. Yarn and thread</i>	6*			n.a.
	(not reported separately from raw fibers in T.C. study)	n.a.		n.a.	
	<i>b. Cotton fabrics, woven</i>	62*			4.0
3/3/A	Woven fabrics, cotton	122		4	
	<i>c. Other woven fabrics, excl. jute products</i>	9*			6.5
3/3/C	Woven fabrics, wool	104		8	
3/3/D	Woven fabrics, silk	30		7	
3/3/E	Woven fabrics, man-made fibers	49		5	
3/3/F	Woven fabrics, other textile materials	2		6	
	<i>d. Textile small wares and specialties</i>	13*			10.0
3/4/A	Knit, pile, tufted, and narrow fabrics; braids and elastic fabrics	28		8	
3/4/B	Lace, netting, and ornamented fabrics	8		10	
3/4/C	Wadding, felts, and articles thereof; fish netting and nets; artists' canvas; coated or filled fabrics; hose; machine clothing; other special fabrics				
3/5/C	Tapestries, linens, and other furnishings	35		14	
		21		5	

(continued)

TABLE E-1 (continued)

TSUS Schedule, Part and Subpart	Main Groups and Subgroups Used in Present Analysis (<i>italicized</i>) and Selected Items from Tariff Schedules of the United States	Recorded Value of Imports (\$ million) (1)	T.C. Study (2)	Estimated Freight and Insurance as Per Cent of Recorded Value (3)
	e. <i>Carpets and other floor covering</i>	16*		9.0
3/5/A	Textile floor coverings	44	9	
	f. <i>Clothing and accessories, excluding goods of leather, rubber and plastic</i>	181*		7.6
3/6/A	Handkerchiefs	14	3	
3/6/B	Mufflers, scarves, shawls, and veils; men's and boys' neckties	21	4	
3/6/C	Hosiery	5	n.a.	
3/6/D	Garters and suspenders; body-supporting garments; rainwear	18	5	
3/6/E	Underwear	2	3	
3/6/F	Other wearing apparel	403	8	
	2. <i>Other light manufactures except food</i>	269*		11.6
	a. <i>Footwear and other leather, rubber and plastic goods</i>	54*		10.5
7/1/A	Footwear	160	10	
7/1/C	Gloves	62	5	
7/1/D	Luggage: handbags; billfolds, card cases, coin purses, and similar flat goods	50	13	
7/12/C	Specified rubber and plastic products	88	10	
7/13/B	Articles of fur and leather	17	5	

(continued)

TABLE E-1 (continued)

TSUS Schedule, Part and Subpart	Main Groups and Subgroups Used in Present Analysis (<i>italicized</i>) and Selected Items from Tariff Schedules of the United States	Recorded	Estimated Freight and	
		Value of U.S. Imports (\$ million) (1)	Insurance as Per Cent of Recorded Value T.C. Study (2)	Derived Average (3)
	<i>b. Glassware, china and pottery</i>	3*		15.0
5/2/C	Table, kitchen, household, art and ornamental pottery	73	14	
5/3/C	Glassware and other glass products	35	17	
	<i>c. Furniture</i>	7*		18.0
7/4/A	Furniture, pillows, cushions, and mattresses	57	18	
	<i>d. Books and other printed matter</i>	4*		7.0
2/5	Books, pamphlets, and other printed matter	75	7	
	<i>e. Games, toys, sport goods, and musical instruments</i>	26*		12.0
7/3/A	Musical instruments	40	13	
7/3/B	Musical instrument parts and accessories	10	9	
7/5/D	Games and sporting goods	42	9	
7/5/E	Models; dolls, toys, tricks, party favors	76	14	
	<i>f. Jewelry and silverware</i>	18*		10.0
7/6/A	Jewelry and related articles	27	17	
7/6/B	Cameos; natural, cultured, and imitation pearls; imitation gemstones; beads and articles of beads	34	5	

(continued)

TABLE E-1 (continued)

TSUS Schedule, Part and Subpart	Main Groups and Subgroups Used in Present Analysis (<i>italicized</i>) and Selected Items from Tariff Schedules of the United States	Recorded	Estimated Freight and	
		Value of U.S. Imports (\$ million) (1)	Insurance as Per Cent of Recorded Value T.C. Study (2)	Derived Average (3)
	<i>g. Costume jewelry and notions</i>	90*		16.0
7/7/A	Buttons, buckles, pins, hooks and eyes, and slide fasteners	11	5	
7/7/B	Artificial and preserved flowers and foliage; millinery ornaments; trimmings; leather products	45	24	
7/8/A	Combs, hair ornaments, brooms and brushes, paint rollers	11	15	
7/8/B	Umbrellas, walking sticks, whips, riding crops, and parts thereof	7	9	
7/9/B	Cigar and cigarette lighters and holders; tobacco pipes	12	7	
7/10	Pens, pencils, leads, crayons, and chalks	8	5	
	<i>h. Optical goods, cameras, watches and instruments</i>	3*		3.0
7/2/A	Optical elements, spectacles, microscopes, and telescopes; optical goods not elsewhere provided for	63	6	
7/2/B	Medical and surgical instruments and apparatus; x-ray apparatus	23	5	
7/2/E	Watches, clocks, and timing apparatus	101	1	
7/2/F	Photographic equipment and supplies	102	3	
	<i>i. Cutlery, hardware, and other metal products</i>	14*		9.0
6/3/D	Nails, screws, bolts, and other builders' hardware; furniture, luggage, and saddlery hardware	117	11	
6/3/E	Tools, cutlery, forks and spoons	80	2	
6/3/F	Miscellaneous metal products	106	12	
6/3/G	Metal products not specially provided for	33	9	

(continued)

TABLE E-1 (continued)

TSUS Schedule, Part and Subpart	Main Groups and Subgroups Used in Present Analysis (<i>italicized</i>) and Selected Items from Tariff Schedules of the United States	Recorded Value of U.S. Imports (\$ million) (1)	Estimated Freight and Insurance as Per Cent of Recorded Value	
			T.C. Study (2)	Derived Average (3)
6/5	<i>j. Electrical apparatus and supplies</i> Electrical machinery and equipment	46* 686	6	6.0
6/4/H 6/4/J	<i>k. Nonelectrical machinery and equipment</i> Other machines Parts of machines	4* 70 65	8 2	5.0
1/3/B 1/3/C 1/3/D	<i>3. Labor-intensive Food Manufactures</i> <i>a. Fish and fish products</i> Fish, dried, salted, pickled, smoked, or kippered Fish in airtight containers Other fish products	112* 45* 16 43 6	10 5 10	9.2 6.7
1/8/B 1/8/C 1/8/D 1/9/C 1/9/D 1/12/A	<i>b. Fruit and vegetables</i> Vegetables, dried, desiccated, or dehydrated Preserved vegetables Mushrooms and truffles Fruit flours, pastes, pulps, jellies, jams, marmalades, and butters Glacé nuts, fruits, and other vegetable substances Fruit juices	65* 3 23 9 6 2 10	n.a. 13 6 11 5 12	11.0
1/10/C 1/13	<i>c. Miscellaneous food and cigars</i> Confectionery Tobacco and tobacco products	3* 23 135	8 8	8.0

(continued)

TABLE E-1 (continued)

TSUS Schedule, Part and Subpart	Main Groups and Subgroups Used in Present Analysis (italicized) and Selected Items from Tariff Schedules of the United States	Recorded	Estimated Freight and	
		Value of U.S. Imports (\$ million) (1)	Insurance as Per Cent of Recorded Value T.C. Study (2)	Derived Average (3)
	4. Labor-intensive industrial materials	342*		15.5
	a. Products of jute and other coarse fibers	195*		8.4
3/3/B	Woven fabrics, vegetable fibers (except cotton)	202	9	
3/2	Cordage	48	6	
	b. Leather and tanned or dressed furs	21*		5.0
1/5/A	Hides, skins, and leather	144	5	
	c. Lumber, plywood, etc.	116*		29.1
2/1/A	Rough and primary wood products; wood waste	74	8	
2/1/B	Lumber, flooring, and moldings	387	41	
2/1/C	Densified wood and articles thereof	1	3	
2/1/D	Wooden containers	7	12	
2/1/E	Miscellaneous products of wood	23	18	
2/1/F	Articles not specially provided for, wood	12	11	
2/2/A	Cork and cork products	9	3	
2/2/B	Bamboo, rattan, willow, and chip; basketwork, wickerwork, and related products of fibrous vegetable substances	17	12	
2/3	Wood veneers, plywood and other wood-veneer assemblies, and building boards	191	19	

(continued)

TABLE E-1 (concluded)

TSUS Schedule, Part and Subpart	Main Groups and Subgroups Used in Present Analysis (<i>italicized</i>) and Selected Items from Tariff Schedules of the United States	Recorded	Estimated Freight and Insurance as Per Cent of Recorded Value	
		Value of U.S. Imports (\$ million) (1)	T.C. Study (2)	Derived Average (3)
	<i>d. Building materials of clay, stone, etc.</i>	11*		17.6
5/1/C	Stone and stone products	22	22	
5/2/B	Ceramic construction articles	12	12	
5/3/B	Flat glass and products thereof	52	19	

Note: Figures in column 1, except those with asterisk, and all figures in column 2 are from tabulations by the U.S. Tariff Commission accompanying its release of February 7, 1967, entitled "C.I.F. Value of U.S. Imports." Items with asterisk in column 1 are from compilations prepared for present study on imports from less developed countries. The averages for subgroups in column 3 are weighted by total U.S. imports of component items in column 1. The averages for the four main groups and for all labor-intensive manufactures are then derived from the subgroup averages weighted by imports from less developed countries.

*Silverware is not given separately in Tariff Commission study.