Facultat d'Economia i Empresa	
External trade (Comerç Exterior)	
Code: 102342 Track: ADE	**Grup 4** Fall term

Tutorial: Export incentives (CARI) [2]

1) The manager of EQUIPISA signs a contract. The commercial invoice includes the following information:

- Exporter: Equipisa (Spain)
- Importer: Ramhir-Manzan LTD (Pakistan)
- Description of the goods: 5 equipments
- Value (CIF): 5,000,000 $ including
    a) Good and services to be exported: 4,000,000 $
        - Origin: Spain: 3,750,000 $
        - Origin: Canada: 250,000 $

    b) Freight and insurance costs: 1,000,000 $
    These services can be provided by Spanish firms (case 1), Pakistan firms (case 2) or US firms (case 3),

    c) Broker commission: 350,000 $

- Insurance premium: 150,000 $
- Cash-in-advance payment 15% of the value of the goods and services to be exported.

Focusing on the previous data, calculate the maximum amount of CARI that EQUIPISA could enjoy for each of the three possible situations.

2) The manager of JAM signs a contract. The commercial invoice includes the following information:

- Exporter: JAM (Spain)
- Importer: MOB (French Guyana)
- Description of the goods: 100 ton of recycled cloth imported from Taiwan

[2] Remind: these incentives are granted only in the case of machinery-equipment export (85% FOB). These products must be produced in Spain and traded OUTSIDE the EU. Then, starting from their FOB value, you have to deduce the embedded foreign services that exceed the 15% FOB (unless you enjoy an special exemption granted by the DGOB that raises that limit to 30%), the value of local services that exceed 15% FOB as well as the amount of other commissions that exceed 5% FOB (again, unless you enjoy a special exemption). As for the freight and insurance costs: in case they are provided by a Spanish firm that can be fully included and added up to the FOB value of the merchandise. Instead, in case of being provided by a firm in the destination country they can be financed up to the 15% of their value, unless you are already financing other costs in the chapter of "local costs". In this case, you need to adjust their value to fulfill the limit of 15%. The same applies in the case of freight services provided by a firm belonging to a third country. The procedure is the same as in the case of "local costs" but you have to consider the expenditure chapter "third country or foreign services/material". Pay attention for the case of developing countries.

- Value (CIF): 7,550,000 $

Including:

a) FOB: 6,550,000 $
b) Spanish freight and insurance costs: 1,000,000 $

Focusing on the previous data, calculate the maximum amount of CARI that JAM can enjoy.

3) The manager of ALFERNU signs a contract (DDP). The commercial invoice includes the following information:

- Exporter: Alfernu (Spain)
- Importer: Modern (India)
- Description of the goods: 5 equipments
- Value (CIF): 5,000,000 $ including
    a) Good and services to be exported: 4,000,000 $
    b) Freight and insurance costs: 1,000,000 $
    c) Third country (foreign) material included in the value of the final products: 500,000 $
- Broker commission: 250,000 $
- The freight and insurance services have been provided by a Japanese firm

- Insurance premium CESCE: 500,000 $

- Cash-in-advance payment 15% FOB.

Focusing on the previous data, calculate the maximum amount of CARI that ALFERNU can apply for. How could it change in case the firm selected a Spanish company for providing the freight and insurance services? And in case of selecting an Indian firm ?