

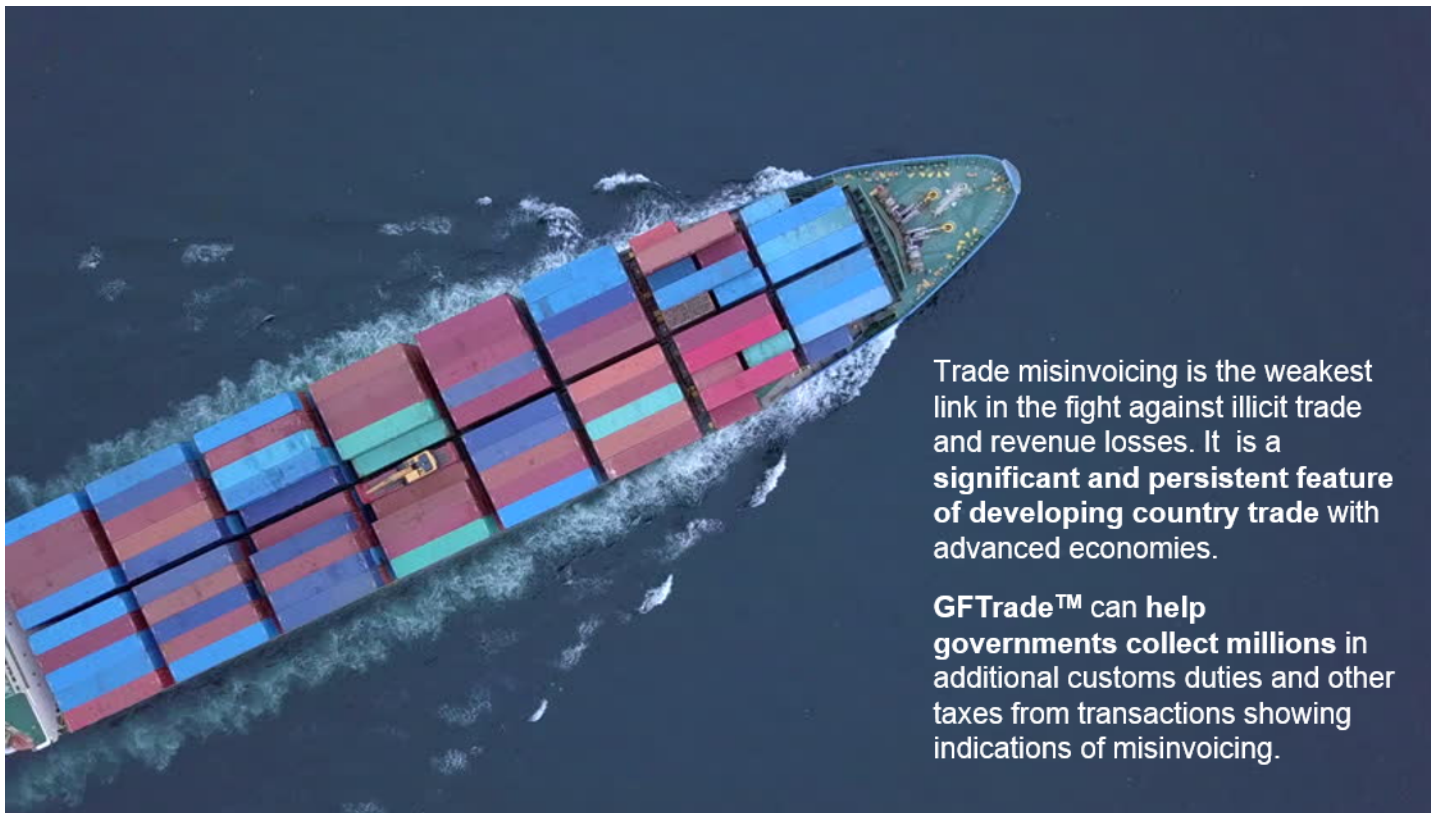
# GFTrade<sup>®</sup>



GLOBAL FINANCIAL INTEGRITY



**GFTrade<sup>™</sup>** is a proprietary, cloud-based risk assessment tool designed by **Global Financial Integrity** to help detect international trade transactions showing an indication of **trade misinvoicing**.



Trade misinvoicing is the weakest link in the fight against illicit trade and revenue losses. It is a **significant and persistent feature of developing country trade** with advanced economies.

**GFTrade<sup>™</sup>** can help **governments collect millions** in additional customs duties and other taxes from transactions showing indications of misinvoicing.

For more information or a demonstration of **GFTrade<sup>™</sup>**  
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# GFTrade removes the asymmetry of information in international trade transactions.

## How it works

The system enables users to **quickly determine** whether goods being imported or exported are priced outside average price ranges for comparable commodities.

- GFTrade uses official **monthly trade data from 43 countries**, including Brazil, China, Cote d'Ivoire, Egypt, EU28, Ghana, India, Indonesia, Japan, Malaysia, Morocco, Russia, South Africa, Thailand, Turkey, and the U.S., to compare the information provided by the declarant (declared value, quantity, and commodity) with the average prices reported by any of the 31 trading partners;
- GFTrade displays **visual price comparisons in several ways** to facilitate analysis and use.

## Benefits

GFTrade **increases customs clearance efficiency**. The system is designed to help customs officials place more focus and scrutiny on the commodities posing a high risk of misinvoicing. Similarly, it enables users to quickly clear low-risk commodities, saving time and effort.

- For customs valuation officers, GFTrade **acts as a risk filter** that is designed to complement existing customs clearance procedures;
- For post-clearance units, GFTrade data can **help fine-tune risk management** in customs clearance procedures by better targeting commodities and trading routes exposed to trade misinvoicing.

## Case study: \$100+ million in under-invoicing detected over a 12-week period

Actual GFTrade usage from a government showing transactions flagged for potential misinvoicing during a 12-week period.

| HS Code  | Name            | % Below Avg |              | Partner Country |
|----------|-----------------|-------------|--------------|-----------------|
| 23099010 | Fish Solubles   | 99.79%      | \$43,161,507 | Belgium         |
| 42022100 | Handbags        | 99.98%      | \$21,703,128 | China           |
| 35069190 | Adhesives       | 99.79%      | \$10,484,213 | Germany         |
| 84212199 | Water Purifiers | 99.97%      | \$9,972,000  | Italy           |
| 03035100 | Frozen Herrings | 98.45%      | \$2,724,638  | Netherlands     |
| 35079090 | Enzymes         | 69.12%      | \$1,752,473  | Spain           |
| 85285900 | Monitors        | 99.76%      | \$1,598,258  | United Kingdom  |
| 40122000 | Used Tyres      | 99.80%      | \$1,510,351  |                 |
| 12099180 | Vegetable Seeds | 99.26%      | \$962,032    |                 |
| 39233010 | Packaging       | 95.29%      | \$957,511    |                 |

Difference between GFTrade Total Avg. Value and Total Value Declared by Importer

## Why use GFTrade?

Trade misinvoicing – which involves the deliberate falsification of the price, quantity, or commodity of an international trade transaction – creates a value gap of hundreds of billions of dollars in emerging market and developing countries which, due to massive losses of related duties and value-added taxes (VAT), has a corrosive impact on their economies.

- Despite its prevalence in the global economy, **little focus has been placed on combatting the problem**;
- Customs departments worldwide are generally **under-staffed and under-resourced** to cope with trade misinvoicing.

Trade misinvoicing occurs in all countries and for various reasons including to evade tax and/or customs duties, launder the proceeds of crime, circumvent currency controls, and hide profits offshore among others. In developing and emerging market nations, trade misinvoicing can **drastically undermine domestic resource mobilization**.

