CHAPTER 1 COVERAGE [SCOPE?] AND TIME OF RECORDING

A. Coverage [Scope?] and related concepts

1. The IMTS coverage [scope]1 is defined by the general and specific guidelines provided below. While the general guideline provides the universal rule, the specific guidelines are formulated to clarify statistical treatment of a limited number of cases where the application of the general guidelines might not be clear due to either the peculiarity of the goods, the complexity of the transaction or some practical considerations of data collection.

B. General guideline

2. *As a general guideline*, **it is recommended** that international merchandise trade statistics record all goods which add to or subtract from the stock of material resources of a country by entering (imports) or leaving (exports) its economic territory. The general guideline is subject to the clarifications provided in this and other chapters and in particular to the specific guidelines set out in section C below. Except where otherwise stated, these goods should be included, both in value and quantity, under the appropriate headings of the commodity classification with identification of the partner country. The valuation of all goods should be in accordance with the recommendations on the statistical value. All inclusions are subject to the compiling country's statistical thresholds.

3. *Change of ownership*. The criterion of change of ownership is to be applied only if the general guideline is not applicable, that is when goods do not cross the border of the compiling country (e.g. ships, aircraft, satellites). Change of ownership refers to change of economic (not legal) ownership, in accordance with 2008SNA and BPM6.

4. Goods. For the purpose of this manual and in reference to the 2008SNA goods are defined as physical, produced objects for which a demand exists, over which ownership rights can be established and whose ownership can be transferred from one institutional unit to another by engaging in transactions on markets plus certain types of so called knowledge-capturing products stored on physical media which can cross borders physically.2 See Chapter 3 for recommendations on goods classification. See Annex A for basic national accounts and balance of payments concepts and definitions.

5. *Material resources of a country*. For the IMTS2010 purposes the material resources of a country are those **[non-financial assets?]** located on its economic territory whether owned by residents or by non-residents.

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1 It is suggested that IMTS2010 will use the term "scope' which is in line with the terminology used in the recommendations adopted by the Statistical Commission for other areas of statistics. The term "scope" refers to a set of flows of goods recommended for recording in IMTS and is normative in its nature. The term "coverage" is not necessarily normative as the term can refer to the recommended coverage as well as the actual coverage, i.e. the actual trade flows recorded by countries.
2 See SNA2008, para 6.15 and 6.22.

6. *Economic territory*. IMTS2010 adopts the BPM6 definition of economic territory as the area under the effective economic control of a single government. The economic territory of a country has the dimensions of physical location as well as legal jurisdiction. Thus, for IMTS2010 purposes any installation or apparatus, mobile or not, located outside of the geographical territory of a country, owned by the country resident(s) and remaining under the country's jurisdiction, is treated as if it were a part of its economic territory. This applies, for example, to any drilling rigs, ships, aircraft, space stations etc.

7. *Time of recording*. As a general guideline **it is recommended** that goods be recorded in international merchandise trade statistics at the time when they enter or leave the economic territory of a country. For specific recommendations of the time of recoding under different trade systems see Chapter 2.

C. Specific Guidelines

8. With respect to certain categories of goods the specific guidelines clarify whether those goods are:

(a) included in international merchandise trade statistics,

(b) excluded from international merchandise trade statistics,

(c) excluded from international merchandise trade statistics but be separately recorded mainly to assist in the derivation of the totals of international merchandise trade for balance of payments and national accounts purposes.

For some categories of goods under group (a) which are of special interest for users, **it is recommended** that they should not only be included under the appropriate headings of the commodity classification but also be separately identified (coded) for analytical purposes. In some cases the specific guidelines indicate the approach to valuation which is further elaborated in Chapter 4.

(i) Goods recommended for inclusion

9. *Non-monetary gold*. Non-monetary gold is any gold which is not defined as monetary (see para [] for definition of monetary gold). It may include, for example, gold shipped from one country to another in powder form or other unwrought or semi-manufactured forms, as well as gold coins (not in circulation) and bars. Such gold might be for industrial use, such as in the manufacturing of jewellery, for use in dental work, or intended as a store of value.

10. *Banknotes and securities, and coins not in circulation*.[3] These items are regarded as goods rather than as financial items and should be included in imports or exports as any other products. Issued banknotes and securities and coins in circulation are regarded as financial items and should be excluded (see para. []).

11. *Goods traded in accordance with barter agreements.* These are goods which are exchanged between countries without use of any means of payment.

12. *Goods traded on government account*. This category refer to goods for both civilian and military use which cross borders as a result of, for instance, regular commercial transactions of governments, goods under government foreign aid programmes (whether or not the goods constitute a grant, a loan, a barter or a transfer to an international organization) and war reparations and restitutions.

13. *Humanitarian aid, including emergency aid*. Food, clothing, medicaments and other goods entering or leaving a country under humanitarian aid programmes or as emergency assistance, whether provided by governments (see also para. [] above), international organizations (see para [] for additional recommendations] or non-governmental organizations, should be recorded as imports (exports) of the countries involved even if the details of these transactions may only become available at a later stage.

14. *Goods for military use*. Even if recording of the goods for military use might pose practical difficulties they should be included following all recommendations contained in this publication (see also para. [] and []).

15. *Goods acquired by all categories of travellers, including non-resident workers, to a significant scale as defined by national law* are to be included (see also para. []).

16. Goods on consignment. These are goods intended for sale **[or to be used otherwise in the country of importation?]** but not actually sold when they cross the border. However, reliable information for such goods may not be available from customs records. Accordingly, compilers are advised to attempt to revise the data to reflect the actual transaction value of the goods when sold (see para. [] below for valuation) and the country of last known destination. These goods should be distinguished from goods being simply transported or temporarily admitted or withdrawn (see paras [] and []).

17. **[for special attention!]** *Media, whether or not recorded*. It is recognized that in certain cases the material media (e.g., discs, tapes, flash drives, "smart cards" and other storage devices) crossing country borders is used as means to provide certain services. The value of such services might be fully or partially included in the transaction value of that media. Taking into account (a) the prevailing customs practice of classifying both non-recorded and recorded media in one classification heading without any further differentiation and (b) absence of other reliable and cost effective data sources for systematic identification of the service component in such media **it is**

[3] HS: part of heading 4907.00, and heading 7118.90.

recommended, as a general guideline, that countries include media, whether or not recorded, in international merchandise trade statistics at its transaction value (for details on transaction value see para. []). However, if a country is able to identify media used for carrying software customized or written for a specific client [further definition might be required] or originals of any nature[4] (i.e. by use of the transaction value) it should do so and exclude them (both, the value of such software and originals as well as of the media itself). Such exclusions should be undertaken in close cooperation with the compilers of statistics on international trade in services and balance of payments.

18. **[for special attention!]** *Goods for processing with or without change of ownership.* Goods for processing are goods sent abroad or brought into a country, under a specific arrangement between the involved parties (which may or may not include the change of ownership) and for a specific purpose which usually entails further transformation that is changing the characteristics of the goods. Goods for processing without change of ownership are a subset of this general concept. Goods for processing may be brought into a country under the special customs procedures such as for importation for inward processing or processing under customs control (see Annex B for definitions of these procedures) as well as be declared for home use. Goods resulting from processing might be returned to the sending country, sold in the country of processing or be sent to a third country. The choice of the customs procedure may vary from country to country and from trader to trader depending on many factors such as the level of customs duties, taxation, other fees and charges and the expected clearance time. In view of the decreasing of customs duties and relaxing of other administrative requirements the spreading practice is to declare as importation for home use and, subsequently, for outright exportation as this gives traders more freedom.

19. **[for special attention!] It is recommended** that in all cases goods for processing, as well as goods resulting from the processing (compensating products in customs terminology) are to be included in the merchandise exports and imports of the countries, as applicable, at their gross value (see para [] for details) unless those goods fall into the category of goods temporarily admitted or dispatched, goods for repair, maintenance or service (see para [] and []) which are excluded from merchandise trade statistics. Taking into account the needs of international trade in services and balance of payments statistics where manufacturing services on inputs owned by others should be recorded, **countries are encouraged** to explicitly identify (code) in their trade statistics goods for processing as well as goods resulting from such processing where no change of ownership takes place. However, it is recognized that such identification may not be all-inclusive and the obtained information may not be internationally comparable as (a) merchandise trade statistics compilers may not have adequate sources of data (especially in cases when the appropriate customs procedures are not used) and (b) national definitions of such procedures may differ significantly. **It is further recommended** that the metadata on international merchandise trade statistics contain the estimate of the manufacturing services on inputs owned by others if made available by the compilers of statistics on international trade in services.

4 The term “originals” refer to [] <e.g., see CPC, version 2>

20. **[for special attention!]** *Goods which cross borders as a result of transactions between related parties*. These are goods in cross-border transactions of the related parties, including parties related by ownership and/or control. These goods should be included following all recommendations contained in this publication. Countries **are encouraged** to separately identify (code) such goods and types of the relationships in order to be able to review their valuation and to provide information on these transactions to users. It is acknowledged, however, that depending on their specific data needs and overall compilation strategies countries might find it more appropriate not to identify such goods in their regular trade data compilations but to estimate their share in imports/exports by conducting regular surveys of companies which have foreign affiliates or are affiliates of the foreign companies. Countries are encouraged to describe their practices in this respect in their metadata to ensure proper use of their statistics and to assist in international comparisons.

21. *Returned goods*. If an exported good is subsequently returned, it should be included in imports and identified also as reimport at the time when it is returned. Similarly, goods imported and subsequently returned should be included in exports and identified also as re-export, at the time they are returned.

22. *Electricity, gas and water*. International sales and purchases of electricity, gas and water, although not always recorded by the customs authorities of some countries, constitute international transactions in goods and should be included in international merchandise trade statistics. Countries **are encouraged** to establish appropriate procedures for yielding as accurate as possible records of this trade. It is also important that trading partners in such transactions record these flows using the same method to improve international comparability.

23. *Goods traded between territorial enclaves and other countries*. The economic territory of a country includes any enclaves in other countries. They may range from significant land areas that are located within the geographic boundaries of other countries to country embassies, military and other installations in other countries. As a rule, flows of goods between the enclaves and other countries should be included in IMTS, as applicable, by the country possessing the enclave and the country with which the enclave is trading (including the country within which the enclave is located), except for cases where the trade is economically insignificant, as determined by the compiling country (e.g., embassy's or military base purchases of goods for their own consumption from the country where it is located).

24. *Goods dispatched or received through postal or courier services*. Recording full commodity detail for such trade may represent disproportionate effort, and if so, inclusion as a single total is appropriate.[5] However, if this trade consists of some important commodities (frequently of light weight and high value, such as diamonds and other precious gems), those commodities should be recorded in international merchandise trade statistics in full commodity detail under the appropriate headings of the commodity classification, while the remainder of the postal or courier trade - unclassified by commodity - should be recorded as a single total, as indicated above. Goods are to be recorded if in excess of the national statistical thresholds.

25. *Migrants' effects*. The recording and inclusion of the physical movements of migrants' effects is important for countries where migration is taking place on a significant scale and migrants take their personal property with them. Some countries include only the dutiable portion of these goods, while others apply value or quantity limits as criteria for their inclusion. Where migrants' effects are economically important, all goods in this category should be included (see also para. [] on valuation of such goods).

26. *Goods transferred from or to a buffer stock organization*. A buffer stock organization is one that maintains a stock of certain commodities and sells or buys them in order to influence supply and demand on the world market. Goods that are shipped from a compiling country to a buffer stock organization located in the economic territory of another country or are received from a buffer stock organization should be included in merchandise trade statistics of the compiling country as exports to and imports from the country where the organization is located. If the buffer stock is held in a third country, this third country should be recorded as the partner.

27. *Goods under financial lease*. There are two kinds of leases in common usage: financial and operational. Goods are considered to be under financial lease if the lessee assumes the rights, risks, rewards and responsibilities in relation to the goods, and from an economic point of view can be considered as the de facto owner. Goods under financial lease should be included in international merchandise trade statistics. An operational lease is any lease which does not have the above characteristics. Goods under operational lease should be excluded from international merchandise trade statistics (see para. []). In some cases, the duration of the lease can be used as an indication of whether the lease is financial (one year or more) or operational (less than one year).

28. *Ships, aircraft and other mobile equipment*. These goods are to be included in international merchandise trade statistics whether they enter/leave economic territory of the involved countries or remain in international waters or are used in international flights. In the latter case the inclusion of such goods in the international merchandise trade statistics is the result of application of the change of ownership principle. Frequently, such transactions are not the subject of customs documents. In the absence of customs documents, they should be recorded using non-customs data sources, such as registry additions and deletions or enterprise surveys as appropriate.

[5] Chapters 98 or 99 of the HS may be used to record this.

29. *Goods delivered to or dispatched from offshore installations located in the economic territory of a compiling country* (from or to the economic territory of another country) are to be included (see [] regarding data compilation).

30. **[for special attention!]** *Fish catch, minerals from the seabed and salvage.* These goods landed from vessels of one country in national ports of another country or acquired by vessels of one country on the high seas from vessels of another country are to be included in export and import statistics of both countries as applicable. It is recognized that data collection in respect of this category of goods may be challenging, however, countries **are encouraged** to develop over time the necessary data collection and/or data estimation procedures in view of the important policy needs in such data including assessing and monitoring of the environmental impact of such trade and related activities.

31. **[for special attention!]** *Bunkers, stores, ballast and dunnage* that are acquired by national aircraft and vessels outside the economic territory of the compiling country, or from foreign vessels and aircraft inside the economic territory of a country, or are landed in national ports from foreign vessels and aircraft, are to be included in imports. *Bunkers, stores, ballast and dunnage* that are supplied to foreign vessels or aircraft in the economic territory of the compiling country, or by national vessels or aircraft to foreign vessels or aircraft outside the economic territory of the compiling country, or are landed in foreign ports from national vessels or aircraft are to be included in exports. It is recognized that data collection under this item may be challenging, however, such data are very important for various analytical purposes including for assessing and monitoring of the environmental impact of international transport. In this connection countries **are encouraged** to develop over time necessary data collection and/or estimation procedures.

32. *Satellites and their launchers*. Treatment of satellites, satellite launchers or their parts is equivalent to the treatment of ships and aircraft and depends on the kind of transactions involved. Some cases for inclusion are described below (for exclusions see para []). Case 1: A satellite launcher is produced in country A and sold to country B for use. This transaction should be recorded as an export of country A, and an import of country B. Case 2: A satellite is produced and launched in country B on behalf of country A. The satellite should be treated as an export of country B (import of country A) at launch or when control of the satellite is turned over from country B to country A. Launch and other related activities should be treated as services provided by country B to country A.

33. *Goods in electronic commerce.* The term "goods in electronic commerce" refers to goods which physically move across country borders as the result of transactions executed entirely, or to a significant extent, by electronic means (e.g., goods ordered and paid for via the Internet). It is advised that the value of such goods be included in/excluded from trade statistics in the same way as any other goods purchased by non-electronic means, following the relevant IMTS2010 recommendations. Compilers are advised to record such goods when they exceed statistical thresholds. In practice, goods bought electronically and shipped to the buyer via parcel post or courier service may, to a large extent, not exceed the statistical thresholds in terms of value or quantity and thereby be excluded from trade statistics. However, if in the view of the statistical authority the total value of such excluded goods becomes statistically significant, an appropriate estimate should be made and included in exports and/or imports with, as far as possible, commodity and partner country details.

34. *Power lines, pipelines and undersea communications cables*. Compilers are advised to include these goods, and/or parts thereof, in exports/imports when they are dispatched from one country for installation in another. However, when dispatched from a country for installation in international waters (territory) they are to be treated as exports/imports only if there was change of ownership between a resident and a non-resident. Compilers are further advised to cooperate with compilers of national accounts and balance of payments statistics to ensure proper and harmonized treatment of all such transactions, including separation of trade in goods and services.

35. *Used goods*. Used goods are to be included following all applicable recommendations. This includes any used industrial equipment or consumer appliances (e.g. used computers or cars) as well as used containers crossing borders under commercial recycling arrangements (e.g., empty bottles for recycling).

36. *Waste and scrap*. Waste and scrap, including products which are dangerous to the environment, should be recorded and classified under the appropriate commodity heading if their commercial value is positive (see [] as well).

(ii) Goods recommended for exclusion

37. **[for special attention!]** *Goods simply being transported through a country*. Goods are considered as simply being transported through a country if they (i) enter and leave the compiling country solely for the purpose of being transported to another country, (ii) are not subject to halts not inherent to the transportation and (iii) can be identified both at the time of entering and leaving the country. The halts not inherent to the transportation are [**insert**]. The transportation may involve *simple handling operations* and *temporary storage*. Examples of such operations are reloading from one means of transport to another, breaking bulk and packaging **[more examples?].** Countries are encouraged to establish the lists of simple handling operations reflecting their specific circumstances; however, such lists should not include operations which change the country of origin of the goods. Temporary storage is the storage for logistical reasons for a limited period of time (see para []). If any of the above three conditions are not satisfied the goods are to be considered imports and, if applicable, exports.

38. Goods simply being transported include, but are not limited to the cases where the purpose of simply being transported through a country is confirmed by traders by placing their goods under "in transit" or "in trans-shipment" customs procedures. Goods leaving the country under “in transit” or "in trans-shipment" customs procedures are not to be treated as re-exports which are included in total exports (see para [] for details). Sometimes it is administratively easier for traders to declare goods, not as being in transit, but as regular imports on arrival and exports on departure. However, if, at the time when goods cross the compiling country’s border, it is known that the goods destination is a third country, these goods should be treated as simply being transported through the country and are to be excluded. Countries are encouraged to make efforts to identify such movements using both customs and non-customs sources of data and exclude them from trade statistics (see para [] for the related recommendations on re-exports and [] on data compilation). To ensure data

consistency **it is recommended** that the statistical authorities treat goods movements as being simply transported only if reliable criteria are established.

39. **[for special attention!]** *Goods temporarily admitted or dispatched*. **It is recommended** that goods are considered as temporarily admitted/dispatched if at the time of admission/dispatch it is known that their intended stay in the receiving country is temporary (in general one year or less) and after their stay they can be withdrawn/returned in the same state (except for normal wear and tear). This category includes, but is not limited to, goods identified in the Kyoto and Istanbul Conventions6 as goods covered by the "temporary admission subject to re-exportation in the same state" customs procedure. Such goods include display equipment for trade fairs and exhibitions; art exhibits, commercial samples and pedagogic material; animals for breeding, show or racing; packaging, means of transport, containers and equipment connected with transport; and equipment for the working of lands adjacent to the border by persons resident abroad. In cases where movements of goods are not covered by a specific customs procedure, the statistical authorities should establish criteria for determining whether the goods movement should be considered temporary. Goods for processing and goods on financial lease are not covered by this recommendation (see paras [] and []).

40. It may be not known that the admitted or dispatched goods are expected to be brought back within a limited time period. In this case, good would be treated as exports (imports) and imports (exports) when returned. It is recognized that customs records may not exist or may not provide enough information to allow reliable identification of temporary admission/dispatch. Therefore, country statistical authorities are encouraged (in cooperation with customs or other authorities as required) to establish additional criteria for the identification of such goods, especially for the goods admitted to and dispatched from the premises for customs warehousing or customs free zones. To ensure data consistency it is recommended that the statistical authorities treat goods movements as temporarily admission/dispatch only if reliable criteria are established.

41. *Monetary gold*.[7] The definition of monetary gold adopted for the purposes of international merchandise trade statistics is provided in the *Explanatory Notes to the Harmonized Commodity Description and Coding System*.[8] According to this definition, monetary gold is gold that is exchanged between national or international monetary authorities or authorized banks. Since monetary gold is treated as a financial asset rather than a good, transactions pertaining to it should be excluded from the international merchandise trade statistics.

42. *Issued banknotes and securities and coins in circulation*[9] represent evidence of financial claims, and are excluded from international merchandise trade statistics.

43. *Goods consigned to and from the territorial enclaves*. The movement of goods between a country and its enclaves abroad is considered as an internal flow, and should be excluded.

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6 See []

[7] HS, subheading 7108.20.

[8] Brussels, World Customs Organization, 1996; see heading 7108.20.

[9] HS: part of subheading 4907.00, and heading 7118.90.

44. *Goods received or sent abroad by international organizations* are excluded from the merchandise trade statistics of the host countries10. These goods, however, should be included in imports of the countries receiving goods from such organization and in exports of countries sending goods to those organization (see [] for details on partner attribution)

45. *Non-financial assets, ownership of which has been transferred from residents to non-residents, without crossing borders*. These assets include land, structures, equipment and inventories. Such a transfer of ownership of non-financial assets is considered to be a financial operation, and is therefore excluded from international merchandise trade statistics.

46. *Goods treated as part of trade in services*. This category comprises:

(a) Goods acquired by all categories of travellers, including non-resident workers, for their own use and carried across the border in amounts or values not exceeding those established by national law (although if amounts or values of such goods exceed these legal requirements, they should be included in international merchandise trade statistics; see para. [] above);

(b) Newspapers and periodicals sent under direct subscription (see, for example, BPM6, paras.[]);

(c) Goods purchased by foreign governments through their embassies or their foreign military or other installations located in the economic territory of a host country, from the host country, for their own use in economically insignificant value or quantity (as determined by the compiling country).

(d) Media carrying software customized or written for a specific client [further definition might be required] or originals of any nature.

47. *Goods under merchanting*. Merchanting is defined as the purchase of goods by a resident of the compiling economy from a nonresident combined with the subsequent resale of the same goods to another nonresident without the goods being present or crossing the border of the compiling country. These are excluded from international merchandise trade statistics.11

48. *Goods under operational lease*. This category comprises goods shipped under operational - that is, non-financial - leasing arrangements (see para. 35 above).

49. *Goods lost or destroyed after leaving the economic territory of the exporting country but before entering the economic territory of the intended importing country are to be excluded from imports of the intended importing country* (although they are included as exports of the exporting country). If, however, the ownership of such goods has already been acquired by the importer, their value should be separately recorded by the intended importing country so that the detailed data may be adjusted to derive totals of merchandise imports for national accounts and balance of payments purposes (see para. 63 below).

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10 The term "host country" refers to a country that contains territorial enclaves of other countries or international organizations within its geographic boundaries

11 See BPM6 paragraphs 10.41-10.49.

50. *Satellites and their launchers launched in another country without change of ownership*. . If a satellite which is produced in country A and moved from there to country B for launching without change of ownership it is to be considered in country A as an internal operation not constituting external trade (similar to ships going to and remaining in international waters). The same satellite entering country B should be considered a temporary admission and not included in imports. Launch and other related activities can be treated as services provided by country B to country A.

51. *Goods functioning as means of transport*. This includes a wide range of items from containers used to transport cargo in ship/rail/road supply chains to empty bottles which are returned to be refilled.

52. *Waste and scrap*. Waste and scrap having no positive commercial value are to be excluded but should be separately recorded, using appropriate quantity units (see para. 41 above).

53. *Content delivered electronically*. The electronic delivery (downloading, e-mailing, streaming etc.) from one country to another of any content (e.g. on-line books, newspapers and periodicals, directories and mailing lists, musical audio downloads, streamed audio content, films and other video downloads, streamed video content, system software downloads, application software downloads, on-line games etc.) is explicitly excluded from the scope of international merchandise trade statistics. For recommendations on the treatment of the cases where similar content is delivered via material media crossing country borders see para. […].

(iii) Goods recommended for exclusion but to be separately recorded

54. Certain categories of goods, which are not recommended for inclusion in IMTS due to practical considerations, are required for inclusion in the totals of international merchandise trade compiled on BPM6 and 2008SNA basis. Countries **are encouraged** to undertake efforts to collect the relevant data to extend possible or to make estimates of trade in these goods for use in balance of payments and national accounts. Cooperation of several agencies might be required to obtain such data or estimates.

55. *Mobile equipment that changes ownership while outside the country of residence of its original owner*. This refers to equipment which is initially sent for temporary use and for a specific purpose - such as for construction work, fire-fighting, offshore drilling or disaster relief - from one country to another, but which changes ownership as a result of, for example, the subsequent gift or sale to a resident of that country.

56. *Goods for repair*. This category comprises goods temporarily crossing borders for repair abroad, i.e., activity that reinstates the impaired quality of the existing goods and does not result in the creation of a new product. This category does not include goods temporarily admitted or dispatched (see para []) and goods for processing (see para []).

57. *Goods entering or leaving the economic territory of a country illegally*. This includes, for example, smuggling, trade in stolen vehicles and shipments of narcotic substances, the use or possession of which is illegal in one or both of the compiling countries.

58. *Goods lost or destroyed after ownership has been acquired by the importer*. These are excluded from the detailed import statistics of the intended importing country but recorded for adjustment purposes. They are included in the detailed export statistics of the exporting country (see para. []).