UNITED NATIONS
DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS
STATISTICS DIVISION

Expert Group on International Merchandise Trade Statistics
First meeting
New York, 3-6 December 2007

Country Note

United States of America

United States International Merchandise Trade Statistics
Compilation and Reporting Practices
Detailed Notes

Introduction

This document includes a summary of the U.S. practices for compiling and reporting international merchandise trade statistics with respect to the International Merchandise Trade Statistics (IMTS) Rev. 2 structure. We identify some of the reasons for deviations from IMTS Rev. 2, and provide discussion on issues that we recommend be reviewed for consideration with future recommendations of the next revision of the IMTS.

The United States Census Bureau (Census) has the responsibility to develop and implement plans to collect, process and disseminate import and export statistical merchandise trade data. Census works with the Bureau of Economic Analysis (BEA) to release the month goods and services trade press release. The BEA is responsible for providing the services information to the monthly press release.

Coverage and Time of Recording

Customs declarations are the main source for collecting merchandise trade statistics. On exports, the United States substitutes Canadian import statistics for U.S. exports to Canada in accordance with a 1987 Memorandum of Understanding (MOU). This data exchange includes only U.S. exports destined for Canada and does not include shipments destined for third countries by routes passing through Canada. Included in the MOU, we receive imports of electricity from Canada, since these data are not collected by U.S. Customs. Department of Defense Military Assistance Program Grant-Aid shipments being transported as Department of Defense cargo are reported directly to the U.S. Census Bureau by the Department of Defense.

The economic territory of the United States generally coincides with the customs territory and the statistical territory. The official U.S. import and export statistics reflect both government and non-government shipments of merchandise between foreign countries and the U.S. Customs territory (the 50 states, District of Columbia, and Puerto Rico), U.S. Foreign Trade Zones, and the U.S. Virgin Islands, without regard to whether or not a commercial transaction is involved. In general, the statistics record the physical movement of merchandise between the United States and foreign countries. The statistics used to compile the merchandise trade balance exclude U.S. trade with U.S. possessions, trade between U.S. possessions, and trade between U.S. possessions and foreign countries (except Puerto Rico and the U.S. Virgin Islands).

The dates used for recording external trade statistics is generally the date the goods enter/leave the economic territory. The import statistical month is the month in which Customs releases the merchandise to the importer. On exports by sea or air, the statistical month is the month when the carrier moving the goods out of the country departs or is cleared from the port of export. These dates are also generally when the customs declarations are filed.

Import statistics are fully compiled on shipments valued over $2000 (or $250 for certain quota items) for any article that must be reported on a formal entry. Value data for shipments valued under these thresholds are estimated for individual countries. These estimates are classified using a single commodity code and are omitted from statistics for individual commodity classifications. Export statistics are fully compiled on shipments to all countries (except Canada), where the value of commodities classified under each individual commodity number is over $2500. Value data for such commodities valued under $2501 are estimated for individual countries. All estimates are classified under a single commodity code. As a result of the data exchange between the United States and Canada, low-valued exports to Canada are not compiled.

The United States complies with most specific guidelines for coverage included in IMTS Rev. 2. For cases where the guidelines are not followed, it is usually because it is not practical to collect the information. The table in the attachment summarizes deviations from the IMTS Rev. 2, and includes some additional details, including reasons for the deviations.

Trade System

The United States uses the general trade system for recording import and export statistics. We also keep statistics for imports on a special trade basis, and call them "imports for consumption". These statistics measure the total of merchandise that has physically cleared through Customs either entering consumption channels immediately ore entering after withdrawal for consumption from bonded warehouses under Customs custody or Foreign Trade Zones. Goods entered under customs bond for manufacturing and re-export are included in both general imports and imports for consumption.

For general trade, the United States has separate export data available for domestic exports and re-exports, and Foreign Trade Zones, but not exports from customs bonded warehouses. Separate data are available for imports into customs bonded warehouses and Foreign Trade Zones.

Commodity Classifications

Export statistics are collected, compiled and disseminated in terms of 10-digit commodity classifications in the Schedule B, Statistical Classification of Domestic and Foreign Commodities Exported from the United States. Schedule B is a Census Bureau publication based on the Harmonized System. The Harmonized Tariff Schedule of the United States Annotated (HTSUSA) is used for classifying imports into the United States. Import statistics are collected, compiled, and disseminated in terms of 10-digit classifications in the HTSUSA. Data are also published on and SITC Rev. 4 basis.

Valuation

Imports are valued on a "Free alongside ship" (FAS) and "cost, insurance and freight" (CIF) basis. The FAS value is the transaction, or Customs value, and conforms with the World Trade Organization Agreement on Valuation. This value is defined as the price actually paid or payable for merchandise when sold for exportation to the United States, excluding U.S. import duties, freight, insurance and other charges incurred in bringing the merchandise to the United States.

The import charges represent the aggregate cost of all freight, insurance and other charges (excluding U.S. import duties) incurred in bringing the merchandise from alongside the carrier at the port of exportation in the country of exportation and placing it alongside the carrier at the first port of entry in the United States. In case of overland shipments originating in Canada or Mexico, such costs include freight, insurance, and all other charges, costs and expenses incurred in bringing the merchandise from the point of origin in Canada or Mexico to the first port of entry. The CIF value represents the landed value of the merchandise at the first port of arrival in the United States. It is computed by adding import charges to the Customs value.

Exports are valued on an FAS basis. It is the value at the U.S. seaport, airport or border port of export based on the transaction price, including inland freight, insurance and other charges incurred in placing the merchandise alongside the carrier at the U.S. port of exportation. The value excludes the cost of loading the merchandise aboard the exporting carrier and also excludes freight, insurance, and any charges or transportation costs beyond the port of exportation. The FAS value requirement has been in effect for many years, and by definition, FAS values are very close to “free on board” (FOB) values.

Values for all import and export goods are required to be reported in U.S. dollars. As needed, filers convert foreign currency using a rate issued by U.S. Customs, based on the rate on the first day of the quarter. Therefore, exchange rates may not be those in effect at the time of importation or exportation. However, if the rate changes by more than 5 percent, then the daily rate is used. Rates are computed immediately prior to submitting statistical documentation to Customs.

Quantity Measurement

The United States uses units of quantity that are generally based upon what is most commonly used for the product. For some codes, typically miscellaneous or parts codes, no quantity is required. Fore some areas of trade, quantity data are collected based upon two units of quantity. In these cases, usually one of the units is net weight. Gross shipping weight is collected for all sea and air shipments, and on most shipments by other modes of transport.

Partner Country

We use the country of origin for import statistics. This is defined as the country where the merchandise was grown, mined, or manufactured, in accordance with U.S. Customs Regulations. In instances where the country of origin cannot be determined, transactions are credited to the country of shipment (consignment). Country of shipment is collected as additional information on most shipments.

We use the country of ultimate destination for export statistics. This is defined as the country where the goods are to be consumed, further processed, or manufactured, as known to the shipper at the time of exportation. If the shipper does not know the country of ultimate destination, the shipment is credited to the last country to which the shipper knows that the merchandise will be shipped in the same form as when exported.

The statistical territory for the United States, as defined by the United States, includes Puerto Rico and the Virgin Islands, and may not be the territory for which trading partners compile their trade statistics. However, trade to and from these U.S. possessions can be identified in U.S. statistics.

Reporting and Dissemination

The Census Bureau releases the data monthly, based on pre-determined schedule, in the form of a joint goods and services press release with the BEA. This release is usually between 40-45 days after the end of the reference month, and is available on a website. It includes data adjusted for seasonality and price change. Detailed data by commodity and trading partner are also available at this time. Releases include metadata on sources, methods, quality, and confidentiality in compliance with Office of Management and Budget quality standards for statistical programs. Documentation on quality and known limitations of the statistics is also made publicly available, and includes information on efforts to measure accuracy and completeness of the data, such as through reconciliation studies, and to improve the quality. More detailed data are available on DVD or online by subscription.

Issues

Transiting Goods

Goods in-transit are to be excluded from the trade statistics. However, we have discovered that in cases where there is little or no duty, traders are choosing to enter the goods for consumption rather than incurring the additional costs and logistical burdens of moving the goods under customs bond. This is a particular issue for trade with Canada and Mexico, where duties on many products have been eliminated and the merchandise processing fee has been phased out. It is likely that this issue is also affecting trade with many other countries. The United States does not apply a value-added or other broad-based tax to imports, solely customs duties and the merchandise processing fee.

For total trade, this issue will mostly net out. We will show an import and the counterbalancing export. However, the bilateral trade balances are distorted by this process. For example, when Canada ships goods to Mexico and the trader decides to enter and re-export the goods in the United States, we will show an import from Canada and an equal export to Mexico, thus distorting both trade balances.

At present, we cannot identify these shipments. We are seeking to collect the “ultimate country of destination as known at the time of import” in the new import data collection system being developed by Customs. However, we do not know whether this will result in accurate data. Our ability to match this information with the corresponding export is also questionable. We would be interested in hearing if this is an issue for other countries, and if so, how they are dealing with it.

Discounts

In analyzing differences between production statistics and export data, we discovered that in some cases exporters are not providing true transaction prices, but instead are reporting the list price. The reason for this appears to be a concern that the volume of trade of these products is low enough that the country-level reporting in the trade statistics would allow their customers to compare the prices they are paying with the prices their competitors are paying. Since the production statistics are not broken down by destination, the companies do not have the same concern with the production surveys.

Our export regulations call for goods to be reported at their transaction value "net any unconditional discounts from list price, but without deducting any discounts which are conditional upon a particular act or performance on the part of the customer." At least one company is interpreting this language to exclude volume discounts. We expect that this problem is most significant for high-valued goods produced by a small number of companies and traded relatively infrequently.

We are interested in hearing of other countries' practices on two aspects of this issue. First, how are discounts handled in their statistics? Second, how is the confidentiality of the company's pricing data protected while maintaining the ability to report bilateral trade balances.

Reimports

The guidelines call for separately identifying reimports. The United States has done this using a duty deferral mechanism in the Harmonized Tariff Schedule. Goods reimported either in the same condition as when exported or incorporated in products imported by the United States could be reported under a special purpose code that exempted them from duty. Again, the increasing number of duty-free transactions has made this approach less reliable.

Importers must be able to prove U.S. origin for goods imported under these provisions. For goods where there is little or no duty, importers may not find it cost effective to use these provisions. Imports from countries other than Canada or Mexico are subject to a merchandise processing fee of 0.21 percent in addition to customs duties. Therefore, it is likely that many reimports and goods incorporating U.S. components are not identified in U.S. import statistics.

Attachment

Coverage Concepts - Selected Deviations from IMTS Rev. 2

Coverage	Statistical Treatment
Improvement and repair trade	Only the value of the repair is included. Items imported or exported for repair are excluded. Items imported for warranty repair and returned after warranty repair are excluded.
Goods used as carriers of information and software	Both not to order and customized software are included. By regulation, imports are valued at cost of media, exports of customized software are valued at cost of media, exports of “prepackaged software of a kind sold at retail” are at full value. Some importers appear to be reporting full commercial value of noncustomized software.
Fish and salvage acquired by national vessels on the high seas from foreign vessels	Not included.
Electricity	International sales and purchases of electricity are included for Canadian shipments only, as provided through the Data Exchange. These data are not collected by U.S. Customs.
Mobile equipment (i.e. drilling rigs) operating in international waters	Generally not included. Rigs built in the United States sold to foreign countries and subsequently towed to international waters would be treated as exports; rigs purchased by the United States would not be recorded as imports, unless they enter U.S. territorial waters.
Goods in transit	Excluded if shipped under customs bonded procedures.