INFORMATION ON GOODS AND SERVICES

GOODS

CENSUS BASIS

The Census basis goods data are compiled from the documents collected by the U.S. Customs Service and reflect the movement of goods between foreign countries and the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, and U.S. Foreign Trade Zones. They include government and non-government shipments of goods, and exclude shipments between the United States and its territories and possessions, transactions with U.S. military, diplomatic and consular installations abroad, U.S. goods returned to the United States by its Armed Forces, personal and household effects of travelers, and in-transit shipments. The General Imports value reflects the total arrival of merchandise from foreign countries that immediately enters consumption channels, warehouses, or Foreign Trade Zones.

For imports, the value reported is the U.S. Customs Service appraised value of merchandise; generally, the price paid for merchandise for export to the United States. Import duties, freight, insurance, and other charges incurred in bringing merchandise to the United States are excluded.

Exports are valued at the f.a.s.- free alongside ship value of merchandise at the U.S. 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.

Monthly data include actual month's transactions as well as a small number of transactions for previous months. Each month we revise the aggregate seasonally adjusted (current and chain-weighted dollar) and unadjusted export, import and trade balance figures, as well as the end-use totals for the prior month. SITC and country detail data are not revised monthly. The timing adjustment shown in Exhibit 14 is the difference between monthly data as originally reported and as recompiled. Quarterly revisions are made to the chain-weighted dollar series. In the last month of each quarter, the current and previous quarter are revised to incorporate the Bureau of Labor Statistics' monthly revisions and align Census and the U.S. Bureau of Economic Analysis' quarterly data. Annual revisions for the months are made in June to reflect corrections received subsequent to the monthly revision. These revisions are reflected in totals, end-use, SITC and country summary data. The monthly end-use, commodity, and country and area data presented in this release are on a Census basis. This refers to Exhibits 6 - 18.

U.S./CANADA DATA EXCHANGE AND SUBSTITUTION

The data for U.S. exports to Canada are derived from import data compiled by Canada. The use of Canada's import data to produce U.S. export data requires several alignments in order to compare the two series.

1. *Coverage* -- Canadian imports are based on country of origin. U.S. goods shipped from a third country are included. U.S. exports exclude these foreign shipments. For October 2004, these shipments totaled $82.1 million. U.S. export coverage also excludes certain Canadian postal shipments. For October 2004 these shipments totaled $13.4 million.

   U.S. import coverage includes shipments of railcars and locomotives from Canada. Effective with January 2004 statistics, Canada excludes these shipments from its goods exports to the United States, therefore creating coverage differences between the two countries for these goods.

2. *Valuation* -- Canadian imports are valued at the point of origin in the United States. However, U.S. exports are valued at the port of exit in the United States and include inland freight charges, making the U.S. export value slightly larger. Canada requires inland freight to be reported. Inland freight charges for October 2004 accounted for 1.9 percent of the value of U.S. exports to Canada.

3. *Reexports* -- U.S. exports include reexports of foreign goods. Again, the aggregate U.S. export figure is slightly larger. For October 2004, reexports to Canada were $2,228 million.

4. *Exchange Rate* -- Average monthly exchange rates are applied to convert the published data to U.S. currency. For October 2004, the average exchange rate was 1.2469 Canadian dollars per U.S. dollar.

5. *Other* -- There are other minor differences which are statistically insignificant, such as rounding error.

Canadian Estimates

Effective with January 2001 statistics, the current month data for exports to Canada contain an estimate for late arrivals and corrections. The following month, this estimate is replaced, in the press release tables only, with the actual value of late receipts and corrections. This estimate improves the current month data for exports to Canada and treats late receipts for exports to Canada in a manner more consistent with the treatment of late receipts for exports to other countries.

Nonsampling errors

The goods data are a complete enumeration of documents collected by the U.S. Customs Service and are not subject to sampling errors; but they are subject to several types of nonsampling errors. Quality assurance procedures are performed at every stage of collection, processing and tabulation; however the data are still subject to several types of nonsampling errors. The most significant of these include reporting errors, undocumented shipments, timeliness, data capture errors, and errors in the estimation of low-valued transactions.

Reporting Errors: Reporting errors are mistakes or omissions made by importers, exporters or their agents in their import or export declarations. Most errors involve missing or invalid commodity classification codes and missing or incorrect quantities or shipping weights. They have a negligible effect on import, export and balance of trade statistics. However, they can affect the detailed commodity statistics.

Undocumented Shipments: Federal regulations require importers, exporters or their agents to report all merchandise shipments above established exemption levels.
The U.S. Census Bureau has determined that not all required documents are filed, particularly for exports.

Timeliness and Data Capture Errors: The U.S. Census Bureau captures import and export information from administrative documents and through various automated collection programs. Documents may be lost, and data may be incorrectly keyed, coded or recorded. Transactions may be included in a subsequent month's statistics if received late.

Low-valued Transactions: The total values of transactions valued as much as or below $2,500 for exports and $2,000 ($250 for certain quota items) for imports are estimated for each country, using factors based on the ratios of low-valued shipments to individual country totals for past periods.

The U.S. Census Bureau recommends that data users incorporate this information into their analyses, as nonsampling errors could impact the conclusion drawn from the results. For a detailed discussion of errors affecting the goods data, see "U.S. Merchandise Trade Statistics: A Quality Profile" available on the INTERNET at www.census.gov/foreign-trade/aip/index.html#infopapers or from the Foreign Trade Division, U.S. Census Bureau.

AREA GROUPINGS (See Exhibits 14 and 14A)

North America - Canada, Mexico

Western Europe - Andorra, Austria, Belgium, Bosnia-Hercegovina, Croatia, Cyprus, Denmark, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Iceland, Ireland, Italy, Liechtenstein, Luxembourg, Malta and Gozo, Macedonia, Monaco, Netherlands, Norway, Portugal, San Marino, Serbia and Montenegro, Slovenia, Spain, Svalbard, Jan Mayen Island, Sweden, Switzerland, Turkey, United Kingdom, Vatican City.

European Union (25) - Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, United Kingdom.

European Union (15) - Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom.

Euro Area - Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain.

European Free Trade Association - Iceland, Liechtenstein, Norway, Switzerland.

Eastern Europe - Albania, Armenia, Azerbaijan, Belarus, Bulgaria, Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Poland, Romania, Russia, Slovakia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan.

Pacific Rim - Australia, Brunei, China, Hong Kong, Indonesia, Japan, Korea, Macao, Malaysia, New Zealand, Papua New Guinea, Philippines, Singapore, Taiwan.

South/Central America - Anguilla, Antigua and Barbuda, Argentina, Aruba, Bahamas, Barbados, Belize, Bermuda, Bolivia, Brazil, British Virgin Islands, Cayman Islands, Chile, Colombia, Costa Rica, Cuba, Dominica, Dominican Republic, Ecuador, El Salvador, Falkland Islands, French Guiana, Grenada, Guadeloupe, Guatemala, Guyana, Haiti, Honduras, Jamaica, Martinique, Montserrat, Netherlands Antilles, Nicaragua, Panama, Paraguay, Peru, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, Turks and Caicos Islands, Uruguay, Venezuela.

OPEC - Algeria, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, Venezuela.

Adjustments for Seasonal and Working-Day Variations

Goods are initially classified under the Harmonized System (HS) which describes and measures the characteristics of goods traded. Combining trade into approximately 140 export and 140 import end-use categories makes it possible to examine goods according to their principal uses (See Exhibits 7 and 8). These categories are used as the basis for computing the seasonal and working-day adjusted data. These adjusted data are then summed to the six end-use aggregates for publication (Exhibit 6). These data are provided to the U.S. Bureau of Economic Analysis, from the U.S. Census Bureau, for use in the Balance of Payments and the National Income and Product Accounts.

The seasonal adjustment procedure is based on a model that estimates the monthly movements as percentages above or below the general level of each end-use commodity series (unlike other methods that redistribute the actual series values over the calendar year). Because of the extremely variable movements of the data series for aircraft, users studying data trends may wish to analyze aircraft separately from other trade.

Adjustments for Price Change

Data adjusted for seasonal variation on a chained-dollar basis (2000 base year) are presented in Exhibits 10 and 11. This adjustment for price change is done using the Fisher chain-weighted methodology. The deflators are primarily based upon the monthly price indexes published by the Bureau of Labor Statistics using techniques developed for the National Income and Product Accounts by the U.S. Bureau of Economic Analysis.

SITC Data

Goods data appearing in Exhibit 15 are classified in terms of the Standard International Trade Classification (SITC) Revision 3. Agricultural goods consist of non-marine food products and other products of agriculture which have not passed through complex processes of manufacture, such as raw hides and skins, fats and oils, and wine. A few goods such as essential oils, starches, casein, and albumin, considered to be agricultural by the U.S. Department of Agriculture, have been excluded from agricultural goods and are included in manufactured goods where they are classified in the SITC.

Manufactured goods conform to the SITC sections that include chemicals and related products; manufactured goods classified chiefly by material; machinery and transport equipment; miscellaneous manufactured articles; and goods and transactions not classified elsewhere.

Reexports are foreign merchandise entering the country as imports, and at the time of exportation are in substantially the same condition as when imported. Reexports, included in overall export totals, appear as separate line items in Exhibit 15.

Advanced Technology Products (ATP)

About 500 of some 22,000 commodity classification codes used in reporting U.S. merchandise trade are identified as "advanced technology" codes and they meet the following criteria:

1. The code contains products whose technology is from a recognized high technology field (e.g., biotechnology).

2. These products represent leading edge technology in that field.

3. Such products constitute a significant part of all items covered in the selected classification code.

The aggregation of the goods results in a measure of advanced technology trade which appears in Exhibit 16. This product and commodity-based measure of advanced technology differs from broader NAICS industry-based measures which include all goods produced by a particular industry group, regardless of the level of technology embodied in the goods.

BALANCE OF PAYMENTS (BOP) BASIS

Goods on a Census basis are adjusted by the U.S. Bureau of Economic Analysis to goods on a BOP basis to bring the data in line with the concepts and definitions used to prepare the international and national accounts. Broadly, the adjustments include changes in ownership that occur without goods passing into or out of the customs territory of the United States. These adjustments are necessary to supplement coverage of the Census basis data, to eliminate duplication of transactions recorded elsewhere in the international accounts, and to value transactions according to a standard definition.

The export adjustments include:

U.S. military sales contracts - This *deduction* of U.S. military sales contracts is made because the U.S. Census Bureau has included these contracts in the goods data, but BEA includes them in the service category "Transfers Under U.S. Military Sales Contracts." BEA's source material for these contracts is more comprehensive, but has no distinction between goods and services.

Private gift parcels - This *addition* is made for parcels mailed to foreigners by individuals through the U.S. Postal Service. (Only commercial shipments are covered in Census goods exports.)

Gold exports, nonmonetary - This *addition* is made for gold that is purchased by foreign official agencies from private dealers in the United States and held at the Federal Reserve Bank of New York. The Census data only include gold that leaves the customs territory.

Some smaller adjustments are also made to exports: *Deductions* for repairs of goods, developed motion picture film, and military grant-aid. *Additions* for sales of fish in U.S. territorial waters, exports of electricity to Mexico, and

vessels and oil rigs that change ownership for which no export document is filed.

The import adjustments include:

Inland freight in Canada - An *addition* is made for inland freight in Canada. Imports of goods from all countries are valued at the foreign port of export, including inland freight charges ("customs value"). In the case of Canada, this should be the cost of the goods at the U.S. border. However, the customs value for imports for certain Canadian goods is the point of origin in Canada. The BEA makes an *addition* for the inland freight charges of transporting these Canadian goods to the U.S. border to make the value comparable to the customs value as reported by all other countries. Insurance and freight charges for transporting goods to the United States from all other countries to the U.S. border are included in services by the BEA. (The same procedure is used for Mexico as an Other Adjustment, but is much smaller.)

Gold imports, nonmonetary - This *addition* is made for gold sold by foreign official agencies to private purchasers out of stock held at the Federal Reserve Bank of New York. The Census data only include gold that enters the customs territory.

Imports by U.S. military agencies - This *deduction* of U.S. military sales contracts is made because the U.S. Census Bureau has included these contracts in the goods data, but BEA includes them in the service category "Direct Defense Expenditures." BEA's source material is more comprehensive, but has no distinction between goods and services.

Some smaller adjustments are also made to imports: *Deductions* for repairs of goods, and developed motion picture film. *Additions* for imported electricity from Mexico, conversion of vessels for commercial use, repairs to U.S. vessels abroad, and valuation of prepackaged software imports at market value.

SERVICES

The statistics are estimates of services transactions between foreign countries and the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, and other U.S. territories and possessions. Transactions with U.S. military, diplomatic, and consular installations abroad are excluded because they are considered to be part of the U.S. economy.

Services are shown in seven broad categories. Types of services for imports and exports are the same for six of the seven categories. For the seventh, exports is "Transfers Under U.S. Military Sales Contracts" while for imports the category is "Direct Defense Expenditures." The following is a brief description of the types of services included in each category:

Travel - Purchases of services and goods by U.S. travelers abroad and by foreign visitors to the United States. A traveler is defined as a person who stays for a period of less than 1 year in a country of which the person is not a resident.

Includes expenditures for food, lodging, recreation, gifts, and other items incidental to a foreign visit.

Passenger Fares - Fares paid by residents of one country to residents of other countries. Receipts consist of fares received by U.S. carriers from foreign residents for travel between the United States and foreign countries and between two foreign points.

Payments consist of fares paid by U.S. residents to foreign carriers for travel between the United States and foreign countries.

Other Transportation - Charges for the transportation of goods by ocean, air, waterway, pipeline, and rail carriers to and from the United States. Includes freight charges, operating expenses that transportation companies incur in foreign ports, and payments for vessel charter and aircraft rentals with crew.

Royalties and License Fees - Transactions with foreign residents involving intangible assets and proprietary rights, such as the use of patents, techniques, processes, formulas, designs, know-how, trademarks, copyrights, franchises, and manufacturing rights. The term "royalties" generally refers to payments for the utilization of copyrights or trademarks, and the term "license fees" generally refers to payments for the use of patents or industrial processes.

Other Private Services - Transactions with affiliated foreigners, for which no identification by type is available, and of transactions with unaffiliated foreigners. (The term "affiliated" refers to a direct investment relationship, which exists when a U.S. person has ownership or control, directly or indirectly, of 10 percent or more of a foreign business enterprise's voting securities or the equivalent, or when a foreign person has a similar interest in a U.S. enterprise.)

Transactions with unaffiliated foreigners consist of education services; financial services (includes commissions and other transactions fees associated with the purchase and sale of securities and noninterest income of banks, and excludes investment income); insurance services; telecommunications services (includes transmission services and value-added services); and business, professional, and technical services. Included in the last

group are advertising services; computer and data processing services; database and other information services; research, development, and testing services; management, consulting, and public relations services; legal services; construction, engineering, architectural, and mining services; industrial engineering services; installation, maintenance, and repair of equipment; and other services, including medical services and film and tape rentals.

Transfers Under U.S. Military Sales Contracts (*Exports only*) - Exports of goods and services in which U.S. Government military agencies participate. Includes both goods, such as equipment, and services, such as repair services and training, that cannot be separately identified.

Direct Defense Expenditures (*Imports only*) - Expenditures incurred by U.S. military agencies abroad, including expenditures by U.S. personnel, payments of wages to foreign residents, construction expenditures, payments for foreign contractual services, and procurement of foreign goods. Includes both goods and services that cannot be separately identified.

U.S. Government Miscellaneous Services - Transactions of U.S. Government nonmilitary agencies with foreign residents. Most of these transactions involve the provision of services to, or purchases of services from, foreigners; transfers of some goods are also included.

Services estimates are based on quarterly, annual, and benchmark surveys and partial information generated from monthly reports. Service transactions are estimated at market prices. Estimates are seasonally adjusted when statistically significant seasonal patterns are present. No country or area detail is available due to the lack of adequate source data upon which to base estimates.

The revision policy is as follows: Each month, a preliminary estimate for the current month and a revised estimate for the immediately preceding month are released. After a revised month is released, no further changes are made to that month until more complete source data become available in March, June, September, and December. The releases in March, June, September, and December contain revised data for the previous six

months. The release in March also contains revisions for all months of the previous year in order to align the seasonally adjusted monthly data with annual totals. The release in June contains annual revisions, which reflect updated source data and changes in estimating methodologies. Quarterly and annual estimates of services are included as part of the U.S. international transactions accounts, published in the April, July, October, and January issues of the Survey of Current Business. The next release of the U.S. international transactions accounts is scheduled for December 16, 2004. The Survey is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

ELECTRONIC AVAILABILITY

The FT-900 and supplement are available on the following:

INTERNET The U.S. International Trade in Goods and Services reports are available at: www.census.gov/ft900 or www.bea.gov/bea/di/home/trade.htm.

STAT-USA The U.S. Department of Commerce's electronic information facility. Call 1 800 STAT-USA for product information. Additional data and information on goods are obtainable from: **Foreign Trade Division, U.S. Census Bureau, Washington, D.C. 20233**

Additional data and information on services are obtainable from: **Balance of Payments Division, U.S. Bureau of Economic Analysis, Washington, D.C. 20230**

MONTHLY RELEASE SCHEDULE

DATE	Day
Nov . . . 01-12-05	Wednesday
Dec . . . 02-10-05	Thursday
Jan . . . 03-11-05	Friday
Feb . . . 04-12-05	Tuesday
Mar . . . 05-11-05	Wednesday
Apr . . . 06-10-05	Friday
May . . 07-13-05	Wednesday
Jun . . . 08-12-05	Friday
Jul 09-13-05	Tuesday
Aug . . . 10-13-05	Thursday
Sep . . . 11-10-05	Thursday
Oct . . . 12-14-05	Wednesday
Nov . . . 01-12-06	Thursday
Dec . . . 02-10-06	Friday