INFORMATION ON GOODS AND SERVICES

GOODS (CENSUS BASIS)

The Census basis goods data are compiled from the documents collected by the U.S. Customs and Border Protection 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 and Border Protection 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.

Revision policy for goods on a Census basis: Monthly data include actual month's transactions as well as a small number of transactions for previous months. Each month the U.S. Census Bureau revises 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 to price indexes, which are used to produce the chained-dollar series and to align Census data with data published by the U.S. Bureau of Economic Analysis in the National Income and Product Accounts. Annual revisions for the months are made in June to reflect corrections received subsequent to the monthly revisions. 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 Exhibits 6-18 in this release are on a Census basis.

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 May 2010, these shipments totaled $104.8 million. U.S. export coverage also excludes U.S. postal shipments to Canada. For May 2010, these shipments totaled $22.1 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 than the Canadian import value. Canada requires inland freight to be reported separately from the value of the goods. Combining the inland freight and the Canadian reported import value provides a consistent valuation for all U.S. exports. Inland freight charges for May 2010 accounted for 2.5 percent of the value of U.S. exports to Canada.

3. *Reexports* – Unlike Canadian imports, which are based on country of origin, U.S. exports include reexports of foreign goods. Therefore, the aggregate U.S. export figure is slightly larger than the Canadian import figure. For May 2010, reexports to Canada were $3,364.3 million.

4. *Exchange Rate* - Average monthly exchange rates are applied to convert the published data to U.S. currency. For May 2010, the average exchange rate was 1.0403 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 and Border Protection and are not subject to sampling 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 aggregate 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

Europe - Albania, Andorra, Armenia, Austria, Azerbijan, Belarus, Belgium, Bosnia-Hercegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Faroe Islands, Finland, France, Georgia, Germany, Gibraltar, Greece, Hungary, Iceland, Ireland, Italy, Kazakhstan, Kosovo, Kyrgyzstan, Latvia, Liechtenstein, Lithuania, Luxembourg, Macedonia, Malta, Moldova, Monaco, Montenegro, Netherlands, Norway, Poland, Portugal, Romania, Russia, San Marino, Serbia, Slovakia, Slovenia, Spain, Svalbard-Jan Mayen Island, Sweden, Switzerland, Tajikistan, Turkey, Turkmenistan, Ukraine, United Kingdom, Uzbekistan, Vatican City.

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

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

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, Angola, Ecuador, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, Venezuela.

Africa - Algeria, Angola, Benin, Botswana, British Indian Ocean Territories, Burkina, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo (Brazzaville), Congo (Kinshasa), Djibouti, Egypt, Equatorial Guinea, Eritrea, Ethiopia, French Southern and Antarctic Lands, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Ivory Coast, Kenya, Lesotho, Liberia, Libya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mayotte, Morocco, Mozambique, Namibia, Niger, Nigeria, Reunion, Rwanda, St. Helena, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, Sudan, Swaziland, Tanzania, Togo, Tunisia, Uganda, Western Sahara, Zambia, Zimbabwe.

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 (2005 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 Exhibits 16 and 16A. 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.

GOODS (BALANCE OF PAYMENTS BASIS)

Goods on a Census basis are adjusted by the U.S. Bureau of Economic Analysis (BEA) to goods on a balance of payments basis to align the data with the concepts and definitions used to prepare the international and national economic accounts. The adjustments, which are applied separately to exports and imports, 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 adjustments, which include both *additions* to and *deductions* from goods on a Census basis, are presented in this release as “Net Adjustments.” BEA also publishes more detailed quarterly and annual statistics for Net Adjustments in a standard table of the U.S. international transactions accounts, Table 2. U.S. Trade in Goods (see the BEA Web site at http://www.bea.gov/international/bp_web or the January, April, July, and October issues of the *Survey of Current Business*).

The export adjustments include:

Exports under U.S. military sales contracts - Beginning with statistics for 1999, this adjustment reflects the net amount of two separate adjustments. BEA first *deducts* goods identified in the Census data as exports under the U.S. Foreign Military Sales (FMS) program. BEA then *adds* primary source data for these exports, which are reported to BEA by the U.S. Department of Defense. For statistics prior to 1999, this adjustment reflects the *deduction* of goods exported under the FMS program because these exports are included, along with exports of services under the FMS program, in the services category "Transfers under U.S. military sales contracts."

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 U.S. customs territory.

Goods procured in U.S. ports by foreign carriers - Beginning with statistics for 1999, this *addition* is made for foreign air and ocean carriers' fuel purchases in U.S. ports. For statistics prior to 1999, these transactions are included in the services category "Other transportation."

Low-value transactions - This *addition* to statistics for 2007-2009 is made to phase in a revised Census methodology for low-value goods. The revised Census methodology was implemented for goods on a Census basis beginning with statistics for 2010.

Other adjustments to exports include:

Deductions for equipment repairs (parts and labor), private gift parcels, developed motion picture film, and military grant-aid. *Additions* for sales of fish caught in U.S. territorial waters, exports of electricity to Mexico, and vessels and oil rigs for which ownership changes.

The import adjustments include:

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

Goods procured in foreign ports by U.S. carriers - Beginning with statistics for 1999, this *addition* is made for U.S. air and ocean carriers' fuel purchases in foreign ports. For statistics prior to 1999, these transactions are included in the services category "Other transportation."

Imports by U.S. military agencies - Beginning with statistics for 1999, this adjustment reflects the net amount of two separate adjustments. BEA first *deducts* goods (petroleum and non-petroleum) identified in the Census data as imports by U.S. military agencies. BEA then *adds* primary source data for purchases of petroleum abroad by U.S. military agencies, which are reported to BEA by the U.S. Department of Defense. Non-petroleum imports are included, along with imports of services by U.S. military agencies, in the services category "Direct defense expenditures." For statistics prior to 1999, this adjustment reflects the *deduction* of goods imported by U.S. military agencies because these imports are included, along with imports of services by U.S. military agencies, in the services category "Direct defense expenditures."

Inland freight in Canada and Mexico - This *addition* is made for inland freight in Canada and Mexico. Imports of goods from all countries should be valued at the customs value—the value at the foreign port of export including inland freight charges. For imports from Canada and Mexico, this should be the cost of the goods at the U.S. border. However, the customs value for imports for certain Canadian and Mexican goods is the point of origin in Canada or Mexico. BEA makes an *addition* for the inland freight charges of transporting these goods to the U.S. border to make the value comparable to the customs value reported for imports from other countries.

Low-value transactions - This *addition* to statistics for 2007-2009 is made to phase in a revised Census methodology for low-value goods. The revised Census methodology was implemented for goods on a Census basis beginning with statistics for 2010.

Other adjustments made to imports include:

Deductions for equipment repairs (parts and labor), repairs to U.S. vessels abroad, and developed motion picture film. *Additions* for non-reported imports of locomotives and railcars, imports of electricity from Mexico, conversion of vessels for commercial use, and valuation of software imports at market value.

SERVICES

The services statistics cover 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 these installations are considered to be part of the U.S. economy.

Services statistics are based on quarterly, annual, and benchmark surveys and information obtained from monthly government and industry reports. Services are seasonally adjusted when statistically significant seasonal patterns are present. No monthly country or area detail is available due to the lack of adequate source data.

Services are shown in seven broad categories. The types of services for exports and imports are the same for six of the categories. For the seventh, the export category is "Transfers under U.S. military sales contracts" and the import 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 transportation carriers 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 - Beginning with statistics for 1999, includes 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 (excluding air and ocean carriers' fuel purchases in foreign ports, which are included in exports and imports of goods), and payments for vessel charter and aircraft rentals with crew. For statistics prior to 1999, also includes air and ocean carriers' fuel purchases in foreign ports.

Royalties and license fees - Transactions that involve intangible assets and proprietary rights such as patents, techniques, processes, formulas, designs, know-how, trademarks, copyrights, franchises, and manufacturing rights. The term "royalties" generally refers to payments for the use of copyrights or trademarks, and the term "license fees" generally refers to payments for the use of patents or industrial processes. Includes transactions with both affiliated (related parties) and unaffiliated foreign residents.

Other private services - Transactions consist of education services; financial services (includes fees and commissions and excludes investment income); insurance services; telecommunications services (includes transmission services and value-added services); business, professional, and technical services (includes 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 services; architectural and engineering services; mining services; industrial engineering services; installation, maintenance, and repair of equipment; and medical services); and other services (includes film and tape rentals). Includes transactions with both affiliated (related parties) and unaffiliated foreign residents.

Transfers under U.S. military sales contracts (*Exports only*) - Beginning with statistics for 1999, includes exports of services, such as training services and repair services, provided by U.S. government military agencies through grants and the U.S. Foreign Military Sales (FMS) program; also includes exports of goods that are commingled in the source data and cannot be separately identified. Excludes exports of goods under the FMS program, which are included in exports of goods. For statistics prior to 1999, also includes exports of goods under the FMS program because they are commingled in the source data and cannot be separately identified.

Direct defense expenditures (*Imports only*) - Beginning with statistics for 1999, includes expenditures 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 (excluding petroleum purchases abroad, which are included in imports of goods). For statistics prior to 1999, also includes petroleum purchases abroad by U.S. military agencies.

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.

Revision policy for goods on a balance of payments basis and for services: Each month, a preliminary estimate for the current month and a revised estimate for the immediately preceding month are released. After the initial revision, no further revisions are made to a month until more complete source data become available in March, June, September, and December. The releases in March, June, September, and December contain revised estimates 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, changes in definitions and classifications, and changes in estimating methodologies.

MONTHLY RELEASE SCHEDULE

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

U.S. INTERNATIONAL TRANSACTIONS ACCOUNTS

Quarterly and annual estimates of goods on a balance of payments basis and services are included in the U.S. international transactions accounts, which are published in news releases in March, June, September, and December and in the Survey of Current Business in the January, April, July, and October issues. The next release of the international transactions accounts is scheduled for September 16, 2010. The Survey is available online at www.bea.gov/scb/index.htm or 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/newsreleases/international/trade/tradnewsrelease.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 can be obtained from: **Foreign Trade Division, U.S. Census Bureau, Washington, D.C. 20233**

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