Technical Documentation

NOTE TO USERS: This section contains critical information on sources and reliability of data, as well as definitions of terms and methodological procedures that users should consider before attempting to interpret or analyze the statistical data presented in this report. Failure to do so may affect the results.

Overview

This report is a continuing series of reports profiling U.S. exporters. The first report, *A Profile of United States Exporters: Initial Findings from the Exporter Data Base*, was released by the International Trade Administration in September 1993. That report was based on Census Bureau data compiled both from the 1987 Economic Census and from documents filed for export clearances during 1987 and used a methodology not employed in succeeding reports. Subsequent reports, covering 1992 through present, are based on economic census and survey data on file at the Census Bureau, administrative records from other government agencies, and documents filed for export clearances.

These exporter profiles are compiled by the Foreign Trade Division of the U. S. Census Bureau. The International Trade Administration (ITA) is a partial sponsor of the work, providing both financial assistance and advice on data user needs. The ITA also sponsors more detailed Exhibits, which will be available on their Web site later this year. Users will be notified on the ITA Web site (www.ita.doc.gov) when this information is available.

Effective with the 1997/1998 report, companies are classified according to the North American Industry Classification System (NAICS) instead of the Standard Industrial Classification (SIC) system. There are differences in the ways NAICS and SIC classify certain types of companies. For example, manufacturers of prepackaged software and books are classified as manufacturers under SIC and as "Other" types of companies under NAICS. Users are advised to consider these differences when making year-over-year comparisons of exporters and exporter characteristics before and after 1997. This profile, based on new and revised data, uses the same methodology as previous years.

The exporter profiles are developed to provide both government and private sector users with information about the exporting community including employment size, type of company, and major foreign markets. In this report the data are presented in Exhibits 1 through 6, where the export data are designated as part ***a*** for statistical year, part ***b*** for prior year, and part ***c*** for the difference between the data for these two years. The previous year's figures in this report are revised from data released in the previous exporter profile. The revisions are based on the ability to match additional records.

The exhibits in this report include detailed breakdowns based upon the number of employees of the identified exporting companies. In presenting these results, companies are classified as small (less than 100 employees including number of employees unknown), medium (100 to 499 employees), and large (500 or more employees). Exhibit 3 also provides information on exports to related parties, such as parent or subsidiary firms. Two parties are considered related if either party owns, directly or indirectly, 10 percent or more of the other party.

All percentages stated in this report, unless otherwise specified, were calculated based solely upon the statistical and prior years' *export values that could be linked to specific exporters--the "known value."* In addition, the source of the administrative records, the Business Register, was restructured starting with 2002 data. For explanations of the methods used in tabulating the information as well as non-sampling errors and other limitations of the export data in this report, see the ***Methodology*** section below. Users are advised to consider these limitations when analyzing this information as they may affect the results. Users should cite the Census Bureau, U.S. Department of Commerce as the source of the information in this report, not as the source of their analyses.

Sources of Information

The exporter profiles were created from export merchandise trade documentation and company characteristics contained in the Census Bureau's data base of company information, the Business Register. Company characteristics are gathered through economic censuses and surveys and supplemented with employment and payroll information provided by the Internal Revenue Service. The export trade statistics, with the exception of exports to Canada, are compiled from Shipper's Export Declarations, or their electronic equivalent, which were filed by U.S. exporters or their agents for merchandise exiting the United States. The data for exports to Canada are derived from Canada's import data via the U.S./Canada data exchange.

Methodology

This profile was compiled using company identifiers or company names reported on export documentation to electronically link export trade data to company characteristics in the Business Register. Beginning with data year 2002, the Business Register database was completely restructured to include additional information. Due to these changes and problems with our prior methodology, the matching routines used to create the Exporter Profile were updated. Despite the limitations within the Business Register, we are able to maintain consistency with our prior Profiles' matching routines.

Less than 3 percent of the total export value for each year, including low-value estimates, exports by U.S. and foreign governments, timing adjustments, and end-of-year revisions, was excluded from this matching process because the export transactions cannot be attributed to specific exporting companies. Other transactions that could not be matched electronically were investigated and linked manually to specific companies using a combination of criteria, including company name, location, type, and product. A comparison of the overall match rates, based on export value, are presented in Table 1 under ***Distribution of Exports by Identified and Unidentified Exporters,*** at the beginning of this report.

It was not possible to investigate every unmatched transaction, so priority was given to those with the highest export values. The percentage of unidentified value tends to decrease each year as more companies are identified and value thresholds triggering investigation are lowered. Therefore, users should make year-to-year comparisons with caution and be aware that the number of small exporting companies and their associated known value are most likely understated. Similarly, the known value may not reflect all shipments by identified companies.

Data Quality

Quality assurance procedures were applied to all phases of collection, processing and tabulation of the information in this report to minimize errors. The data continues to be subject to non-sampling errors in data reporting (of the basic export trade statistics and the administrative record source data), coding, keying, and in coverage (due to failure to identify all exporting companies). For an explanation of non-sampling errors affecting the trade statistics, see the **Information on Goods and Services** section of the FT 900 U.S. International Trade in Goods and Services, or call (301)763-2227 to request a copy of the release. One can also obtain this information from the web at the following address:
http://www.census.gov/foreign-trade/Press-Release/current_press_release/press.html#prior

The characteristics of exporting companies in this report reflect companies that could be matched to the Business Register. When analyzing these data, users should consider the possible impact of unmatched transactions and unidentified exporters on their results. Unidentified exporters may not reflect the same distribution of company types and sizes as identified exporting companies. Similarly, comparisons between the number of companies exporting in given categories may be misleading due to differences in the percentage of value matched to companies of various types and sizes.

Year-over-year comparisons should also be made with caution. Changes in the number of exporters and the value of their export transactions, the known value, may be due to differences in match rates or exporters entering/dropping out of the export market. Table 1, under ***Distribution of Exports by Identified and Unidentified Exporters***, at the beginning of this report shows a comparison of the match rates, based on export value, as well as the value attributable to exporters that exported in both years.

Data by State

The data contained in Exhibits 6a and 6b are based on the Origin of Movement (OM) State - Based on Origin State. The U.S. state of origin is the 2-character postal code for the state in which the goods begin their journey to the port of export. This field allowed the compilation of the Origin of Movement - Based on Origin State Series. The OM series based on origin state has been available since 1987 and is intended to reflect the transportation origin of exports. For more complete information on the state data series, refer to the notice at: http://www.census.gov/foreign-trade/aip/elom.html.

Definitions of Terms

Business Register. Data base of companies included in economic census and surveys conducted by the Census Bureau.

Company. A company is a business consisting of one domestic location (single location company) or more than one domestic location (multiple location company) under its ownership or control.

> Identified Companies: Identified companies are those companies to which one or more export transactions were matched. The export value associated with these companies is termed "*known value*."
>
> Unclassified Companies: These are identified companies for which no NAICS classification (manufacturers, wholesalers or other companies) could be assigned.

Company Size. Company sizes are based on employment: small (less than 100 employees including number of employees unknown), medium (100 - 499 employees), and large (500 or more employees).

Company Type. Company types are based on the North American Industry Classification System (NAICS) and are broken out into manufacturers, wholesalers, and all other companies. Those companies for which a valid NAICS code is not available are placed in the *unclassified* grouping.

Employment. Employment includes all employees, full-time or part-time, reported on a firm's payroll during specific payroll periods.

Low-value Estimates. Export transactions valued under $2,501 are not required to be reported. Instead, the Census Bureau estimates the value of such shipments to each country using factors based on the ratios of low-valued shipments to individual country totals for past periods.

Related Party. A related party transaction is one between a U.S. exporter and a foreign consignee, where either party owns (directly or indirectly) 10 percent or more of the other party.

State of the Origin of Movement (OM). The OM series data provides export statistics based on the state from which the merchandise starts its journey to the port of export; i.e., the transportation origin. This information is reported by the exporter. See the ***Data Quality*** section above for limitations of this data series.

Value. The values in this report are f.a.s. ("free alongside ship") and include both domestic exports and re-exports of foreign merchandise. Several different values are given:

Total export value: The total value includes all transactions whether or not linked to specific companies.

Known value: The value of transactions linked to specific companies. All percentages given for company size and types are based on known value.

Unidentified Value: The valued transactions that were not linked to a specific company. Note that these shipments might have been exported either by identified companies or by other companies not identified in the linking process.