

## Goods

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### Coverage and definitions

Conceptually, the goods export and import accounts (lines 3 and 20) cover all goods sold, given away, or otherwise transferred from U.S. to foreign ownership and vice versa. The goods are valued at transaction prices—exports at the customs boundary of the United States and imports at the foreign port of export. Transactions are recorded at the time of change of ownership.

In practice, BEA estimates the goods accounts from data compiled by the U.S. Census Bureau, U.S. Department of Commerce. The Census basis data record the physical movement of goods across the U.S. customs boundary but not always the change of ownership. In using the data for the balance of payments accounts, BEA assumes that the movement of goods across the U.S. customs boundary signifies a change in ownership, so that physical possession indicates actual ownership. Goods shipped between affiliated firms in the United States and abroad are assumed to change ownership as well, even though the change-of-ownership rule may not strictly apply in a legal sense for some transactions—as in the case of shipments to an

unincorporated foreign affiliate, which may not be a separate legal entity from its parent company.

A similar assumption of ownership change is made for shipments of goods under leasing agreements if the leases are for periods exceeding 1 year, irrespective of whether the leases are financial or operational.<sup>1</sup> Shipments under leases for periods of less than 1 year are excluded from Census basis data, as are other temporary shipments, that is, shipments to be returned within 1 year.

In situations where movement of goods across the U.S. customs boundary does not coincide with the change in ownership, or is not determined by assumption, the primary principle is to record the transactions at the time economic ownership changes. In principle, for goods shipped under merchanting agreements, purchases and resales are recorded at the time the change in economic ownership of the goods occurs. In principle, for goods shipped under consignment, that is, goods intended for sale but not actually sold when the goods cross the customs boundary, transactions are also recorded at the time economic ownership changes. In principle, for goods shipped abroad for processing under the ownership of the same party, no change in economic ownership occurs.

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1. A capital—or financial—lease is a financial arrangement in which (1) the leasing term is close to the expected useful life of the equipment; (2) the present value of the lease payments approximates the market value of the equipment; and (3) the ownership of the equipment transfers, or may transfer, to the lessee at the termination of the lease. Payments by the lessee are assumed to be large enough to allow the lessor to recover the original cost of the equipment plus interest and profit. An operating lease does not meet any of the above three conditions, and the lessor generally expects to lease the equipment several times. Payments by the lessee cover interest, administrative expenses, depreciation, and profit.

NOTE. Line numbers correspond to those in [table 1](#) in the U.S. international transactions electronic data releases in March, June, September, and December; the print version of the data releases is published in the January, April, July, and October issues of the SURVEY OF CURRENT BUSINESS (SURVEY). The same table is reproduced as [Exhibit 1](#) on pages M–11 and M–12 of this volume.

Goods exports and goods imports measure the sale, purchase, or transfer of goods rather than their production. Consequently, the accounts include entries for goods that were produced in previous periods (second-hand goods and inventories) and output of other countries (reexports). Likewise, the goods accounts do not show how enterprises ultimately use goods that they have acquired, such as for intermediate consumption, inventories, or gross fixed capital formation.

### Estimation methods overview

The U.S. Census Bureau is the primary source of monthly data for goods exports and goods imports. The Bureau compiles data from three major data collection systems.

Data for U.S. exports to all countries, except Canada, are compiled primarily from data submitted through the Automated Export System (AES), as required by law to be filed by exporters or their agents with the U.S. Census Bureau.

For exports to Canada, the United States substitutes Canadian import statistics for U.S. exports to Canada in accordance with a 1987 Memorandum of Understanding signed by the U.S. Census Bureau, U.S. Customs and Border Protection, Canadian Customs, and Statistics Canada. Similarly, under this Memorandum of Understanding, Canada substitutes U.S. import statistics for Canadian exports to the United States. U.S. exports to Canada destined for third countries by routes passing through Canada and shipments of certain grains and oilseeds to Canada for storage prior to export to a third country are reported through the AES.

Data for U.S. imports are compiled primarily from data submitted through the Automated Commercial System, as required by law to be filed by importers or their agents with U.S. Customs and Border Protection. Data on electricity and natural gas purchased from Canada are obtained from Canadian sources and are included in the Census basis data.

The compiled data, which are based on the Harmonized System of commodity classification, are con-

verted by BEA into an end-use system of commodity classification for presentation, analysis, and interpretation and for inclusion in the U.S. international and national economic accounts. The monthly end-use commodity data are seasonally adjusted at the 5-digit level, which is the maximum commodity detail available. The seasonally adjusted months are then summed to quarters, and the quarterly series are summed to total exports and total imports.

During this process, BEA adjusts the Census basis data to align them with the concepts and definitions used to prepare the international and national economic accounts. Broadly, these adjustments are necessary (1) to supplement coverage of the Census basis data, (2) to eliminate duplication of transactions recorded elsewhere in the international accounts, (3) to value transactions according to standard definitions, and (4) to include certain changes in ownership that occur without goods crossing the customs boundary of the United States.

The characteristics of the Census basis data—coverage, valuation, commodity classification, geographic coverage, exclusions, and geographic attribution—are presented in section 1. The characteristics of BEA's adjustments of the Census basis data to balance of payments concepts and definitions are presented in sections 2 and 3.

## 1 Census Basis Data

### 1.1 Coverage

1.1.1 *Exports* consist of shipments of domestic and foreign goods by U.S. residents to foreign residents, involving both commercial and noncommercial transactions.

1.1.2 *Domestic exports* consist of commodities grown, produced, or manufactured in the United States, and commodities of foreign origin that have been changed from the form in which they were imported, including changes made in a U.S. foreign trade zone from the form in which they were imported, or goods that have been enhanced in value or improved in condition by further processing or manufacturing in the United States.

1.1.3 *Foreign exports* consist of commodities of foreign origin that are substantially in the same condition as when imported into the United States, its territories and possessions, a U.S. Customs and Border Protection bonded warehouse, or a U.S. foreign trade zone. Exports of foreign goods are often referred to as reexports.

1.1.4 *Imports* consist of shipments of foreign goods, and of U.S. goods returned, by foreign residents to U.S. residents, involving both commercial and noncommercial transactions.

1.1.5 *General imports* measure total physical arrivals of goods from foreign countries, whether such merchandise enters consumption channels immediately or is entered into bonded warehouses or foreign trade zones under U.S. Customs and Border Protection's custody. Arrivals are measured at the time goods are physically cleared through U.S. Customs. General imports are used in the U.S. international and national accounts.

1.1.6 *Imports for consumption* are goods for immediate consumption and goods that leave bonded warehouses and foreign trade zones.

1.1.7 A *bonded private warehouse* is used for the storage of goods until duties or taxes are paid and the goods are properly released by U.S. Customs and Border Protection. Bonds must be posted by the warehouse proprietor and by the importer to indemnify the government if the goods are released improperly. Goods entering a bonded warehouse are included in General Imports but not in Imports for Consumption. They are considered Imports for Consumption when they leave the bonded warehouse for domestic consumption.

1.1.8 A *foreign trade zone (FTZ)* is a specially licensed commercial or industrial area in or near ports of entry where foreign and domestic goods, including raw materials, components, and finished goods, may be brought in without being subject to payment of customs duties. Goods brought into these zones may be stored, sold, exhibited, repacked, assembled, sorted, graded, cleaned, or otherwise manipulated prior to reexport or entry into the U.S. customs territory. Goods entering a FTZ are included in General Im-

ports but not in Imports for Consumption. They are considered Imports for Consumption when they leave the FTZ for domestic consumption.

1.1.9 *Goods imports returned* include U.S. goods not accepted by the foreign purchaser because of problems such as damage, defects, and incorrect shipments.

1.1.10 *Temporary shipments*, that is, exports or imports to be returned within 1 year, are excluded from the trade statistics, as are imports in transit through the United States.

## 1.2 Valuation

1.2.1 Exports are valued on a *free alongside ship (f.a.s.)* basis at the U.S. port of export.

1.2.2 The value of exports at the U.S. seaport, airport, or border port of export is based on the transaction price, including inland freight, insurance, and other charges incurred in placing the goods alongside the carrier at the U.S. port of export. The value, as defined, excludes the cost of loading the goods aboard the exporting carrier and also excludes freight, insurance, and charges or transportation costs beyond the port of export. Freight, insurance, and charges beyond the U.S. port of export are assumed to be incurred by the foreign importer; estimates of freight receipts are included in line 8, other transportation receipts, and estimates of insurance receipts are included in line 10, other private services receipts.

1.2.3 Imports are valued on a *customs value* basis at the foreign port of export.

1.2.4 The customs value is the value of imports as appraised by U.S. Customs and Border Protection in accordance with the legal requirements of the Tariff Act of 1930, as amended. The value is generally defined as the price actually paid or payable for goods at the foreign port of export, excluding U.S. import duties, freight, insurance, and other charges incurred in bringing the goods to the United States. Freight, insurance, and charges beyond the foreign port of export are assumed to be incurred by the U.S. importer; estimates of freight payments are included in other transportation payments (line 25), and estimates of

insurance payments are included in other private services payments (line 27).

### 1.3 Commodity classification

1.3.1 Exports and imports are organized under several different commodity classification systems, including the Harmonized System and the end-use system. BEA uses primarily the end-use classification system, which was created by the Balance of Payments Division of the former Office of Business Economics in the mid-1950s to make it easier to relate changes in goods trade to production and income data. End-use data were first published by BEA in 1963. More comprehensive data were published in 1970, and further details were made available in 1977.

1.3.2 The end-use system currently in use is based on the Harmonized System (HS) of commodity classification, which is an internationally accepted standard for the commodity classification of internationally traded goods. The HS was adopted in 1989 and has been updated approximately every 5 years since then; the most recent update is for 2007. The current HS consists of approximately 9,000 export commodity categories and 18,000 import commodity categories. The HS organizes transactions by the physical nature of commodities and their stage of processing rather than their end-use.

1.3.3 The broad end-use categories used by BEA and the U.S. Census Bureau are foods, feeds, and beverages; industrial supplies and materials; capital goods, except automotive; automotive vehicles, parts, and engines; consumer goods; and “other” goods. Currently, the end-use classification system includes about 200 subcategories of exports and 200 subcategories of imports.

### 1.4 Geographic coverage

1.4.1 The U.S. customs boundary includes the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, and American Samoa and other U.S. territories and possessions, and U.S. foreign trade zones and bonded warehouses. Exports and imports are valued at the time they cross the customs boundary of the United States. This movement is taken as presumptive evidence that a change in ownership has occurred.

### 1.5 Exclusions

1.5.1 The following items are excluded from Census basis goods: (1) goods in transit through the United States from one foreign country to another; (2) shipments (a) between the United States and Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, and other U.S. territories and possessions, and (b) between any of these outlying areas; (3) temporary exports or imports, defined as goods shipped for a period of less than 1 year; (4) U.S. goods returned by U.S. Armed Forces for their own use and shipments to U.S. Armed Forces and other U.S. government units abroad for use abroad; (5) purchases of vessels; (6) purchases of fuel and other supplies and equipment by U.S. carriers abroad and by foreign carriers in the United States (see sections 2 and 3 for further details on the treatment of fuel procured in ports by nonresident carriers); (7) electric energy trade with Mexico; (8) personal and household effects of travelers; (9) personal parcels shipped via the U.S. Postal System; and (10) issued monetary coins. (BEA prepares estimates for electric energy trade with Mexico, personal parcel shipments, purchases of vessels, and purchases of fuel in ports by nonresident carriers to supplement the coverage of the Census basis data; see sections 2 and 3).

### 1.6 Geographic attribution

1.6.1 The geographic attribution of *exports* is 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 the shipper knows that the goods will be in the same form as when exported. The geographic attribution of *imports* is the country of origin. In some instances, those in which goods are produced in several countries and shipped through one or more countries before final shipment to the United States, the country of attribution may, in practice, be the last country of shipment.

1.6.2 The country of destination for goods may frequently differ from the county of payment for the goods. For example, when a foreign resident purchases an aircraft in the United States but leases it to an airline in another country, the country of destination shown on the export declaration may be that of the lessee, not that of the lessor (the owner of the

equipment). In this case, the goods accounts include the commodity flow by the country of destination and the financial accounts record the financial flow by the country of payment.

## 2 Goods Exports, Balance of Payments Basis (line 3)

2.1 This account measures the value of domestic and foreign goods (reexports) exported from the United States. As described earlier, the balance of payments estimates are based on export data compiled and published by the U.S. Census Bureau. Definitions of domestic and foreign goods and other characteristics of the U.S. Census Bureau export data, such as sources, coverage, valuation, and commodity classification were also presented earlier.

2.2 The procedures used in making the coverage, valuation, and other adjustments to the Census basis export data to bring them into conformity with balance of payments concepts are described below. [Table 1](#) shows the derivation of goods exports on a balance of payments basis for 2009.

2.3 The largest adjustments are (1) an addition for goods procured in U.S. ports by foreign ocean and air carriers, (2) a deduction for service receipts for repairs and alterations of foreign-owned equipment, and (3) an addition for low-value transactions.

2.4 (1) Beginning with statistics for 1999, an addition is made for goods procured in U.S. ports by foreign ocean and air carriers. At the present time, these purchases are limited to fuel, which are not covered in the Census basis data described in section 1. Data are based on a supplemental report provided by the Census Bureau and on BEA transportation surveys. Prior to 1999, these transactions are included in other transportation receipts (line 10).

2.5 (2) A deduction is made for the value of non-warranty repairs and alterations of foreign-owned equipment repaired or altered in the United States and subsequently exported. The value of these repairs is combined with other data on equipment repairs from a BEA survey and included in receipts for other private services (line 10). The adjustment is based on Census basis data.

2.6 (3) An addition is made to low-value transactions (estimates below the reporting threshold) included in Census basis data to phase in a revised low-value estimation methodology that was implemented by the Census Bureau beginning with estimates for 2010. The new methodology results in larger values for these transactions.

2.7 (4) Beginning with statistics for 1999, an addition is made for the value of goods transferred under U.S. foreign military sales contracts. The addition reflects the substitution of data on military goods exports reported by the Department of Defense to BEA for data reported to Census on shippers' export declarations. The data reported to BEA are more comprehensive than the data reported to Census. (See the chapter "Military Transactions" for details on the treatment of the goods component of military exports).

2.8 (5) An addition is made for personal parcels shipped via the U.S. Postal Service because Census basis data do not cover these items. The adjustment is based on a survey of postal operations and estimates by BEA. The financial counterpart of this item is included in private remittances and other transfers (line 38). An addition is also made for U.S. mail order shipments to Canada based on data provided by Statistics Canada.

2.9 (6) An addition is made for nonmonetary gold not included in Census basis data. This involves gold that is purchased by foreign official residents and is shipped to the Federal Reserve Bank of New York where it is held in custody for foreign official accounts; no export documents are filed for this gold. The adjustment is based on the monthly average of daily fixings of London gold prices and on data provided by the Federal Reserve Bank of New York. Effective with data for January 1978, other exports of nonmonetary gold (ore, scrap and base bullion, refined bullion, etc.) are included in Census basis data.

2.10 (7) An addition is made for electric energy supplied to Mexico. The adjustment is based on Government of Mexico trade data.

2.11 (8) A deduction is made for exposed motion picture film for sale or rent. These exports are

included in receipts for other private services (line 10). The adjustment is based on Census basis data.

2.12 (9) A deduction is made for U.S.-owned grain shipped for storage in Canada and an addition is made for subsequent delivery of U.S.-owned grain from Canadian warehouses to third countries. The net effect is usually close to zero.

### 3 Goods Imports, Balance of Payments Basis (line 20)

3.1 This account measures the value of foreign goods imported into the United States and of U.S. goods returned from abroad. As described earlier, the balance of payments estimates are based largely on import data compiled and published by the U.S. Census Bureau. Definitions of foreign goods and other characteristics of the Census basis data, such as sources, coverage, valuation, and commodity classification were also presented earlier.

3.2 The procedures used in making the coverage, valuation, and other adjustments to the Census basis import data to bring them into conformity with balance of payments concepts are described below. [Table 1](#) shows the derivation of goods imports on a balance of payments basis for 2009.

3.3 The largest adjustments are (1) an addition for goods procured in foreign ports by U.S. ocean and air carriers, (2) an addition for inland freight in Canada and Mexico, and (3) an addition for goods purchased abroad by U.S. military agencies.

3.4 (1) Beginning with statistics for 1999, an addition is made for goods procured in foreign ports by U.S. ocean and air carriers. At the present time, these purchases are limited to fuel, which are not covered in the Census basis data described in section 1. Data are based on a supplemental report provided by the Census Bureau and on BEA transportation surveys. Prior to 1999, these transactions are included in other transportation payments (line 25).

3.5 (2) An addition is made for inland freight charges to transport goods from their point of origin

in Canada and in Mexico to the U.S. customs boundary. The adjustment is based on Census basis data.

3.6 (3) An addition is made for nonmonetary gold not included in Census basis data. This involves gold sold by foreign official agencies to private purchasers out of stock held at the Federal Reserve Bank of New York; no import documents are filed for this gold. The adjustment is based on the average of daily fixings of London gold prices and data provided by the Federal Reserve Bank of New York. For 1980 and some prior years, the adjustment also included the value of gold sold at International Monetary Fund auctions out of stocks held in the United States, regardless of whether the purchaser was a U.S. or foreign resident; the valuation was the average bid price. Purchases by foreign official agencies taking immediate delivery were excluded. Effective with data for January 1978, other imports of nonmonetary gold (ore, scrap and base bullion, refined bullion, etc.) are included in the Census basis data.

3.7 (4) Beginning with statistics for 1999, an addition is made for the value of goods purchased abroad by U.S. military agencies. The addition reflects the substitution of data on military goods imports reported by the Department of Defense to BEA for data reported to Census on import declarations. The data reported to BEA are more comprehensive than the data reported to Census. (See the chapter "Military Transactions" for details on the treatment of the goods component of military imports).

3.8 (5) An addition is made to raise the value of selected non-customized computer software to its full market value from the value of the medium (such as CDs, DVDs, and smart cards) on which it is placed, which is the value reported on U.S. Customs and Border Protection import declarations.

3.9 (6) A deduction is made for the value of non-warranty repairs and alterations of U.S.-owned equipment repaired or altered abroad and subsequently imported to the United States. The value of these repairs is combined with other data on equipment repairs from a BEA survey and included in payments for other private services (line 27). The adjustment is based on Census basis data.

3.10 (7) An addition is made for locomotives and railcars imported from Canada and Mexico which are no longer reported on U.S. Customs and Border Protection import declarations as a result of a change in a U.S. trade law beginning in the late 1990s. The adjustment is based on data from a Statistics Canada survey and from Government of Mexico trade data.

3.11 (8) An addition is made to low-value transactions (estimates below the reporting threshold) included in Census basis data to phase in a revised low-value estimation methodology that was implemented by the Census Bureau beginning with estimates for 2010. The new methodology results in larger values for these transactions.

3.12 (9) An addition is made for the value of electric energy imported from Mexico. The adjustment is based on Government of Mexico trade data.

3.13 (10) A deduction is made for imports of exposed movie film for sale or rent included in Census basis data. These transactions are included in payments for other private services (line 27). The adjustment is based on Census basis data.

3.14 (11) A deduction is made for the value of repairs performed abroad on U.S.-owned vessels included in Census basis data. These transactions are already included in payments for other transportation services (line 25). The adjustment is based on Census basis data.

**Table 1. Derivation of U.S. Goods Exports and U.S. Goods Imports,  
Balance of Payments Basis, 2009 (Line 3 and Line 20)**

[Millions of dollars]

<b>Goods exports, Census basis</b> .....	<b>1,056,043</b>
Adjustments .....	12,456
Goods procured in U.S. ports by foreign ocean and air carriers.....	10,925
Equipment repair .....	-4,430
Low-value transactions .....	3,992
Transfers under U.S. military agency sales contracts .....	985
Personal parcel shipments.....	1,014
Gold exports, nonmonetary .....	0
Other	
Electric energy to Mexico.....	16
Exposed movie film.....	-45
Net change in stock of U.S.-owned grains in storage in Canada.....	0
<b>Goods exports, balance of payments basis (Line 3)</b> .....	<b>1,068,499</b>
<b>Goods imports, Census basis</b> .....	<b>1,559,625</b>
Adjustments .....	15,818
Goods procured in foreign ports by U.S. ocean and air carriers.....	8,546
Inland freight in Canada and Mexico .....	4,026
Gold imports, nonmonetary .....	0
Imports by U.S. military agencies .....	2,699
Software revaluation .....	2,333
Equipment repair .....	-2,570
Locomotives and railcars .....	398
Low-value transactions .....	545
Other	
Electric energy from Mexico.....	309
Exposed movie film.....	-342
Vessel repair .....	-127
<b>Goods imports, balance of payments basis (Line 20)</b> .....	<b>1,575,443</b>