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Bruce C. Walter *(301) 457-2210*
Diane C. Oberg *(301) 457-3251*

Reconciliation of the 1993 and 1994 Merchandise Trade Statistics of the United States and Australia

The Bureau of the Census, Department of Commerce, announced today the completion of the reconciliation of 1993 and 1994 merchandise trade data for the United States and Australia. The reconciliation study showed that the largest sources of discrepancies in the two nations' trade statistics are indirect trade between the two countries, including imports through intermediate nations, and reexports of third country merchandise.

Although both countries' statistical systems follow the U.N. guidelines for merchandise trade data, there are still definitional and conceptual differences between import and export data. Imports are classified on a country of origin basis by both partners, and each country's exports contain both domestic and foreign merchandise.

The reconciliation study was designed to identify and adjust for conceptual and definitional differences so we could investigate the remaining differences.

In 1993, Australia recorded imports of $8.92 billion while the United States recorded exports totaling $8.28 billion. The United States recorded imports of $3.30 billion while Australia recorded exports of $3.43 billion.

In 1994, Australia recorded imports of $10.80 billion while the United States recorded exports totaling $9.78 billion. The United States recorded imports of $3.20 billion while Australia recorded exports of $3.39 billion.

The study found that for southbound trade (trade bound for Australia) the major reason for discrepancy was U.S. goods imported via third countries ($962 million in 1994, $780 million in 1993). Other major reasons included reexports of foreign merchandise ($376 million in 1994, $253 million in 1993), underestimation of low-value trade ($265 million in 1994, $236 million in 1993), and large value commodity coverage ($183 million in 1994, $84 million in 1993).

Major sources of discrepancy for northbound trade (trade bound for the United States) include Australia's re-exports ($308 million in 1994, $362 million in 1993) and U.S. reimports ($218 million in 1994, $214 million in 1993).

The reconciliation study was conducted jointly by the Australian Bureau of Statistics and the U.S. Bureau of the Census assisted by the U.S. Customs Service. No further reconciliation studies with Australia are planned at this time.

The adjustments presented in the attached reconciliation tables do not represent revisions to either country's official statistics. These adjustments estimate the effect of conceptual and definitional differences between each country's import statistics, and the counterpart's export statistics. In general, the adjustments do not imply errors in either country's published statistics.

The technical notes accompanying the reconciliation tables provide detailed explanations for each adjustment.

Reconciliation of 1993 and 1994 Merchandise Trade Data of the United States and Australia

(In millions of U. S. dollars)

Southbound Trade

	1993	1994
U. S. PUBLISHED EXPORTS	8,276	9,781
U.S. reexports of Australian and other merchandise	-253	-376
Value of repairs and alterations	-27	-42
Large value commodity coverage	-84	-183
Timing	-121	-46
Low value underestimation	236	265
Unreported U.S. exports	48	78
Aircraft exchange rate adjustment	-8	10
Imports of U.S. origin goods from third countries	780	962
Australia's published imports from Puerto Rico and the U.S. Virgin Islands	-152	-171
F.o.b. adjustment	2	5
Residual discrepancy	220	520
AUSTRALIA'S PUBLISHED IMPORTS	8,917	10,803

Explanatory Notes:

Southbound

Published totals: These are the official import and export totals for southbound trade between Australia and the United States as published by each country.

U.S. exports are valued on an f.a.s. (free alongside ship) basis.

Australian imports are on a customs value basis. Customs value is the f.o.b. (free on board) value adjusted for each transaction where Australian Customs considers the f.o.b. value to be an artificially low price relative to market value.

Adjustments:

These adjustments represent the steps needed to transform U.S. published exports to the same basis as Australia's published imports. They generally do not reflect revisions or errors in either country's statistics.

U.S. reexports of Australian and other merchandise: These goods are reexports to Australia of foreign merchandise. These goods will generally be recorded in Australian statistics as imports from the country of origin, not from the United States. If, in fact, some of these transactions have been recorded in Australian import statistics as originating in the United States, this adjustment may be overstated.

Repairs and alterations: This adjustment represents the value of repairs and alterations to goods imported for repair. Neither country includes the value of the good being repaired in its statistics. The United States includes the value of the repair in its statistics, but Australia counts repairs as nonmerchandise trade, and does not include the value in its statistics.

Large value commodity coverage: For 1993 this adjustment represents the value of several aircraft that were sold or leased to Australian companies and exported from the United States but did not cross the Australian customs boundary, and hence were not recorded in Australian import statistics. For 1994 the adjustment represents (1) the value of a satellite exported from the United States that did not cross the Australian customs boundary and (2) aircraft that did cross the Australian customs boundary, but were not included in Australia's imports statistics because they were imported under operational leases.

Timing: This is an estimate of goods imported in the year after they were exported. The estimate was based on the fact that vessel shipments take an average of 34 days to go from the United States to Australia.

Low-value underestimation: This adjustment is the value of Australian imports of shipments less than $2,501 minus the value of the U.S. export low-value estimate. It should be noted that U.S. and Australian low value transactions are not necessarily identical, as they are dependent upon the amount of detail included in each country's classification. For areas where Australia has more detail than does the United States the approach taken will overstate the required adjustment. Conversely, for areas where the United States has more detail, this approach will understate the required adjustment.

Unreported U.S. exports: This adjustment represents the value of transactions found not to have been recorded in U.S. exports to Australia.

Aircraft exchange rate adjustment: The use of the average annual exchange rate to convert between Australian and U.S. dollars can lead to discrepancies, particularly for high-valued or seasonal commodities. We were able to quantify this effect only for aircraft. The average annual exchange rates used were $US1 = $A1.4789 for 1993 and $US1 = $A1.3736 for 1994.

Imports of U.S. origin goods from third countries: These U.S. goods were exported from other countries to Australia. They are included in Australian imports (classified on a country of origin basis), but are generally not recorded in U.S. exports to Australia. Some of the Australian indirect imports may be recorded as exports in U.S. trade statistics, and so the adjustment may somewhat overstate the effect of trade via third countries.

Australian imports from Puerto Rico and the U.S. Virgin Islands: This value is included in U.S. exports, but not included in Australian imports from the United States.

F.o.b. adjustment: This adjustment represents the difference between Australia's published imports on a Customs value basis and Australia's import value on an f.o.b. basis.

Residual discrepancy: This value is the difference between the adjusted value of U.S. exports, including the adjustments above, and the value of Australian imports. The reasons for this discrepancy may include: additional third country transactions, valuation differences, additional differences in the timing of exports and the corresponding imports, and non-filing of export documents.

Reconciliation of 1993 and 1994 Merchandise Trade Data of the United States and Australia

(In millions of U. S. dollars)

Northbound Trade

	1993	1994
U. S. PUBLISHED IMPORTS	3,297	3,202
Reimports of U.S. origin goods	-214	-218
Imports of Australian origin goods from third countries	-114	-149
Timing adjustment	-31	41
Australian reexports of U.S. and other merchandise	362	308
Australia's published exports to Puerto Rico and the U.S. Virgin Islands	-2	-4
Low value trade adjustment	-4	-8
Residual discrepancy	135	214
AUSTRALIA'S PUBLISHED EXPORTS	3,429	3,386

Explanatory Notes:

Northbound

Published totals: These are the official import and export totals for northbound trade between Australia and the United States as published by each country.

U.S. imports are valued on a Customs value basis, which is generally equivalent to an f.a.s. (free alongside ship) basis.

Australia's exports are valued on an f.o.b. (free on board) basis. The f.o.b. value by definition exceeds the f.a.s. value by the cost of loading the goods on the carrier. In practice, there may be little difference between values reported on f.a.s. and f.o.b. bases.

Adjustments:

The adjustments below reflect the steps needed to transform U.S. published imports to the same basis as Australia's published exports. They do not reflect revisions or errors in either country's statistics.

Reimports of U.S. origin goods: These goods are of U.S. origin and would not be included in Australian exports of domestic merchandise.

Imports of Australian origin goods from third countries: These Australian goods were exported from other countries to the United States. They are included in U.S. imports from Australia (classified on a country of origin basis), but they are not usually recorded in Australian exports to the United States. Some of the U.S. indirect imports may be recorded as exports in Australian trade statistics, so the adjustment may somewhat overstate the effect of trade via third countries.

Timing: Net value of goods recorded as imports in the year after they were exported, reflecting the fact that vessel shipments may take slighly more than a month to travel between the two countries.

The goods most affected by timing difference are concentrated in Harmonized System Chapters 28 (inorganic chemicals), 17 (sugar), and 72 (iron and steel).

Australian reexports of U.S. and other merchandise: The value of Australia's reexports of U.S. and other merchandise is included in Australia's published exports, but not included in the adjusted U.S. imports, which are on a country of shipment basis. Although U.S. imports initially included reimports of U.S. origin merchandise (the counterpart value of Australian reexports of U.S. merchandise), this value was removed in the U.S. reimport adjustment.

Australian exports to Puerto Rico and the U.S. Virgin Islands: This value is included in U.S. imports, but not included in Australian exports to the United States.

Low value trade adjustment: This adjustment represents the difference between the U.S. estimate for trade under $US1,251 and the actual value of Australia's export transactions between $A500 and $US1,251. This, in effect, removes the value of all transactions less than $US1,251 from the reconciliation.

Residual discrepancy: This value is the difference between the value of U.S. imports, including the adjustments above, and the value of Australian exports. One possible reason for this discrepancy is the likelihood that importers may not be able to correctly identify the country of consignment for reimports of U.S. origin goods and imports of Australian origin goods from third countries. Similarly, goods recorded in Australia as exported to the United States may be transshipped (particularly to Canada) without being formally entered in the United States. Other possible reasons for this discrepancy are: valuation differences, additional differences in the timing of exports and the corresponding imports, minor coverage differences, currency conversion practices, and foreign merchandise not identified as such.