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**Reconciliation of the Merchandise Trade Statistics
Of the United States and Japan
1992 Annual**

The Bureau of the Census, Department of Commerce, announced today the completion of the reconciliation of 1992 merchandise trade data for the United States and Japan. This was the third reconciliation of annual trade data undertaken by the two countries as part of an ongoing study.

The reconciliation study showed, as had the 1990 and 1989 studies, that the largest sources of discrepancy in the two nations' trade statistics are differences in the statistical definitions used by the two countries, especially regarding insurance and freight charges, reexports of third country merchandise and imports through intermediate nations.

The format used to present the results of the 1992 study is different than that used for the previous studies. The new format is designed to more clearly indicate that the adjustments shown are explanations of the differences between the two sets of statistics, not corrections or revisions. The methodology underlying the reconciliation has not changed, however.

In 1992, Japan was the United States' second largest trading partner (Canada was the largest.) There are noticeable differences in the bilateral merchandise trade statistics published by the two countries. U.S. published exports to Japan were 8.5% less than Japan's published imports from the United States, while Japan's exports were 1.7% less than U.S. imports.

To determine the major reasons for these differences, particularly those in westbound trade (Japan's imports, U.S. exports), Japan's Customs and Tariff Bureau and the U.S. Bureau of the Census, assisted by the U.S. Customs Service, have conducted a series of joint reconciliation studies. These studies focus upon systemic differences affecting total trade.

The adjustments presented in the reconciliation table do not represent revisions to either nation's official statistics. Instead, they provide an estimate of the effect of conceptual and definitional differences between each country's import statistics and the counterpart's export statistics and do not imply errors in either country's published statistics.

The explanatory notes accompanying the reconciliation tables provide additional information regarding each adjustment.

Statistics Canada and Japan released today their 1992 merchandise trade reconciliation results. For details contact Susie Carpentier at (613) 951-9647, fax (613) 951-0117.

Reconciliation of 1992 Merchandise Trade Data
of the United States and Japan
(In millions of dollars)

Westbound Trade

U. S. PUBLISHED EXPORTS	47,813
U.S. reexports of Japanese and other merchandise	-1,921
Definition of Partner Country	154
Timing	-406
Insurance and Freight	4,084
Imports of U.S. origin goods from third countries	624
Reimports of Japan origin goods	987
Aircraft Stores	63
Puerto Rico and the U.S. Virgin Island	-458
Low-value shipments	-213
Gold coins	-2
Reporting Error	56
Residual Discrepancy	1,449
JAPAN'S PUBLISHED IMPORTS	52,230

**Reconciliation of 1992 Merchandise Trade Data
of the United States and Japan**
(In millions of dollars)

Eastbound Trade

U. S. PUBLISHED IMPORTS	97,414
Reimports of U.S. origin goods	-776
Imports of Japan origin goods from third countries	-1,790
Shipping Containers	180
Reexports of U.S. and other merchandise	1,869
Puerto Rico and the U.S. Virgin Islands	-776
Low-Value Shipments	-733
Residual Discrepancy	405
JAPAN'S PUBLISHED EXPORTS	95,793

EXPLANATORY NOTES

These adjustments represent the steps needed to transform U.S. published statistics to the same basis as Japan's published statistics. They do not reflect revisions to either country's official statistics.

U.S. exports are valued on an f.a.s. (free alongside ship) basis. Japan's imports are valued on a c.i.f. (cost insurance freight) basis.

U.S. imports are valued on an f.a.s. basis. Japan's exports are valued on an f.o.b. (free on board) basis.

Adjustments

Westbound Trade

U.S. reexports of Japanese and other merchandise: Merchandise of non-U.S. origin exported by the United States to Japan. Goods of other foreign origin are not included as imports from the United States in Japan's statistics, which are compiled on a country of origin basis. U.S. reexports of Japanese merchandise are shown by Japan as reimports from the United States. The United States cannot distinguish Japanese from other foreign goods.

Definition of Partner country: This adjustment reflects special cases where the partner country reported in one country appears not to match that reported to the other country.

Timing: Value of transactions determined to have been included in Japanese import statistics after 1992 but in U.S. exports in 1992.

Insurance and freight: Estimated insurance and freight costs included in Japan's import value but excluded from the U.S. export value. As these costs are not reported separately to Japan's Customs authorities, the estimates are based on the insurance and freight costs reported for U.S. imports from Japan. The initial freight estimate was calculated using the ratio of f.a.s. to c.i.f. value by Harmonized System chapter. Additional adjustments were

made, based on a comparison of U.S. and Japanese unit values, for wood, bulk foodstuffs, fuel and fish that the United States does not generally import from Japan.

Imports of U.S. origin goods from third countries: This adjustment is based on Japan's estimate of the percentage of U.S. integrated circuits that are imported from other nations. These shipments would not be included in U.S. exports to Japan. It is likely that Japan also imports other products from third countries. However, data to estimate the value of such imports are not available.

Reimports of Japan origin goods: The value, as recorded in Japan's import statistics, of Japanese origin goods imported from the United States.

Aircraft Stores: The value of consumable aircraft stores imported by Japan. These stores are considered "instruments of international trade" by the United States and are excluded from export statistics. The adjustment is the value shown in Japanese statistics.

Puerto Rico and the U.S. Virgin Islands: Japan's published value for imports from these U.S. possessions. The United States includes exports from these possessions in its statistics, while Japan does not include these transactions in its data for trade with the United States.

Low-value shipments: Estimated value of Japan's import shipments valued less than 200,000 yen. In 1992, 200,000 yen was equivalent to approximately \$1,577. Neither country collects data on shipments below a certain threshold. Japan excluded shipments valued less than 200,000 yen from its statistics, while the United States estimates the total value of shipments below \$2,500. The adjustment is based on the U.S. low-value estimate for exports to Japan.

Gold coins: Japan's reported imports of bullion-type gold coins from the United States, which it excludes from its merchandise trade data. The United States includes all nonmonetary coins in its export data. Bullion-type coins are defined as these coins with a transaction value different from the face value.

Reporting error: Correction for U.S. export transactions found to have been reported incorrectly.

Residual discrepancy: The difference between the published value of U.S. exports, plus all other adjustments and Japan's published import value. The reasons for this discrepancy may include: additional third country transactions, valuation differences including those resulting from currency conversion and estimation of insurance and freight charges, differences in the timing of exports and the corresponding imports, adjustments after exportation and nonfiling of export documents.

Eastbound Trade

Reimports of U.S. origin goods: The value of goods of U.S. origin shipped from Japan as recorded in U.S. import statistics.

Imports of Japan origin goods from third countries: The value of goods of Japanese origin imported from other countries, as reported by the U.S. importer.

Shipping containers: The value of shipping containers exported by Japan for use on board the exporting vessel. These containers are considered "instruments of international trade" by the United States and are excluded from the import statistics. The adjustment was calculated by subtracting U.S. imports of these containers from Japan's exports.

Reexports of U.S. and other merchandise: Japan's reexports of foreign merchandise to the United States. The United States does not include goods not of U.S. origin as imports from Japan in its statistics, which are compiled on a country of origin basis. Japan reexports of U.S. origin merchandise are shown as reimports by the United States. Japan cannot distinguish U.S. and other foreign goods.

Puerto Rico and the U.S. Virgin Islands: Japan's published value of exports to these U.S. possessions. The United States includes imports by these possessions in its statistics, while Japan does not include these transactions in its data for trade with the United States.

Low-Value shipments: Estimated value of Japan's export shipments valued less than 200,000 yen. Neither country collects data below a certain threshold. Japan excludes shipments valued less than 200,000 yen from its statistics, while the United States estimates the total value of low-value shipments. The U.S. threshold is \$1,250 except for a special threshold of \$250 for textiles and quota items. The adjustment is based on the U.S. import low-value estimate.

Residual discrepancy: This value is the difference between the value of U.S. imports plus all the adjustments above and the value of Japan's published exports. The reasons for this discrepancy may include additional third country transactions, valuation differences including those resulting from currency conversion, differences in the timing of exports and the corresponding imports, and adjustments after exportation

