Import and Export Low Value Estimation

1. Introduction

The Foreign Trade Division (FTD) of the U.S. Census Bureau calculates import and export low value totals using country specific estimation factors that were originally created in the 1960s and were most recently updated in October 1989. Knowing that there have been many changes in international trading patterns since the late 1980s, which are not reflected in our current low value estimation methodologies, the validity of the estimates produced by these factors came into question. In 2005, the Bureau of Economic Analysis (BEA) co-sponsored several initiatives to improve import and export coverage. As part of these initiatives the Methods Research and Quality Assurance Branch of the FTD undertook the investigation of under estimation of low valued imports and exports, as well as import data reported without summarizing by commodity. As a result of several years of research, we have developed revised low value methodologies and are currently taking steps necessary to implement these new methodologies with the production of January 2010 merchandise trade statistics. This paper will briefly summarize the methodologies.

2. Methodology through December 2009 Statistics

The low valued data are those transactions that are valued below a specified exemption level. These exemption levels were originally established to help alleviate filer burden, as goods valued below these exemption levels did not require complete filing. Over the years, the exemption levels have changed, and these changes corresponded to updates to the country-specific low value estimation factors. The most recent change to the exemption levels came in 1989, when the export minimum was set to $2,500. For imports, there are two exemption levels that currently stand at $250 for certain quota items, and $2,000 for all other imported goods. Currently, we estimate the low value for a country by multiplying that country's previous month's statistical high value (i.e. value above the exemption level) total with that country's low value estimation factor (or factors, in the case of the different import exemption levels). The result of this methodology is a low value estimate for each country for the current month. The one exception to this methodology is exports to Canada. As a result of the U.S.-Canada Data Exchange, we use Canada's import statistics as our data for U.S. exports to Canada, and in the process, we receive a total of low valued exports to Canada through this exchange. As a result, we do not have an export low value estimation factor for Canada.

3. Revised Methodology effective January 2010 Statistics

Exports

 Since there was strong support that the dramatic increase in goods shipped via small package courier companies was a major component of export under coverage, we contacted three main

courier companies and asked that they provide us their low valued data. The data that they provided, which included values and country information, served as the basis for the methodology we developed for exports that is described here.

The export low value estimates will be sum of courier and non-courier estimates. For the courier data, we had developed a proportion of the low value trade to the total high value trade using data from couriers over several months. We will use this proportion as a courier factor, which will be the same for all countries, and will multiply the courier data by this factor to produce courier low value estimates. For the non-courier data, we will continue to use the existing methodology and factors until we can determine a way to improve our non-courier estimates. These two components will be summed, by country, to produce the monthly low value estimates for each country.

In addition, to improve the timeliness and relevance of the estimates we will use the data available to us for the current month, rather than relying on the previous month's totals to produce the country low value estimates.

Note: The implementation of this methodology will increase the export coverage. Data users may see an increase in the country's low value estimates.

Imports

Since we have a much greater pool of available low value data for imports, we have the opportunity to use much of these data rather than completely estimating the import low value. The methodology for imports will consist of two main features. The first is a summarization, or 'roll-up', procedure that will include previously un-summarized transactions into statistics. As some importers report their shipments at transaction levels rather than summarizing them by commodity, some amount of reported data is omitted from processing and not included into statistics. The roll-up procedure will summarize individual transactions on several data elements in order to include more detail in the commodity-level statistics. The import data that we are attempting to roll-up are those transactions filed electronically via the Automated Broker Interface (ABI) or the Automated Commercial Environment (ACE), which account for the majority of all import data.

Note: The implementation of this methodology will add value to statistics at a commodity level. Data users may see an increase in the value for certain commodities where lower valued trade is prevalent.

The second feature of the import methodology is a revised low value estimation process. Similar to the revised export methodology, the current month's data will be used for the new import low value estimates. The revised import low value estimation methodology has four components to account for different sources of import data. These four components are: (1) a low value total for electronically filed (i.e., ABI or ACE) import data, (2) an estimate of low valued data filed via paper, (3) an estimate of courier low value data, and (4) a low value total for Foreign Trade Zone (FTZ) data filed via paper or electronically. These four components will be summed, by country, to produce the monthly low value estimates for each country.

Note: The implementation of this methodology will improve the relevance of the estimates.

4. Additional Information for Data Users

The new methodologies effective with January 2010 will improve the overall trade data coverage and quality. Please note that in FT-900 U.S. International Trade in Goods and Services and all other Foreign Trade Data Products, exports and imports low value estimates are identified as:

- **Exports**
  Schedule B Code 9880.00.4000 or Five Digit Enduse Code '60000'
- **Imports**
  Harmonized Tariff Schedule Code 9999.95.0000 or Five Digit Enduse Code '50030'

Revision
The import and export courier low value estimation factors will not be revised on a regular basis.

Seasonal Adjustment
The import and export low value data will not be seasonally adjusted initially.