

## *Technical Documentation*

### Sources and Limitations

The data in this release are compiled from administrative records from the official U.S. import and export merchandise trade statistics. The merchandise trade data are a complete enumeration of documentation collected by the U.S. Bureau of Customs and Border Protection and are not subject to sampling error. Quality assurance procedures are performed at every stage of collection, processing and tabulation; however, the data are still subject to nonsampling errors. These include undocumented shipments, timeliness, data capture errors and errors in the estimation of low-valued transactions.

Related party shipments are identified by an indicator, “R” for related or “N” for nonrelated, that is required on every import or export transaction. However, importers and exporters do not always report the indicator on their shipments. No attempt is made to estimate the related party status of shipments with missing indicators; instead, they are categorized on the data tables as “nonreported.” Therefore, the ratios of related and unrelated party trade are understated.

Users are advised to consider these limitations in their analysis of this data as they may affect the results. For more information on data sources and methodology, please read the document “Information on the Collection and Publication of Trade Statistics” at <http://www.census.gov/foreign-trade/reference/guides/tradestatsinfo.html>

### Definitions

#### **Related party trade:**

**Imports:** As defined in Section 402(e) of the Tariff Act of 1030, related party trade includes transactions between parties with various types of relationships including “any person directly or indirectly, owning, controlling or holding power to vote, 6 percent of the outstanding voting stock or shares of any organization.”

**Exports:** The Foreign Trade Statistics Regulations, 30.7(v), define a related party transaction as 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.

**Imports for Consumption:** The import data shown in this report are imports for consumption that measure all merchandise that has physically cleared through Customs, either entering consumption channels immediately or after withdrawal from bonded warehouses under Customs custody or from Foreign Trade Zones.

**Customs Value:** The import data in this report are based on Customs value, generally defined as the price actually paid or payable for merchandise when sold for exportation to the United States, excluding U.S. import duties, freight, insurance and other charges incurred in bringing the merchandise to the United States.

**F.A.S. Value:** Exports are valued on a free alongside ship basis, which reflects transaction price including inland freight, insurance and other charges incurred in placing the merchandise alongside the ship as the port of export.

**Low Value Estimates:** Import and export transactions below specific values are estimated using factors based on the ratios of low-valued transactions to individual country totals for past periods. Import transactions valued \$2,000, excluding certain textile articles, and all export transactions valued \$2,500 or less are estimated.

**Re-exports:** Exports of foreign merchandise that previously entered the U.S. Customs Territory and are exported in substantially the same condition as when imported.

On May 1, 2004 the European Union expanded to twenty-five countries. As a result, beginning with year 2004 issue of the Related Party Trade release, Exhibits 1 and 2 are modified to reflect the new European Union.

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