

economic territory. For further explanations, see United Nations *International Trade Statistics, Concepts and Definitions*, Series M, N° 52, Revision 2.

Unless otherwise indicated, exports are valued at transaction value, including the cost of transportation and insurance to bring the merchandise to the frontier of the exporting country or territory (f.o.b. valuation). Imports are valued at transaction value plus the cost of transportation and insurance to the frontier of the importing country or territory (c.i.f. valuation).

2. Products

All product groups are defined according to Revision 3 of the Standard International Trade Classification (SITC).

The following groupings are used in this report:

A. Primary products

(i) *Agricultural products*

- *Food*: food and live animals; beverages and tobacco; animal and vegetable oils, fats and waxes; oilseeds and oleaginous fruit (SITC sections 0, 1, 4 and division 22).
- *Raw materials*: hides, skins and furskins, raw; crude rubber (including synthetic and reclaimed); cork and wood; pulp and waste paper; textile fibres and their wastes; crude animal and vegetable materials, n.e.s. (SITC divisions 21, 23, 24, 25, 26, 29).

(ii) *Mining products*

- *Ores and other minerals*: crude fertilizers (other than those classified in chemicals) and crude minerals; metalliferous ores and metal scrap (SITC divisions 27, 28).
- *Fuels*: (SITC section 3).
- *Non-ferrous metals*: (SITC division 68).

B. Manufactures: (SITC sections 5, 6, 7, 8 minus division 68 and group 891)

(i) *Iron and steel*: (SITC division 67).

(ii) *Chemicals*: organic chemicals (SITC division 51); plastics (SITC divisions 57, 58); inorganic chemicals (SITC division 52); pharmaceuticals (SITC division 54); other chemicals (SITC divisions 53, 55, 56, 59).

(iii) *Other semi-manufactures*: leather, leather manufactures, n.e.s., and dressed furskins; rubber manufactures, n.e.s.; cork and wood manufactures (excluding furniture); paper, paperboard and articles of paper pulp, of paper or of paperboard; non-metallic mineral manufactures, n.e.s.; manufactures of metals, n.e.s. (SITC divisions 61, 62, 63, 64, 66, 69).

(iv) *Machinery and transport equipment*: power generating machinery; other non-electrical machinery; office machines and telecommunications equipment; electrical machinery and apparatus; automotive products; other transport equipment (SITC section 7).

- *Power generating machinery*: power generating machinery and equipment minus internal combustion piston engines, and parts thereof, n.e.s. (SITC division 71 minus group 713).

- *Other non-electrical machinery*: machinery specialized for particular industries; metalworking machinery; general industrial machinery and equipment, n.e.s., and machine parts, n.e.s. (SITC divisions 72, 73, 74).

- *Office machines and telecommunications equipment*: office machines and automatic data processing machines; telecommunications and sound recording and reproducing apparatus and equipment; thermionic, cold cathode or photo-cathode valves and tubes (SITC divisions 75, 76 and group 776).

- *Electrical machinery and apparatus*: electrical machinery, apparatus and appliances, n.e.s., and electrical parts thereof; minus thermionic, cold cathode or photo-cathode valves and tubes; minus electrical equipment, n.e.s., for internal combustion engines and vehicles, and parts thereof (SITC division 77 minus group 776 and subgroup 7783).

- *Automotive products*: motor cars and other motor vehicles principally designed for the transport of persons (other than public transport type vehicles) including station wagons and racing cars; motor vehicles for the transport of goods and special purpose motor vehicles; road motor vehicles, n.e.s.; parts and accessories of motor vehicles and tractors; internal combustion piston engines for vehicles listed above; electrical equipment, n.e.s., for internal combustion engines and vehicles, and parts thereof (SITC groups 781, 782, 783, 784, and subgroups 7132, 7783).

- *Other transport equipment*: other transport equipment (railway vehicles, aircraft, spacecraft, ships and boats, and associated parts and equipment); motorcycles and cycles, motorized and non-motorized; trailers and semi-trailers, other vehicles (not mechanically propelled), and specially designed and equipped transport containers; internal combustion piston engines for aircraft, and parts thereof, n.e.s.; internal combustion piston engines, marine propulsion; internal combustion piston engines, n.e.s.; parts, n.e.s., for internal combustion piston engines listed above (SITC division 79, groups 785, 786, and subgroups 7131, 7133, 7138, 7139).

(v) *Textiles*: (SITC division 65).

- (iii) Exports of non-monetary gold, where known, are included. When they cannot be broken down by destination, they are allocated to "unspecified destinations".

- (i) *communication services* (telecommunications, postal and courier services);
- (ii) *construction services*;
- (iii) *insurance services*;
- (iv) *financial services*;
- (v) *computer and information services* (including news agency services);
- (vi) *royalties and licence fees*, covering payments and receipts for the use of intangible non-financial assets and proprietary rights, such as patents, copyrights, trademarks, industrial processes, and franchises;
- (vii) *other business services*, comprising trade related services, operational leasing (rentals), and miscellaneous business, professional and technical services such as legal, accounting, management consulting, public relations services, advertising, market research and public opinion polling, research and development services, architectural, engineering, and other technical services, agricultural, mining and on-site processing; and
- (viii) *personal, cultural, and recreational services* including audiovisual services.

3. Coverage and comparability

Although in recent years the coverage and comparability of services trade data have improved, recorded trade figures still lack comparability across countries and are subject to significant distortions.

First, some countries do not collect statistics for certain service categories. *Second*, some service transactions are simply not registered. If central bank records are used, situations where no financial intermediaries are employed are not counted. In the case of surveys, the coverage of trading establishments is often incomplete. A particularly serious problem is that services transmitted electronically are frequently unregistered, especially when the transactions take place within multinational corporations. *Third*, statistics may be reported on a net rather than on a gross basis, often as a result of compensation arrangements such as in rail transport or in communication services. *Fourth*, the alternate sources used for countries which are not members of the IMF do not necessarily comply with the IMF concepts and definitions. *Fifth*, misclassification of transactions may lead to an underestimation of commercial services when service transactions are registered as income, transfers or trade in merchandise rather than trade in services or, conversely, to an overestimation of commercial services when transactions pertaining to income, transfers or official transactions are registered in the private service categories.

These distortions may be particularly significant at the detailed level, i.e., for a detailed service category, or for trade flows by origin and destination.

The implementation of BPM5 will result in an improvement of country comparability over time. However, given that these improvements are being made gradually, they also result in a number of breaks in series. The borderline between goods and services, as well as the borderlines between the components of commercial services differ in BPM4 and BPM5. Examples of such differences are:

- (i) most processing transactions are included under *goods* on a gross basis in BPM5, while in BPM4 only the value of the fees paid for processing are included in services;
- (ii) goods procured in ports, such as fuels and provisions, are included in *goods* in BPM5, and in services (*transport*) in BPM4;
- (iii) in BPM4, insurance services are normally measured by the net premiums defined as premiums less claims, while in BPM5, *insurance services* reflects the "normal" service

charge, i.e. administrative services and part of the earnings; the rest of the net premiums or the actual risk premiums is recorded under current transfers or in the financial account in case of life insurance; in addition, freight insurance is part of transport in BPM4, and part of insurance services in BPM5; and

- (iv) the expenditure of seasonal and border workers is included in labour income in BPM4, and in *travel* in BPM5.

II.3 Other definitions and methods

1. Annual changes

Throughout this report, average annual percentage changes are analogous to compound interest rates. In calculating the average annual rate of change between 1990 and 2000, for example, data for calendar year 1990 were taken as the beginning point, and data for calendar year 2000 as the end point.

2. Commodity prices

Commodity price movements are primarily described by indices largely based on spot market prices, and therefore exclude transactions governed by longer-term contracts. Price indices for such commodities as food, beverages, agricultural raw materials, minerals, non-ferrous metals, fertilizers and crude petroleum are obtained from IMF *International Financial Statistics*. Aggregates for all primary commodities and for non-fuel primary commodities are calculated using IMF weights.

3. Merchandise trade volume and unit value indices

The volume and unit value indices are taken from a range of different international and national sources. The reported volume and unit value indices may not always be available for the most recent years or may differ in product coverage from the corresponding value indices.

Aggregation of the indices to obtain a world total is a two-tier process. *First*, export and import unit values are adjusted to the extent possible for differences in coverage and, in cases of missing data, completed with Secretariat estimates. They are then aggregated to obtain regional totals. The volume index for each

significant impact on the weighting pattern. The increasing use of weights based on purchasing power parities (PPP) by other international organizations is meant to attenuate “anomalies” linked to these factors. In a period of widely diverging growth rates among countries and regions, the choice of the weighting pattern can have a marked influence on the global growth estimate. For the 1990-2000 period, global growth estimates based on PPP-weights indicate a significantly faster growth than estimates using weights based on GDP data measured at market exchange rates. This is because of differences in the two weighting patterns. Relative to weights based on GDP at market exchange rates, PPP weights are low for the transition economies – especially the successor States of the former USSR with a poor growth record, and high for major developing countries (in particular China) with above average growth.

6. Re-exports

Under the system of general trade adopted in this report, re-exports are included in total merchandise tr

