



Measurement and Limitations of Trade Data

Trade data are classified by the qualities and characteristics of the products or services themselves, in contrast to industry output data that classify a firm in one industry on the basis of the primary activity of the firm.* Thus, the industry and trade classifications are not compatible with each other and cannot be mapped onto each other. For example, an export classified as a computer service may have originated from a firm that is classified in the computer manufacturing industry because its primary activity is manufacturing computers.

Data on exports and imports represent the market value of products and services in international trade. Exports of products are assigned by the importing country's port of entry to a single country of origin. For goods manufactured in multiple countries, the country of origin is determined by where the product was "substantially transformed" into its final form, which is usually the country of final assembly.

The value of product trade entering or exiting a country's ports may include the value of components, inputs, or services classified in different product categories or originating from countries other than the country of origin. For example, China is credited with the full value (i.e., factory price plus shipping cost) of a smartphone when it is assembled in China, though made with components imported from other countries. In these data, a country whose firms provide high-value services such as design, marketing, and software development for products or services that are produced in a different country are typically not credited for these contributions.

* Traded goods are assigned one product code according to the Harmonized Commodity Description and Coding System, or Harmonized System (HS). HS is used to classify goods traded internationally and was developed under the auspices of the Customs Co-operation Council. Beginning on 1 January 1989, HS numbers replaced schedules previously adhered to in more than 50 countries, including the United States. For more information, see <https://www.census.gov/foreign-trade/guide/sec2.html#htsusa>.