

VII. APPENDIX

State of Origin of Movement (OM)

The state of origin of movement, as reported by the exporter on the SED, is the state where the product began its journey to the point of export, the state of consolidation of shipments, the state of greatest value in the case of consolidation of shipments, or the state of a foreign trade zone. That state is not necessarily the state of manufacture or where the product was grown or mined. It may in some cases be the state of a broker or wholesaler or the state of consolidation of shipments. This issue results in some inflation of exports for the major port states and understatement of exports for other states. The problem is most acute for agricultural shipments and less so for manufactured exports. Nevertheless, for manufactured exports the OM series is the closest to state of production origin.

State Exports by Harmonized System (HS)

HS commodity classification was adopted in 1989 by the largest exporting and importing countries and has since been adopted in nearly all countries. HS is the basis of the tariff schedule in most countries. State exports by HS were made available for the first time in 1999. HS data were used in this report because they are extremely detailed by commodity; there are 4,500 6-digit HS commodity classifications.

State Exports by NAICS and SIC

NAICS (the North American Industry Classification System) differs from HS in that the former is industry-based, while the latter is commodity-based. There are 31 major 3-digit NAICS-based export industry groups. The State by NAICS export series replaces the State Exports by SIC series that began in 1987 and ended in 2000. NAICS data were used in this report because the 3-digit industries can be easily aggregated by manufacturing and non-manufacturing sectors. This report focuses on the manufacturing industries because non-manufactured exports are known to under-report shipments from interior states and over-report exports from the major port states.

Foreign shipments through the US

US state export statistics include the value of foreign shipments passing through the US. This is evident in such shipments as grapes, bananas, and frozen orange juice from Delaware to Canada and fuel oil from Maine to Canada.

Under-reporting of State Low-value Exports

US export statistics are collected only for shipments over \$2500. Census produces an estimate of shipments valued under \$2500 exported to each country. The low-value estimate is credited entirely to "unknown state" in the state export series. Moreover, studies have been done at Census indicating that the low-value estimate is too low. It is generally acknowledged that the low-value estimate is particularly low for air shipments, especially with increased just-in-time shipping of product around the globe.

Under-reporting of State Exports to Mexico

There is heavy consolidation of exports to Mexico along the Texas and California borders with Mexico. Since the state of origin of movement can reflect the state of consolidation, Texas and California are credited with very large shares of all US exports to Mexico. Texas is the state of origin of movement for 40% of all US exports to Mexico because of the consolidation effect. As a result, exports of interior states to Mexico are significantly understated.

State Exports to Canada

Under a statistical agreement the United States reports Canada's imports from the US as its exports to Canada. Canada likewise reports US imports from Canada as its exports to the United States. This data swap was implemented because the data are more accurate on the importing side. Despite the agreement, there are two significant differences in each country's reported state export statistics.

The first difference is that Canada has a much lower low-value shipment threshold than the US, \$900 Canadian compared to \$2500 US. Statistics Canada publishes complete state export information for all shipments above \$900 Canadian while the US publishes data for shipments above \$2500. Most of the US low-value shipments are credited to "unknown state". Monthly corrections in the Canadian import data are also attributed in lump sum to "unknown state" in the US data. The other major difference is that Canada does not report foreign shipments in its state import statistics while the US does. These two differences mean that US data on state exports to Canada are under-reported on the one hand and over-reported on the other. The Canadian data may be somewhat more complete and more accurate regarding state of origin.

WISER

The World Institute for Strategic Economic Research, WISER, is located within the Department of Business and Community Services at Holyoke Community College. WISER's online trade database, WISERTrade, provides month to month data on the international trade flows of 31 countries including the U.S., Canada, the EU27 countries, China and Japan. WISERTrade provides annual trade data for an additional 156 countries. For additional information about WISER please visit <http://www.wisertrade.org> or call (413)552-2178.