

## Explanatory Notes on FSM Imports and Exports Data

### **Brief Description of the FSM Imports and Exports Data**

#### ***Imports***

Imports Statistics for 2000 to 2002 were compiled by staff of the Statistics division from 1086 customs declarations and invoices provided by importers to the Customs and Tax Administration Division (CTA), of the Department of Finance. The data was collated and classified using the "PC Trade" software application (Statistics version as opposed to the later enhanced Customs version). Installation and training on this software was provided in 2000 by Statistics New Zealand under funding from the Asia Development Bank.

Substantial review and editing of the data (focusing on the larger value imports) was carried out before publication and the data is considered to be the best possible at this point. It is however expected that the data quality will be substantially improved with the move to importer self assessment and Customs PC Trade that was undertaken by Customs in 2003.

#### ***Exports***

##### *Estimation methodology*

FSM does not require exporters to complete an exports declaration to Customs. Therefore FSM statistics uses a number of other data sources to estimate exports as follows:

| <b>Exported commodity</b>  | <b>Data source for Volumes</b>                                      | <b>Data source for FOB Values</b>   |
|--|---|---|
| Agricultural produce, cooked food, handicrafts and powdered lime | -Quarantine records<br><i>(see note on missing data below)</i>      | Estimated from volumes and average FOB prices collected from selected importers in each state |
| Copra  | Coconut Development Authority                                       | Coconut Development Authority   |
| Reef fish  | -Quarantine records<br>-Continental freight records for Chuuk State | Estimated from volumes and average FOB prices collected from selected importers in each state |
| Offshore fish<br><i>(see below for detailed explanation)</i>     | Various data sources including NORMA, NFC, and estimates            | From public Audits where available. Otherwise estimated from volumes and average FOB prices.  |
| Garments   | Volumes not estimated   | Provided by garment exporters   |

#### ***Missing data***

In some cases the data sources used were incomplete so estimates were made for missing data. For example in some states quarantine data was not available for certain months. The export volumes for these months were estimated as the average for the months in the same year for which full records were available.

#### ***Exports in FOB prices***

FOB means “Free On Board”, and is the value of the exported goods at the FSM border. FOB prices do not include freight and insurance and any marketing or other costs associated with selling the exports in the destination country.

### **Offshore fishing exports**

#### *Offshore fishing in the FSM*

Offshore fishing in the FSM is done by longline and purse seine vessels. Fish caught by longline vessels are usually landed in the FSM with some processing before being air freighted to the Japanese fish markets as chilled fish. Bycatch is frozen and exported to the USA by sea.

Fish caught by purse seine vessels is usually frozen and transferred to carrier ships that take the frozen fish to canneries in a variety of locations including Pago Pago and Bangkok. Vessels fishing in FSM waters are required to transship in authorized ports, so that catches and fishing license requirements can be monitored, but the fish are not processed or landed in the FSM.

#### ***Licensing and catch reporting requirements***

Both long line and purse seine vessels are required to operate under license agreements issued by The National Oceanic Resources Management Authority (NORMA) and all vessels are required to report catches.

Title 24 of the FSM code allows three categories of license.

1. “*Domestic*”--FSM companies would be either owning and operating or leasing and operating their boats.
2. “*Domestic based Foreign*”--For foreign boats that are based in the FSM. These may be under a variety of arrangements--including joint venture operations, or commission basis operation by FSM companies, or by Foreign companies setting up subsidiary businesses in the FSM.
3. “*Foreign*”--Foreign companies fishing under FSM license. In some cases an FSM company is involved but in a limited way only, and the operation is understood to be essentially Foreign in nature.

#### ***What is included in Exports?***

For statistical purposes the inclusion of offshore fish catch in the exports total needs careful consideration. From an economic perspective fish should be included in exports if the company exporting is considered part of the FSM economy. Fish should also be included in exports if they undergo processing in the FSM. On the other hand fish should not be included if they are caught in FSM waters but do not have any other connection with the FSM economy aside from paying a license fee. However the data sources available require some compromises. Because of the variety of arrangements for

individual ships and companies and the impossibility of examining each of these in detail the FSM Division of Statistics has decided to present the fish exports as follows.

#### *Longline catches*

1. Under Domestic license – included in exports
2. Under Domestic based Foreign license – included in exports
3. Under Foreign license – excluded from exports but included separately for information purposes. Because of the processing and air shipment contributions to the FSM economy this may be useful for economic and planning purposes

#### *Purse Seine catches*

1. Under Local license – included in exports
2. Under Domestic based Foreign license – included in exports
3. Under Foreign license – not presented, because apart from license fees these do not contribute to the FSM economy.

For the convenience of data users who may have different needs the Domestic license and Domestic based Foreign license exports are presented separately.

Note that the exports data will include fish caught under Domestic and Domestic based Foreign licenses that are unloaded direct to overseas ports or foreign vessels. This may differ from the treatment in some other countries.

Note also that the FSM exports may include fish caught outside the FSM EEZ, on the high seas or even in other countries EEZs, if the vessel reported the fish catch under an FSM license (Domestic or Domestic based Foreign), but fish caught by FSM vessels and FSM based vessels may not be included if they were caught under license from, and reported to, another country.

#### *Estimation of Export Volumes*

The estimation of export volumes utilized 3 data sources

- Catch reporting to NORMA
- Air freight records from National Fisheries Corporation
- Value and volume records supplied by individual companies, or obtained from public audits in the case of government owned fishing companies.

These data sources were cross compared where possible, and estimates were made for missing or problematic data. Where catch data was used a 20 percent volume loss between catch volumes and exports volume, was assumed for longliners and a 8 percent loss for purse seiners.

#### *Estimation of Export values*

For longline exports FOB value data was obtained for major FSM companies, and the average prices for these were used to estimate export values for the remaining companies.

For purse seine exports, values were estimated from on average prices and species mix data for frozen fish imported from FSM into Thailand from the Forum Fisheries Association, minus \$130 per metric tonne for freight.

***Why are the fish exports data regarded as estimates?***

Although the best data sources available have been used users are advised that a number of assumptions have been made in deriving these figures. They do not represent exports statistics compiled in the usual way by seeking volumes and values from each exporter for each shipment.

**Data classification system**

Both imports and exports data was classified to the 4 digit level of the Harmonized System (HS4) commodity Classification (1996 version), as an interim step towards FSM adopting the full HS6 Harmonized system classification for customs.

***Imports classification notes***

Classification of all goods was not achievable due to staff time constraints and to insufficient documentation of the nature of goods. Goods that could not be classified were assigned to a “Not classified” category. Nonetheless about 95 percent of goods were able to be classified. An exception was in Chuuk where original invoice documents for 2000 were water-damaged before data entry was possible. So Chuuk imports for 2000 were not classified, except for fuel imports.

Quantities were often problematic due to conversion and insufficient documentation. Review of quantity data has not been completed so at this stage quantity data is not being released.

There were some short time periods for which Customs forms in Chuuk were damaged. In these cases data was estimated based on known information about tax collected in these periods. This affected only a small share of the data.