



PRESS RELEASE

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Imports by Country of Origin 2005

In 2005:

- 24% of goods manufactured in China were imported via third countries
- 44% of goods imported from Netherlands and 32% of goods imported from Switzerland were produced in third countries

Data on **imports by country of origin** complete the monthly data published by the Central Bureau of Statistics on **imports of goods by country of purchase**.

Trade statistics by **country of origin**, both for the total value of trade in goods and for the quantity and value of trade in individual commodities, are of significant statistical value¹. They are used for a number of purposes, including analysis of economic trends, national accounts, balance of payments, regional trade patterns, trade shares, market analysis and business decisions, and trade and negotiations.

In current trade statistics, published by the Central Bureau of Statistics, country of import is defined as "**country of purchase**", i.e. the country from which the invoice for the goods imported to Israel was sent. In some cases, "**the country of purchase**" is different from "**the country of origin**" (the country of production) and from the country of shipment.

The above is based on data regarding goods that cleared Customs, not including imports from the Palestinian Authority. In addition, the data do not include import of services that include, among others, software. Data on all exports and imports of goods and services are published as part of the Balance of Payments, every quarter.

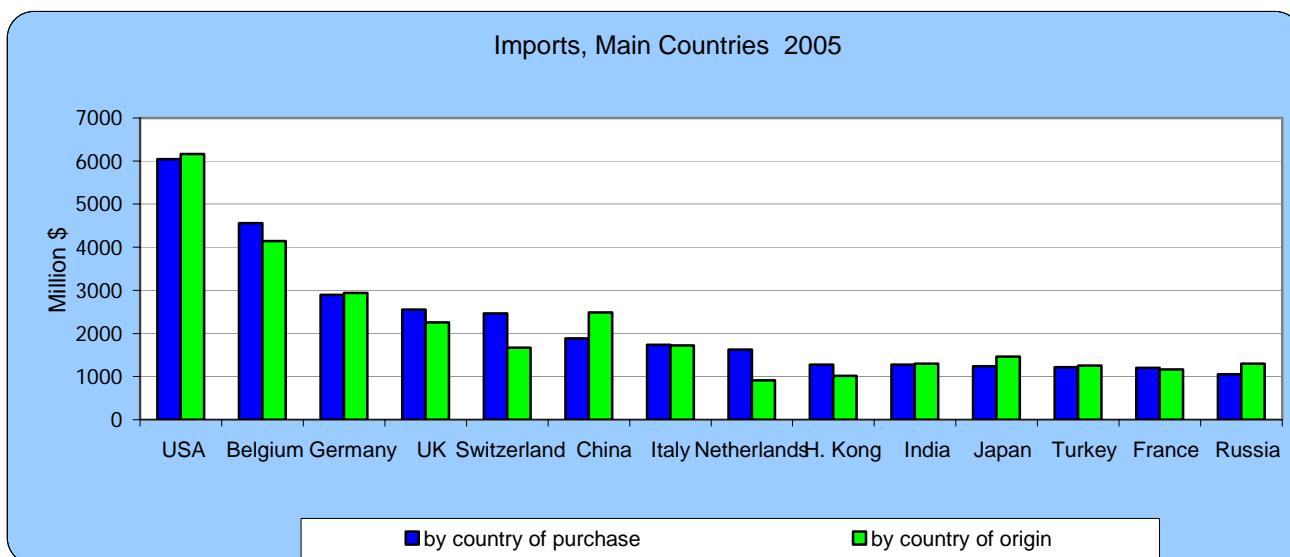
Main Findings:

In 2005, the countries of origin from which imports were above one billion US\$ were: U.S.A., Belgium, Germany, China, U.K., Italy, Switzerland, Japan, Russia, India, Turkey, France and Hong Kong. It should be noted that this was the first time that **imports by country of origin** from Russia and Hong Kong reached this level.

¹ United Nations, International Merchandise Trade Statistics: Concepts and Definitions, New York, 1998. pages: 44-48

Written by Helen Brusilovsky

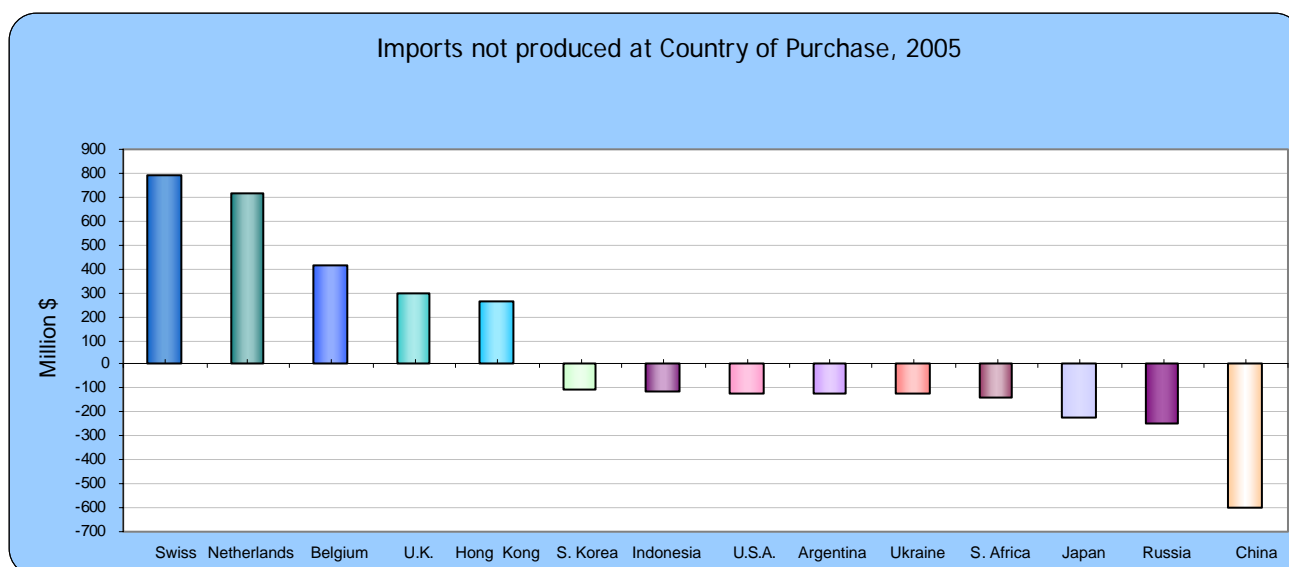
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Imports from China (by country of origin) have grown from 0.9 billion US\$ in 2000, to 2.5 billion US\$ in 2005. During the same period imports from Russia (by country of origin) grew from 0.6 billion US\$ to 1.3 billion US\$, and imports from India grew from 0.5 billion US\$ to 1.3 billion US\$ in 2005. Other countries with a considerable increase (by country of origin) were: Colombia, Brazil, Argentina, Indonesia, Egypt and Armenia.

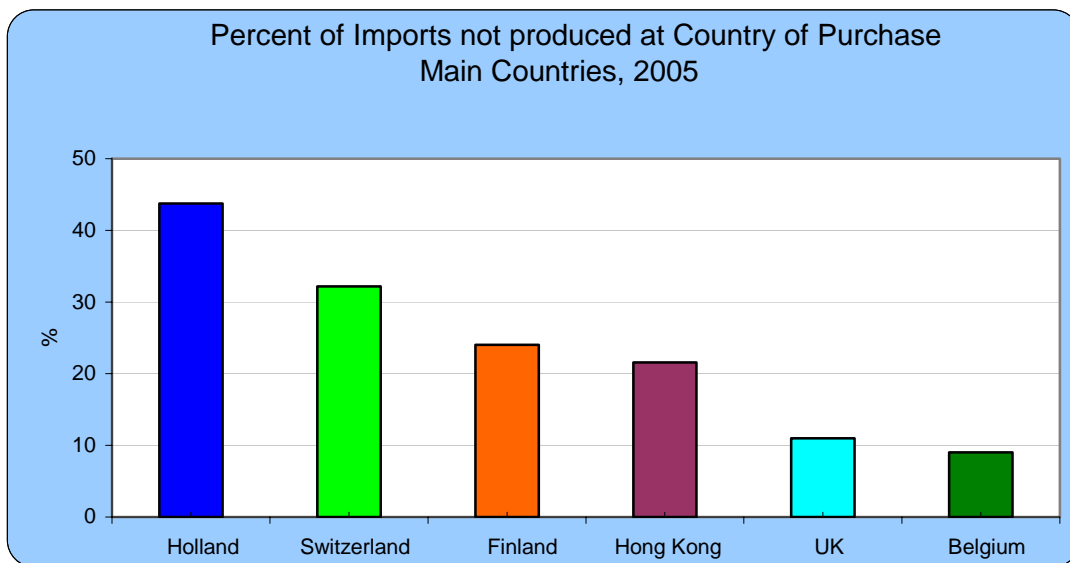
Between the years 2000-2005 there are no changes of the countries with the main gaps in the value of imports by the two definitions of imports.

In 2005, the countries from which the gap between **imports by country of origin and imports by country of purchase** was greater than 100 million US\$ were: China, Japan, Russia, U.S.A., South Africa, Ukraine, Malaysia, Argentina, Indonesia and South Korea (countries sign minus in table 3).

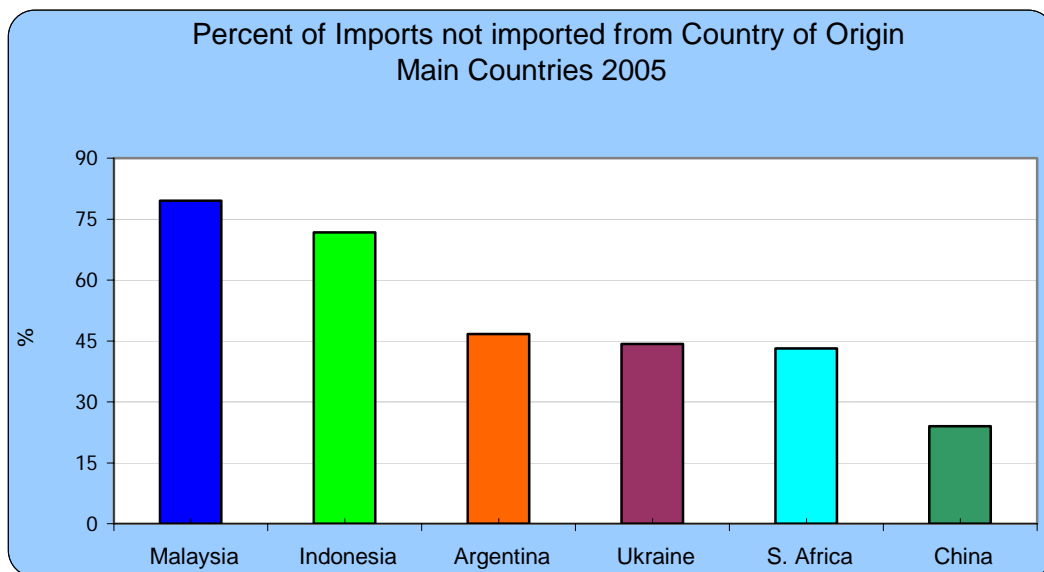


Countries from which the gap between **imports by country of purchase** in comparison with **imports by country of origin** was more than 100 million US\$: Switzerland, Netherlands, Belgium, U.K. and Hong Kong (countries sign plus in table 3).

The percent of imports to Israel, which were not produced in Netherlands grew from 33.7% in 2000 to 43.7% 2005. The percent of imports not produced in Switzerland as a part of the imports by country of purchase grew from 14.6% in 2000 to 32.2% in 2005.



The main countries from which imports to Israel were not directly imported from the country of origin: Malaysia, Indonesia, Argentina, Ukraine, South Africa and China.



For further information or data regarding this press release please contact helen@cbs.gov.il

Related links and publications

Definitions and explanations:

http://www1.cbs.gov.il/reader/fr_trade/intro_eng.pdf

“Foreign Trade Statistics Monthly”

http://www1.cbs.gov.il/reader/fr_trade/ftmenu_e_v1_new.htm

“Israel’s Foreign Trade” – Press Release

http://www1.cbs.gov.il/www/hodaot2006n/16_06_168e.pdf

“Israel’s Foreign Trade by Countries” – Press Release

http://www1.cbs.gov.il/www/hodaot2006n/16_06_173e.pdf

“Foreign Trade Price Indices” – Press Release

http://www1.cbs.gov.il/www/hodaot2005n/16_06_135e.pdf

“Imports by Country of Origin” – Press Release (Hebrew only)

http://www1.cbs.gov.il/www/hodaot2005n/16_05_241.pdf

“Foreign Exchange Rates” – Press Release (Hebrew only)

http://www1.cbs.gov.il/www/hodaot2006n/16_06_003.pdf

“Trade Balance by Technological Intensity” – Press Release (Hebrew only)

http://www1.cbs.gov.il/reader/newhodaot/hodaa_template.html?hodaa=200616153

“Exports by Country and Industry, 2000-2004” – Press Release (Hebrew only)

http://www1.cbs.gov.il/reader/newhodaot/hodaa_template.html?hodaa=200516283

“Foreign Trade of Israel” – Statistilite Series No 41

Exports, by Commodities and Countries, 1996-2005 (CD only)

Imports, by Commodities and Countries, 2002-2005 (CD only)

Imports, by Commodities and Countries, 1996-2001 (CD only)

“Israel’s Foreign Trade-2005” (Presentation)

http://www1.cbs.gov.il/www/hodaot2006n/16_06_007maz.pdf

DEFINITIONS AND EXPLANATIONS

The Population Investigated

1. Statistical data on foreign trade presented in the publications of the Central Bureau of Statistics and in this Monthly Bulletin relate solely to import and export of commodities. Data on import and export of services and the remaining international business of Israel are included in the Balance of Payments published quarterly in the "Monthly Bulletin of Statistics" and in greater detail in the Current Statistics series.
2. Imports and exports are recorded according to the "Special System"², by which only that portion of the trade flowing through customs is included. Accordingly, imports do not include goods imported and stored in bonded warehouses, and exports do not include goods exported from these warehouses. Neither included are goods in transit.
 - a. **Gross imports** include consignments imported from abroad for local use (including finishing and repair) which are freed by the Customs immediately after unloading, or which were freed after a time from the bonded warehouses of the Customs. Import data do not include commodities put into bonded warehouses, except for a number of productive enterprises, which are recognized as bonded warehouses. Imports do not include consignments which were exported in the past and which were returned to Israel without any further processing.
 - b. **Net imports** are obtained by deducting from gross imports the value of goods imported earlier and returned to a supplier abroad without processing or changing its form. As there is no way of identifying the date of entry of the goods to Israel which are being returned abroad, the deduction is done on the date of return abroad. For this reason the returns are deducted from the grand total and not from items detailed by branches.
 - c. **Gross exports** include the flow of products abroad, except consignments of commodities which were previously imported and then returned to a supplier abroad without any processing. It also includes part-finished goods which are sent abroad for additional processing and which eventually will be returned to the sender, and goods which were imported and sold to abroad without processing, when the purchaser is not the supplier.
 - d. **Net exports** are obtained by deducting from the value of gross exports the value of goods, which were previously exported but were returned to the Israeli supplier without processing or change of form. As there is no means of identifying the original date of consignment abroad of exports returned from abroad, the deduction operates on the date of return rather than the date of original export. For this reason returns are deducted from the grand total and not from items detailed by branches (excluding diamonds).
3. The date of statistical registration of the import is the date of the release of the goods by the Customs authorities, whereas for exports it is the date of loading the goods on ship, airplane, or trucks (land transport to Jordan).
4. Foreign trade statistics include, among others, the following goods and business activities:
 - a. Personal import and export: personal effects of immigrants, seamen, returning residents and foreign diplomats (import) and of emigrants (export).
 - b. Parcels dispatched by mail (in recompense or as gifts).
 - c. Ships and aircraft are included in import and export data whether they have passed through Customs or not. Imports include ships purchased from abroad by Israeli companies and sailing under Israeli flag or a foreign flag. It should be noted that ships and aircraft do not undergo the procedure of passing through Customs.

Exports include ships and aircraft, which were produced in Israel and those, which were previously purchased and later resold abroad in the reporting period.
 - d. Products for exhibitions and fairs are, in principle, included in foreign trade data only if they were sold or given away free of charge. Returns from exhibitions are not included in foreign trade but there are difficulties in identifying these flows.

² United Nations, *International Trade Statistics Concepts and Definitions*, Statistical Papers, Series M, No. 52/ Rev. 2, 1998.

- e. Equipment imported or exported on a lease basis (e.g., electronic computers and other data processing equipment).
- f. Gold and silver (non-monetary), both in processed or partly processed form, scrap and remnants intended for industry, smelting or medical use.
- g. Fuel and food supplied to foreign ships and aircraft in Israeli ports are included in export since 1969, even though they did not pass through Customs.

5. Special transactions and commodities not included in foreign trade statistics:

- a. Commodities imported or exported for a limited period of time and returned without having undergone any processing, e.g. personal effects of tourists (including cars); goods intended for exhibitions, fairs, displays, etc.; commodities intended for temporary storage only; equipment sent to perform contract work and returned after use.
- b. Effects purchased by tourists in Israel or by Israelis abroad. An estimate of the value of these purchases is included in the account of services in the Balance of Payments. In cases where duty has been charged on goods purchased by Israeli tourists, the goods were included in total imports.
- c. Engines and parts of aircraft sent by local airlines to their branches or representatives abroad for replacement or repairs and those sent to Israel from branches abroad for repairs or replacement.
- d. Fish caught by Israeli fishing vessels.
- e. Monetary gold, securities and legal tender (notes and coins) or currency about to be made legal tender (local currency notes printed abroad are recorded according to the value of the printers and not according to face value).
- f. Fuel and food supplied to Israeli ships and aircraft in foreign ports (recorded in Balance of Payments as services).
- g. Ballast and dunnage supplied to foreign ships in Israeli ports and to Israeli ships in foreign ports.
- h. Imported military equipment and weapons (estimated value is included in the commodities account in the Balance of Payments). The flow is not included in the import of goods because it does not undergo the usual procedure of passing through customs.

6. The trade with the Palestinian Authority

The trade data do not include the transactions with residents of the Palestinian Authority. The data also do not include the value of the import and export commodities, which were released by the Israeli customs and belong to residents of the Palestinian Authority. Data on trade with Palestinian Authority is published within the Balance of Payment.

Classification of Commodities

1. The classification, according to which foreign trade statistics are processed and published, is the classification that serves the customs³ in handling the import and export shipments. Import data are classified according to the details in the customs tariff⁴ and export data - according to the "Classification of Export Commodities"⁵.

As of January 1st 1988, the customs' classification of commodities, which serves the customs and statistical data processing, was based on a new international nomenclature, which was prepared by the Customs Cooperation Council – "The Harmonized Commodity and Coding System" (H.S.)⁶. This nomenclature replaces the Nomenclature "Classification of Goods in Customs Tariff" of which the first version was introduced at 1962 named "Brussels' Tariff Nomenclature" (B.T.N.) and the last version was the C.C.C.N. – "Customs Cooperation Council

³ <http://www.mof.gov.il/customs/taarif.htm>

⁴ *Customs Tariff and Exemption Ordinance for 2002*, edited according to H.S. - 2002, Kovetz Hatakanot No. 1295, 1 January 2002.

⁵ The Ministry of Industry and Trade, The Customs Authority *Classification of Export Commodities Edited* according to H.S.- 1988, *Customs and Excise Dept.*, No. 511, 1 January 1988, updated for 1992.

⁶ http://europa.en.int/comm/eurostat/ramon/nomenclatures/index.cfm?TargetUrl=LST_NOM

Nomenclature". In the special Supplement to Quarterly No. 4, 1988, details are presented on the new nomenclature, its aims, structure, and its principles of classification.

2. S.I.T.C.⁷

Import and export data are also classified according to the U.N.⁸ Standard International Trade Classification, in which goods are classified in groups that are better suited for statistical presentation. This classification is obtained by a special sorting of details in the customs classification and their concentration in groups according to the structure of the classification. More details on the S.I.T.C. and its last version are presented in the Supplement to the Foreign Trade Quarterly No. 1, 1988.

3. Classification by Economic Branches

Export data is presented by branch of origin, meaning: the classification was done by the economic branch to which the product pertains by character. The division of the products into branches was done based on the description of the goods in the goods classification and not based on the exporter's branch. The definition of the branches is based on the classification of economic branches prepared by the Central Bureau of Statistics.

Starting with Quarterly No.1, 1995, data are published on export goods classified by new branch (origin)⁹. Until this Quarterly export goods were classified according to the "Standard Industrial Classification of All Economic Branches 1970" (Technical Publication No. 46).

Starting with Monthly No.8, 2003, data on export goods are published classified by new branch (origin)¹⁰.

Export data classified by new branch can be obtained from the Bureau's database starting 1988.

4. Classification by Economic destination.

This classification, according to which data on imports are presented, divides the items by three uses: consumer goods, raw materials for production and investment goods. Each use is sub-divided into secondary groups. In certain cases when a product is intended for more than one use, this product's import value is divided into the appropriate uses (e.g. passenger cars are both consumer goods and investment goods; sugar functions as consumer goods as well as a raw material).

In this classification the division of imports is into primary uses of the goods, i.e. the first use made of them: consumption, as raw materials - for production, or investment. Unprocessed and partly processed goods and components for assembling machinery and automobiles are classified as "raw materials". Spare parts, tools and accessories for additional use are also included under "raw materials". The classification by economic use is based on "Survey of Import Destination" which is conducted once in several years by the Central Bureau of Statistics.

The Classification of Import Commodities, by economic destination was updated in the No.3, 1993 Quarterly, as based on the Import Destinations Survey 1988. The results of that survey were published in Special Publication No. 952¹¹. Until the said quarterly, commodities were classified according to the 1982/83 survey, and henceforward they are classified according to the 1988 survey. The results of that survey were published in Special Publication No. 787¹².

6. Countries

- a. The country of import might be, "the country of purchase", "the country of origin" or "the country of dispatch". "The country of purchase" is defined as the country from which the invoice for the goods imported was sent; "the country of origin" is defined as the manufacturing country of the goods; "the country of dispatch" is defined as the country in which the goods were loaded on ship, airplane, or

⁷ United Nations, *Standard International Trade Classification, Revision III*, Statistical Papers, Series M, No. 34, New York 1986.

⁸ <http://unstats.un.org/unsd/cr/registry/regcst.asp?Cl=14>

⁹ Central Bureau of Statistics, *The Standard Classification of All Economic Activities 1993*, Technical Publication No.63, Jerusalem 1993.

¹⁰ Central Bureau of Statistics, *The Standard Classification of All Economic Activities 1993*, Technical Publication No. 63, Second Edition, Jerusalem 2003.

¹¹ Central Bureau of Statistics, Import Destination Survey 1988, Special Series No. 952.

¹² Central Bureau of Statistics, Import Destination Survey 1982/83, Special Series No. 787.

trucks. In some cases, "the country of purchase" is different from "the country of origin" and from "the country of dispatch".

- b. The country of export (destination) is defined as "the country of sale", i.e. the country of the purchaser. In fact the country of export is recorded as the country to which the invoice for the goods exported was sent. In certain cases "the country of export" is different from the country of consumption and the country of shipment.
- c. As from the agricultural export season of 1991/92 with the dissolution of the Board of Citrus Marketing and transfer of export to other companies, most shipments of this export arrive to Belgium, and are bought by various agents. As a result, there is no information on the country of the (final) destination of the commodity. Also the sale of flowers through the flower exchange is recorded as exports to Netherlands without no possibility to classify by country of final destination.
- d. Data on the import and export of commodities are published according to countries, blocs, regions and continents. The countries within the group are arranged alphabetically according to the Hebrew name of the country within the group.
- e. List of changes introduced to countries and blocs:
 - Through accession of the German Republic to the Federal Republic of Germany with effect from 3 October 1990, the two German States have united to form one sovereign state. As from that date all data shown referring to the Federal Republic of Germany are under the designation of "Germany".¹³
 - In 1991 the Union of Soviet Socialist Republic formally dissolved into 15 independent countries: Ukraine, Azerbaijan, Estonia, Armenia, Belarus, Georgia, Russian Federation, Latvia, Lithuania, Moldova Republic, Uzbekistan, Tajikistan, Turkmenistan, Kazakhstan, Kyrgistan. From June 1st 1992 onward data are shown for the individual countries.¹⁴
 - Beginning August 1st 1992 the former Yugoslavia data is referred to the new sovereign countries: Bosnia and Herzegovina, Croatia, Slovenia, the Federal Republic of Yugoslavia and Yugoslavia republic of Macedonia.¹⁵
 - On June 4, 2003, the official name of the Federal Republic of Yugoslavia has been changed to Serbia and Montenegro.
 - As of January 1st 1994 Czech Republic data is referred separately to Czech Republic and Slovakia.
 - From June 2004, the following countries joined the European Union: Estonia, Hungary, Latvia, Lithuania, Malta, Slovenia, Slovakia, Poland, Czech Republic and Cyprus.¹⁶
 - Trade data concerning Luxemburg and Belgium are published separately for each country. Exceptionally, are two tables, in which until 1994 data of both countries were published jointly: (a) Table 13 – "Exports, Imports and Trade Balance, by Country, of Purchase and Destination"; (b) Table 14 – "Main Trading Countries, by Commodity Groups".

Also in table 12, "Exports to Main Trading Partners, by Commodity Groups", joint data was published for both countries. But since 4th quarter 1994 its publication stopped.

The Value of Commodities

1. **The value of imports** is determined by the importers' report to Customs being based on the value of the transaction as defined in the Treaty of Brussels on the Evaluation of Goods for Customs Purposes (1950). The value of the transaction represents the value for which the goods were sold supplemented by expenditure on transportation and insurance as far as the border of the importing country, including costs of unloading at the exporting port. This

¹³ Central Bureau of Statistics, 'Foreign Trade Statistics Quarterly' No. 1, 1991, Vol. 42

¹⁴ Central Bureau of Statistics, 'Foreign Trade Statistics Quarterly' No. 2, 1992, Vol. 43

¹⁵ Central Bureau of Statistics, 'Foreign Trade Statistics Quarterly' No. 4, 1992, Vol. 43

¹⁶ Central Bureau of Statistics, 'Israel's Foreign Trade by Country - May 2004', Press Release 152/2004, June 17, 2004

definition of the value of the transaction in imports corresponds to the value of the goods according to C.I.F. (Cost, Insurance, Freight).

In most of the cases, the value for Customs purposes includes an imputation of local costs - wharfage and portorage fees.

Import taxes and other taxes levied on imported goods are not included in the value for Customs purposes.

In the event of import of products unaccompanied by monetary recompense, where difficulty exists in determining the value of the transaction (as in the case of gifts), the value is determined by an estimate based on market price. So, for example, the cost of import of gifts for museums is based on the valuation of an insurance assessor.

If imported commodities are freed against a deposit, the import is recorded according to the date of release against the deposit until the final settlement of the account. The amendment of this import is recorded with final settlement, which is also dated according to the actual release of the goods (in other words an amendment of the value of the import June take place after several months).

2. **Import** data are recorded in the import entry forms in the currency of the transaction and are calculated in Israeli Shekels, according to the exchange rate on the date they are freed by customs and are converted into U.S. dollars too. The exchange rates for these purposes are the exchange rates for customs purposes on the date of the presentation of the entry forms. In the publications on Foreign Trade, the values of imports and exports are presented in U.S. dollars.

Since the floating of the Israeli Pound in October 1977, the rates of exchange between major foreign currencies and the Pound or the Shekel are determined for customs according to the rate dictated by the customs authorities on the basis of data provided by the Bank of Israel. To the extent that exchange rates fluctuate more than 2 percent in the daily rate of any currency, as fixed by the Bank of Israel, so the rates for customs purposes June be changed even in the middle of the week

December 1980 and September 1985 changes were introduced concerning Israeli currency: December 1980 the prevailing currency, the Lira, was changed to shekel. The exchange rate was 10 Lira was equivalent to 1 Shekel. September 1985 the Shekel was changed into New Shekel. The exchange rate was 1,000 Shekels were equivalent to 1 New Shekel.

3. **The Value of exports** data are recorded according to F.O.B. (free on board) transaction values before discounts and commissions are paid to foreign factors.
4. **Export** data are recorded in the export entry forms in Israeli Shekels and in the currency in which the transaction is made. The conversion into U.S. dollars is carried out in the monthly summaries, according to the rate on the day the transaction was registered at customs.

Data Sources

The main sources for imports and exports data are the forms submitted to the customs authorities by importers and exporters (import and export entry forms).