

UK Trade: Glossary of Terms 2015

Introduction

The UK Trade publication covers the extent of import and export activity and is an important contributor to the overall economic growth of the UK. Trade is measured through both imports and exports of goods and/or services.

User Engagement

Please let us know if you feel any terms need to be added to the glossary. We will seek to build this document up over time and keep users updated with the changing nature of concepts and terms. We would also be interested in your views as to whether this document could be improved and whether it is a useful addition to the UK Trade portfolio.

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Glossary

Administrative data

Administrative data (also referred to as admin data) is information collected primarily for administrative reasons (not research). This type of data is collected by government departments and other organisations for registration, transactions and record-keeping, usually when delivering a service. Administrative data are often used for operational purposes and their statistical use is secondary.

Balance

The difference between exports and imports, or exports minus imports. When the value of exports is greater than the value of imports, the trade balance is referred to as a surplus. When the value of imports is greater than the value of exports, the trade balance is referred to as a deficit. The balance is sometimes referred to as 'net exports'.

Balance of payments (BoP)

The balance of payments is one of the UK's key economic statistical series. Balance of payments measures the UK's financial flows with the rest of the world.

Balance of payments basis (BoP basis)

Trade data conforming with national accounting methods. In order to conform to the definitions, balance of payments adjustments are applied to include transactions that are not reported but should be included; and to exclude transactions reported but where there is no change of ownership.

Base year

A base year is needed in the calculation of CVM (see Chained Volume measures) data. The price of goods and services are fixed in the base year as a benchmark and changes in the volume of goods and services exported and imported are measured against this. The base year is usually updated annually and the resulting data revisions are reflected in the annual Blue book and Pink book publications and associated datasets.

Basic materials

Basic materials includes crude (or raw materials), animal and vegetable oils and fats. Examples of crude materials are wood, paper pulp, metal ores and un-worked stone.

The Balance of Payments Manual, sixth edition (BPM6)

Compiled by the International Monetary Fund, the Balance of Payments Manual, sixth edition, published in 2009 updates the fifth edition, published in 1993. It serves as the standard framework for statistics on the transactions and positions between an economy and the rest of the world.

Blue Book

The familiar name of the United Kingdom National Accounts produced annually by ONS. It contains estimates of Gross Domestic Product (GDP) measured by the output, expenditure and income approaches.

Capital goods

Tangible assets that an organisation uses to produce goods or services. Examples are factory buildings, office equipment and machinery.

Chained volume measures (CVM)

CVM series have the effects of inflation removed to measure the change in volume between consecutive periods, fixing the prices of goods and services in one period (the base year). The base year is updated (re-based) every year. CVMs, although a measure of volume, are given in £m.

Constant price (KP)

Constant price series have the effects of inflation removed by fixing the prices of goods and services in one period (the base year), so that only the volumes change. The base year is usually updated every five years. The UK National Accounts no longer publish on this basis as it was replaced with annual chained volume measures.

Consumer goods

Consumer goods are the end result of manufacturing and are ultimately consumed, rather than used in the production of another good.

CPA

See 'Statistical Classification of products by activity'.

Crude materials

Crude materials are in a natural or raw state and have not yet been processed or refined. These include wood, paper pulp, textile fibres, hides, skins and furs, oil seeds, crude rubber, crude minerals and fertilisers, and crude animal and vegetable materials.

Current prices (CP)

These data include the effects of inflation and measure the actual price paid for goods or services. Unless otherwise stated, all current price data are provided in £ million.

Deficit

The amount by which imports exceeds the value of exports.

Economic growth

A increase or decrease in the capacity of an economy to produce goods and services in one period of time, compared to another.

Economic and monetary union (EMU)

The Economic and monetary union (or euro area) are those member states of the European Union where the euro is used as the single currency.

The 18 member states are: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Luxembourg, Malta, the Netherlands, Portugal, the Slovak Republic, Slovenia and Spain.

Erratics

A specific group of commodities that are extremely influential on trade in goods. These are defined as ships, aircraft, precious stones, silver and non-monetary gold. The value of these goods are high and volatile in nature, often masking the underlying trend in export or import values. Therefore, we also publish data exclusive of these commodities, which may provide a better guide to the emerging trade picture¹.

European system of national and regional accounts (ESA10)

The European system of national and regional accounts 2010 is the newest internationally compatible European Union's accounting framework for a systematic and detailed description of an economy.

European Union (EU)

The European Union is a political and economic union of 28 member states.

The 28 member states are: Austria, Bulgaria, Belgium, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and United Kingdom.

Exports

Goods or services sold to other countries; the opposite of imports.

Finished manufactured goods

These are intermediate, capital and consumer goods that have completed the manufacturing process and include machinery, transport equipment and miscellaneous manufactures.

Fuels

Materials used to produce heat or power. These include oil, coal, gas and electricity.

1. The Erratics paragraph has been updated due to a typing error, the methodology remains unchanged.

Gross domestic product (GDP)

Gross domestic product is a measure of the size of the economy.

Imports

Purchases of foreign goods and services; the opposite of exports.

Intermediate goods

An intermediate good is used in the production of a finished good. These are sold by industries to one another for the purpose of producing other goods.

Intellectual property

Intangible that is the result of creativity, such as patents, copyrights, etc.

Low value trade

Low value consignments of imports and exports that are not analysed by commodity or country, so are included in Unspecified goods.

Material manufactures

These are manufactured components and include articles of leather, wood, rubber, paper, textiles, minerals and metal.

Miscellaneous manufactures

This includes intermediate, capital and consumer products. Examples are clothing and footwear, scientific and photographic equipment, works of art, jewellery and furniture.

MTIC

See 'VAT missing trader intra-community fraud'.

Net exports

See 'Balance'.

Nonmonetary gold (NMG)

Gold that is not held as a reserve asset by a monetary financial institution. It might be held as a store of wealth or used for industrial purposes.

Non seasonally adjusted (NSA)

A series that includes seasonal or calendar effects.

Non EU

Also known as rest of the world are all countries outside the European Union.

Parcel post

Non EU imports and exports of postal packages are not analysed by the type of commodity, so these are included in Unspecified goods. This applies to all commodities except precious and semi-precious stones, these are included in the relevant SITC group.

Pink Book

The familiar name of the annual 'Balance of Payments' publication produced by ONS.

Price index

Price indices show a percentage change; these are not measures of a unit of currency. The index starts in a given year (the reference year) and measures the change in the price of exports and imports from this year. The base year changes annually and is shown at the top of the relevant table. Increases in prices since the base year are shown as a figure above 100 and falls in prices since the base year are shown as a figure below 100.

Reference year

This is the year in which an index series equals 100 and is used as a benchmark for future periods. The reference year is noted in index data tables as 2012=100 for example. The reference year is usually updated annually.

Rest of the world

Also known as non EU, the rest of the world is defined as all countries outside the European Union.

Seasonally adjusted (SA)

A series that has had the seasonal or calendar effects removed, so that comparisons can be made from month to month all year.

Semi-manufactured goods

Partly finished goods, used as inputs in the production of finished goods. These include chemicals and material manufactures.

Standard international trade classification (SITC)

The Standard international trade classification is a product classification system of the United Nations.

The groupings of SITC reflect production materials, the processing stage, market practices and uses of the products, the importance of the goods in world trade and technological changes.

Statistical Classification of products by activity (CPA)

The Statistical Classification of products by activity system categorises products at the level of the European Union. Product classifications are designed to group products that have common characteristics.

Surplus

The amount by which exports exceeds the value of imports.

Total trade

Total trade is trade in goods plus trade in services to give a complete picture of international trade.

Terms of trade

This is the export price index as a percentage of the import price index. It measures the relationship between the prices the UK receives for its exports and the prices it pays for its imports.

Trade in goods

Trade in goods covers general merchandise, goods for processing, repairs on goods, goods procured in ports by carriers and commodity gold. General merchandise is defined for balance of payments purposes as covering, with a few exceptions, all movable goods for which actual or imputed changes of ownership occur between residents and non-residents.

Trade in services

Provision of services between UK residents and non-residents and transactions in goods which are not freighted out of the country in which the transactions take place, for example purchases for local use by foreign forces in the UK and by UK forces abroad, and purchases by tourists. Transactions in goods which are freighted into/ out of the UK are included under trade in goods.

Unspecified goods

This includes uncategorised goods, such as parcel post and low value trade; as well as nonmonetary gold.

VAT missing trader intra-community fraud (MTIC)

VAT missing trader intra-community fraud is a systematic, criminal attack on the VAT system, which has been detected in many EU member states. Fraudsters obtain VAT registration to acquire goods VAT free from other member states. They then sell on the goods at VAT inclusive prices and disappear without paying the VAT paid by their customers to the tax authorities.

Volume index

Volume indices show a percentage change; these are not measures of a specific unit of volume. The index starts in a given year (the reference year) and measures the change in the volume of exports and imports from this year. The base year changes annually and is shown at the top of the relevant table. Increases in volumes since the base year are shown as a figure above 100 and falls in volumes since the base year are shown as a figure below 100.