

Notice

Other trade in goods

Payments relating to external transactions

Summary of the most important changes

- Trade in gold must now be reported under code 989 instead of code 997 (see Notice “Trade in precious metals”)
- Purchases of materials for contract manufacture abroad and withdrawals from contract processing must be reported under the category “Other trade in goods” (see Notice “Contract production”).

The balance of payments records, among other data, the transfer of goods ownership between residents and non-residents. The majority of these goods are physically delivered across the border and must be reported for the German foreign trade statistics. However, in some of these goods transactions the goods remain in Germany or the foreign country and must therefore be reported separately for the balance of payments.

Depending on the form these transactions take, this involves submitting a report for either “Merchanting” (purchase and sale of a good which remains abroad), “Energy trade”, “Trade in precious metals” or “Other trade in goods”.

This notice provides an overview of the transactions which must be reported as “Other trade in goods”.

Notices on “Merchanting”, “Energy trade” and “Trade in precious metals” are also available on the Deutsche Bundesbank’s website.

Receipts from Other trade in goods – code 997

In particular, incoming payments resulting from the sale of commercial goods to non-residents must be reported under this code

- a) if said goods are situated in Germany and are not exported from Germany.

As a general rule, goods exported from Germany must be reported to the Federal Statistical Office for the foreign trade statistics. One possible criterion for determining whether an export has taken place is whether turnover tax (VAT) has been omitted from the invoice.

- b) if said goods are situated abroad or were produced abroad **through contract production**¹ on behalf of the party required to report. (Note: the fee for this contract production must be reported under code 567).

This includes proceeds from the sale of goods (such as tankers, containers and machines) which are situated abroad and used there by third parties primarily on a rental, charter or leased basis.

The stated purpose of payment should clearly specify the type of good and the details listed under a) or b) (eg the good is situated in Germany).

Example:

A German enterprise purchases carpets from a Belgian trading partner and imports them to Germany (registration for foreign and intra-Community trade statistics with the Federal Statistical Office). The German enterprise then sells these carpets to an enterprise in Italy. The carpets are not exported, however, but delivered to a warehouse in Germany (the invoice includes German VAT). This sale must be reported to the Deutsche Bundesbank under code 997 (using a Z4 report).

Special considerations

Sales proceeds for goods which were purchased abroad or were manufactured on behalf of the party required to report² and, without being used or processed, are sold to non-residents must be reported as merchanting transactions (code 003).

Receipts from the sale of seagoing vessels³ and aircraft⁴ are exempted from reporting. They are recorded in the Federal Statistical Office's foreign trade statistics regardless of whether the transaction involves a border crossing.

Expenditure in Other trade in goods – code 997

In particular, outgoing payments for the purchase of commercial goods from non-residents must be reported under this code

- a) if said goods are situated in Germany because they were purchased by non-residents in Germany or produced in Germany on behalf of non-residents.⁵

The purchase of goods imported to Germany by non-residents need not be reported since the import of goods is recorded in the foreign trade statistics (intra-Community and extra-Community trade).

- b) if said goods are situated abroad, are not imported to Germany and are intended primarily for resident purchasers' own use.
This includes expenditure for the purchase of moveable goods (such as tankers, containers and machines) which are situated abroad and made available there to third parties on a rental, charter or leased basis.
- c) if said goods were purchased abroad by the party required to report in order to provide them to a contract manufacturer abroad.
(Note: the fee for this contract manufacture must be reported under code 567).
- d) if said goods were purchased abroad and are made available to enterprises abroad as tools for the manufacture of goods.

The stated purpose of payment should clearly specify the type of good and the details listed under a) to d) (eg purchase of tools).

Example 1:

A German enterprise purchases carpets from an enterprise in Italy. These carpets were not imported to Germany but purchased in advance in Germany by the Italian enterprise and stored in Germany. The German enterprise must report the purchase of these carpets to the Deutsche Bundesbank under code 997.

Example 2:

A German enterprise commissions an enterprise abroad to manufacture pipes. To achieve this, the German enterprise purchases steel abroad and has it delivered directly to the foreign enterprise tasked with manufacturing the pipes. The purchase of the steel must be reported as an expenditure under code 997, as must the receipts from the sale of the pipes to a non-resident if the goods are not imported to Germany (the costs of manufacturing the pipes must be reported under code 567).

Special considerations

Payments for the purchase of goods which are situated abroad or were manufactured on behalf of the party required to report² and, without being used or processed, are sold to non-residents must be reported as merchanting transactions (code 003).

Expenditure for the purchase of seagoing vessels³ and aircraft⁴ should not be reported under code 997. It is recorded in the Federal Statistical Office's foreign trade statistics regardless of whether the transaction involves a border crossing.

¹ The party required to report provides components for manufacture.

² The party required to report does **not** provide any components for manufacture.

³ "Seagoing vessel" is any seagoing water craft within the meaning of Chapter 89 of the Combined Nomenclature (CN) – Vessels and other floating structures.

⁴ "Aircraft" is an aircraft within the meaning of CN codes 8802 30 and 8802 40.

⁵ It is irrelevant whether the ordering party provided components for manufacture, ie whether contract manufacture took place.

Information on external sector reporting

Hotline: 0800 1234 111 (freephone – only available if call is made from a German landline)
Internet: www.bundesbank.de under Service/Reporting systems/External sector statistics
Newsletter (in German): www.bundesbank.de under Service/Newsletter (category: Meldewesen Aussenwirtschaft)
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