

naires to Americans on board planes on their return journeys, or through international agreements for the joint collection of travel data. Approaches to the problems of low response rates and unknown biases in response have taken several forms in the past, and recently, in addition to studies made in Mexico, sampling of United States-Canada travelers has been modified to cover 1-day travelers.

Two Review Committee recommendations dealt with the need to improve the liaison with United States and foreign ocean freight carriers. Staff in the Balance of Payments Division have increased their efforts to obtain reports on Form BE-30, *Ocean Freight Revenues and Expenses, United States Carriers*, on a voluntary basis. If this should not prove rewarding, efforts will be made to make BE-30 reporting mandatory, as the Review Committee recommended.

The Review Committee further recommended that, "The BPD should enforce a satisfactory filing of Form BE-29 (*Foreign Ocean Carriers' Ocean Freight Revenues and Expenses in the United States*); if this should prove unobtainable, a pilot study should be undertaken as a step toward collecting both f.a.s. and c.i.f. valuations for U.S. imports to provide a benchmark." The report explains that, "For ocean freight payments, the major payment item in the transportation account, the BPD requires annual reports (Form BE-29) from foreign shipping companies or their U.S. Agents." At present, most major foreign ocean fleets' receipts for hauling U.S. imports are reported by the embassies of the countries to the Balance of Payments Division under an arrangement developed soon after the reporting program was introduced. These "embassy reports" are defective in that they may include double-counting for vessels operated by nationals of one country (one report) but chartered by a shipping company of another country (perhaps another report), and because the reports are not broken down by class of vessel. A satisfactory filing of amended Form BE-29 should correct the latter defect.

U.S. Government Transactions

Steps have been taken to implement the Committee recommendations with respect to the reporting of Public Law 480 (Food for Peace) grant shipments by the Department of Agriculture. These shipments, which are not a result of commercial market transactions, had been valued at CCC full reimbursement cost prices, reflecting the cost of the products to the Commodity Credit Corporation in the oldest crop year from which any substantial quantity of the commodity remains in the CCC inventory plus accumulated storage charges and transportation and other related charges. As a result of this practice, grant shipments had been over-valued (above what they might have brought in commercial transactions) by from 15% to 50%. Instructions issued in December 1966 should result in all Food for Peace grant shipments, which have amounted to about 10% of the value of total Food for Peace shipments, being recorded in both foreign trade and balance of payments data at a close approximation of what such shipments would have been worth in commercial sale.

Significant progress has been made in introducing improvements in the reporting of U.S. Government transactions that affect the balance of payments, a subject of several Review Committee recommendations. One of these, affecting the valuation of P.L.-480 grant shipments, has been discussed above. Another called for "The Bureau of the Budget, the reporting Government agencies, and the BPD . . . to make further efforts to improve and regularize the reporting of the international transactions of the Federal Government." Bureau of the Budget Circular A-65 was issued in July 1964 during the period of the Committee's investigation, replacing a reporting regulations issued in 1944. It provides a legal basis and detailed instructions for reporting to the Balance of Payments Division by the various agencies of their international transactions. This circular, described by the Review Committee as the basis for a fresh start, has provided the focal point for a continuing effort on the part of the Balance of Payments Division to improve the quality and internal consistency of agency reporting. A major step in that direction was recorded last summer when the Department of Defense implemented a new balance of payments reporting system geared to the needs of the statistical program.

The general recommendations concerning the Government transactions account in the balance of payments are being pursued. The Review Committee stated that: "The Defense Department should seek to improve its data on the foreign expenditures of personnel stationed abroad . . ." The DOD balance of payments reporting system referred to above should, over time, substantially increase the quality of such data. In recommending that, "Government agencies, particularly the AID, should improve their data on the extent to which Government grants