

Final

TASK FORCE ON INTERNATIONAL TRADE STATISTICS

MEETING HELD IN ROME

8-10 MAY 1995

1. OPENING REMARKS

Mr. Odell Larson, Officer-in-Charge, Statistics Division at FAO welcomed the members of the Task Force. He stressed the importance of external trade information for the operations of the FAO and more so with regard to the implementation of the Agreement on Agriculture contained in the Final Act of the Uruguay Round Negotiations. He saw the work of the Task Force as an important contributor to improving the quality of international trade statistics at the world level while at the same time reducing the response burden on national statistical offices.

2. ADOPTION OF PROVISIONAL AGENDA

The provisional agenda was adopted with a minor modification as to the order of the items for discussion and the identification of items under "Other Business". These were:

- (a) globalization project
- (b) report on the APEC meeting
- (c) the provision of technical assistance
- (d) the future of the Task Force
- (e) the time and location of the next meeting

3. MINUTES OF MEETING HELD ON 14-16 NOVEMBER 1994 AND MATTERS ARISING THEREOF

The minutes were accepted as circulated.

4. FLOW OF DATA AMONG INTERNATIONAL ORGANIZATIONS (follow-up)

- a) *Use by UNSD of IMF monthly data*

Regarding total imports and exports in national currency, the reconciliation exercise for the 27 remaining countries is to be completed by the end of the Summer. As indicated earlier, UNSD will continue to collect its own data for countries not presently reporting to IMF

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The UNSD may adopt the IMF US dollar figures for countries' imports and exports as they are similar to the figures separately compiled by UNSD. With regard to their adoption for other aspects of UNSD work, in particular for unit value and price and volume indices, a study is underway. In addition, UNSD is studying the adoption of the national unit value/price/quantity indexes collected by IMF in place of those separately collected by UNSD. A report will be tabled at the next meeting of the Task Force.

On the comparison between the annual totals in COMTRADE and in the Monthly Bulletin of Statistics, the results thus far indicate that around 75% of the values are equal or show a variation of less than 4% for the three years selected. Differences could be caused by differences in values reported in national currencies, conversion factors, differences in coverage, reporting periods, revisions, etc. Oftentimes, revisions made at the aggregate level are not carried through at the commodity and country levels by the countries. UNSD undertook to prepare a progress report for the next meeting of the Task Force.

b) *Use of EUROSTAT data in COMTRADE*

UNSD and EUROSTAT will conduct a study of the trade data available from EUROSTAT and that available from countries. In comparing the data at the global level, the concepts of country of origin and country of consignment will be an important factor as well as the treatment of confidential transactions. UNSD is keen to source EUROSTAT data since it will reduce response burden on national statistical offices, improve the timeliness in the receipt of the data, reduce processing costs by UNSD, and provide harmonized data for EU countries. The main concerns relate to continuity of the data for EU members in COMTRADE and comparability with the data for other countries in COMTRADE.

If the sourcing from EUROSTAT becomes reality for annual data, it raises several questions regarding the use of monthly and quarterly data, and implications for single sourcing of monthly data among IMF, UNSD, and EUROSTAT. UNSD and EUROSTAT are to prepare a report on their evaluation for the next meeting of the Task Force.

c) *Use by OECD of COMTRADE Data*

The use by OECD of COMTRADE or EUROSTAT data would imply a break in OECD series, since the concepts differ for some member countries of OECD. Furthermore, there would be a strong hesitation by OECD of introducing other organizations' data as this creates difficulty in servicing any users' questions about the data. However, use is made by OECD of COMTRADE data for non-member countries. OECD undertook to circulate the completed questionnaires received on the reporting of trade data by OECD members and to provide a summary report on their findings for the next meeting of the Task Force.

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d) *Exchange of Data Among International Organizations*

A note was circulated by UNSD as part of its commitment undertaken at the last meeting. It covered the information already circulated to other international organizations on the exchange of estimates, and on the exchange of data for FSU countries. Annexed to the note was a list of country names and codes and their periods of applicability as used in COMTRADE.

A paper entitled "Estimates of Aggregate Imports and Exports - Who Does What and When" was presented by WTO. It provided a detailed look at which countries are estimated (including a list according to closing dates), their weighted share in terms of total imports and exports, and which countries are concurrently estimated by two or more international organizations.

A discussion took place of the different methodologies followed by the international organizations and in this regard, it was agreed that extracts of earlier papers prepared by individual organizations on this issue would be assembled and circulated before the next meeting.

In concluding the discussion, the members were reminded that the exchange of estimates not only leads to improve their quality but also to reduce the duplication of work by international organizations to the extent that each other's estimates can be used. In this regard, the report by WTO provides a benchmark as to the current situation. The Task Force members agreed to exchange estimates as soon as they are prepared in each organization.

4. **IMPROVING THE CONTENT AND FLOW OF COMTRADE DATA**

There has been a dramatic improvement in the coverage of COMTRADE when compared to the 1988-1989 period. This is the result of more intensive follow-up by UNSD and the sharing of data collected by international organizations (e.g. ECLAC, UNCTAD, FAO, WTO). The UNSD objective is to have 130 countries in COMTRADE for all years from 1970 to 1991 and to achieve this level more rapidly each year. However, to maintain this level of coverage is a never ending process, as exemplified by some 20 countries which had reported their 1992 data by the end of March 1994 but have yet to report their 1993 data.

With regard to the HS data base, all systems development have been completed. UNSD will start inputting 1994 data shortly and work back to 1988. The intention is to convert all data to the HS 1996 version. HS data will also be converted into SITC (all three versions) but later this year or early next year, only SITC Rev.2 will be maintained (once differences in the concordances of HS to SITC Rev.2, developed by UNSD, EUROSTAT and Statistics Canada have been resolved). This is in line with the decision taken at the last meeting. The use of non-standard HS codes by countries for confidentiality reasons is being followed-up by UNSD to identify their content and occurrence and these will be clarified in the general notes for each country in COMTRADE.

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A test version of a PC Windows interface for COMTRADE is now available. This was a cooperative effort by UNSD and ICC and developed by Software Engineering. A final version is expected by September 1995 and a progress report will be prepared for the next meeting incorporating the experience of users.

As well, UNSD will report on the state of play of the HS data base; and provide a list of countries utilizing invalid HS 6-digit codes.

5. **REVIEW OF QUESTIONNAIRES AND PUBLICATIONS IN EXTERNAL TRADE**

The series of reports on publications presented by UNSD covered 71 publications containing international trade statistics issued by 14 organizations including regional commissions. The latest report contained an analysis of the data published for total imports and exports in national currency and US dollars for 40 countries for 2 years. Although substantial consistency was found among the various publications, differences in the numbers published were noted for total imports and exports with the larger discrepancies occurring for US dollars. The Task Force endorsed the conclusions set out in paragraph 8 of the UNSD report as follows: "(a) the reports produced to date on the publications represent an adequate study, giving Task Force members an overall view of what is published in the field of international trade statistics by the international organizations; (b) that publication of aggregate imports and exports by countries in a range of publications is considered useful to users; different aggregations of commodities and country groupings are designed to meet individual organization needs and, if clearly defined for other users, can be useful and should not be problematic; (c) while there are (currently) unexplained differences in some numbers published, there is a broad degree of consistency; the consistency level is improving and is expected to improve further as reconciliation exercises are completed and common sourcing of data is increased and (d) to return to the analysis after the current reconciliation and sourcing studies are completed."

Regarding the review of questionnaires, only 3 organizations have provided their blank questionnaires to UNSD. The Task Force requested all organizations which had not done so as yet to send the necessary information to UNSD. The analysis is being conducted on the actual series of data collected by organizations (totals, commodity detail (SITC, HS), partner detail, etc); and it was suggested that this be expanded to cover phraseology and definition of items, and that they be examined for harmonization, thereby reducing further the response burden on national statistical offices. UNSD is to report at the next meeting.

6. **ESTIMATES METHODOLOGY**

The World Bank presented a report on its Quadratic Optimization (QO) algorithm method to estimate non-reported commodities/partners in COMTRADE. It was agreed that the next step would be to look at the cells with significant values only (some 650 cells) which represent 90% of the trade in this test and to produce a final report.

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UNSD indicated that it was reviewing whether it would continue to generate estimates at the 3 digit level of the SITC by partner country, because of inadequacies in the methodology used and the apparent lack of use of the resulting estimates (UNCTAD reported selective and judicious use of these estimates). The UNSD method relies heavily on inverted data and recent studies by EUROSTAT and others had reconfirmed the large scale of the discrepancies in trade flows reported by trading partners. UNSD would continue, however, with its estimates for some 20 commodity groups and 20 country groupings which are published in the United Nations Monthly Bulletin of Statistics and International Trade Yearbook.

Many members felt that there was a need to continue to estimate for missing trade data but at a more aggregate level. Some also emphasized the use of reconciliation exercises as a means to provide quality estimates. Members were invited to put their views in writing to UNSD before the next meeting.

WTO would be ready to compare the results emanating from the QO method once available with those prepared manually by WTO for the commodity and country groupings contained in the annual WTO International Trade report.

7. DEVELOPMENTS FROM THE 28TH SESSION OF THE STATISTICAL COMMISSION

The Statistical Commission accepted the recommendation of the Task Force to stop work on "adjustments" except for "C.I.F.-F.O.B." and the systems of trade. In both cases, the Task Force was requested to contact countries for input in order to develop further the work undertaken thus far (countries already contacted).

The Statistical Commission also endorsed the proposal to review international merchandise trade concepts and definitions and the outline prepared for the review process but found the timetable too ambitious. The Task Force was requested to forward to countries the outline as well as the results of the questionnaire on national practices in external trade, and to ensure the extensive involvement of countries in this project. Replies to the above (already mailed) are expected by the end of May 1995. While the Commission emphasized the need for continuity in data series, and in the assignment of partner countries and rules of origin; the Commission also indicated that harmonizing with the latest revisions of the Balance of Payments (BOP) and National Accounts (NA) manuals was desirable. The Commission also agreed for the need to develop a compiler's guide in close collaboration with Regional Commissions and countries.

On the question of the SITC and HS, the Commission endorsed the recommendation not to revise SITC Rev.3, to rationalize COMTRADE by keeping only SITC Rev.2 but taking account of users' needs, to develop a manual to assist countries in the compilation of price and volume indices, and to have statisticians play a more active role in the revisions of the HS and in the implications and requirements of trade agreements.

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8. TRADE IN MILITARY GOODS

WTO presented its final report on trade in military goods, a copy of which had been sent to WCO for consideration by the HS Review Sub-Committee at its next session. The report includes, for the first time, a definition of military expenditures (derived from NATO's), and the detail requested for classification purposes is the result of several meetings with experts in the field as well as using as a guide the detail already existing in the NACE.

9. QUESTIONNAIRE ON NATIONAL PRACTICES IN EXTERNAL TRADE

A revised draft report is to be prepared by UNSD by the end of June incorporating the responses to the second questionnaire. A copy will be circulated to members of the Task Force and to countries (their portion only) for comments by October. Printing is to take place in November after which the report will be issued as a technical document. UNSD will provide a final report at the next meeting.

10. REVISION OF CONCEPTS AND DEFINITIONS

From the initial discussion that took place, there was some support for harmonizing the international merchandise trade concepts and definitions with those in the latest revisions of the Balance of Payments and National Accounts manuals. However, serious difficulties were foreseen in identifying the sources of data consistent with such harmonized concepts and definitions. Except for the chapter on currency conversion, coverage, and supplementary topics, proposed revisions of the concepts and definitions have been received by UNSD from international organizations participating in this project and from the consultant. Members were requested to forward their comments on all chapters to UNSD by the end of June. The first draft of the entire manual will then be circulated for review later this year.

In the revision of concepts and definitions the theoretical and practical aspects must be clearly distinguished. The manual should be seen as providing the statistical framework while the compiler's guide should be geared to what is practical to achieve. In this regard, members supported the need to collect intra-firm trade and sub-contracting from enterprises either by revising the customs declarations or by survey.

An Expert Group is to be convened later this year to review the proposed revisions to the concepts and definitions. Members of the Task Force will be part of the Expert Group which will also include representatives from some 20 developed and developing countries.

11. PROPOSAL FOR A NEW SET OF COUNTRY CODES

The proposal tabled by IMF originates from a dissatisfaction with the use by IMF of their own country codes which combine into one code both criteria of identification and classification, and the inability to identify international organizations in the country code classification. This has led to volatility (in that classification changes result in changes in country codes) and to no harmonization in country groupings.

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The proposal to create a code consisting of 3 independent components, with country groupings being separate from the country code, was seen as resolving the above problems. From the discussion that took place, the view emerged that (a) some adjustments would need to be incorporated for the system to apply to trade (provision for France/Monaco and other as countries and not as aggregates); (b) adopting a unique system to fulfil all of the different needs of international organizations was not possible at this time, in part due to the different coding of the same country by different organizations and the expenditures (and sunk costs) of having to revise existing systems. This is not to say however, that the IMF system should not be considered when a change in a country code system becomes necessary.

12. DEMONSTRATION OF WAICENT

The goals of WAICENT are to improve: (i) BY FAO data input through cooperation with national offices, (ii) the quality of data through better data management, (iii) technology for statistical data bases and textual data bases, and (iv) to improve the dissemination of information.

The statistical content of WAICENT (i.e. FAOSTAT) includes time series on demography, fisheries, agriculture, forestry, trade flows and other fields of interest to FAO. The textual data base or FAOINFO covers food outlook, food shortages, animal health, plant protection, FAO news, etc.

The system, which is based on UNIX, has been operational in test mode since September 1994 and is scheduled for completion in September 1995. Information is disseminated on diskettes, CD-ROM, Internet and may also be accessed directly through FAO on-line services.

13. INTRASTAT, EUROTRACE AND ASYCUDA PROJECTS

Trade flows emanating from the INTRASTAT Project are now deemed to be of sufficient quality according to EUROSTAT. Problems identified are the complexity in classifying goods because of the detailed nomenclature, the triangular movement of goods, and the level of non-response which represents less than 5% of the value at the Community level. Regarding the quality of data, reports on mirror discrepancies (intra-EU arrivals and dispatches) show that results are not worsening. A basic issue in introducing INTRASTAT into the new member states is the set-up and update of business registers on which the data collection process is based. EUROSTAT will be hosting a forum in October 1995 on the future of INTRASTAT. Users, providers of data, academia and national administrators will be invited to analyze the present situation, to assess the needs emanating from the single currency, to review the costs of INTRASTAT and to discuss alternative systems (i.e. to collect exports only, sampling, integration of INTRASTAT requirements into existing surveys, simplification of the classification of goods).

Regarding EUROTRACE, there was only one installation since the last meeting of the Task Force which was in ECOWAS. A strategy paper is being developed for the Eastern European countries and a meeting is to take place in the near future.

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With regard to ASYCUDA, the UNCTAD representative provided a list of countries where the system has already been installed or is to be installed shortly, together with the version installed and date. The members of the Task Force agreed that it was very important that the technical assistance in the area of customs computerization should lead to better foreign trade statistics. The development of ASYCUDA by UNCTAD and of EUROTRACE by EUROSTAT, two complementary software packages which had been installed in many developing countries offered the potential and scope for generating more up-to-date trade statistics. It seemed that, up to now, this potential had only been utilized to a very limited degree. The Task Force therefore urged, both the two software development teams and also the Organizations funding their implementation to make the compilation of foreign trade statistics an important performance evaluation criteria for project appraisal. All countries were encouraged to make best use of the potential offered by the successful implementation of efficient customs and related statistical computerization procedures.

14. PRICE AND VOLUME INDICES

UNCTAD presented a report on its new technique for constructing unit value series at the 3-digit SITC Rev.2 level for the manufacturing sector for the period of 1978-1992. The approach has been simplified and, at the same time, enhanced to eliminate complexities associated with regional proxies and to better tackle the issue of missing data for quantities. It now consists of aggregating unit values country-wise to obtain an "international unit value" for each 5-digit commodity item. It is expected to have the new approach implemented by the end of 1995 and a report will be prepared for the next meeting.

15. OTHER BUSINESS

a) *Globalization*

Under the auspices of the Task Force on Globalization, EUROSTAT is examining the possibilities of integrating the collection of information on international sub-contracting and on intra-firm trade into the foreign trade collection system. In studying the feasibility, the analysis of the existing surveys in the US and Canada is taking place as well as the pilot survey in France. Members of the Task Force supported the need for this information and that it should be a point of discussion under the revision of the international merchandise trade concepts and definitions. There is also a need to fully integrate this issue with the concepts and definitions being developed for services trade in the context of the General Agreement on Trade in Services (GATS). OECD undertook to provide UNSD with a detailed description of their needs on this topic.

b) *APEC Meeting*

The representative from UNSD briefed members on the meeting he had attended. APEC is also working on adjustments and has agreed to establish a data base

whereby the 18 member countries would provide data on a standard record format at the 4-digit level of the HS for the years 1991 and 1992. All trade flows would be based on the general system and imports would be valued F.O.B.

c) *Technical Assistance*

Members agreed to contact the focal points (EUROSTAT for Eastern European countries and FSU countries, and UNSD for the rest of the world) regarding the provision of technical assistance in the area of foreign trade statistics. This should cover recent, past and forthcoming missions and include also fact finding missions.

d) *Future of the Task Force*

Members were of the opinion that the Task Force had been the single most effective tool in years to improve the quality of trade statistics and reduce response burden on national statistical offices. A number of activities were coming to closure thereby reducing the need for the same frequency of meetings.

However, the continuation of the Task Force was very important. As a general rule, one meeting per year could be envisaged with the possibility of having ad hoc meetings on specific projects. One such case is that of the revision of international merchandise trade concepts and definitions.

e) *Next meeting of the Task Force*

It was agreed that the next meeting should be an ad hoc one devoted to harmonizing the positions of the different international organizations on the revision of concepts and definitions. It will be a 2-day meeting immediately proceeding the Expert Group meeting. UNSD is to advise as to the date and location.

f) Members of the Task Force thanked the representatives from FAO for hosting this meeting and expressed their appreciation to Mr. Pariboni and to Mrs. Paoiella-Pariboni for their valuable contribution over the years to the work of the Task Force. Both are retiring after many years of dedicated service to FAO.

SUMMARY OF AGENDA ITEMS FOR ACTION

ITEMS	INTERNATIONAL ORGANIZATIONS
1. Use by UNSD of IMF Monthly Data	<p>UNSD to report on the reconciliation exercise for the 27 remaining countries</p> <p>UNSD to prepare a paper on implications of adopting the IMF dollar values (converted from national currency) for other aspects of UNSD work (e.g. production of index numbers)</p> <p>UNSD to prepare a report on adoption of IMF index number series</p> <p>UNSD to report on differences between annual figures in MBS and COMTRADE data</p>
2. Use of EUROSTAT data in COMTRADE	UNSD and EUROSTAT to prepare a report on their evaluation
3. Use by OECD of COMTRADE data	OECD to circulate the completed questionnaires and to prepare a report on their findings
4. Exchange of Data Among International Organizations	WTO to assemble extracts of existing papers of international organizations on their methodologies for preparing estimates and ask organizations to update or provide for the first time, if necessary
5. Improving the Content and Flow of COMTRADE Data	<p>UNSD to report on the HS data base and the use by countries of invalid HS codes</p> <p>UNSD to report on the operation of the new PC Windows interface for COMTRADE</p>
6. Review of Questionnaires	UNSD to report on progress
7. Estimates Methodology	<p>WB to produce a final report on the QO method.</p> <p>UNSD to report on the preparation of estimates in future</p> <p>International Organizations to make their views known to UNSD on estimates</p> <p>WTO to compare estimates resulting from QO method, once available, with those prepared by WTO</p>
8. Questionnaire on National Practices in External Trade	UNSD to prepare a final report
9. Revision of Concepts and Definitions	International Organizations to send comments to UNSD by end of June
10. ASYCUDA	UNCTAD to report on progress re-statistical needs
11. Price and Volume Indices	UNCTAD to report on its progress
12. Globalization	OECD to provide a detailed description of their needs for intra-firm data to UNSD

LIST OF ATTENDANCE

Task Force on International Trade Statistics Rome, 8-10 May 1995

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List of Documents Circulated

Item for discussion

3. Flow of Data among International Organizations (follow-up)

(a) use by UNSD of IMF monthly data

- UNSD report: Reconciliation of UNSD and IMF Data Reported in National Currency and Adoption by UNSD of the IMF US Dollar Values
- UNSD report: Comparison between the Annual Totals in Comtrade and the United Nations Monthly Bulletin of Statistics

(d) exchange of data among international organizations

- WTO report: Estimates of Aggregate Imports and Exports - Who Does What and When
- UNSD letter: Follow-up on a Number of Commitments Undertaken at the Last Meeting

4. Improving the Content and Flow of COMTRADE Data

UNSD report: Improving the Content and Flow of Comtrade Data

5. Review of Questionnaires and Publications on Trade Statistics

UNSD report: Review of International Publications Containing Trade Statistics

UNSD report: Summary Analysis of Questionnaires Sent to Countries by Organizations

6. Estimates Methodology

World Bank report: Estimation of Missing Trade Data Using a Quadratic Optimization Algorithm: Comparison of Results with Those Produced by UNSTAT's Methodology

8. Trade in Military Goods

WTO report: Military Trade Statistics

9. Questionnaire on National Practices in External Trade

UNSD report: Progress Report by UNSD on the Questionnaire and the Report on Country Practices.

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10. Revision of Concepts and Definitions

UNSD report: Progress Report on the Revision of Concepts and Definitions

OECD report: Trade in Goods versus Trade in Services

WTO report: Trade System

UNSD report: Commodity Classifications

WTO report: Valuation

UNSD report: Quantity Measurement

UNSD report: Partner Country

EUTOSTAT reports: (i) Revision of concepts and definitions

(ii) Globalization

11. Proposal for a New Set of Country Codes

IMF report: Proposal for a New Set of Country Codes

EUROSTAT report: Zones Geographiques et Zones Economiques

12. Demonstration of WAICENT

FAO report: Coverage of Presentation

13. INTRASTAT, EUROTRACE and ASYCUDA Projects

EUROSTAT report: INSTRASTAT Progress Report

UNCTAD report: ASYCUDA project - Country Status

14. Price and Volume Indices

UNCTAD report: Trade Deflators by Commodity Groupings - Progress Report

15. Other Business

(a) *Globalization:*

EUROSTAT report: Globalization (see also item 10)