



Economic and Social Council

Distr.
GENERAL

E/CN.3/1997/11
24 September 1996

ORIGINAL: ENGLISH

STATISTICAL COMMISSION
Twenty-ninth session
10-14 February 1997
Item 8 of the provisional agenda*

INTERNATIONAL TRADE STATISTICS

Report of the Secretary-General on the revised concepts and
definitions for international merchandise trade statistics

SUMMARY

At its twenty-eighth session, the Statistical Commission endorsed the work programme proposed by the Task Force on International Trade Statistics for revising the United Nations International Trade Statistics: Concepts and Definitions (para. 1). The revision was carried out by the Task Force, with the United Nations Statistics Division as coordinator and with the involvement of countries at all stages of the work (paras. 2-6). The Expert Group on International Trade Statistics was convened in May 1996 to consider the draft revision (paras. 7-10); its main conclusions are contained in the annex. The draft revision, entitled "International merchandise trade statistics: concepts and definitions", is before the Commission for its views and possible adoption (para. 11).

* E/CN.3/1997/1.

I. INTRODUCTION

1. At its twenty-eighth session (New York, 27 February-3 March 1995), the Statistical Commission endorsed the plan of action and outline that had been proposed by the Task Force on International Trade Statistics (E/CN.3/1995/5 and Add.1) for the revision of the United Nations International Trade Statistics: Concepts and Definitions. 1/ The revision was intended to (a) clarify and explain more fully current concepts and definitions in international trade statistics, as necessary; (b) extend those concepts and definitions to cover new developments in international trade; and (c) harmonize them with current concepts and definitions in related areas, particularly national accounts, balance of payments and international trade in services. The range of improvements were aimed to promote a better understanding and proper implementation by national compilers (E/CN.3/1995/5, annex, appendix II, para. 2). The Commission: 2/

(a) Gave its advice about the planned time-frame for the revision;

(b) Recommended extensive involvement of countries, including in production of the first draft of the revision;

(c) Considered that the following issues should be taken well into account: harmonization with the System of National Accounts, 1993 (1993 SNA) 3/ and the fifth edition of the Balance of Payments Manual (BPM5); 4/ the need for continuity of long-term time-series of international trade; the practical issues of data collection; the identification of partner countries and the work on rules of origin being conducted at the World Trade Organization (WTO) and World Customs Organization (WCO); and the utilization of existing regional machinery for the development and implementation of the concepts and definitions;

(d) Requested that a compiler's manual for international trade statistics be prepared in tandem with the technical guide on concepts and definitions.

II. THE REVISION PROCESS

2. At its meeting in February 1994, the Task Force agreed on overall objectives and decided to submit a draft revision to the Statistical Commission at its twenty-ninth session. The Task Force also recommended that a compiler's manual be drafted.

3. In November 1994, the Task Force endorsed an outline and timetable that had been prepared by the United Nations Statistics Division. Members of the Task Force agreed on sharing the responsibility for the initial drafting of chapters, with the Statistics Division, the International Monetary Fund, the Organisation for Economic Cooperation and Development (OECD) and WTO taking on the primary responsibilities, based on their areas of expertise. Other members of the Task Force agreed to provide input and comments, as appropriate. Also in November 1994, the proposed outline of the revision was reviewed at a meeting of trade experts from member countries of OECD.

4. In April 1995, the outline, which had been approved by the Task Force, as well as a technical report and related questionnaire on harmonization with the 1993 SNA and BPM5, were circulated to approximately 100 countries by the Statistics Division. Seventeen countries provided comments on the outline and 37 completed the questionnaire; summaries of their replies were circulated to members of the Task Force.

5. At its meeting in May 1995, the Task Force concluded that while there was support for harmonizing international trade statistics concepts and definitions with the 1993 SNA and BPM5, serious difficulties were foreseen in identifying sources of data consistent with such harmonized concepts and definitions. Following the Task Force meeting, the six completed draft chapters were distributed to Task Force members for comments. Subsequently, an integrated draft of the revision was prepared and circulated to Task Force members in August 1995. A further draft was completed in January 1996, taking account of the comments of countries (on the outline and the questionnaire on harmonization) and Task Force members, and was circulated to approximately 190 countries for comment. Thirty countries provided comments.

6. At its meeting in March 1996, the Task Force engaged in an extensive discussion of the draft revision, considering in particular the principle of "crossing the border" as compared to the principle of "change of ownership" as a basis for international trade statistics; the work on rules of origin that was being carried out in WCO and WTO; and the general layout of the draft. The Task Force also held a special meeting in May 1996 to further review the draft.

7. The draft revision, along with a document summarizing the 30 country comments, was considered at a meeting of the Expert Group on International Trade Statistics, which was convened in New York from 20 to 24 May 1996 and was chaired by the representative of Canada to the Expert Group. The meeting was attended by 33 participants representing 18 countries, including developed and developing countries and countries in transition, and by 6 international organizations that are members of the Task Force.

8. As requested by the Commission, the issues mentioned in paragraph 1 (c) above were reflected extensively in the successive drafts of the revision, and were inserted in the terms of reference of the Expert Group. There was extensive discussion, in particular on the coverage of international trade statistics; the extent to which harmonization of international merchandise trade statistics with the 1993 SNA and BPM5 could be achieved; and the consequences of harmonization. The discussion of the Expert Group is reflected in its report and at appropriate places in the draft revision, including the introduction; the main conclusions of the Expert Group are contained in the annex to the present report. Regional machinery was utilized through input at all stages from the regional commissions and the Statistical Office of the European Communities (Eurostat).

9. The Expert Group requested the Statistics Division to revise the draft in the light of its recommendations. The resulting revised draft was circulated to members of the Expert Group for comments, and a final draft revision (PROV/ST/ESA/STAT/SER.M/52/Rev.2), which is before the Commission, was prepared to reflect those comments as far as possible. The report of the Expert Group is

/...

before the Commission as a background document; a summary of its main recommendations and how they relate to the existing recommendations is included in the introduction to the draft revision.

10. Some aspects of compilation were addressed in drafting the revision. However, the Task Force considered that the drafting of a comprehensive compiler's manual could best be done once experience had been acquired in countries on the application of the revised concepts and definitions. The Expert Group considered that preparation of the compiler's manual should be considered as a priority task (see annex, para. 4).

III. POINTS FOR DISCUSSION

11. The draft revision, entitled "International merchandise trade statistics: concepts and definitions" (PROV/ST/ESA/SER.M/52/Rev.2) is before the Commission for its views and possible adoption.

Notes

1/ Statistical Papers, Series M, No. 52, Rev.1 (United Nations publication, Sales No. E.82.XVII.14).

2/ Official Records of the Economic and Social Council, 1995, Supplement No. 8 (E/1995/28), para. 19 (c) and (d).

3/ Statistical Papers, Series F, No. 2, Rev.4 (United Nations publication, Sales No. E.94.XVII.4).

4/ Balance of Payments Manual, fifth edition (Washington, D.C., International Monetary Fund, 1993).

Annex

MAIN CONCLUSIONS OF THE EXPERT GROUP ON
INTERNATIONAL TRADE STATISTICS

(New York, 20-24 May 1996)

1. The Expert Group recognized that reconciling the requirements to (a) harmonize international trade statistics with the 1993 SNA and BPM5, (b) maintain the continuity of time-series and (c) consider practical issues of data collection is one of the major challenges for the current revision of the United Nations International Trade Statistics: Concepts and Definitions.
2. The majority of the Expert Group concluded that while changes in the direction of harmonization with the 1993 SNA and BPM5 may be introduced, radical and rapid change is not possible because of expected continued reliance on customs-based documents that record the movement of goods across borders as the most common source of data. Such harmonization should, however, be treated as a longer-term objective.
3. Adequate attention needs to be given to (a) an elaboration of the users and uses of international trade statistics; (b) the kinds of data needed; (c) the principles that would be appropriate for meeting the range of needs involved; and (d) indication of how such principles should be applied.
4. Discussion of practical compilation problems may be provided to help explain conceptual issues, but in general compilation advice should be moved to the planned compiler's manual, preparation of which should be considered as a priority task.
5. There was no agreement or convergence of views for adopting the principle of change of ownership to achieve literal harmonization with the 1993 SNA and BPM5. The majority of the Expert Group supported the view that international merchandise trade statistics must rely largely on customs data, which implies retaining the movement of goods as a guiding principle.
6. Chapter I of the revision should begin by referring to the four main sources of international merchandise trade statistics: customs, the value added tax system, enterprise surveys and currency exchange records, each of which have their uses, although customs declarations are the source of most data.
7. The 1993 SNA definition of goods should be followed. A reference to the Harmonized Commodity Description and Coding System (HS) as the primary commodity classification for data-collection purposes and as a supplement to the definition of "goods" should be included.
8. The 1993 SNA definition of services should be accepted, and there should be some treatment of the boundary between goods and services.
9. The economic territory should be defined, but the majority of the Expert Group argued that the revision should allow for countries to specify which

/...

part(s) of the territory are within the scope of statistical collection for practical applications. The revision should define the customs territory and specify the relationship with economic territory, and the definition of coverage should be amended to include reference to the frontier of the economic territory.

10. In practice, the time of recording depends on the collection system used - receipt of customs forms, administrative arrangements for value added tax returns etc. - and the general guideline would be that goods are recorded at the time they enter or leave the economic territory of a country.

11. When specific guidelines are recommended, they should include a general introduction indicating that the aim is to provide a clarification, and that the guidelines cover (a) goods that should be included according to the general definition; (b) goods to be included but that involve specific data-collection problems and should thus be recorded using all available sources; and (c) goods for which data should be collected to facilitate preparation of adjustments for use in compilation of totals of international merchandise trade according to 1993 SNA and BPM5 definitions.

12. The definitions of systems of trade should be brought up to date and aligned with the revised definitions in the Kyoto Convention, and note should be taken of relevant European Community definitions.

13. A recommendation should be made for countries to adopt the general system of trade, and a revision should provide a detailed justification for that recommendation.

14. The recommendation should be (a) to endorse the WTO definition of transaction value as a basis for statistical valuation; (b) to use the CIF-type valuation (border of importing country) for imports and the FOB-type valuation (border of exporting country) for exports; and (c) in the case of imports, to collect data on freight and insurance separately at as detailed a partner/ commodity level as possible.

15. In relation to chapter V of the draft revision, "Quantity measurement", the Expert Group decided that a brief and direct recommendation should be made to adopt the WCO standard units developed for use with HS.

16. The recommendation of the original Concepts and Definitions on partner country attribution for both imports and exports should be retained.
