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STATISTICS DIVISION

**Expert Group on International Merchandise Trade Statistics
First Virtual Meeting on the Update of the IMTS Compilers Manual
New York, 12 January – 28 February 2011**

**Report of the
First Virtual Meeting on the
Update of the IMTS Compilers Manual**

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I. Purpose and organization

1. The United Nations Statistical Commission at its forty-first session (23-26 February 2010) adopted “International merchandise trade statistics: concepts and definitions 2010” (IMTS 2010) and endorsed the proposed implementation programme, including the preparation of the revised *International Merchandise Trade Statistics Compilers Manual* (IMTS Compilers Manual).
2. The United Nations Statistics Division (UNSD) is supported in the update of the IMTS Compilers Manual by the Expert Group on International Merchandise Trade Statistics (EG-IMTS) which assisted in the revision of the recommendations for IMTS and which met for the first time in December 2007.
3. During the summer of 2010, UNSD consulted with the members of the EG-IMTS on the draft chapter outline for the updated IMTS Compilers Manual. This first virtual meeting of the EG-IMTS on the update of the IMTS Compilers Manual discussed the contents of the individual chapters as reflected in the draft annotated outline provided for this meeting by UNSD. It is planned to conduct a worldwide consultation on the updated draft annotated outline resulting from this meeting in March/April 2011. Two further virtual meetings of the EG-IMTS are planned during 2011 (May and September) to discuss the drafts of the individual chapters. The EG-IMTS is expected to meet in December 2011 for a physical meeting to review and endorse the provisional draft text of the updated IMTS Compilers Manual for submission to the UN Statistical Commission in 2012.
4. On 5 January 2011 the members of the EG-IMTS were informed that the first virtual meeting on the update of the IMTS Compilers Manual would start on 12 January with the posting of the draft annotated outline by UNSD. The experts provided their comments by 28 January; the forum was physically closed on the morning of 31 January which allowed the inclusion of a few comments received over the weekend. On 15 February UNSD provided its draft report containing the draft conclusions, an updated draft annotated outline and a listing of all suggestions, and requested the experts to provide their comments within one week, by 22 February. On 28 February UNSD provided the final report of the meeting.
5. Annex I of this report contains the updated draft of the annotated outline which contains, as shown in 'simulated' track changes, the proposals by UNSD on how to incorporate and reflect many of the suggestions regarding the contents of specific chapters. All suggestions by the experts are listed in Annex II and, unless already incorporated into the updated annotated draft outline, will be further considered during the drafting process. UNSD provided its own comments regarding some suggestions which were made available in the draft report of 15 February and which are indicated. Some issues such as overlap of chapters and moving chapters to other parts will be further addressed during the drafting process.
6. It is planned that the updated annotated outline will be submitted for worldwide consultation in March/April 2011 which is expected to result in further amendments to the annotated outline. The annotated outline as well as all comments received will guide the drafting process.

II. Participation

7. The EG-IMTS members of 23 national offices and international/ regional organizations which participated in earlier meetings of the EG-IMTS were invited to this virtual meeting. In order to broaden the participation, the following additional countries were invited to this virtual meeting: Bahamas (Department of Statistics), Jamaica (Jamaica Statistical Institute), Jordan (Department of Statistics), South Africa (South African Revenue Service) and Uganda (Uganda Bureau of Statistics). Out of these, 13 participated actively in the virtual meeting, providing a total of 105 postings, 98 during the first round of comment and 7 as reaction to the draft conclusions provided by UNSD.

III. Conclusions

8. At its virtual meeting from 12 January to 28 February 2011, the Expert Group on International Merchandise Trade Statistics:
9. agreed overall with the annotated draft outline;

A. Part I Legal framework and data sources (chapters 1 to 4)

10. agreed to several amendments to the annotated draft outline in order to include some issues and considerations that were not covered previously and to re-focus some of the issues, in particular regarding chapter 1 “Legal framework” and chapter 4 “Enterprise surveys and other surveys” (see proposals in Annex I Updated annotations to the draft outline);
11. discussed to combine chapters 3 “Non-customs administrative and other sources” and 4 “Enterprise surveys and other surveys”; discussed the relationship of chapter 1 “Legal framework” with chapter 5 “Institutional arrangements” and the relationship of chapter 4 with chapter 10 “Data compilation in the case of customs union”; the draft outline had been discussed and agreed previously; suggestions for changing the chapter structure will be carefully considered during the drafting process;

B. Part II Data compilation (chapters 5 to 11)

12. agreed to add multiple amendments and modifications to the annotated draft outline in order to include some issues and considerations such as bilateral data exchanges that were not covered previously and to provide clarification of some issues (see proposals in Annex I Updated annotations to the draft outline);
13. raised the issue of moving chapter 5 “Institutional arrangements”, 7 “Integration of data from different sources” and 9 “Data quality: assurance, measurement and reporting” out of Part II; discussed the relationship between chapters 4 “Enterprise surveys and other surveys” and 10 “Data compilation in the case of customs union” and chapters 7 and 11 “Integrating trade and business statistics”; the draft outline had been discussed and agreed previously; suggestions for changing the chapter structure will be carefully considered during the drafting process;

C. Part III Compilation of particular data items (chapters 12 to 17)

14. agreed to add several amendments to the annotated draft outline in order to include some issues and considerations that were not covered previously and additional examples and case studies, in particular regarding valuation and partner country attribution (see proposals in Annex I Updated annotations to the draft outline);

D. Part IV Compilation of data on trade in selected categories of goods (chapter 18 to 24)

15. agreed to add several amendments and modifications to the annotated draft outline in order to include some issues and considerations that were not sufficiently covered such as non-response, leasing and e-commerce (see proposals in Annex I Updated annotations to the draft outline);

E. Part V Metadata and dissemination (chapter 25 to 26)

16. agreed to a few amendments to the annotated draft outline in order to include some issues and considerations that were not covered previously such as the link to data quality and the trade-off between timeliness and accuracy (see proposals in Annex I Updated draft of the annotated outline);

F. Part VI External trade indices and seasonally adjusted data (chapter 27 to 28)

17. agreed to include best practices and the use of foreign price indices in the annotated draft outline of chapter 27 “External trade indices” (see proposals in Annex I Updated annotations to the draft outline);

G. General comments

18. suggested to consider ways to allow revision and update of the IMTS Compilers Manual if new issues or best practices arise; in the same sense, it was suggested to consider whether case studies should be incorporated into the respective chapters or provided as annexes, which would be easier to update.

ANNEX I
UPDATED ANNOTATIONS TO THE DRAFT OUTLINE
(UPDATES IN TRACK CHANGES)

Part I Legal framework and data sources

Chapter 1 Legal framework

Scope. This chapter covers country practices in the establishment and maintenance of the legal framework (and its elements) within which trade statistics are collected, compiled and disseminated. It includes, for instance, the relevant laws and regulations (legal status) concerning customs records and other data sources, the laws and regulations governing the relationship between the compiling agency and data suppliers, the rights of the national statistical offices to survey traders or enterprises, and by the same token the duty of enterprises to respond. The chapter deals also with the legal issues related to the rights of enterprises and individual traders to ensure adequate data confidentiality.

Structure. The chapter might consist of several sections focusing on:

- (i) Description of general legal framework for trade statistics;
 - a. The importance of the legal framework: an overview of general issues
 - b. Legal status of customs records;
 - c. Legal status of other sources;
 - d. Confidentiality of traders data ~~Treatment of confidentiality;~~
 - e. Institutional arrangements;
- (ii) Examples of existing legal frameworks in several countries and their impact on the organization of the national trade statistics programmes.

Chapter 2 Customs declarations and related customs records

Scope. This chapter describes customs declarations as the most prevalent source of trade data. It will define the declaration and the declarant, and elaborates on the use of important customs procedures of the Revised Kyoto Convention, which can ensure comparability among international trade statistics, if countries apply the convention uniformly. The chapter will describe issues and practices related to the time of lodgement, and will go into the information which is required to complete the customs declaration. Further the chapter will describe the additional information available to customs and its use for statistical purposes.

Structure. The chapter might consist of the following:

- (i) Definition of customs declaration, ~~and declarant~~ and importer/exporter;
- (ii) Customs procedures under the Revised Kyoto Convention;
- (iii) Lodgement of declarations and data collection issues;
- (iv) Other procedures and the use of customs procedure codes;
- (v) Information needed to fill customs declarations;
- (vi) Adding enterprise identification to link with the national trade and business register;
- (vii) Use of electronic declarations;
- (viii) Country practices in training of filling the declaration;

- (ix) Additional records available at Customs;
- (x) Access and use of information available at customs.

Chapter 3 Non-customs administrative and other sources

Scope. This chapter describes non-customs sources of information, which can be useful to supplement customs data and to assist in the cross-checking of customs data; they are not generally recommended as substitutes for customs data. Non-customs administrative sources include foreign shipping manifests, currency exchange records and records of monetary authorities (International Transactions Reporting System), parcel post and letter post records, aircraft and ship registers, administrative records associated with taxation and reports from Commodity Boards etc.

Structure. The chapter might consist of the following sections:

- (i) Foreign Shipping Manifest;
- (ii) Currency exchange records and records of monetary authorities;
- (iii) Parcel post and letter post records;
- (iv) Aircraft and ship registers;
- (v) Administrative records associated with taxation;
- (vi) Data Exchanges;
- (vii) Additional sources.

Chapter 4 Enterprise surveys and other surveys

Scope. This chapter describes challenges and good practices in enterprise and other surveys, which are needed to obtain information on transactions which are not be processed through customs, e.g., trade in electricity, ships' stores and bunkers, on which the information requirements by customs are reduced or on which additional information is required. Experiences from the European Unions's survey-based Intrastat system will be described as relevant for this chapter. Surveys may be desirable in general as they can be designed to satisfy the needs of various fields of statistics and to allow linking trade and business/ industry statistics.

Structure. The chapter might consist of the following:

- (i) General description of enterprise surveys;
- (ii) Use of enterprise identification numbers used on customs forms in enterprise surveys;
- (iii) Organization of surveys;
- (iv) Advantages and disadvantages of surveys;
- (v) Merging administrative data and survey data;
- (vi) Examples of good country practices;
- (vii) Cross-border surveys.

Part II Data compilation

Chapter 5 Institutional arrangements

Scope. The chapter is intended to describe challenges and good practices in setting up effective institutional arrangements (in particular inter-institutional agreements) in the context of their characteristics identified in IMTS 2010. It will provide details of positive country experiences in setting up such arrangements under various country circumstances both in short and long term perspective.

Structure. The chapter might consist of several sections focusing on:

- (i) Typical national agencies involved in the compilation of IMTS such as customs administrations, national statistical offices, central banks, ministries of trade and other institutions;
- (ii) Purposes of institutional arrangements;
- (iii) Characteristics of effective institutional arrangements;
- (iv) Governance and mechanism of cooperation under different country circumstances such as diverse legal frameworks and resource availability; examples of good practices (several country cases to be described);
- (v) ~~Short term tasks~~ Immediate steps for improving the institutional arrangements (e.g., creating an inter-agency working groups to review the current inter-agency cooperation and to identify the areas where it should be strengthened etc);
- (vi) Longer term strategies for building effective institutional arrangements;
- (vii) Institutional arrangements and data quality.

Chapter 6 Statistical territory and organization of data collection

Scope. This chapter deals with the key concept for determining the type of trade system applied - the statistical territory of a county. Countries should develop a description of their statistical territory suitable for use by compilers of the detailed trade data, and should make that description available to their trading partners and to international organizations. Differences between economic and geographical areas will be discussed. The relationship between the statistical territory and customs procedures (and their role in determining the statistical territory) will be covered as well. Good country practices are described which include, inter alia, a clear statement on whether or not the following territorial elements exist, and on whether or not they are included in the statistical territory: (a) Industrial free zones; (b) Commercial free zones; (c) Premises for customs warehousing; (d) Premises for inward processing; (e) Territorial waters; (f) Continental shelf; (g) Offshore and outer space installations; (h) Territorial enclaves of the compiling country in other countries; and (i) Territorial enclaves of other countries in the compiling country (exclaves). The organization of data collection and the application of the trade system are discussed in detail and examples/ good practices are provided.

Structure. The chapter might consist of the following sections:

- (i) General description of statistical territory;
- (ii) Elements of statistical territory;

- (iii) Organization of the data collection in respect to the different territorial elements;
- (iv) Application of the trade system:
 - a. General trade system;
 - b. Special trade system;
 - c. Moving to the general trade system;
- (v) Examples of good country practices.

Chapter 7 Integration of data from different sources

Scope. The chapter is intended to describe challenges and good practices in merging customs and non-customs data (e.g. in adding non-customs to the customs data and substituting non-customs for the customs data), including merging of different information from the same source. To merge and cross-check data collected from customs and non-customs sources is quite a complex and time-consuming activity. The chapter highlights a number of issues that need to be addressed, such as (a) different data elements available from different sources; (b) conceptual differences between sources; (c) provision of different levels of detail; (d) delays in data forwarding, and the unsynchronized provision of data; (e) overlaps in the information provided (e.g., data on goods on consignment supplied by customs, and data on sales of the same reported by the controlling governmental agency) and (f) the overall efficient use of all data sources. Possible solutions are to run training programmes for staff and conduct regular meetings between staff of compiling and source agencies/ entities (including staff of large importing and exporting enterprises) to establish stable and efficient working arrangements; and to develop estimation and imputation procedures to deal with the issue of missing data fields.

Structure. The chapter might consist of the following sections:

- (i) Advantages and limitations of customs and non-customs data sources;
- (ii) General description of integration of data from different sources;
- (iii) Issues encountered when merging data;
- (iv) Possible approaches and solutions;
- (v) Examples of good country practices;
- (vi) Linking customs records and the national trade and business register;
- (vii) Integrated approach to economic statistics.

Chapter 8 Data processing and database management

Scope. This chapter will describe data processing and data base management at customs and at the statistical agency responsible for the overall compilation of IMTS (the responsible agency). It will describe the characteristics, ~~and~~ functions and differences of these systems, giving Asycuda and Eurotrace and/ or national systems as examples. Further, it will describe the data fields necessary for statistical purposes and how to obtain these data from the customs records.

Structure. The chapter might consist of the following sections:

- (i) Data processing and database management at Customs:
 - a. Requirements for automation at customs;

- b. Characteristics of data processing at customs and its interface with ~~to~~ statistical data;
 - c. Examples of automated systems at customs;
- (ii) Data processing and database management at the responsible agency:
 - a. Characteristics of data processing, data flow and data transformations;
 - b. Examples of data processing systems;
- (iii) Data fields required for statistical purposes.

Chapter 9 Data quality: assurance, measurement and reporting

Scope. This chapter will provide an overview of quality assurance at customs and the responsible agency. Major quality issues will be identified and discussed, including issues related to the editing of data, the responsibilities of each agency and minimum requirements for data quality. Further it will describe the measurement of quality and the process of producing quality reports and provide examples and best practices.

Structure. The chapter might consist of the following sections:

- (i) Quality assurance:
 - a. An overview of the main elements of national quality assurance frameworks;
 - b. Quality assurance at customs;
 - c. Quality assurance at the responsible agency;
 - d. Major quality issues and how to approach them;
 - e. Country examples and best practices;
- (ii) Quality measurement and reporting:
 - a. Steps for producing data quality reports;
 - b. User-oriented quality reports – contents and examples;
 - c. Producer-oriented quality reports – contents and examples;
 - d. Measuring data quality;
- (iii) Inter-agency collaboration on data quality;
- (iv) Reconciliation studies, cross-country comparability and bilateral data exchanges.

Chapter 10 Data compilation in the case of customs union

Scope. This chapter will briefly describe the variety of the existing customs unions concentrating on the implications for trade data collection and compilation. Good practices in organizing data collection mechanisms under various circumstances will be identified. Attention will be given to the cooperation of the member states to facilitate compilation of comparable and timely data on intra-union and extra-union trade and their dissemination. Also other multi-country non-Customs Union data exchanges will be covered.

Structure. The chapter might consist of several sections focusing on:

- (i) Description of main types of customs unions and their implications for trade data compilers;
 - a. European Union: Customs unions as a single market;

- b. Customs unions of developing and transitional countries;
- (ii) ~~Lessons from Intrastat (EU);~~
- (iii) Current challenges and good practices in the organization of data compilation ~~other customs unions;~~
- (iv) Longer term strategies;
- (v) Examples of Good country practices in other multi-country data exchanges.

Chapter 11 Integrating trade and business statistics

Scope. This chapter will describe the benefits and challenges in integrating trade and business statistics in data compilation and data dissemination. The possible approaches will be described and illustrated with examples. Special attention is devoted to the possibility of linking customs records to the national trade and business register, which may be a cost-effective way of integrating trade and business statistics. The conceptual issues and practical requirements (i.e. business identifier vs. tax identification number, establishment vs. enterprise, variables etc.) of linking the data in practice and respective country experiences will be discussed.

Structure. The chapter might consist of the following sections:

- (i) Integrated approach to economic statistics;
- (ii) ~~The possible benefits of~~ for integrating trade and business statistics;
- (iii) Integrating trade and business statistics in data compilation – possibilities and examples;
- (iv) Ensuring quality of the linked data sources and the quality of the linked/ integrated data;
- (v) Generation and dissemination of additional information – possibilities and examples;
- (vi) Required institutional and working arrangements.

Part III Compilation of particular data items

Chapter 12 Time of recording

Scope. The chapter is anticipated to assist countries in the implementation of the general guideline that goods should be recorded at the time when they enter or leave the economic territory of a country. Experiences in the application of this guideline under different trade systems and circumstances will be described including challenges and good practices in the use of customs and non-customs sources of data. Special cases when the goods declaration only partially reflect the timing and contents of the shipment (e.g. as in the case of partial or periodic shipments, staggered consignments”) will be covered.

Structure. The chapter might consist of several sections focusing on:

- (i) Overview of the basic concepts and main approaches to the use of various data sources;
- (ii) Time of recording under general trade system;
- (iii) Time of recording under special trade system;
- (iv) Time of recording in case of special categories of goods or transactions;
- (v) Time of recording under special circumstances.

Chapter 13 Commodity classification

Scope. This chapter is intended to provide the background information on the Harmonized Commodity Description and Coding System (HS), details of its 2007 and 2012 editions, the World Customs Organization HS revision policy. It will discuss the implementation and use of the 2012 edition. Further, the chapter is expected to assist trade data compilers to understand better the classification decisions by the national customs authorities, to set up appropriate validation and editing checks, to communicate more effectively with both customs authorities and the user community and to be able to assist in the formulation of proposals for the future revisions of the HS. Country experiences in the application of HS to cross border flows of goods where customs records are absent will be highlighted. The chapter will outline also the main features of other international commodity classifications, namely the Standard International Trade Classification (SITC), Central Product Classification (CPC), Classification by Broad Economic Categories (BEC) and their relationships with HS. Uses of these classifications for analytical and other purposes will be described, in particular the strengths and weaknesses of HS for economic analysis. The chapter will provide details on International Standard Industrial Classification of all Economic Activities (ISIC) and will explain its uses in trade data collection, compilation and dissemination. A family of the correspondence tables between various classifications will be described and explained in order to facilitate correct data conversion.

Structure. The chapter might consist of several sections focusing on:

- (i) The Harmonized Commodity Description and Coding System:
 - a. History of the HS, description of its 2007 and 2012 editions and the HS revision policy;
 - b. Application of the HS for coding traded goods – challenges and good practices;

- c. Country experiences in the use of the HS for data dissemination and analytical purposes;
 - d. Strengths and weaknesses of HS for economic analysis;
- (ii) Other classifications relevant to international merchandise trade statistics:
 - a. Standard International Trade Classification;
 - b. Central Product Classification;
 - c. Classification by Broad Economic Categories;
 - d. International Standard Industrial Classification of all Economic Activities;
- (iii) Correspondence tables between different classifications and their use in data conversion.

Chapter 14 Valuation

Scope. This chapter will concentrate on the technical details of determining the statistical value of internationally traded goods (e.g. on adjustments to the invoice value in view of the use of different terms of delivery (Incoterms), determination of the statistical value in the cases where cross border movement of goods did not involve their sale). It will provide more detail on the approaches to valuation in selected difficult cases identified in IMTS 2010 (including software) and on additional valuation issues (i.e. allocation of transportation costs for combined shipments, discounts etc.). Challenges and good practices in the FOB valuation of imported goods will be specially highlighted and examples will be provided. Case studies of trade transactions where more than one country is involved will be described.

Structure. The chapter might consist of several sections focusing on:

- (i) Statistical value and its components: an overview;
- (ii) Use of supporting documents;
- (iii) Compilation of the statistical value of imported goods;
 - a. General principles;
 - b. Details on the compilation of CIF value (use of the invoice price and the adjustments due to the use of different terms of delivery);
 - c. Emerging good practices in the compilation of FOB value of imported goods;
- (iv) Compilation of statistical values of exported goods;
 - a. General principles;
 - b. Details on the compilation of FOB value of exported goods (use of the invoice price and the adjustments due to the use of different terms of delivery); use of non-customs sources of data;
- (v) Valuation of selected categories of imported and exported goods (identified in IMTS 2010);
- (vi) Additional valuation issues;
- (vii) Issues of currency recording and conversion.

Chapter 15 Quantity measurement

Scope. The chapter will focus on the collection, validation and reporting of quantity information in terms of the WCO standard units of quantity and in terms of net weight. The chapter will describe good practices in the conversion of non-standard quantity units to the WCO units. Attention will be given to challenges and good practices in estimating and imputing missing quantities.

Structure. The chapter might consist of several sections focusing on:

- (i) An overview of the WCO standard units of quantity;
- (ii) Concept of “net weight”;
- (iii) Compilation of quantity data from customs sources;
- (iv) Compilation of quantity data from non-customs sources;
- (v) Conversion factors from non-standard to standard units of quantity;
- (vi) Quality issues;
- (vii) Estimation and imputation of quantity data.

Chapter 16 Partner country

Scope. The chapter is intended to describe details of the compilation of trade data by country of origin (imports) and country of last known destination (exports) and country of consignment (both imports and exports) including the specificity of the use of those concepts under different trade systems. Challenges and good practices (and case studies) in the approximation of those concepts in the ease of absence of sufficient data sources and for specific categories of goods (i.e. ships and aircraft etc.) will be described. Special attention will be given to the determination of country of consignment in view of the new recommendations contained in IMTS 2010 (e.g., an indicative list of commercial transactions/operations which change the legal status of goods will be provided).

Structure. The chapter might consist of several sections focusing on:

- (i) Country of origin and its use in import statistics:
 - a. Revised Kyoto Convention;
 - b. The status of the WCO work on the harmonized rules of origin;
 - c. Challenges in determining country of origin;
 - d. Country experiences in determination of origin of selected categories of goods;
- (ii) Country of last known destination and its use in export statistics:
 - a. Concept of country of last known destination;
 - b. Experiences in the approximation of country of last known destination;
- (iii) Country of consignment;
- (iv) Definitions of partner country in trade between members of a customs union;
- (v) Partner country coding for statistical purposes.

Chapter 17 Mode of transport

Scope. The chapter is intended to provide technical details on the compilation and dissemination of international merchandise trade statistics by mode of transport at the most detailed commodity level. Special attention will be devoted to challenges and good practices in recording the means of transport used when goods enter or leave the economic territory of a country and to the recording of multiple / predominant mode of transport, whenever applicable. Experiences of countries applying the special trade system as well as the experiences in the use of customs and non-customs sources will be described.

Structure. The chapter might consist of several sections focusing on:

- (i) An overview of basic concepts and data sources;
- (ii) Country experiences in the classification of modes of transport;
- (iii) Compilation of mode of transport under the general system of trade;
- (iv) Compilation of mode of transport under the special system of trade;
- (v) Multiple modes of transport;
- (vi) Country examples and special cases;
- (vii) Quality issues.

Part IV Compilation of data on trade in selected categories of goods

Chapter 18 Scope of IMTS

Scope. The chapter will elaborate the general guideline for the recording of merchandise trade and its application for specific categories of goods. In particular, it will focus on the definition and comparison of categories of goods which might be difficult to distinguish such as goods on consignment, goods for processing, goods for storage, goods in transit, goods temporarily admitted and dispatched, goods for maintenance and repair. Examples will be provided. One part will concentrate on categories of goods where the application of the concept of economic territory requires further explanation such as trade in ships and aircraft, bunkers and stores, travelers, enclaves/ exclaves etc. A further part will deal with the issues of cross border trade and smuggling, customs and statistical threshold.

Structure. The chapter might consist of several sections focusing on:

- (i) The general guideline;
- (ii) Comparison of specific categories of goods;
- (iii) Economic territory and categories of goods;
- (iv) Cross-border trade and smuggling; ~~customs and statistical threshold.~~
- (v) Customs and statistical threshold, treatment of non-response.

Chapter 19 Goods for processing

Scope. This chapter will define and provide examples for goods for processing. It will also explain what is not to be considered as goods for processing (i.e. goods in transit, goods for repair). The treatment of goods for processing in the 2008 SNA/ BPM6 will be explained. Challenges and good practices in the identification of goods for processing, including goods for processing where no change of ownership takes place will be described. The use of customs records and the relevant customs procedures for identifying goods for processing will be discussed.

Structure. The chapter might consist of several sections focusing on:

- (i) Definition and examples of goods for processing;
- (ii) Transactions and activities that are not goods for processing;
- (iii) Treatment of goods for processing in the 2008 SNA/ BPM6;
- (iv) Measuring trade in goods for processing – with or without change of ownership - and implications for the balance of payments compilation;
- (v) Examples of good practices.

Chapter 20 Goods which cross borders as a result of transactions between related parties

Scope. This chapter will define and provide examples for transactions between related parties. Ways to identify trade between related parties will be discussed.

Structure. The chapter might consist of several sections focusing on:

- (i) Definition of related parties and examples of trade between related parties;
- (ii) Purposes of identifying trade between related parties (including valuation);
- (iii) Ways to obtain information on trade between related parties;
- (iv) Good practices.

Chapter 21 Electricity, gas, oil and water

Scope. This chapter will discuss the characteristics of transactions in which goods are delivered continuously across borders. Ways to measure these transactions (i.e. in cooperation with other agencies and the enterprises) will be discussed.

Structure. The chapter might consist of several sections focusing on:

- (i) Characteristics of trade in electricity, gas, oil and water;
- (ii) Recording of trade in electricity, gas, oil and water;
- (iii) Valuation issues and issues related to the timing of recording.

Chapter 22 Ships and aircraft

Scope. This chapter explains the problem of identifying and recording trade in ships and aircraft and provides an outline of how this trade can be captured in an internationally comparable way; possible data sources will be discussed; the issue of leasing will be covered.

Structure. The chapter might consist of several sections focusing on:

- (i) Difficulties encountered in the measurement of trade in ships and aircraft;
- (ii) Existing practices for measuring trade in ships and aircraft;
- (iii) Possibilities for improving the international measurement of trade in ships and aircraft;
- (iv) Leasing;
- (v) Case studies.

Chapter 23 Other special cases (Goods acquired by all categories of travellers, Media, whether or not recorded, waste, fishing products, leased goods, returned goods)

Scope. This chapter is intended to describe the characteristics and ways how to measure certain additional categories of goods where the application of the general guideline can pose difficulties, such as goods acquired by all categories of travellers, Media, whether or not recorded (including software), waste, fishing products, leased goods, returned goods, goods in e-commerce, goods sold in duty-free shops.

Structure. The chapter might consist of several sections focusing on:

- (i) Goods acquired by all categories of travellers;
- (ii) Media, whether or not recorded;
- (iii) Waste;

- (iv) Fishing products;
- (v) Leased goods;
- (vi) Returned goods.

Chapter 24 Overview of data compilation for national accounts and balance of payment purposes

Scope. This chapter will briefly describe all categories of goods that are of special interest for balance of payment compilers. Further it will discuss how IMTS and BOP compilers could work together in capturing these goods and how data on these items could be harmonized between the two systems. Examples of the different recording in IMTS and balance of payments of certain categories of goods or transactions (in particular transactions in which more than two countries are involved) will be described;

Structure. The chapter might consist of several sections focusing on:

- (i) Goods for repair or maintenance;
- (ii) Goods entering or leaving the economic territory of a country illegally;
- (iii) Goods treated as part of trade in services;
- (iv) Goods for processing with or without change of ownership;
- (v) Returned goods;
- (vi) Migrants' effects;
- (vii) Goods lost or destroyed;
- (viii) Goods imported for construction projects by nonresident enterprises;
- (ix) Goods transferred from or to a buffer stock organization;
- (x) Goods which cross borders as a result of transactions between related parties;
- (xi) Common metadata to be provided by IMTS and BOP compilers.

Part V Metadata and dissemination

Chapter 25 Metadata

Scope. This chapter will describe all the information about the trade data which should be considered metadata. It explains that metadata are relevant for the correct understanding of the content, coverage and limitations of the data, and should guide users on the correct interpretation of the trade statistics. Metadata exist at various levels of detail, namely at the overall level indicating what the coverage of the trade statistics is, and how data were collected and processed; at the next levels information can be given about the main data variables, such as commodity classification, country nomenclature and country coverage, or valuation, and on specific trade flows. This chapter will further provide advice and examples on how best to present and disseminate the metadata. Metadata should be consistently presented; they should be comprehensive and still easily accessible.

Structure. The chapter might consist of several sections focusing on:

- (i) Description of metadata for trade statistics:
 - a. Coverage;
 - b. Limitations and data quality;
 - c. Deviations from recommendations;
 - d. National nomenclatures;
 - e. Specific trade flows;
 - f. Access;
- (ii) Presentation of metadata;
- (iii) Dissemination of metadata;
- (iv) Country practices.

Chapter 26 Dissemination

Scope. This chapter describes the factors to take into consideration, when establishing the dissemination policy at the responsible national agency. These factors are timely release of data (which has to be balanced with accuracy), statistical confidentiality, revision policy, cooperation with government entities, with compilers of balance of payments and national accounts, with users, with mass media, clarification of types of data issued, and the use of information technology to improve the data dissemination.

Structure. The chapter might consist of several sections focusing on:

- (i) Factors to consider in data dissemination:
 - a. Timeliness;
 - b. Statistical confidentiality;
 - c. Revision policy;
 - d. Users;
 - e. Ways of dissemination, use of IT technology and transmission standards;
 - f. Variables to be made available;
- (ii) Combining trade in goods with trade in services;
- (iii) Country practices.

Part VI External trade indices and seasonally adjusted data

Chapter 27 External trade indices

Scope. The chapter should give a general overview of the main fundamentals of price measurement in external trade avoiding the traditional dualism between price and UV as opposed measure of the same variable in a macroeconomic context (i.e. that of price deflators for NA purposes) but as two complementary indicators useful also in a micro-economic frame (they can help to describe and understand firm's behaviour; here the possibilities offered by linking trade and business registers have a role). It should be made clear that the two indicators have a different scope and that they come from different data sources and have a different reference population. The CM should clarify that, according to the several factors (scope of the indicator, budget and human resources constraint etc.), there are several methodological options to produce meaningful price measures.

Structure. Main aspects to be covered by the chapter:

- (i) General overview (*for instance: Why it is important to calculate some measure of price changes in external trade, macro Vs. microeconomic approach etc.*);
- (ii) Possible measurement approaches (*price and UV according to the aim of the indicators, the budget constraint, the characteristics of available data sources etc.*);
- (iii) Criticalities in the approaches (*pro and cons of the two measures such as quality changes, coverage, adjustments etc.*);
- (iv) Methodological issues (*choice of formulas, methods for measurement errors and outlier treatment, quality changes etc.*);
- (v) Other issues (*new challenges opened by the link with other statistical sources, use of foreign price indices*);
- (vi) Best practices.

Chapter 28 Seasonally adjusted data

Scope. The chapter is intended to explain to a trade data compiler the concept of seasonally adjusted data, explain its analytical importance and the key features of the main approaches (such as model-based and filter-based) without focusing too much on technical details which are available in the relevant more technical documentation (the necessary references will be provided).

Structure. The chapter might consist of several sections focusing on:

- (i) Basic concepts for application in the compilation of seasonally adjusted trade data and uses of seasonally adjusted trade data;
- (ii) General principles and key features of the main approaches;
- (iii) Selected issues specific to trade data.

ANNEX II

SUGGESTIONS AND COMMENTS

At its virtual meeting from 12 January to 28 February 2011, the Expert Group on International Merchandise Trade Statistics

Part I Legal framework and data sources

Chapter 1 Legal framework

1. suggested to cover the relevant laws and regulations (legal status) governing the relationship between the responsible (statistical) agency and data suppliers and other formal or informal arrangements (see proposal in Annex I);
2. suggested to mention under (i)c. "Treatment of confidentiality" policies for accessing the micro data, highlighting the principles and procedures of access to ensure confidentiality;
3. suggested to connect (i)d "Institutional arrangements" with chapter 5 "Institutional arrangements";
4. suggested to insert before (i)a "Basic statistical principles" (see proposal in Annex I);
5. suggested to replace (i)c "Treatment of confidentiality" with "Confidentiality of traders data" to indicate that this part relates to the legal aspects and not to practical issues of data dissemination (see proposal in Annex I);

Chapter 2 Customs declarations and related customs records

6. suggested to add after (v) a new section concerning the information needs for systematically identifying goods for processing sent abroad or received from abroad; [UNSD comment: It might be more appropriate to cover the relationship between these information needs and customs records in chapter 19 "Goods for processing"] (see proposal in Annex I, chapter 19);
7. suggested under (vi) to stress that a unique national enterprise ID is needed;
8. suggested to cover the verification of customs records by the compiling (responsible statistical) agency;
9. suggested to cover the issue of international comparability regarding the date of shipment versus the date of arrival; possibly under (iii) or chapter 12 "Time of recording";
10. suggested to highlight under (iii) the periodic lodgement of declarations as this is often used for goods for processing;
11. suggested to discuss under (x) the access to and use of customs information by different agencies;
12. suggested to change (i) "Definition of customs declaration and declarant" to "Definition of customs declaration, declarant and importer/exporter" as the declarant can differ from the importer/exporter (see proposal in Annex I);

Chapter 3 Non-customs administrative and other sources

13. some suggested to integrate chapter 3 and 4 while others disagreed;
14. suggested to add after (v) "Data Exchanges" (see proposal in Annex I);
15. suggested under (vi) to consider relevant reports of enterprises;

Chapter 4 Enterprise surveys and other surveys

16. suggested to work out the relationship between chapter 4 and chapter 10 "Data compilation in case of customs unions" as to avoid duplication concerning issues such as missing data, estimations and imputations - (the EU's Intrastat system is based on enterprise surveys);
17. suggested to add that lack of information through the use of custom records can also be caused by simplification or absence of customs declarations (see proposal in Annex I);
18. suggested to cover under (iii) and (iv) the advantages of the efficient use of business surveys;
19. suggested to add after (v) "Lessons from Intrastat (EU)" (see proposal in Annex I)
20. suggested not only to consider enterprise but also establishment surveys;

Part II Data compilation

Chapter 5 Institutional arrangements

21. suggested to clarify (v) "Short term tasks" (see proposal in Annex I);
22. suggested to cover the institutional cooperation in data verification and quality either under new item (viii), in chapter 9 or under existing (vii) as appropriate;
23. suggested to move chapter 5 into Part I after Chapter 1;
24. suggested to move (ii) after (iv) and rename it into "Purposes of inter-institutional agreements;" (see proposal in Annex I);

Chapter 6 Statistical territory and organization of data collection

25. suggested to include under (i) differences between economic and geographical areas (see proposal in Annex I);
26. suggested to include under (iii) the discussion of customs procedures as a tool for defining or applying the statistical territory (see proposal in Annex I);

Chapter 7 Integration of data from different sources

27. suggested multiple changes of renaming elements of the suggested structure, moving part of the contents to other chapters, combining chapter 7 with chapter 11 "Integrating trade and

business statistics” and moving the chapter to part 1; these suggestions and issues raised will be further considered and addressed during the drafting process;

Chapter 8 Data processing and database management

28. suggested to add “Characteristics of data processing” also under (ii) “Data processing and database management at the responsible agency” (see proposal in Annex I);
29. suggested not to cover data processing and database management at customs; [UNSD comment: Based on UNSD’s experience it is often crucial for the responsible agency to have a good understanding about data processing and database management at customs in order to obtain comprehensive and high quality trade data from customs; cooperation on data quality requires understanding of the procedures at customs];
30. suggested to add as new item under (ii) “Difference between statistical and customs treatment of the data” and to discuss the differences in the data structure of these two agencies (see proposal in Annex I);
31. suggested to refer to the responsible agency as the statistical agency; [UNSD comment: The responsible agency refers to the agency responsible for the overall compilation and dissemination of the data while any agency involved in providing data could be referred to as statistical agency];

Chapter 9 Data quality: assurance, measurement and reporting

32. suggested to add or consider additional aspects under item (i) “Quality assurance” (see proposal in Annex II);
33. suggested to cover cross-country comparability and bilateral data exchanges (see proposal in Annex II);
34. suggested to link (iii) “Inter-agency collaboration on data quality” with Chapter 5 “Institutional arrangements”;
35. suggested to move chapter 9 to Part V, before Chapter 25 currently titled “Metadata and dissemination”;

Chapter 10 Data compilation in the case of customs union

36. suggested to review the relationship with chapter 4 “Enterprise surveys and other surveys”
37. suggested to amend the title to also include other multi-country arrangements; to include as new item in the structure; to cover non-Customs Union exchanges such as the one between Canada and the U.S. (see proposal in Annex I);
38. suggested to replace (i)a "European Union" with "Customs unions as a single market, consequences for extra-union trade" and to delete (ii) “Lessons from Intrastat” (see proposal in Annex I);

Chapter 11 Integrating trade and business statistics

39. suggested to clarify the relationship with chapter 7;
40. suggested to add after (iii) a new item (iv) "Ensuring data quality of linked data sources" (see proposal in Annex I);
41. suggested to add new items on how to link trade and business statistics, linkage requirements (business identifiers vs. tax identification number, establishment vs. enterprise), the variables to be considered and country practices (see proposal in Annex I);

Part III Compilation of particular data items

Chapter 12 Time of recording

42. timing issues in cases when one (or multiple shipments) are declared in periodic declarations and or when periodic or multiple shipments are covered with one single declaration (see proposal in Annex I);
43. suggested to cover the issue of date of lodgement vs. the date of assessment;

Chapter 13 Commodity classification

44. suggested to cover the introduction and use of "HS Nomenclature 2012 Edition" in countries, which will come into effect on 1 January 2012;
45. suggested to cover under (i)c the use of the most recent version of the HS, to discuss transition issues and under a new item (i)d strengths and weaknesses of HS for economic analysis (see proposal in Annex I);

Chapter 14 Valuation

46. suggested to include the following under (iii) (see proposal in Annex I):
 - a. a detailed example of a specific country (or several) on bringing CIF value of imported goods to FOB valuation of imported goods, taking into account that all EU countries use the single customs declaration (SAD) where there is no field on value of insurance and freight;
 - b. good practices in compiling Insurance and Freight using customs records or using enterprise surveys;
 - c. a detailed description of how to obtain the FOB value of imported goods in accordance with the terms of delivery;
 - d. information about the benefits of compiling FOB imports such as international comparability and reconciliations;
47. suggested to include the Incoterms in the discussion (see proposal in Annex I);

48. suggested to provide under (vi) examples of the treatment of credit notes, discounts and ex post determination of the value;
49. suggested to include a new section (viii) for the discussion of the valuation of software; [UNSD comment: It appears that this can be included under (v) “Valuation of selected categories of imported and exported goods”] (see proposal in Annex I);
50. suggested to add case studies of trade transactions where more than one country is involved and where issues of valuation and country attribution need to be resolved (see proposal in Annex I);
51. suggested to add a new section on good practices of recording of original currency of transaction and original values (see proposal in Annex I);

Chapter 15 Quantity measurement

52. suggested to discuss the reasons for use of non WCO standard units of quantity;

Chapter 16 Partner country

53. suggested to include specific rules (guidelines and best practices) to define the partner country in the case of some specific trade transactions (e.g. ships, aircrafts and supplies to it, offshore installations) (see proposal in Annex I);
54. suggested to cover challenges in defining country of origin and cases where country of origin is not suitable (see proposal in Annex I);
55. suggested to discuss the partner attribution for re-exports (and re-imports);
56. suggested to add case studies (see proposal in Annex I);

Chapter 17 Mode of transport

57. suggested to address quality issues (see proposal in Annex I);

Part IV Compilation of data on trade in selected categories of goods

Chapter 18 Scope of IMTS

58. suggested that “Customs and statistical threshold” should be a separate section (see proposal in Annex I);
59. suggested to cover smuggling and cross-border trade in chapter 24 “Overview of data compilation for national accounts and balance of payment purposes as those are partially excluded from the trade statistics; [UNSD comment: Cross-border trade is an important part of trade in many developing countries and should be covered in this chapter];
60. suggested to replace (iv) with “Not recorded trade (trade below customs and statistical threshold, treatment of non-response) (see proposal in Annex I);

Chapter 19 Goods for processing

61. suggested to reverse the order of sections (iii) “Treatment of goods for processing in the 2008 SNA/ BPM6” and (iv) “Measuring trade in goods for processing – with or without change of ownership” in order to provide first an explanation of goods for processing in a broad sense; [UNSD comment: Section (i) is intended to provide such a broad definition];
62. suggested to insert new section (v) “Processing as customs procedure, consequences for compilation of BoP” (see proposal in Annex I);

Chapter 20 Goods which cross borders as a result of transactions between related parties

63. suggested to discuss under (i) that countries might use different national definitions of related parties and that this should be indicated in a country’s metadata;

Chapter 21 Electricity, gas, oil and water

64. suggested to cover under (iii) the sale of goods below cost of production and timing issues (see proposal in Annex I);
65. suggested to include that the compiled data should be reconciled with information from companies and information available at other agencies (see proposal in Annex I);

Chapter 22 Ships and aircraft

66. suggested to include leasing issues and case studies and to consider the use of IATA information (see proposal in Annex I);

Chapter 23 Other special cases (Goods acquired by all categories of travellers, Media, whether or not recorded, waste, fishing products, leased goods, returned goods)

67. suggested to add e-commerce and duty-free shops as other special cases (see proposal in Annex II);
68. suggested to include the treatment of “staggered consignments” and “offshore installations”; [UNSD comment: compilation of data for offshore installations is covered under chapter 6 “Statistical territory and organization of data collection”; the issue of staggered consignments are probably better covered in chapter 12 “Time of recording”] (see proposal in Annex I, chapter 12);
69. suggested to include under (ii) the discussion of software (see proposal in Annex II);
70. suggested to include under (vi) the discussion of country of origin attribution; [UNSD proposal: issues of country of origin of special categories of goods should probably better be discussed under chapter 16 “Partner country”];

Chapter 24 Overview of data compilation for national accounts and balance of payment purposes

71. suggested to indicate that countries should make publicly available the reconciliation table between trade on customs and BoP basis (see proposal in Annex I);
72. suggested to provide examples of multi-country transactions and their different recording in IMTS and balance of payments (see proposal in Annex I);

Part V Metadata and dissemination

Chapter 25 Metadata

73. suggested to link (i)b. with the chapter on data quality (see proposal in Annex I);

Chapter 26 Dissemination

74. suggested under (i)a. to discuss the trade-off between timeliness and accuracy (see proposal in Annex I);
75. suggested to include the discussion of ways of dissemination and the use of SDMX (see proposal in Annex I);
76. suggested to discuss the data variables that should be made available (see proposal in Annex I);

Part VI External trade indices and seasonally adjusted data

Chapter 27 External trade indices

77. suggested to include good practices (see proposal in Annex I);
78. suggested to discuss under new section (vi) the use of foreign price indices (see proposal in Annex I);

Chapter 28 Seasonally adjusted data

Not available.

ANNEX III
LIST OF PARTICIPANTS

Brazil

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Canada

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 17. Mr. Vladimir MARKHONKO
Consultant
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