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Country Presentation
United Kingdom

Item 7: Trade system



The UN Trade System

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Territories and Trade Flows
General and Special Trade
Treatment of Free Zones
Issues

Un definition of Territories

Customs and Statistical Territory

The general trade system is in use when the statistical territory of a country coincides with its economic territory.

In the majority of countries, data collection is based on customs procedures, and many of these countries adopt their customs boundary as their statistical boundary.

Economic Territory

The Economic Territory includes areas such as Free Zones and customs warehouses which have not crossed the customs boundaries.



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Territories – the UK

Customs and Statistical Territory

The Statistical territory of the UK is, generally, defined by the Customs Territory; comprising of the United Kingdom of Great Britain and Northern Ireland, including the Channel Islands and the Isle of Man.

Economic Territory

The Economic Territory includes areas such as Free Zones and customs warehouses which have not crossed the customs boundaries.



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General and Special Trade

UN Definition

General Trade

In use when the statistical territory of a country coincides with its economic territory.

Special Trade

Narrows the coverage of the statistics.

Imports to and exports from customs warehouses or commercial free zones are not recorded.



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General and Special Trade

United Kingdom Position

Preferred Option:

General Trade - Goods entering or leaving the UK economic territory.

Required for EU Trade Statistics:

Special Trade - Transactions across the Customs boundary of the UK, eg on release from a Freezone.

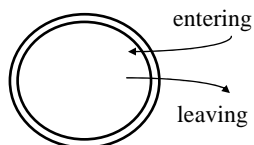
But includes goods for processing.



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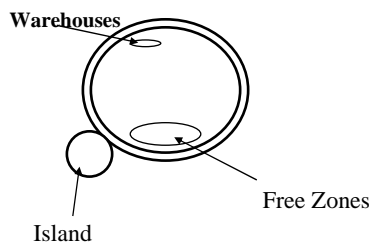
General/Special diagram

GENERAL TRADE SYSTEM



All goods entering / leaving the UK economic territory

SPECIAL TRADE SYSTEM



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Free Zones

United Kingdom Position

- Designated area in which goods are treated as being outside the customs territory for the purpose of import duties and other taxes.
- UK Free Zones are controlled principally on the basis of the requirements of customs warehousing procedures.
- 5 Free Zones in the UK – (*Liverpool, Prestwick, Sheerness, Southampton and Tilbury.*)
- Less than 1% of trade flow is via UK freezones.
- UK has over 1000 Customs warehouses.



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General and Special Trade – UN Recommendation

The general trade system provides a more comprehensive recording of the external trade flows than does the special system.

It also provides a better approximation of the change of ownership criterion used in the 1993 SNA and BPM5.

It is recommended, therefore, that countries use the general system for compilation of their international merchandise trade statistics and international reporting.



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Issues

- Some countries cannot provide statistics on the general trade basis from Customs declarations
- The differences between the “strict” and “relaxed” definitions of Special Trade can further increase asymmetries between reporting countries



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Thank you

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