



SPECIAL FEATURE: **TOWARDS THE THIRD REVISION OF INTERNATIONAL MERCHANDISE TRADE STATISTICS: CONCEPTS AND DEFINITIONS**

Background

The current recommendations for use in international merchandise trade statistics (IMTS) were adopted by the United Nations Statistical Commission at its 29th session in 1997 and published in 1998 in *International Merchandise Trade Statistics: Concepts and Definitions (IMTS, Rev.2)*. In 2004 *International Merchandise Trade Statistics: Compilers Manual* was issued to assist countries in implementation of IMTS, Rev. 2. Both publications were promoted by the United Nations Statistics Division (UNSD) and other members of the Task Force on IMTS (TFIMTS) including in a series of training workshop for developing and transitional countries. These efforts helped to harmonize IMTS methodologies across countries and, therefore, helped to increase cross country data comparability and availability for international users. However, with time it became apparent that the next cycle of review and updating of the recommendations is needed.

Reasons for the Revision

The main reasons why a new revision of the IMTS manual is necessary can be categorized as follows. IMTS needs to be revised because of:

- ✓ changes in the way international merchandise trade is conducted, like increasing globalization of the production and distribution processes, expansion of intra-firm trade, transactions with bundled goods and services components;
- ✓ changes in legal environment such

as adoption by the WCO Council of the Revised Kyoto Convention and new legal/administrative measures for increased security or further simplification of customs formalities;

- ✓ changes in related statistical frameworks, like the 1993 System of National Accounts and the Balance of Payments Manual;
- ✓ changes in user needs, including increased demand for more detailed and timely data for market access negotiations and trade policy purposes, market research by the business community and economic analysis (e.g., linking industry and trade data);
- ✓ need for further clarification of some existing concepts and improvement of the overall readability.

The need for a new revision was discussed by the Task Force on IMTS which supported the UNSD initiative to begin the process in 2007 aiming at submission of the revised recommendations to the UN Statistical Commission for adoption in March 2010.

Organization of the revision process

To ensure active country involvement into the revision process and to obtain their endorsement of the future draft UNSD decided to establish the United Nations Expert Group on IMTS (EG-IMTS) which held its first meeting from 3-6 December

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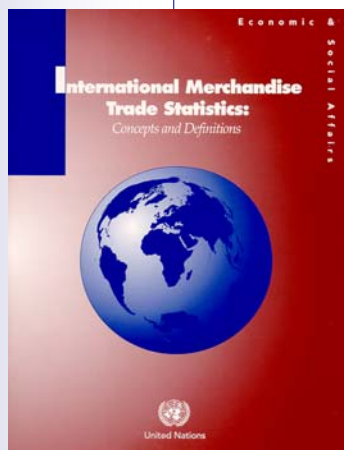
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2007 in New York. The first meeting of EG-IMTS reviewed areas where the revised or new recommendations are needed, established a list of issues for the worldwide consultations, and commented on an initial outline of the IMTS, Rev.3.

In December 2007, UNSD submitted a separate report to the 39th session of the UN Statistical Commission which describes the need for the new revision, organization of the revision process including the terms of reference of the EG-IMTS, scope and timing for a worldwide consultation.



Based on the conclusions of the EG-IMTS and taking into account comments and suggestions of the TFIMTS, UNSD will prepare a list of issues for the first round of worldwide consultations, which will be conducted in May -June 2008.

During July-October 2008 UNSD will prepare a report summarizing results of the first round of the worldwide consultation and will organize a virtual meeting of the EG-IMTS in November 2008 to review and assess the results. Both the summary report on the worldwide consultation and the report of the second

to the second meeting of EG-IMTS for review and endorsement. The second EG-IMTS meeting is scheduled for mid September 2009. After incorporating EG-IMTS comments UNSD will submit the final draft of IMTS, Rev.3 to the UN Statistical Commission (November 2009).

Establishing an initial list of issues

Taking into account responses to the National Compilation and Dissemination Practices Questionnaire, comments by participants of the IMTS regional workshops, ad hoc country inquiries and needs of SNA and BOP compilers for additional information, an initial list of issues for review may include (as examples and in no particular order):

- * Clarification of IMTS coverage including distinctions between transshipments and re-exports, and between goods and services;
- * IMTS, Rev.3 and the revised SNA, BPM6 and Manual on Statistics of International Trade in Services;
- * Institutional arrangements;
- * Use of non-Customs data sources and related data compilation methods;

Expert Group meeting on International Merchandise Trade Statistics

EG-IMTS meeting will be made available to TFIMTS for comments.

In March 2009 UNSD will prepare the first version of the provisional draft of IMTS, Rev.3 and organize a worldwide consultation on it during April-May 2009. By the end of June UNSD will prepare a report summarizing results of the consultation on this first version and will make it available to both EG-IMTS and TFIMTS. Taking into account received comments and suggestions UNSD will then prepare a second version of the provisional draft and submit it

* Recording of selected categories of goods such as goods for processing, used goods or local border trade;

- * Valuation issues – more details on components of CIF and FOB values;
- * Possibility of multiple partner country attributions in both exports and imports statistics including specific issues related to re-exports and re-imports;
- * IMTS by mode of transport.

COOPERATION WITH COUNTRIES AND AGENCIES:
**UN EXPERT GROUP ON INTERNATIONAL MERCHANDISE TRADE STATISTICS
 FIRST MEETING, NEW YORK, 3-6 DECEMBER 2007**

The Expert Group conducted its first meeting from 3 to 6 December 2007 in New York and is expected to hold a second meeting in the third quarter of 2009. The purpose of the first meeting was to provide an assessment of the existing recommendations in view of new developments, to advise on the areas where updating of the existing and/or developing of new recommendations is needed and to propose a list of issues for a worldwide consultation.

Opening statement

In his address to participants, Mr. Paul Cheung, Director of UNSD, stated that international merchandise trade is an important economic activity and that data on such trade is always in high demand. The globalization of national economies has created a need for higher quality and internationally better comparable data on international merchandise trade. He noted further that in some countries these statistics are not sufficiently developed and do not satisfy fully the needs of the policy makers, business community and general public. In a number of countries, even with well established trade statistics, there are concerns regarding the quality and international comparability of data necessitating bilateral and multilateral reconciliation exercises. These concerns, combined with new developments such as changes in commercial practices and legal environment (e.g., abolishing of customs controls in trade between some countries) as well

as the adoption of revised methodological guidelines for balance of payments statistics and national accounts, warrant revisiting and updating of the current recommendations for international merchandise trade statistics

First outcomes

The agenda of the first meeting included a review of all chapters of the current IMTS, Rev.2 as well as some chapters of International Merchandise Trade Statistics: Compilers Manual. The agenda covered such items as: (a) coverage and time of recording; (b) trade system; (c) commodity classifications and Mode of Transport; (d) valuation; (e) quantity measurement; (f) partner country and (g) metadata and data quality. The meeting concluded with a round-table discussion and formulation of the preliminary conclusions.

The Expert Group agreed that the list of issues for worldwide consultation should be rather shorter than longer, that it should focus on key issues and recommendations, that other issues should be dealt with by the Expert Group and that the list for worldwide consultation should be available in as many UN languages as possible. It further agreed that each issue be introduced by a brief note which describes its background and, if necessary, different options for its treatment.

COOPERATION WITH COUNTRIES AND AGENCIES:
**ESCWA/UNSD WORKSHOP ON INTERNATIONAL MERCHANDISE TRADE
 STATISTICS IN AMMAN, JORDAN, 28 OCTOBER – 2 NOVEMBER 2007**

As part of the project “*Strengthening the Development of International Merchandise Trade Statistics (IMTS) and the compilation of e-commerce in Member Countries of the Economic and Social Commission for Western Asia (ESCWA)*” which runs from 2006 to 2009, a first workshop was

organized in Amman, Jordan. The purpose of this workshop was to bring together national statistics compilers and representatives from Customs (Customs data is the main data source for IMTS) to discuss the problems and to identify possible meas-

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More information
on the UN Expert
Group on IMTS
can be found at:
[http://
unstats.un.org/
unsd/trade/EG-
IMTS/EG-
IMTS_cs.htm](http://unstats.un.org/unsd/trade/EG-IMTS/EG-IMTS_cs.htm)

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ures for the improvement of the compilation of IMTS and the application of the international recommendations regarding the concepts and definitions for IMTS in the ESCWA member countries.

Main topics for data compilation were the institutional arrangements between Statistics and Customs, the use of IT at Customs and Statistics and data validation (at Customs and at Statistics). Main topics regarding the application of concepts and definitions were goods for processing and the coverage of IMTS (inclusions and exclusions).

All ESCWA member countries (Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Oman, Occupied Palestinian Territory, Qatar, Saudi Arabia, Syria, UAE, and Yemen) participated in this workshop. In addition, due to our co-operation with the Medstat II project

Morocco, Algeria and Tunisia also took part in this workshop.

Workshop activities

At the beginning of the meeting UNSD provided feedback on the overall status and the problems in the compilation of IMTS and the application of the concepts and definitions in the countries of the ESCWA region by presenting its conclusions from the preceding country missions and the results of a questionnaire on national compilation and dissemination practices. UNSD also gave a presentation on the revised Kyoto Convention in respect to its significance for IMTS compilation at Customs and Statistics.

UNSD and the UNCTAD ASYCUDA team gave introductions to the crucial issues of institutional arrangements between data providers and IMTS compilers, the use of technology at Customs and Statistics and data validation which were followed by country presentations of national practices. In two round table discussions the main issues of data compilation were discussed in detail, guided by specific questions.

The second part of the workshop which focused on the application of methodological concepts and definitions started with a

short presentation by ESCWA on the core recommendation of IMTS. UNSD gave an overview about the current revision processes regarding the international standards for economics statistics. In the following the various methodological issues of IMTS (coverage, trade system, classification, valuation and partner country) were discussed. To each topic UNSD provided an introductory presentation focusing on the main issues which was followed by country presentations regarding this topic and a general discussion.

In a third round table discussion workshop participants were requested to give their expectations regarding this project and in particular how improvements to IMTS could be achieved and how this workshop can be followed up. On the last day of the meeting the draft report which was provided by ESCWA and which also included the recommendations of the meeting was discussed.

Conclusions

Overall countries appear to have benefited significantly from this workshop and several countries committed themselves (to the extend possible) to changes in the compilation of IMTS. ESCWA promised to periodically follow-up during this project with countries on their national practices.

This workshop showed also the importance of bringing together Customs and Statistics when discussing IMTS compilation. The issues of quantity unit conversion and correspondence tables and the issue of country of origin require further follow-up in the next workshop.

For UNSD it was important to strengthen the contacts to countries, to provide support to countries in the compilation of IMTS and to learn from the national experts about country practices and the specific difficulties in the application of the international recommendations on IMTS. This is of particular importance in order to identify areas in the current recommendations where further amendments or clarifications (i.e. goods for processing and country of origin) might be required during the current revision process of the international recommendations on IMTS.

More information on the ESCWA/UNSD project on IMTS can be found at:
http://unstats.un.org/unsd/trade/ESCWA0608/ESCWA_Project_Introduction.htm

ASYCUDA
Automated System for Customs Data

COOPERATION WITH COUNTRIES AND AGENCIES: UNSD/ECA International Workshop on Country Practices in Compilation of International Merchandise Trade Statistics, 12-16 November 2007, Addis Ababa

The Harmonized System classification is available at the World Customs Organization website:



UNSD together with UNECA and with support of COMESA and MedStat II conducted a workshop on International Merchandise Trade Statistics (IMTS) in Addis Ababa, which reiterated the current recommendations of IMTS and gave input to the forthcoming revision of the IMTS Manual. A total of 25 national experts of 21 countries and 7 resource persons participated in the workshop which covered country practices in specific areas of IMTS, especially goods for processing, re-exports, valuation, country of origin, and data quality.

Recommendations

On **institutional and coordination issues** a better description of responsibilities of Customs and NSOs was recommended. Specifically, it was proposed that a joint letter of UNSD, UNECA and COMESA to Customs and NSO of selected African countries could re-emphasize the responsibilities of Customs regarding completeness and validation of Customs declarations and of NSO for compilation and quality assurance of trade statistics. It can further be explained that Eurotrace when installed in Customs and at NSO can serve the individual needs and does not imply extra work for Customs or a decreasing role of NSO.

Regarding **capacity building** it was recommended and fully supported that COMESA coordinates further training and capacity building regarding Eurotrace, especially for use of SQL and MS-Access, and involves both staff of NSO and Customs. Within the context of Eurotrace, COMESA will coordinate the possible exchange of available data validation and checking procedures among COMESA member states and associate countries. Further, it was recommended that a joint letter of COMESA, ECA and UNSD be sent to Eurostat in which the

importance of Eurotrace for the countries of Eastern and Southern Africa is emphasized and in which Eurostat is urged to take a longer commitment on continuation of support and maintenance of Eurotrace. The letter should include the request to make the module on calculation of trade indices (TIM) available for implementation or further development in connection with the Eurotrace tool. Finally, the need for a methodological guide for calculation of external trade price indices was expressed and it was recommended that ECA in cooperation with COMESA and UNSD develops a methodological guide of external trade price indices and supports countries in its implementation;

On **customs data source**, it was recommended that the initiative of COMESA to harmonize Customs Procedure Codes (CPCs) be supported and implemented by the Customs administrations of its member states. In particular, it was recommended that the CPCs for inward processing with suspension of duties and inward processing with drawback of duties be applied because of the interest in identifying goods for processing.

On **non-customs data sources**, it was recognized that Informal Cross-Border Trade (ICBT) is important and be included in international merchandise trade statistics. It was recommended that ICBT be taken up formally as non-Customs data source in the new revision of the IMTS manual. It was further recommended that the NSOs of this region support this initiative.

Regarding **Goods for processing abroad**, it was recommended that for the purpose of providing some additional information for Balance of Payment (BOP) compilers, countries use the customs procedures for inward and outward processing, if not already applied. In addition, it is recom-

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mended to use – if possible – the Nature of Transaction codes to identify, for instance, (i) processing under contract, (ii) goods for repair, (iii) goods under financial lease, and (iv) goods under operational lease. In addition, the use of Type of Payment is recommended.

Regarding **Goods under financial lease**, it was recommended that countries follow the UN recommendation to include goods under financial lease, for example aircraft, ships and large mining or construction equipment. Those items should be entered into the statistics at full value in the year of acquisition. It is further recommended that UNSD in cooperation with Turkey and UNECA prepares a short document explaining the issue of goods under financial lease and makes it available to all participants.

Finally, on **commodity classifications and correlation tables**, it was recommended that UNSD support countries by providing – on request and if available – description files of commodity classifications and correlation tables and by answering related questions, especially where it concerns HS-2007, SITC, Rev.4 and BEC.

YOU HAVE ASKED US: DEFLATION OF UN COMTRADE DATA

Q: Have UN Comtrade data already been adjusted for inflation over the years?

A: Trade data in UN Comtrade are nominal figures - meaning they are not adjusted for inflation.

As an example a table is shown containing price/unit value indices for individual countries as they are published quarterly in the UN Monthly Bulletin of Statistics.

It is possible to deflate UN Comtrade data by using unit values by detailed commodity and partner of a base period or price indices in order to show the real development of imports and exports over time.

Country or Area	200 3	200 4	200 5	200 6
<i>Argentina</i>				
Imports: Volume	58	87	108	125
Imports: Unit Value	94	102	105	108
Exports: Volume	110	118	135	143
Exports: Unit Value	102	111	113	122
<i>Terms of Trade</i>	108	110	107	114
<i>Purchasing Power of exports</i>	120	129	145	163

UPCOMING EVENTS: THE THIRTY-NINTH SESSION OF THE UN STATISTICAL COMMISSION, NEW YORK, 26 - 29 FEBRUARY 2008

The proposed organization of work for the thirty-ninth session of the Statistical Commission (see annex) has been prepared pursuant to the relevant decisions of the General Assembly and the Economic and Social Council in order to facilitate the consideration of agenda items within the time and with the services allocated to the Commission. Some items will be for discussion, others will be for information only.

The Agenda of this session has as its first substantive item a programme review of employment statistics, which will be presented by the Office for National Statistics of the United Kingdom. All items for discussion and decision are : (a) Programme review:

employment statistics; (b) Education statistics; (c) International Comparison Programme; (d) National accounts; (e) Integrated economic statistics; (f) Tourism statistics; (g) Distributive trade statistics; (h) Industrial statistics; (i) International merchandise trade statistics; (j) Statistics of human development; (k) Collection and dissemination of statistics by the United Nations Statistics Division; (l) Common open standards for the exchange and sharing of data and metadata; (m) Regional statistical development in Africa.

Regarding trade related items, the 39th session of the Statistical Commission will discuss International Merchandise Trade Statistics and Tourism Statistics.

International merchandise trade statistics

The Commission will have before it the report of the Secretary-General presenting a proposal to revise the recommendations on international merchandise trade statistics in view of: (a) the ever increasing user demand for more detailed, consistent and timely data for trade policymaking, economic analysis and market research; (b) changes in the organization of international merchandise trade and in the legal environment in which it is conducted; and (c) the need to provide a better support for and harmonization with the revised System of National Accounts, 1993, Rev.1, the forthcoming sixth edition of the Balance of Payments Manual and the revised Manual on Statistics of International Trade in Services. The revision process, which includes a worldwide consultation on a list of updated or new recommendations, should be completed by 2010. The Commission is asked to express its views on this proposal.

Tourism Statistics

The joint report of the United Nations Statistics Division and the World Tourism Organization introduces the revised International Recommendations on Tourism Statistics, which were prepared in consultation with national statistical offices and national tourism administrations, and were endorsed by the United Nations Expert Group on Tourism Statistics and by the Committee on Statistics and Macroeconomic Measurement of Tourism of the World Trade Organization. The Commission is asked to review and approve the draft of the revised International Recommendations on Tourism Statistics.

Other items

There are many more items on the agenda which are related to international trade statistics. First of all, there will be a report of the Task Force on Statistics of International Trade in Services presented as an information item; then there are items like Collection and Dissemination of Statistics (for discussion) and more items for information such as Coordination and integration of statistical programmes or International economic and social classifications. All of these issues have influence on the future and further development of international trade statistics.

EDITORIAL NOTE

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