

Country Note

China Practice on IMTS

Introduction

This document includes a summary of China practice for compiling and reporting International Merchandise Trade Statistics with respect to the structure of International Merchandise Trade Statistics(IMTS) Rev.2 . We indicate the aspects which are important in China, and explain in particular the difference from IMTS Rev.2 , and raise some new issues which could be reviewed in the new recommendation on IMTS.

Organization and data source

In China, Customs is responsible for the collection, processing, compilation and dissemination of the country's external merchandise trade statistics - known as Customs statistics. Customs is mandated to do so by the Customs Law of the People's Republic of China which stipulates that compiling Customs statistics is one the four basic functions of China Customs (along with goods control, duty and excise collection and anti-smuggling). Customs Declaration Form is the only source of the country's external merchandise trade statistics.

Coverage and Time of Recording

1.Coverage

Customs statistics comprise all merchandise passing through the customs territory of P.R. China, including those imported into the various special economic zones, special customs control areas, bond zones and exported from the above-mentioned places to overseas, except the following categories of goods:

goods in transit;

temporary imports or exports;

currency and gold used as currency;

goods on lease for less than one year;

personal effects of travelers;

goods consigned to diplomatic missions;

goods that are compensated or replaces free of charge because of damage, shortage in weight or measure, inferior quality or being not up-to-specifications, etc.

In this aspect, the recommendation of IMTS Rev.2 are mostly adopted with mainly two exception.

For the return goods, China's practice is different from the recommendation in IMTS Rev.2 which should be included in a country's international merchandise trade statistics.

In the recommendation, the returned goods are described exported goods or imported goods which subsequently returned, and it is recommended to be included as imports or exports at the time they are returned.

In China, the returned goods because of inferior quality or being not up-to-specifications are not included in China's international merchandise trade statistics, but recorded separately for the use of balance of payment purposes, because this kind of returned goods are not real exports and imports, if included in IMTS, it will exaggerate the real scale of exports or imports.

For some goods treated as part of trade in services, such as software developed in order, China's practice is different from the recommended in IMTS Rev.2 which should be excluded from a country's international trade statistics.

When imports of the audio- and videotapes containing original recordings, customized blueprints, diskettes or CD-ROMs with stored computer software etc., developed in order, the total value is included in imports statistics, because the total value is required to declare according to the regulation of Customs Valuation.

When exports of diskettes or CD-ROMs with stored computer software and/or data, developed to order, audio- and videotapes containing original recordings, and customized blueprints etc., the total value is included in exports statistics, and the software developed in order are classified in HS9803.

We are considering to set up a different code to separately record these goods which should be treated as part of trade in services, and this issue will be improved in future

2. Time of recording

Imports are recorded on the date when the goods are released from customs, and exports are recorded on the date when goods are cleared from customs.

Trade system

General trade system has been used for recording China's external trade since 1995. Prior to 1995, special trade system was used in China. goods entering bonded warehouses were not recorded as China's imports until being withdrawn from the warehouses for home use. Since 1995 such goods have been recorded as imports when being placed into the warehouses from abroad.

The statistical territory of China's external trade statistics coincides with the customs territory of the People's Republic of China that doesn't cover those separate customs territories of Hong Kong, Macau and Taiwan.

Commodity classification

China Customs statistics were classified using a 6-digit code based upon SITC Rev.2 for the years of 1980-1991. Since 1992 an 8-digit code classification based upon the HS has been used for collecting and compiling trade statistics. The current statistical nomenclature which based on HS 2007 version, contains around 7000 8-digit commodity subdivisions: the first six digits correspond to the HS, the 7th and 8th digits are national subheadings established for the purposes of tariff, trade statistics or trade policy measures.

Valuation

Imports are valued on a CIF basis, with the statistical value of import goods consists of value of the goods, costs of transport, charges associated with transport, and the cost of insurance incurred prior to unloading of such goods at the port or place of entry within the Customs territory of the People's Republic of China.

Exports on a fob basis, with the statistical value of export goods consists of value of the goods, costs of transport, charges associated with transport, and the cost of insurance incurred prior to loading of such goods at the port or place of departure within the Customs territory of the People's Republic of China. The export customs duties shall be deducted from the statistical value.

Statistical data are published in RMB and US\$. The exchange rate is published by the Bank of China monthly for duty collection, when exchanging foreign currency into RMB; The exchange rate is published by the State Administration of Foreign Exchange for statistical use, when exchanging foreign currency into US\$.

Quantity measurement

Quantity data are collected by using two quantity units which generally based upon what is most commonly used for the product, and usually one of the units is net weight. WCO recommendation of standard units of quantity for each HS 6-digit subheading is adopted by China.

Trading partner

The country of origin is reported for imports and the country of final destination is reported for exports.

The country of consignment is also recorded for imports and exports as additional information.

Reporting and Dissemination

General Administration of Customs of P.R. China (GACC) releases the data monthly, based on pre-determined schedule. The provisional trade data and trade performance analyses are reported first to the State Council, and then released usually to public through news media and available on website within 13 days after the end of reference month. Detailed data are available within 25 days after the end of reference month. Two regular publications on China's external trade statistics are edited by CGA, in Chinese and English, and issued internationally, i.e. *China's Customs Statistics*, Monthly and Yearbook.

GACC provides trade data to a variety of internal and external users, including government institutions, international organizations, commercial enterprises, researchers and individuals. Data could be available in formats of hard copies, diskette or CD-ROM, by subscription.

Data Collection and Processing

China customs statistics are compiled from the declarations submitted to the Customs by importers or exporters.

The declarations are verified by Customs officers at entry ports and forwarded electronically through Customs Automation Entry System to relevant Customs Districts for further examination and clearance. Data elements for compiling trade statistics are extracted and verified by the statistical offices, and afterwards transmitted on line from all Customs districts to the computer center of CGA on a monthly basis.

Issues

Returned goods

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International buffer stock

In recommendation, goods transferred from or to a buffer stock organization should be included in merchandise trade statistics. A buffer stock organization is one that maintains a stock of certain commodities and sells or buys them in order to influence

supply and demand on the world market.

In China there some customs bonded warehouse receive and ship out goods of international buffer stock buffer as customers requirement, with the ownership of goods remains to the company of third county, without selling or buying by the warehouse. In this case, the warehouse only provides a kind service for the international buffer stock of goods. It should be reconsidered whether it should be included in merchandise trade statistics or trade in service statistics.

Goods for test

Recently years, test processing is allowed in processing zones in China, that provide wafer probe or chip test. In principle it should be included in trade in service, but in practice, it is included in merchandise trade statistics because it is under the same customs control and usually declared as goods for processing.

Goods for test should be also clarified to be excluded from international merchandise trade, but record as trade in services.

Trade reconciliation study

Data comparability remains an important issue. In recently years, many reconciliation studies have been conducted by China and its major trade partners. Except usual methodology reasons of non-comparability, the rule of origin can be one of the reasons. The rules of origin established by each country may be different, and therefore, may cause the discrepancy in bilateral trade statistics. Partner countries should be encouraged to exchange information and conduct studies in this aspect.

In addition, when trade reconciliation study is conducted, merchandise trade statistics is usually only data to be compared. But for the goods being re-exported or processed, the goods treated as merchandise trade may be treated as trade in service. Hence, statistics of trade in service should be considered as well.