

A DOCUMENT BEARING LESOTHO'S STATUS OF FOREIGN TRADE STATISTICS

- WORKSHOP ON UPDATED AND NEW
RECOMMENDATIONS FOR IMTS AND THEIR
IMPLEMENTATIONS IN SUB-SAHARAN REGION
- LUSAKA, ZAMBIA 1 – 5 November 2010
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Background

- Lesotho is a landlocked inside Republic of South Africa
- has traditional trade ties with neighbouring RSA
- Lesotho is a member of the Southern African Customs Union (SACU) because of this it loses some sovereignty in fiscal control through the common tariff
- Membership to SACU is crucial for the economy of Lesotho as SACU revenues accounted for over half of Lesotho's budget revenues (excluding grants)
- More than 80 percent of imports originate from RSA.
- South African investment also accounts for a substantial share of foreign direct investment (FDI)

Introduction

- From the Background it is worth noting that the importance of recording merchandise trade for Lesotho cannot be over emphasized.
- External trade data is a vital element in the measurement of both the current account of the balance of payments and the expenditure on gross domestic product in order to monitor developments in the economy of Lesotho and also to monitor the planned Free Trade Area and Customs Union in the Region
- The Bureau of Statistics (BOS) is responsible for the compilation and dissemination of all official Statistics
- International Merchandise Trade Statistics (IMTS) are compiled in Lesotho using the General trade system

Data Sources

Main :

- Lesotho Revenue Authority (LRA) Customs division is the main source of trade statistics in Lesotho

Secondary:

- Department of energy for Petroleum products
- Department of mines and Geology for Diamonds
- Ministry of Agriculture for livestock and livestock products like Wool and Mohair also supplementary information on numbers, weights and quantity
- Lesotho Electricity Company for Electricity and Lesotho Highlands Development Authority for piped water
- Individual dealers or importers of some specialized import goods like petroleum products, liquor distributors and car dealers.
- BOS receives the government records on donations and other goods

Data Collection

- Geographical coverage: Goods enter or leave Lesotho through 19 ports, of the 19 ports of entry or exit administered by LRA 2 are not manned i.e there are no customs official at those ports
- Apart from the official border gates, LRA has staff in the Post Offices and Moshoeshoe 1 International Airport
- There exists a lot of cross border trade between Lesotho and South Africa, which remains largely unrecorded. It is in this sense that BOS has undertaken a survey on Informal Cross Boarder Trade (this will be analysed in due time) to generate information on informal trade transactions

Data Collection

- Transaction Coverage: transactions included aggregate totals and detailed levels of
 - Aid
 - Parcel post goods
 - Electricity
 - Transactions below a specified threshold value
 - Migrant workers' personal effect
- Goods are recorded at the time when they enter/leave the country or by date of lodgement of custom declaration

Classification

- Customs procedures do not really conform strictly to the International Convention on the Simplification and Harmonization of Customs procedures outlined in the Kyoto convention. Therefore the recording by customs procedures does not allow for the identification of :
 - Re-importation of goods in the same state
 - Temporary admission of goods for inward processing
 - Temporary exportation of goods for outward processing
 - Re-importation of goods after temporary exportation
 - Goods leaving a customs warehouse
 - importation of goods under clearance for home use whether it is a re-admission on the same state or not.

Classification

- The data from all sources are edited and coded according to the International Trade Classifications, definitions and concepts.
- Goods are classified according to the Harmonized Commodity Description and Coding System (HS 96) of Customs Co-operation Council (CCC) at six digit level.
- A *statistical value* is a value assigned to goods by a compiler of trade statistics, according to the WTO Agreement on Valuation rules.
- Imported goods are valued at cost, insurance, freight (cif) while exports are at free on board (fob).

Data Processing

- In Lesotho Eurotrace is the software used to capture data into the system and to process it.
- 14 data entry clerks at BOS key in data
- The processed data is analyzed by country of origin and country of destination.
- In processing, values are in Lesotho currency Maloti and in case of declarations in foreign currencies, conversions are made to the maloti using the exchange rate which prevailed during the time of the transaction.

Institutional Arrangements

- BOS is responsible for the overall compilation and dissemination of external trade statistics.
- LRA and other stakeholders are mandated by law to provide data to BOS
- There is an inter-agency National Working Group (NWG) for trade data made up of:
 - BOS for methodological guidelines and definitions on compilation of external trade statistics
 - LRA for data collection of exports and imports
 - Central Bank of Lesotho for Balance of Payments

Institutional Arrangements

- NWG main task is to help in ensuring quality trade statistics by clearly defining what is expected from each member and how to comply with international standards. Also to identify discrepancies and gaps in members data
- NWG also deals with issues of data reconciliation
- NWG meets quarterly and each time the publication is released to discuss the results.

Data Reconciliation

- Reconciliation provides an explanation of the discrepancy between the import and export statistics of trading partners (SACU) by identifying conceptual reasons for them and explaining differences in data collection and processing.
- Reconciliation identifies major differences in the statistics of the two countries or agencies.
- The process may reveal a systematic measurement errors and gaps, which should be corrected immediately.
- On a larger scale, this include assessing the cause of differences and making adjustments to various data components.
- The main block of the reconciliation exercise is the fact that customs do not have a detailed trade flows
- SACU member states do this exercise annually preceding calculation of revenue shares

Dissemination

- In the publication a full commodity detail (6 digits level of aggregation) and a geographical breakdown is given
- SITC Revision Three (Rev. 3) classification is used to group commodities, it provides the ten heading groupings that are familiar to most users and moreover, it has a one-to-one correspondence with HS.
- Foreign Trade Statistics data are published on annual (calendar year) basis.
- Data are published twelve months after the reference year. However this has not been the case due to multiplicity of causes.
- Publications sent by email to our main users, also the hardcopy is available

Challenges

- Informal Cross Border Trade that is not captured
- Uncomputerised Custom
- Staff turnover