

**UNSD-SACU workshop
on the implementation of the new recommendations
for International Merchandise Trade Statistics (IMTS 2010)
in SACU Member States**

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**Data compilation
in the case of a customs union**



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Definitions

- **Customs union:** A customs (or tariff) union is a trade agreement by which a group of countries charges a common set of tariffs to the rest of the world while granting free trade among themselves.
- It is a partial form of economic integration that offers an intermediate step between
 - **Free trade zones** (which allow mutual free trade but lack a common tariff system) and
 - **Common (or single) markets** (which, in addition to the common tariffs, also allow free movement of resources such as capital and labor between member countries).
- A free-trade zone with common tariffs is a customs union. By definition, a country cannot be member of two customs union. Some trade agreements might be referred to as customs union without complying with the above definition.

See <http://www.britannica.com/>

WCO Definition of Customs Union

Entity forming a Customs territory replacing two or more territories and having in its ultimate state the following characteristics:

- a common Customs tariff and a common or harmonized Customs legislation for the application of that tariff;
- the absence of any Customs duties and charges having equivalent effect in trade between the countries forming the Customs Union in products originating entirely in those countries or in products of other countries in respect of which import formalities have been complied with and Customs duties and charges having equivalent effect have been levied or guaranteed and if they have not benefited from a total or partial drawback of such duties and charges.
- the elimination of restrictive regulations of commerce within the Customs Union.

Examples of Customs Unions:

Southern African Customs Union (SACU)

- established in 1910, making it the world's oldest Customs Union;
- joint duties and revenue sharing;
- single customs territory (tariffs and other barriers are eliminated on substantially all the trade)
- common external tariff .

Common Market for Eastern and Southern Africa (COMESA).

- objective fully integrated, competitive and unified single economic space within which goods, services, capital and labor are able to move freely across national frontiers.
- statistical program in support of these goals with objectives to harmonize and improve the production of statistics :
 - installation and support (including training) of the Eurotrace software
 - COMESA also adopted “Rules and Regulations for Compilation of International Merchandise Trade Statistics (IMTS) in the COMESA Region” which came into force in 2010 and which aim at the uniform application of the IMTS concepts and definitions as contained in IMTS 2010.

Examples of Customs Unions: European Union – a single market

- **Single market.** The European Union formally became a single market on 1 January 1993, when the physical frontiers and almost all customs checks at the internal borders were removed for the free movement of goods between member States.
 - Also technical barriers such as different product standards etc. and barriers related to taxation need to be addressed to establish a single market for goods and services.
 - The single market of the European Union aims to establish and ensure the **four basic freedoms**: free circulation of goods, persons, services and capital in a frontier-free internal market

European Union – need for Intrastat

- ***Need for new data sources.*** The disappearance of customs records, a comprehensive and very closely controlled source of information made it necessary to implement new fiscal, statistical and other systems to control or document goods crossing the internal borders. This led also to the creation of Intrastat - a specific data collection system for intra-EU trade statistics.
- ***Characteristics of Intrastat.*** From the outset, the main characteristics of the Intrastat system have been:
 - direct collection of information from consignees and consignors of goods, who have to send the relevant statistical authority a summary statement of transactions for each month;
 - a close link with the VAT system relating to intra-EU trade; in particular the definition of providers of statistical information, the reference period and the value in line with the VAT system allow to verify the completeness of the data collected and to make adjustments for non-reported trade;
 - a maximum reduction of the workload on businesses (500,000 reporters) by means of a system of exemption or simplification thresholds.

European Union – further characteristics

- **Institutional arrangements and data harmonization.** To ensure coordination in terms of content, time and method, the EU statistics relating to the trading of goods between Member States are based on European Union legislation which is discussed with countries, including quality reporting;
- **Reporting to Eurostat:** countries have to provide their information to Eurostat according to these requirements which are also referred to as EU concept.
- **Challenges of merchandise trade statistics in the European Union.**
 - to gain additional information from existing data collections without any additional burden on respondent
 - asymmetries in partner reporting.
 - Regarding the compilation of extra-EU trade implementation of a modernized customs code which among other things enables the implementation of centralised customs clearance

Statistical work programme in preparation of a customs union (based on various examples):

- **At least the adoption of**

- an uniform nomenclature of goods,
- uniform rules of origin,
- uniform customs valuation and
- uniform application of certain custom procedures to allow for the uniform application for external tariffs (which are by many countries applied on a more detailed than the six digit HS level).

Plus: the clarification of the customs territory (and accordingly the statistical territory) appear to be an essential requirement as all members need to be aware of what territories are included and not included in the customs union.

Statistical work programme in preparation of a customs union (based on various examples):

- **Depending on the requirements and use of the data compiled by countries**
 - harmonization of other elements relevant for data compilation such as coverage, trade system, detailed customs procedures, partner country attribution, quality assurance
 - establishment of a central statistical body which is in charge of the above tasks is important and a good practice in order to provide high quality extra- and intra trade statistics required for the effective functioning of a customs union.

Statistical work programme in preparation of a customs union (based on various examples):

- **Challenges:**

- *Loss of customs information on intra-union trade if customs controls are abolished within a customs union*
- Customs modernization
- *Determination of long term data requirements. Countries within a customs union and the customs union itself need to decide what information on trade transactions between its member countries are required (intra-union trade) and how best to fulfil the data requirements for extra-union trade in light of the need to facilitate trade.*

Thank you for your attention!