



UNITED NATIONS
DEPARTMENT OF ECONOMIC AND SOCIAL
AFFAIRS
STATISTICS DIVISION



**UNSD-SACU workshop on the implementation of the new recommendations
for International Merchandise Trade Statistics (IMTS 2010)
in the Member States of the Southern African Customs Union (SACU),
Johannesburg, South Africa, 12 – 15 June 2012**

Report
(July 2012)

Organization, purpose and participants

At its forty-first session (23 - 26 February 2010) the United Nations Statistical Commission adopted *International Merchandise Trade Statistics: Concepts and Definitions 2010* (IMTS 2010) and endorsed the implementation programme as contained in the United Nations Secretary-General's report, including the preparation of the revised *IMTS Compilers Manual* and continued technical assistance activities. At its forty-third session (28 February – 2 March 2012) the Commission endorsed *International Merchandise Trade Statistics: Compilers Manual, Revision 1* (IMTS 2010-CM) which contains further detailed explanations and practical guidance. At the 26th Council meeting of the Southern African Customs Union (SACU) on 30 March 2012 the Council approved the Action Plan for improving the collection, compilation and dissemination of trade data in SACU Member States. In this context, the United Nations Statistics Division (UNSD), Department of Economic and Social Affairs (DESA) in cooperation with the SACU Secretariat organized this workshop on the implementation of the new recommendations for International Merchandise Trade Statistics (IMTS 2010) in the Member States of the Southern African Customs Union (SACU). The workshop took place from 12 to 15 June 2012 in Johannesburg, South Africa.

The purpose of the seminar was to review SACU Member States' practices in the compilation of merchandise trade statistics and the implementation of the new and updated recommendations on merchandise trade statistics as contained in *International Merchandise Trade Statistics: Concepts and Definitions 2010* (IMTS 2010), thereby also providing training and guidance to participants on how to improve their IMTS. The workshop was the first activity of the SACU Action Plan for improving the collection, compilation and dissemination of trade data of SACU Member States. During the workshop special emphasis was given to data compilation in the case of a custom union, data quality, the compilation of the additional data items introduced in IMTS 2010 and the calculation of price and volume indices. All five SACU Member States participated in the workshop and were represented by one or several staff members from the national agency

responsible for the overall IMTS compilation and dissemination and staff members of agencies involved in the IMTS compilation: Botswana (1), Lesotho (3), Namibia (1), South Africa (2), and Swaziland (2). UNSD was responsible for all substantive matters and the facilitation of the meeting while the SACU Secretariat was responsible for all administrative matters.

Summary

Opening morning session: Mr. Abel Sindano, Trade Data Analyst from the SACU Secretariat, opened the seminar by welcoming the participants and stressing the importance of IMTS statistics in key issues facing SACU. Then, Mr. Matthias Reister, Chief of the International Trade Statistics Section of UNSD welcomed the participants on behalf of Paul Cheung, Director of the United Nations Statistics Division and pointed out the main goals of the workshop which were to explain the new and updated recommendations, to discuss their implementation in countries and for countries to share their experiences in the compilation of IMTS, also with view on identifying and discussing issues and best practices. After the adoption of the agenda, participants introduced themselves and expressed their expectations for the meeting. UNSD introduced its activities in the field of trade statistics, followed by the SACU Secretariat on the history of SACU, key issues facing member states, and its role in the region with regards to IMTS. UNSD introduced the key IMTS 2010 recommendations and encouragements and addressed its implementation, which was followed by a discussion where countries raised questions on particular items.

Session 2, part 1: Data compilation in the case of a customs union: (Definition of a customs union, free trade zone, common market; EU as example of single market; Need for new data sources for customs unions in EU case; Intrastat; EU institutional arrangements, reporting to Eurostat; Challenges to compiling merchandise trade statistics in the case of the EU.) UNSD gave a general presentation on the data compilation in the case of a customs union which was followed by a discussion. Botswana, Lesotho, Namibia, South Africa, and Swaziland gave individual presentations on the status of IMTS 2010 implementation in their respective countries which were followed by a discussion.

Session 2, part 2: Introduction of the IMTS Compiler's manual: The presentation was followed by a discussion.

Session 3, part 1: Scope and time of recording and Trade system (General guidelines; Specific guidelines: inclusions and exclusions, inter alia Goods for processing, Trade between related parties, Fish catch and bunkers; Clarification of territorial elements; General vs. Special trade system; Free zones, Recording of custom procedure codes; Re-imports and re-exports; Other concerns). A presentation by UNSD on this topic was followed by a round-table discussion guided by a set of questions prepared by UNSD.

Session 3, part 2: Commodity classification and quantity measurement (Review of recommendations; Correspondence tables; Recommendations regarding the recording of quantity information; Uniformity of compiled and disseminated quantity information, Other concerns). A presentation by UNSD on this topic was followed by a round-table discussion guided by UNSD.

Session 4, part 1: Valuation (Statistical value of imports and exports; Recommendations; Valuation in certain categories of goods, i.e. electricity, gas and water; Compilation of Imports FOB in addition to Imports CIF; Currency conversion). A presentation by UNSD on this topic was followed by a discussion.

Session 4, part 2: Partner country (Country of origin and country of consignment for imports; Country of last know destination and country of consignment (destination) for exports; Reimports and re-exports (use of rules of origin); Other concerns). A presentation by UNSD on this topic was followed by a round-table discussion guided by a set of questions prepared by UNSD on the topics of quantity measurement, valuation and partner country.

Session 5, part 1: New data fields: Mode of transport and customs procedure code (Recommendation; Mode of transport - What to record; How to classify; recommendations customs procedure code; use and limitations; country practices). A presentation by UNSD on this topic was followed by a round-table discussion guided by a set of questions prepared by UNSD.

Session 5, part 2: Data compilation strategies, institutional arrangements (Use of Customs and non customs data sources; institutional arrangements; Informal Cross Border Trade). A presentation by UNSD on this topic was followed by a round-table discussion guided by a set of questions prepared by UNSD.

Sessions 6, part 1: Integrating Trade and Business Statistics (Background, vision for the future of trade statistics, benefits and costs of integrating; possibilities and examples; required institutional and working arrangements). A presentation by UNSD on this topic was followed by a round-table discussion guided by a set of questions prepared by UNSD.

Session 6, part 2: Data quality and metadata (Systematic approach to data quality; quality reports; quality measurements framework; quality measures and indicators; cross-country comparability; recommendations on metadata; list of metadata items). A presentation by UNSD on this topic was followed by a round-table discussion guided by a set of questions prepared by UNSD.

Session 7, part 1: Dissemination and external trade indices (Statistical confidentiality; data dissemination timetable; data revision; dissemination strategy; key concepts and general overview of trade indices; data sources for trade indices; challenges of the various approaches; calculation of elementary indices; aggregation formulas; discussion of the SAS users group). Two presentation by UNSD on this topics were followed by a round-table discussion guided by a set of questions prepared by UNSD.

Session 7, part 2: Overview of UN Comtrade database and IMTS analytical outputs; UN Comtrade enhancement program; An overview of the SACU statistical database. UNSD gave a presentation and life demonstration on UN Comtrade and the SACU Secretariat gave a presentation on its database which was followed by a discussion.

Closing Session: Round Table Discussion regarding important issues for the participating countries; Preliminary findings and conclusions. Countries discussed the main issues uncovered during the workshop; Presentation and discussion of the preliminary findings and conclusions of the meeting; The meeting concluded with closing remarks by UNSD and SACU.

Findings and conclusions

1. The meeting concluded:

Data compilation in the case of a customs union

2. All SACU Member States use customs declarations for the recording of trade among each other; there are no duties applied for trade among Member States, however there is a common duty system for trade with non SACU countries;
3. Data quality in some countries is affected as customs focuses on VAT collection (no attention to partner country, wrong and even missing entries for HS code and quantity information), in particular in the absence of an automated system at customs;
4. Manifest Registration Number (MRN) in principle allows to link declarations i.e. at import and re-export, but that its entry is not mandatory;

Scope and time of recording

5. *Goods for processing*: countries can define goods for processing differently as it is up to the statistical authorities to define what is considered 'specific arrangements' and 'specific operation' (see *International Merchandise Trade Statistics: Concepts and Definitions 2010* (IMTS 2010), para. 1.19); however, most countries around the world have adopted narrow definitions of goods for processing based on specific customs procedures;
6. *definition of re-exports*: that IMTS 2010 defines re-exports as exports of foreign goods which were previously recorded as imports (see IMTS 2010, para. 2.18) and which, by definition, do not acquire domestic origin while inside the country; however, country practices differ with respect to the definition of domestic and foreign goods; to increase the international comparability of country trade data, IMTS 2010 (para. 2.11) recommends that "domestic goods" be defined as goods originating in the economic territory of a country. In general, goods are considered as originating in the country if they have been wholly obtained in it or were substantially transformed (criteria for determination of origin of goods are discussed in more detail in IMTS 2010, chapter 6);
7. *Goods temporarily admitted*: that goods temporarily admitted or dispatched refers to a very specific category of goods as identified, but not limited to goods identified in the Kyoto and Istanbul Conventions as goods covered by the "temporary admission subject to re-exportation in the same state" customs procedure (i.e. display equipment for trade fairs and exhibitions etc.); goods for processing do not fall in this category (see IMTS 2010, para. 1.43);
8. Imports of i.e. gold and diamonds cannot be excluded on the basis that their stay in the importing country is considered as only temporary; instead an import and re-exports need to be

recorded unless those goods can be clearly identified as goods simply being transported through a country (see IMTS 2010, para. 1.41) or as temporarily admitted (see above paragraph);

9. *Electricity and water*: recording of electricity (and water) is posing challenges for several countries present at the workshop due to a lack of reporting from companies;

10. *Thresholds*: some countries apply different customs thresholds and that this affects data reconciliation between partners; that countries can apply a statistical threshold different from the customs threshold and that it is recommended (IMTS 2010, para. 1.3) to estimate trade below the statistical or customs threshold if significant;

11. *Bunkers*: the refueling of national aircraft and vessels outside the economic territory in foreign ports (and similar transactions) need to be included under imports (see IMTS 2010, para. 1.32);

12. *Banknotes*: banknotes in circulation need to be excluded and that banknotes not in circulation should be included and valued at the transaction value of the printed paper (IMTS 2010, paras. 1.11, 1.46 and 4.15(a)) and under no circumstances at their face value; and high trade values in this category of goods should always be reviewed;

13. *Informal cross border trade*: some countries face challenges concerning the recording of informal gross border trade, which is in general understood as a fully legitimate form of trade and to be included in IMTS, and smuggling; that it is to decide by countries based on their specific circumstances whether some or parts of the informal cross border trade is considered as smuggling and hence to be excluded (but to be recorded separately) in their IMTS (see IMTS 2010, para. 1.59);

14. *Goods supplied by and to enclaves of foreign governments*: goods supplied by and to enclaves of foreign governments and international organizations located in the economic territory of the host country are to be excluded (IMTS 2010, para. 1.49(d));

15. *Goods lost or destroyed*: goods lost or destroyed before entering the importing country (IMTS 2010, paras. 1.52 and 1.60) create asymmetries in the trade data of partner countries but that for most countries its impact is limited;

16. *Time of recording*: revisions or corrections of data should be made to the data of the time period when the transaction was initially recorded;

Trade System;

17. Detailed information on the customs procedures applied to individual transactions allows some countries to provide their trade data according to the general as well as to the special trade system; information according to the special trade system might be required for specific analytical purposes;

Classification and quantity measurement

18. *Data quality*: data quality issues in relation with commodity classification and quantities such as wrong or missing information should be addressed by training the traders that enter the information and by creating awareness to the traders and Customs officials regarding the importance of capturing the correct entry of this information; countries have systematic

procedures (i.e. use of unit value) for identifying wrong entries and review the customs records and accompanying information if necessary;

19. *HS2012*: all countries have already implemented HS2012 in their customs recording since January 2012; countries that have not implemented HS2012 in their trade statistics yet can benefit from the experience of countries that have already made the necessary adjustments to their data systems; that one country which cannot rely on an automated system at Customs captures data in HS2007;

20. *Data conversion to SITC and BEC*: UNSD provides conversion tables to SITC and BEC on its website¹ and countries are able to compare their converted data with the data converted by UNSD and made available on UN Comtrade;

21. *Data conversion to ISIC*: the conversion of HS into ISIC (*International Standard Industrial Classification of All Economic Activities*) is considered problematic and the approach to identify the activity of the trader should be given preference (IMTS 2010, para. 3.29);

Valuation

22. *Data entry in the customs declaration*: the customs declaration in the SACU countries require the entry of an FOB-type value for imports but data on freight and insurance is required and in general entered as well, which allows the calculation of CIF-type values; if certain cost elements are missing (such as insurance) their value would have to be estimated in order to establish the appropriate statistical value;

23. *Possible correspondence of FOB- and CIF-type value*: countries have to verify whether in practice the FOB-type valuation of exports at the border of the exporting country is a good approximation or even corresponds to the CIF-type valuation of imports at the border of the importing country if the countries are right next to each other, as freight and insurance as well as other costs such as for unloading might still be incurred (see *International Merchandise Trade Statistics: Compilers Manual, Revision 1* (IMTS 2010-CM), paras. 14.17-14.19);

Partner country

24. At times the partner country (country of origin) in intra-SACU trade is not properly identified in cases when goods are going first to South Africa before entering the country of final destination; it was pointed out that the recording of country of consignment as second partner country could improve the information on partner country for reconciliation purposes;

Mode of transport

25. most countries at the workshop have information on mode of transport internally available at least for the main categories air, water and land; however this information is not yet made available, in particular as the quality of the detailed data will require further review and improvement;

26. Landlocked countries should consider the compilation of multiple modes of transport (i.e. predominant mode of transport) as required;

Customs procedure code

¹ <http://unstats.un.org/unsd/trade/conversions/HS%20Correlation%20and%20Conversion%20tables.htm>

27. All countries have the information on the customs procedures applied to individual transaction in their trade data, which is used to determine trade flow and trade system; however, this information is not yet utilized to provide information on special categories of goods such as goods for processing; in at least some countries present at the workshop the customs procedure codes would allow for the identification of goods for processing;

Data compilation strategies, institutional arrangements

28. *Improvement of institutional arrangements:* institutional arrangements in countries should be formalized and committees on trade statistics, working groups and memorandum of understandings should be considered as possible measures to improve the coordination of the agencies involved in IMTS compilation and dissemination (according to IMTS 2010, para. 8.16, “*effective institutional arrangements are usually characterized by (a) the designation of only one agency responsible for the dissemination of official trade statistics, (b) a clear definition of the rights and responsibilities of all agencies involved, and (c) the establishment of formalized working arrangements between agencies including agreements on holding inter-agency working meetings, as needed, and on the access to micro-data that those agencies collect. Formal arrangements should be complemented by informal agreements between the involved agencies and institutions, as required.*”)

29. All countries have plans to further improve their trade statistics and that the current project of the SACU Secretariat, of which this workshop is part of, should aim at achieving common improvements for the group of countries; the SACU Secretariat could also raise awareness about the importance of appropriate institutional arrangements, in particular as their importance has been stressed in the 2010 decision of the UN Statistical Commission when it endorsed the new recommendation for merchandise trade statistics;

30. *Accompanying information:* all countries have access to information accompanying the customs declaration as needed;

31. *Use of additional data sources:* the use of additional data sources varies from country to country, to a certain degree depending on what information is available through the customs recording;

Linking trade and business statistics

32. *Use of registers:* all countries have a register of traders, in particular for VAT purposes and all countries with automated customs system require the entry of the trader or business identification number on the customs declaration; however, this information is currently not utilized, although countries recognize that this might change in the future; the establishment of a national business registers have proven to be a difficult for most countries;

33. *Integration of trade with business statistics:* the integration of trade with business statistics will take time and is not a near term goal for the countries present at this workshop; however, important prerequisites such as a register of traders and the use of trader/ business identification numbers on the customs declaration are already in place in countries to different degrees; that linking trade and business statistics can provide very valuable additional information (i.e. such as on the link between trade and employment) without additional burden on respondents;

34. *Confidentiality*: issues of confidentiality need to be addressed when integrating trade and business statistics on the enterprise level;
35. *Integrated approach and surveys*: following an integrated approach to economic statistics could create efficiency gains when surveys are conducted;

Data quality and metadata

36. *Approach to quality*: countries present at this workshop focus mostly on quality assurance; beyond quality assurance, countries do not follow a systematic approach to data quality which would cover the entire trade statistics program and have not completed a quality report for trade statistics (see IMTS 201, paras. 9.4 – 9.7);
37. *Quality assurance*: major quality issues are incomplete information in respect to quantity and commodity code, mis-classification of commodity, under- and overvaluation and lack of proper partner (country of origin) attribution in trade ‘transiting’ South Africa; countries use various measures to address these issues such as automated checks (using Asycuda and Eurotrace) and verification of information based on additional documentation such as invoices; that countries agreed on the importance of providing training to traders; in countries where Customs is not the compiling agency the awareness at Customs regarding the importance of the information contained in the customs declaration for statistical purposes should be increased;
38. *Quality reports*: t countries have already information on many items typically covered in a quality report (as indicated in IMTS 2010-CM, para. 9.27 – example of Germany) and would in principle be able to compile a quality report for trade statistics, but that additional work documenting the own practices would be required;
39. SACU Secretariat could develop a standard quality report as part of its action plan on IMTS, which would not only support the data reconciliation exercise but could also support data harmonization and quality improvements in the SACU Member States;
40. *Metadata*: most countries are able to provide most or all of the reference metadata items as indicated in IMTS 2010-CM, para. 25.14;
41. *UN quality assurance framework*: the Statistical Commission at its forty-third session (28 February – 2 March 2012) fully endorsed the generic national quality assurance framework template presented in the report of the Secretary-General (E/CN.3/2012/13) and the accompanying background documents² and encouraged countries to use it.³

Dissemination

42. *One agency responsible for dissemination*: effective institutional arrangements are usually characterized by, among other things, the designation of only one agency responsible for the dissemination of official trade statistics, (see IMTS 2010, para. 8.16);
43. *Confidentiality*: countries, in general, apply passive confidentiality (make confidential only upon request of the trader) but that some countries apply simultaneously passive and active

² See <http://unstats.un.org/unsd/statcom/sc2012.htm>.

³ See Statistical Commission, Report on the forty-third session (28 February-2 March 2012), decision 43/110 on National quality assurance frameworks (E/2012/24 and E/CN.3/2012/34, available at: <http://unstats.un.org/unsd/statcom/doc12/2012-Report-E.pdf>).

(systematic prevention of identification) confidentiality (see IMTS 2010, para. 10.3); that countries present at this workshop, in general, appear not to follow the recommendation to report confidential information in full detail at the next higher level of commodity and/or partner aggregation that adequately protects confidentiality (see IMTS 2010, para. 10.3);

44. *Advance release calendar*: only some countries have an advance release calendar, announcing in advance when data will be released and revised (IMTS 2010, para. 10.5);

45. *Revisions*: most but not all countries conduct routine and special revisions of their data (IMTS 2010, para. 10.11); others conduct ad-hoc revisions as required;

46. *Equal treatment of all users*: all countries treat users equally when disseminating data (IMTS 2010, para. 10.13); however, at least in one country data is shared before release with other government institutions (the Central Bank);

External trade indices

47. the use of the SAS software in SADC member countries has not yet started and that some participants were not aware about this project; any questions regarding the use of SAS should be directed at SADC as the SACU Secretariat is not involved in this project;

Identification of important issues

48. *sharing experiences/regular meetings of trade statisticians*: countries agreed on the importance of sharing their practices and experiences; in this context countries would appreciate the opportunity to meet each other on regular basis to discuss data quality (i.e. trade ‘transiting’ South Africa) and any other issues of common interest; the SACU Secretariat will consider to explore the possibilities of creating a platform for such regular exchange of trade statisticians;

49. *Institutional arrangements*: countries agreed on the importance of appropriate institutional arrangements;

50. *Data quality*: countries agreed on the importance of data quality, in terms of quality assurance but also quality reporting and viewing data quality in a comprehensive way through an appropriate quality framework;

51. *Country priorities*: countries present at the workshop have particular priorities such as the need to formalize the institutional arrangements, gaining direct access to the database at Customs via Eurotrace, automation at customs, need to train traders that capture data; need to sensitize customs officers to statistics needs etc.;

52. *Linking trade and business statistics and the new data elements*: the issue of linking trade and business statistics and the new data elements contained in IMTS 2010 are of interest to the countries present at this workshop;

53. *SACU action plan*: SACU Secretariat could play an important role in assisting countries in improving and in harmonizing their trade statistics, i.e. by developing a harmonized quality framework; that in this respect the use of and support (technical assistance) for common software, in particular Eurotrace is very important as well (it was suggested to hold a workshop specifically on the use of Eurotrace); - the SACU Secretariat pointed out the elements of its action plan and indicated that some amendments and modifications might be appropriate following the discussions at this workshop.

General/main conclusions

54. Data quality and institutional arrangements have been identified as the core issues for further improving the merchandise trade statistics of the SACU Member States. The SACU Secretariat could support its Member States in particular on the issue of data quality (and quality reporting) as a means of achieving further harmonization and quality improvement in support of the revenue-sharing process. Further, trade statisticians of SACU Member States would appreciate to be able to meet on a regular basis to exchange information and address common issues.