

## **FAO comments on the status of the preparation of the revised recommendations for international merchandise and services trade statistics**

Regarding the status of the preparation of the revised recommendations for international merchandise and services trade statistics and the future implementation of the integrated system on international trade statistics, the following suggestions and recommendations could also be considered in the global process of improving the availability and the quality of trade statistics:

### **A. Revision process:**

1. extend the UNDS initiative in organizing the virtual meeting to revise the existing recommendations for international merchandise trade statistics contained in *International Merchandise Trade Statistics, Concepts and Definitions, Revision 2* (IMTS, Rev.2); the virtual meeting should be attended by the trade experts from all continents in order to cover all trade problematic; for instance, the participants from African countries or the trade experts of the African's common trade markets (COMESA or SADC) should be invited to this kind of meetings;
2. consolidate the suggestions and recommendations formulated during various meetings/contacts and distribute the draft consolidated versions of the manuals/publications to the Task force members for additional comments/suggestions;
3. the manuals on IMTS, as well as on trade in services (SITS) should be users oriented, using a simple and clear language in formulating the definitions and recommendations. The manuals should also contain more concrete examples in order to better define a specific phenomenon, variable or action and to offer to the users the methodological answers to their problems in compilation and capture of the trade statistics.
4. the translation in various languages of the international trade statistics manuals, especially for the countries with poor trade statistics, will help the national trade experts in their effort on implementation the standard recommendations on trade statistics; the national experts from various countries should be co-participants to the preparation of the trade manuals and their contribution on that could be financially supported by the international organizations and/or the interested national trade operators.
5. in order to assist the data producers during the implementation of the revised IMTS/SITS manuals, it would be useful to create a " help desk" on trade statistics. This will permit to clarify, in real time, various questions formulated by the national/international users. On the other hand, receiving the clarifications on the statistical methodology from the unique authorized forum, the harmonization of the national trade statistics with the international standards could be also improved;

### **B. Trade Classifications**

#### *HS classification:*

1. the open discussions, organized by WCO and the HS Review Sub-Committee, have offered to FAO the opportunity to formulate concrete suggestions on harmonization of the definition of the food and agriculture commodities with the international standard classifications. Almost all suggestions formulated by FAO have already been accepted by the HS Review Sub-Committee and will be submitted to the HS Review Committee for final decision. This will permit a better correlation between the HS classification and FAOSTAT classification used to compile the Food Balance Sheets and to estimate the food disparities in the world.

2. the implementation of the HS2007 has to be **continue monitored** in order to identify the concrete difficulties during the transition from the old to the new HS version;
3. in this regard, it would be useful if WCO will create a “ **virtual HS help desk**” in order to assist the custom offices and the trade data producers in implementation of various versions of the HS classifications and the correlation tables.

*Countries and territories aggregates:*

1. the UNSD publication on the “Statistical Territories of the World for use in International Merchandise Trade Statistics” is an useful guide on harmonization of the *Customs Areas of the World*; The dissemination of the trade statistics by the international organizations should be also harmonized and in this regard, a special attention should be paid to the revision of the standard country groups, especially the **economic country groups** (developing/developed countries etc);
2. the statistical methodology and the list of economic and social indicators, used by the international community in classifying a country into one or another country group, **should be more transparent**.
3. The Task Force meeting, as well as the e-discussions groups on trade statistics, could contribute to the revision of this methodology; it would be useful to include in the agenda of the **next Task Force meeting an item on the economic country groups methodology**;
4. the economic country groups are also used for the dissemination of other statistics (population, social indicators, food and agriculture production, undernourishment and poverty rates, etc) and the discussions on this subject should include also the technical comments and suggestions formulated by various national/international experts;

**C. Trade data collection and processing:**

1. Considering the existing national potential on trade statistics and the efforts of the international trade community, the percent of the non-reporting countries (about 44%) is still high and, in the coming period, the international organizations should intensify the cooperation with the national trade data producers in order to improve the availability of the trade statistics.
2. on the other hand, the trade data exchange between all international organizations, especially UN, FAO OECD and EUROSTAT, should continue in order to reduce as much as possible the duplication of the work;
3. the **capacity building** on trade data collection and processing should be intensify especially for the **traditional non-reporting countries**.

**D. Trade data quality**

The specific techniques implemented by the FAO Trade Data Processing System, as well as the additional analytical activities based mainly on the non-automatic procedures, have identified various data quality problems especially related to the missing net weight quantity, wrong trade quantity and missing unit of measurement, reported trade quantity only in terms of gross weight; decrease of the accuracy in reporting the net weight of food and agriculture products by various countries, missing description of national codes, etc.

In this regard, the integrated approach of the international trade statistics should consider that the main challenge of the coming period is the **global improvement of the quality of trade statistics**. In this regard, a special attention should be paid to the following aspects:

1. in the coming years, the international trade statistics should pass from the quantitative accumulation to the globalization of the quality of the trade data; This will require a **permanent assistance**, cooperation and collaboration on the implementation of the revised international standard methodology on IMTS and Services;
2. UNSD, together with other international organizations, should identify the new methods to **follow up the recommendations** on international trade statistics and to **monitor the quality** of the reported data;
3. the **revision of the periodicity of the technical assistance** offered to the national trade experts according to the revision of the ITMS and SITS manuals and the **diversification of the capacity building techniques**; the customs experts and the national statisticians should continue to be trained on both trade data methodology as well as trade data collection and processing; the traditional workshops on trade statistics organized in various regions/countries will continue to have a very important role in implementation of the international standard methodology on trade statistics and harmonized classifications;
4. in the future, apart of theoretical formation of the national experts, the practical component of the technical assistants should be also considered. In this regard, the **on-job-training on collection, compilation and processing of the trade statistics** could be an alternative to the traditional workshops and could improve the cooperation and collaboration between the international organizations and the trade data producers.
5. another alternative to the current methods used on capacity building could be **the regional projects on implementation of the revised recommendation on trade statistics**, financially supported by the international community; the experience accumulated by FAO in the field of technical cooperation programs on international merchandise trade statistics for 21 Arab countries and 14 Pacific Islands could help other organizations in preparation the projects documents and implementation the project tasks.
6. the extension of the internet facilities opens new perspective on the **“e-assistance”** (virtual assistance) on international trade statistics and the **real-time data exchange**;

#### **F. FAO objectives on implementation of the revised recommendations on IMTS and SITS:**

The FAO will continued to improve the cooperation with the national authorities on trade statistics, especially on harmonizing the concepts, definitions and classifications with the international standards and increasing the national capacity in disseminating the food and agriculture trade statistics. The FAO activity on trade statistics will continue to be oriented to the following aspects:

1. harmonize the national trade methodology with the international concepts definitions and classifications;
2. increase the availability of the trade data in electronic format according to the standard requests;
3. increase the quality of the trade statistics at the national level and implicit the quality of the FAO trade databases;
4. improve the statistical techniques related with the imputation/estimation of the missing data;
5. create more flexible system for disseminating the external trade statistics and to adopt the adequate methods related with the required trade data confidentiality;
6. extend the decentralization of the trade data collection and data processing ; the experience accumulated during the current projects should be used for other similar activities;
7. extent the cooperation and the collaboration with the national trade data producers and with other international organizations on trade statistics;
8. create a network of the national and international trade statistician and use the internet facilities in order to have a permanent contact.