

TASK FORCE ON INTERNATIONAL MERCHANDISE TRADE STATISTICS

Eurostat, Luxembourg, 28-30 March 2011

Summary of Discussion

The meeting was opened by Ms. Maria Helena Figueira, Director of Business Statistics (Directorate G) at Eurostat. In her welcome address, she highlighted the recent UNSD/Eurostat/WTO Global Forum on trade statistics held in Geneva in February this year. She underlined the importance of integrated statistics on trade in goods and services as highlighted in the Vision 2020 of the Global Forum on trade statistics. The role of international organizations would be to seek ways and means to help implementing this vision. Mr. Axel Behrens, Head of International Transactions, informed participants on the recent reorganization of trade-related work in Eurostat.

1. Adoption of the Provisional Agenda

The agenda items 5b and 5d were moved to the Joint Session while items 5a and 6a were clumped together.

2. Review of decisions of other international meetings with regard to merchandise trade

The meeting was informed that merchandise trade statistics are included in the Statistical Commissions 2012 Agenda. This requires a special report to be prepared by end November 2011. The participants were informed of progress of the Integrated Economic Statistics approach adopted in 2006 by the Statistical Commission and a new initiative on short-term economic indicators. The CCSA's works on the use of non-official data sources and defining a general job profile of international statisticians and their training. As for OECD's Working Party on Trade in Goods and Services Statistics, it was highlighted that delegates preferred the meeting duration of 3 days with the joint session in between to save time and travel costs. Although overlaps were recognized, the different constituencies of each group (merchandise and services trade group) recommended keeping the existing one-one-one structure to allow for discussions of specific topics relevant to each group. As for the MDG indicators, ITC, UNCTAD and WTO have jointly updated the MDG Indicators 8.6 and 8.7. Together with some analysis, this has been forwarded to UNSD in March. Work on a new set of indicators on preferences granted by emerging and other developing countries to LDCs is in process. Unfortunately, the statistical coverage of preferential treatment effectively granted remains weak.

3. Databases on international trade

(a) Latest developments and plans on the international organizations' respective databases (agencies are invited to prepare written briefs)¹

Short briefs were provided by each organization on their planned activities. The OECD highlighted its work on trade and competitiveness and extension of coverage for countries in the Enhanced Engagement scheme. In addition, a database on trade volume is planned for end 2011. The UN mentioned its program on unit values and related quality issues and questions on methodology. For calculating unit values, net weights and supplementary quantity units are available which are taken into account by Eurostat. The definition of quantity units and their harmonized use is critical for the quality of volume indices.

ECLAC reported on its new interface to BADECEL. UNSD reported on improvements with respect to country coverage in Comtrade. Furthermore, Comtrade will be including new data fields in accord with the revised IMTS 2010. The new UN Yearbook was also mentioned. UNCTAD, as a secondary data compiler, reported on its activities of compiling concentration indices for DESA's economic vulnerability index, short-term trade statistics, and compilation of quarterly volume changes. Eurostat presented its website "Statistics Explained" showing all statistical topics in an easily understandable way using the articles completed by a statistical glossary and by numerous links to further information and the very latest data and metadata. In addition, plans were reported for the revamp of its Statistics Gateway. As for the inter-agency CDS, the participants requested to investigate whether user-defined aggregates could be added as a function to the current database.

The meeting concluded to seek closer co-operation with WCO, especially on the harmonization of supplementary quantity units which should be in line with commercial practices. The Eurostat guidelines on this issue should be shared (at CN 8-digit level) and a list of problematic product quantity codes should be compiled. As there is a joint interest on trade volume information, OECD, UNCTAD, UNSD, Eurostat and WTO agreed upon to share their work experience and develop a common approach to producing these data (based on the experience of the inter-agency common data set). UNCTAD will initiate the review of this activity with other international organizations.

(b) Short-term merchandise trade statistics including data collection, metadata, sharing and dissemination

The UNSD aims at the inclusion of detailed monthly trade statistics in UN Comtrade as of 2013 onwards and countries have been requested to provide their detailed monthly

¹ For information only. The Task Force should receive reports of relevant developments occurring in the international statistical systems and the organizations' databases, it is intended to focus the meeting's discussion on future plans and related issues.

data to UNSD. The WTO reported that for its monthly merchandise trade statistics, at total level, quarterly news releases are issued through WTO's registered user's facility.

(c) Identification of existing database issues in comparability, duplication and data sharing.

The different organizations reported of their either in-house or commercially provided tools: for example, OECD reported of OECD.Stat, Pub.Stat and Metastore while UNCTAD is using Beyond 2020. The WTO is investigating business information tools for its revamp of the existing online dissemination. Eurostat presented its newly created website "Statistics Explained" which combines data, metadata, and analysis for the benefit of comprehensive information of users. As for exchanging and advancing data, work on trade volume indices were identified between different agencies as a subject where synergies and joint approaches may lead to more efficiency and better quality of data. UNCTAD will lead this process.

4. Concepts, definitions, implementation issues and national practices

(a) Concepts and definitions

(i) Harmonized System, Valuation Agreement and Rules of Origin

In merchandise trade statistics the country of origin and country of consignment are not differentiated in some countries. For example, it is very difficult to get the percentage of imports with an origin certificate. In the case of the European Union, 70 per cent is intra-trade with no origin document. That is, intra-trade allocation in customs unions or single markets in terms of origin of goods is difficult/ impossible. In consequence, this may add to a lower quality of trade data over time.

A second issue discussed concerned used goods and waste and their reflection in the next HS update (2017). This includes recycling of electronic parts or waste disposal services, thus, it is an overlapping issue between the two task forces. The issue should be addressed with WCO, however, only countries or the EU can bring up such issues in the revision process.

(ii) Transportation (valuation (cif/fob), mode of transport)

Information on transportation is important for example to identify transit trade or to analyze carbon footprints. The new data element on mode of transport, adopted in IMTS 2010, will be explained in the Compilers Manual as to its content and how it can be collected as regards its definition and valuation. It is also interesting to explore this type of information in the context of transportation statistics as well as transportation services.

(iii) Reporting of re-imports/re-exports and their significance

Although many countries do have information on these trade flows, it is not widely published. Countries should therefore be encouraged to release these data. For this, it will also be described more clearly in the Compilers Manual to clarify relevant customs procedure codes. This information is especially of interest in the context of analyzing global value chains. However, this issue brought up again the difference between the EU and UN concept. The Intrastat system is not able to distinguish either re-imports or re-exports at member state level, only at EU aggregate level. That is, with the current regulation it is difficult to provide any information on the size and importance of re-exports using the respective UN definition.

(iv) Goods for processing – best practices

Trade and business statistics were seen as a possible tool to identify processing trade. Trade registers, for example an EU Eurogroups register or a global register (though very unlikely), could help identify trade between related parties. A related issue is to determine the borderline to repair/maintenance and processing and between what is good and what service. The data element "nature of transaction" could help identify repair or processing without change of ownership, however, processing with change of ownership is difficult to identify. It was agreed that commercial practices need to be analyzed when preparing the Compilers Manual. Customs procedures however were not mentioned as ideal tool as for example duty-free access is easier to handle for traders than the goods for processing customs procedure. Thus, information on the share of goods for processing derived from customs procedures may be biased.

(v) Country of consignment – best practices

This information will be added in future data collections as well as in UN Comtrade. It should help to allocate trade flows more correctly. Transshipments are not considered in this context. A complicating issue in this respect is the difference between single markets, customs unions and trade with third parties. For intra-EU trade, data are compiled according to Member State of consignment/destination while for extra-EU trade IMTS 2010 concepts apply. This difference should be well described in the Compilers Manual.

(vi) Trade Indices – volume and unit value indices

In addition to the discussion on volume indices -- see agenda item 3a, Eurostat explained that within the euro area specific requirements would be forwarded by ECB (import price indices). Eurostat calculates unit value indices for the aggregate as a whole and for the individual Member States too.

(b) Implementation issues and national practices

(i) IMTS 2010 (progress report on implementation process)

At the time of the meeting, IMTS 2010 has been available as final version but further formatting was required. The print publication would be released in the course of this year. In May 2010 UNSD informed countries about the new recommendations contained in IMTS 2010 and requested countries to complete a brief questionnaire on the implementation of the new recommendations in their country. A report on the results of this questionnaire is available at: <http://unstats.un.org/unsd/trade/EG-IMTS/EG-IMTS%20web%20announcement.htm>. A very important element in the implementation of IMTS 2010 is the inclusion of the newly required data fields in the data compiled and made available by countries. Accordingly, UNSD as well as OECD updated their respective data requests to include these new data fields. As for the Compilers Manual, virtual meetings were organized and a final meeting is planned to be held from 6 to 9 December. The Task force was requested to provide any materials helpful for the Compilers Manual draft and to provide feedback to UNSD.

(ii) Technical assistance

Technical assistance on IMTS 2010 is following two directions. First, awareness is to be raised among NSOs for the newly adopted IMTS 2010. In this respect, letters and questionnaires have been sent to all NSOs. Specific regional workshops have been organized, e.g. in Cambodia and Lusaka. A future research agenda has been defined as well (global imbalances, quality of trade data, etc.). Second, the Compilers Manual will be produced as quickly as possible this year (through virtual meetings) to provide assistance to countries to update their data collections.

5. Seminar: Globalization and Trade Statistics

(a) Follow-ups of the Global Trade Forum

This agenda item has been grouped with item 6a.

(b) Trade and Business Statistics: linking trade and business registers

This agenda item has been moved to the Joint session for overlapping items with the Joint Session and availability of OECD experts. Nevertheless, Eurostat organized a small presentation on their project of surveying international sourcing. This survey aims to identify international sourcing broken down by business functions (core -- support) to analyse the impact on economic performance (productivity and value added creation) and trade patterns. It surveys some 50 to 60 000 enterprises. Business functions do not fit into an actual statistical classification and work on identifying and forging a respective "official" classification may be envisaged. One of the recent survey results points out that high-value added services tend to follow manufacturing tasks.

(c) Trade and Competitiveness at a Glance

The OECD reported on its strategy to produce publications and databases "at a glance". This would involve new work with the same resources and will cover subjects such as competitiveness which will be released every two years. The target date is late 2011/early 2012 and the publication will feature the crisis, trade and competition. The draft publication will be presented to the WPTGS and will cover BRICS and Enhanced Engagement Countries in addition to OECD members.

(d) Trade and National Accounts: measuring value added content of trade flows

This agenda item has been moved to the Joint session for overlapping items with the Joint Session and availability of OECD experts.

(e) Trade and Value Chain Linkages: the agroindustry

As both UNIDO and FAO could not attend the meeting, and as no major progress has been achieved, this agenda item has been deferred to the next meeting.

(f) Other initiatives: World Input Output Database, etc.

The meeting was informed on the WIOD consortium's approach to produce a world input-output matrix, its coverage and funding, and its availability of respective results mid-2012. All data will become available online, free-of-charge, and will thus be an enormously useful data set for research in relation to trade (value added, carbon footprints, etc.). However, with the publication of the results, the project will come to an end and international agencies are called upon to see how this project could be maintained to allow for regular updates of the database with official data.

6. Governance -- Priorities for the Task Force (round table)

(a) Complementarities and coordination issues

As for the governance structure, currently the task forces take two days followed by a joint session, the participants explored different approaches. This could include the one-one-one or the existing structure of two plus one which however requires the participation of two staff in case of interest in both fields which poses difficulties for several organizations. Other comments included how to bind in business statisticians, is it necessary to create a city group and would it be helpful to ask country experts to participate.

A transition period was considered important, following a step-by-step approach. Nevertheless, some participants highlighted that there are still a number of issues specific to each task force's work which would not be of interest to the other task force. Overall, the participants were open to constructive solutions to show the need moving from past to the future with giving business statisticians a perspective to participate in the work.

(b) Common initiatives, mobilization of resources

As for common initiatives, in addition to the existing joint data processing system (OECD, UNSD) and the inter-agency common data set (Eurostat, OECD, UNCTAD, UNSD and WTO), further work was agreed on trade in volume terms. This effort will be guided by UNCTAD.

7. Other business

(a) Issues to be presented to the Joint Session of the inter-agency Task Forces

A closer co-operation with WCO was considered necessary, not only for including statisticians' requirements in the next HS revision, but also to discuss and advance aspects for example in relation to supplementary quantity units and their standardization of units following business practices or issues related to the rules of origin (country of origin and consignment) or used goods and waste. Short-term trade information, on both merchandise and services, and the agencies' approaches were highlighted as well as the joint activity planned for trade in volume terms.

(b) Time and place of next meeting

See discussion in Joint Session.

(c) Other Business

There was no other business.

Annex 1: List of Participants

| Participant | Organization | E-mail address |
|--------------------------|---------------------|--|
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Annex 2: List of available documents

| <i>Item</i> | <i>Title</i> | <i>Source</i> |
|-------------|--|---------------|
| 2 | Draft publication on Impact of globalization on national accounts | UNECE |
| 2 | WPTGS conclusions -- the way forward | OECD |
| 3a | UN Comtrade: status and latest developments | UNSD |
| 3a | Database on international trade | ECLAC |
| 3a | OECD Trade Database developments in 2011 | OECD |
| 3c | The Inter-agency Common Data Set – Progress Report | WTO |
| 4a | Discussion of selected issues | UNSD |
| 4a (i) | An international forum for discussion, consultation and harmonization of customs policies, practices and procedures. | WCO |
| 4b | Implementation issues in the area of international trade in goods in ECLAC | ECLAC |
| 4b | IMTS 2010 – UNSD's implementation activities | UNSD |
| 4b | Report of the First Virtual Meeting on the Update of the Compilers Manual | UNSD |
| 5b | Trade and business statistics -- linking trade and business registers | Eurostat |
| 5d | Trade and Competitiveness at a Glance (ppt) | OECD |
| 6a | Measuring global trade -- do we have the right numbers? | UNSD |

Annex 3 – Provisional Agenda

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Provisional Agenda

1. **Adoption of the Provisional Agenda**
2. **Review of decisions of other international meetings with regard to merchandise trade**
(Statistical Commission, Inter-agency Committee for Coordination of Statistical Activities, OECD Working Party on International Trade in Goods and Trade in Services Statistics, Millennium Development Goals)
3. **Databases on international trade**

- (a) Latest developments and plans on the international organizations' respective databases (agencies are invited to prepare written briefs)²
- (b) Short-term merchandise trade statistics including data collection, metadata, sharing and dissemination.
- (c) Identification of existing database issues in comparability, duplication and data sharing.

4. Concepts, definitions, implementation issues and national practices

- (a) Concepts and definitions
 - (i) Harmonized System, Valuation Agreement and Rules of Origin
 - (ii) Transportation (valuation (cif/fob), mode of transport)
 - (iii) Reporting of re-imports/re-exports and their significance
 - (iv) Goods for processing – best practices
 - (v) Country of consignment – best practices
 - (vi) Trade Indices – volume and unit value indices
- (b) Implementation issues and national practices
 - (i) IMTS 2010 (progress report on implementation process)
 - (ii) Technical assistance

5. Seminar: Globalization and Trade Statistics

- (a) Follow-ups of the Global Trade Forum
- (b) Trade and Business Statistics: linking trade and business registers
- (c) Trade and Competitiveness at a Glance
- (d) Trade and National Accounts: measuring value added content of trade flows
- (e) Trade and Value Chain Linkages: the agroindustry
- (f) Other initiatives: World Input Output Database, etc.

6. Governance -- Priorities for the Task Force (round table)

- (a) Complementarities and coordination issues
- (b) Common initiatives, mobilization of resources

7. Other business

- (a) Issues to be presented to the Joint Session of the inter-agency Task Forces
- (b) Time and place of next meeting
- (c) Other Business

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