

Seminar on International Trade Statistics
Implementation of IMTS 2010 and follow-up to the Global Forum
26 – 30 September 2011, Vilnius, Lithuania

Agenda item 9:
Scope, time of recording and trade system



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Workshop IMTS, Vilnius, 26-30 September 2011

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IMTS 2010 Chapter I
Scope and time of recording

- A. General guidelines**
- B. Specific guidelines clarify the treatment of certain categories of goods that are either recommended to be**
 - i. included in IMTS (of which some are recommended to be separately identified)**
 - ii. excluded from IMTS**
 - iii. excluded but be separately recorded**

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A. General guidelines

- ❖ **As a general guideline, it is recommended** that international merchandise trade statistics record all goods which add to or subtract from the stock of material resources of a country by entering (imports) or leaving (exports) its economic territory. (IMTS 2010, para. 1.2 – unchanged)
- ❖ **Estimation of trade below customs and statistical thresholds.** There are flows of goods which comply with the general and the specific guidelines on the scope but are below the applicable customs or statistical thresholds for direct recording. **Countries are encouraged** to estimate and include if they are economically significant as determined by the statistical authorities of the compiling country. (IMTS 2010, para. 1.3 – new encouragement)

A. General guidelines

- ❖ **Application of criterion of change of ownership.** The criterion of change of ownership is to be used to determine whether certain goods should be recorded only if the general guideline is not applicable or not sufficient. (IMTS 2010, para. 1.4 – new recommendation)
 - Ownership is defined in accordance with 2008SNA and BPM6 as change of economic ownership.
 - Can apply for example ships and aircraft, satellites and their launchers, mobile equipment that changes ownership while outside the residence of its original owner as transactions in these goods might not be properly, if at all, be captured in the recording of cross border movements of goods.
- ❖ **Time of recording.** As a general guideline **it is recommended** that goods be recorded at the time when they enter or leave the economic territory of a country. For specific recommendations on the time of recording under different trade systems see Chapter 2. (IMTS 2010, para. 2.22 – unchanged)

A. General guidelines

❖ Definitions:

- ❖ **Goods** (following 2008 SNA):
 - goods are defined as physical, produced objects for which a demand exists, over which ownership rights can be established and whose ownership can be transferred from one institutional unit to another by engaging in transactions on markets,
 - plus certain types of so called knowledge-capturing products stored on physical media which can cross borders physically. (IMTS 2010, para. 1.5)
- ❖ **Material resources of a country.** For the IMTS2010 purposes the material resources of a country are those located on its economic territory whether owned by residents or by non-residents. (IMTS 2010, para. 1.6)
- ❖ **Economic territory.** IMTS2010 adopts the BPM6 definition of economic territory as the (not necessarily contiguous) area under the effective economic control of a single government (IMTS 2010, para. 1.7)

B. Specific guidelines – goods included

1. **Non-monetary gold** (as defined in BPM6 (see Box 1.1). IMTS compilers are encouraged to consult with the compilers of balance of payments or monetary authorities to ensure appropriate and consistent treatment. (para. 1.10)
2. **Banknotes and securities, and coins not in circulation** (unissued or that are taken out of circulation). They are regarded as goods rather than as financial items. (para. 1.11)
3. **Goods traded in accordance with barter agreements** (goods which are exchanged between countries without use of any means of payment). (para. 1.12)
4. **Goods traded on government account** (i.e. regular commercial transactions of governments) (para. 1.13)
5. **Humanitarian aid, including emergency aid.** (para. 1.14)

B. Specific guidelines – goods included

6. **Goods for military use**. (para. 1.15)
7. **Goods acquired by all categories of travellers**, including non-resident workers, to a significant scale as defined by national law are to be included. Includes what is called “shuttle trade”. (para. 1.16)
8. **Goods on consignment** These are goods intended for sale but not actually sold when they cross the border. (valuation issue) (para. 1.17)
9. **Media, whether or not recorded** are included at full transaction value except for media used for carrying customized software or software written for a specific client or originals of any nature which should, in principle (if identifiable), be excluded (in close cooperation with bop compilers). **(para. 1.18 – Updated recommendation)**

B. Specific guidelines – goods included

10. **Goods for processing with or without change of ownership** are goods sent abroad or brought into a country under a specific arrangement between the involved parties and for specific operations as defined by the statistical authorities of the compiling country (newly added definition). (para. 1.19)
 - **It is recommended** goods for processing, as well as goods resulting from the processing (compensating products in customs terminology) are to be included at their full (gross) value. (para. 1.20 – Updated recommendation)
 - **countries are encouraged** to explicitly identify (preferably by special coding) in their trade statistics goods for processing as well as goods resulting from such processing where no change of ownership takes place (despite the problems involved) (para. 1.21 – New encouragement)

B. Specific guidelines – goods included

11. **Goods which cross borders as a result of transactions between related parties** (para. 1.22 – New encouragement).
 - **Countries are encouraged** to use the definition of related parties as provided in Article 15(4) of the WTO Valuation Agreement
 - These goods should be included following all recommendations contained in this publication. **Countries are further encouraged** to separately identify (code) such goods and types of the relationships in order to be able to review their valuation and to provide information on these transactions to users.

B. Specific guidelines – goods included

12. **Returned goods**. (para. 1.23)
13. **Electricity, gas, oil and water**. **Countries are encouraged** to establish appropriate procedures for obtaining as accurate as possible records of this trade (coordinate with trading partners). (para. 1.24)
14. **Goods dispatched or received through postal or courier services** (to be recorded at full commodity detail if of high value) (para. 1.25)
15. **Migrants' effects**. (para. 1.26)
16. **Goods transferred from or to a buffer stock organization**. A buffer stock organization is one that maintains a stock of certain commodities and sells or buys them in order to influence supply and demand on the world market. (para. 1.27)
17. **Goods under financial lease**. (para. 1.28)

B. Specific guidelines – goods included

18. **Ships and aircrafts.** In the absence of customs documents, use non-customs data sources, such as registry additions and deletions or enterprise surveys as appropriate. (para. 1.29)
19. **Goods delivered to or dispatched from offshore installations located in the economic territory of a compiling country** (para. 1.30)
20. **Fish catch, minerals from the seabed and salvage.** (independent of whether transactions are taking place inside or outside the own economic territory). **Countries are encouraged to develop over time necessary data collection and/or estimation procedures.** (para. 1.31 – Updated recommendation)
21. **Bunkers, stores, ballast and dunnage** (independent of whether transactions are taking place inside or outside the own economic territory) **Countries are encouraged to develop over time necessary data collection and/or estimation procedures.** (para. 1.32 – Updated recommendation)

B. Specific guidelines – goods included

22. **Satellites and their launchers.** (equivalent to the treatment of ships and aircraft) (para. 1.33)
23. **Goods in electronic commerce.** (e.g. goods ordered and paid for via the Internet). (para. 1.34)
24. **Gifts and donations.** Such goods should be included following all applicable recommendations contained in the present publication. (para. 1.35)
25. **Power lines, pipelines and undersea communications cables.** (para. 1.36)
26. **Used goods.** (para. 1.37)
27. **Waste and scrap** (if their commercial value is positive). (para. 1.38)

B. Specific guidelines – goods included

28. **Mobile equipment that changes ownership while outside the country of residence of its original owner.** For example, equipment which was initially sent for temporary use and for a specific purpose - such as for construction work, fire-fighting, offshore drilling or disaster relief - from one country to another (para. 1.39)
29. **Goods received or sent abroad by international organizations** are included in imports of the countries (other than the host country) receiving goods from such organization and in exports of countries (other than the host country) sending goods to those organizations (para. 1.40)

B. Specific guidelines – goods excluded

1. **Goods simply being transported through a country.** Goods are considered as simply being transported through a country if they (i) enter and leave the compiling country solely for the purpose of being transported to another country, (ii) are not subject to halts not inherent to the transportation and (iii) can be identified both at the time of entering and leaving the country. (para. 1.41-1.42 – Updated recommendation)
 - include goods under "in transit" or "in trans-shipment" customs procedures but are not limited to them.
 - Regarding goods not under "in transit" or "in trans-shipment" customs procedures **it is recommended** to exclude them only if reliable criteria are established.

B. Specific guidelines – goods excluded

2. Goods temporarily admitted or dispatched. It is recommended that goods are considered as temporarily admitted/dischpatched if at the time of admission/dispatch it is known that their intended stay in the receiving country is temporary (as defined by the statistical authority of a country) and after their stay they can be withdrawn/returned in the same state (except for normal wear and tear). (para. 1.43-1.44 – Updated recommendation)
 - This category includes, but is 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.
 - To ensure data consistency it is recommended that the statistical authorities treat goods movements as temporarily admission/dispatch only if reliable criteria are established.

B. Specific guidelines – goods excluded

3. **Monetary gold**. (para. 1.45)
4. **Issued banknotes and securities and coins in circulation** (para. 1.46)
5. **Goods consigned to and from the territorial enclaves** (para. 1.47)
6. **Non-financial assets**, ownership of which has been transferred from residents to non-residents, without crossing borders. (para. 1.48)
7. **Goods treated as part of trade in services**. (para. 1.49) This category comprises:
 1. **Goods acquired by all categories of travellers, including non-resident workers, for their own use and carried across the border in amounts or values not exceeding those established by national law**
 2. **Newspapers and periodicals sent under direct subscription**
 3. **Goods supplied by and to enclaves of foreign governments, such as embassies, military bases etc., and international organizations located in the economic territory of a host country,**
 4. **Media carrying software customized or written for a specific client or originals of any nature, where identified**

B. Specific guidelines – goods excluded

8. **Goods under merchanting.** (para. 1.50)
9. **Goods under operating lease** (para. 1.51)
10. **Goods lost or destroyed** after leaving the economic territory of the exporting country but before entering the economic territory of the intended importing country are to be excluded from imports of the intended importing (para. 1.52)
11. **Satellites and their launchers launched in another country without change of ownership** (para. 1.53)
12. **Goods functioning as means of transport.** (para. 1.54)
13. **Content delivered electronically.** (para. 1.55)

B. Specific guidelines – goods excluded but recommended to be recorded separately

1. **Goods for repair or maintenance.** (para. 1.57)
2. **Waste and scrap (having no commercial value)** (para. 1.58)
3. **Goods entering or leaving the economic territory of a country illegally.** (para. 1.59)
 - This includes, for example, smuggling, trade in stolen vehicles and shipments of narcotic substances, the use or possession of which is illegal in one or both of the compiling countries.
 - This may include legal as well as illegal goods.
4. **Goods lost or destroyed** after leaving the exporting country but before entering the importing country and after ownership has been acquired by the importer. (para. 1.60)

IMTS 2010 Chapter II: Trade System

- A. An overview of basic terms
- B. General trade system
- C. Special trade system

Basic terms: Territories

- Economic territory
 - The area under the effective control of a single government
- Statistical territory
 - Territory with respect to which trade data are being compiled
- Customs territory
 - Territory in which the Customs law of a state applies

IMTS 2010 Recommendations:

“...The definition of the statistical territory may or may not coincide with the economic territory or its customs territory...”

□ Provide a detailed description of their statistical territory and make it publicly available [para. 2.1]

IMTS 2010 Recommendations:

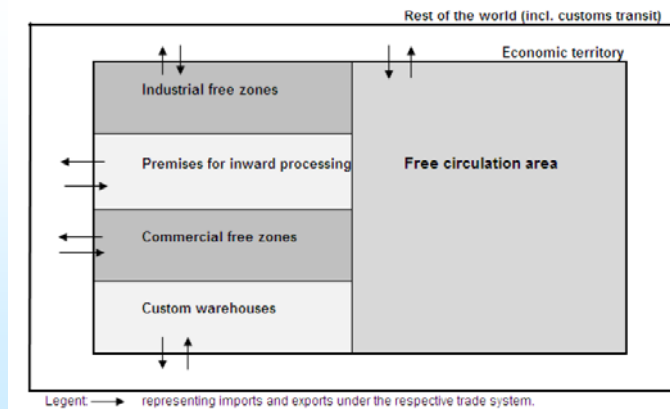
- ❑ Use the definitions of the customs terms as contained in the annexes of the Revised Kyoto Convention [para. 2.3 - Unchanged]
- ❑ Make clear whether or not the following territorial elements exists and included in the statistical territory [para. 2.3 – New recommendation]
 - Islands;*
 - Territorial waters and continental shelf;*
 - Offshore and outer space installations and apparatus;*
 - Commercial free zones; Industrial free zones;*
 - Customs warehouses;*
 - Premises for inward processing;*
 - Territorial enclaves and exclaves.*
- ❑ Domestic and foreign goods: Define *domestic goods* as goods originating in the economic territory of a country [para. 2.11]

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General Trade System

Definition: The General Trade System is in use when the statistical territory coincides with the economic territory (para. 2.13)

Graph 2.1: Territorial elements and potential imports and exports under the general trade system



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General Trade System - Trade flows in General Trade System

- General Imports:
 - Imports of foreign goods
 - Re-imports of domestic goods
- *Re-imports* are imports of domestic goods which were previously recorded as exports.
- General Exports:
 - Exports of domestic goods
 - Re-exports of foreign goods
- *Re-exports* are exports of foreign goods which were previously recorded as imports.

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IMTS 2010 Recommendations:

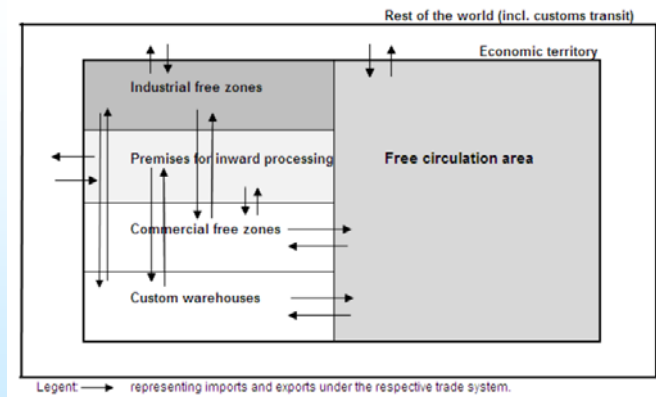
- Use all applicable territorial elements when applying general trade system [para. 2.13] (*General trade system is in use when statistical territory coincides with the economic territory*)
- Not only include re-imports in total imports, but also identify (code) them separately for analytical purposes [para. 2.16 – New recommendation]
- Not only include re-exports in total exports, but also identify (code) them separately for analytical purposes [para. 2.18 – New recommendation]
- Add customs procedure codes to dataset for trade statistics (even if the responsible agency is not customs) [para. 2.19 – New recommendation]
- Use general trade system for both imports and exports (para. 2.20)

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Special Trade System

Definition: The Special Trade System is in use when the statistical territory comprises only a particular part of the economic territory (para. 2.23)

Graph 2.2: Territorial elements and potential imports and exports under the special trade system in its relaxed definition



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Limitations of special trade system

- Narrows the coverage of the statistics as not all goods are covered → reduces relevance
- Not uniform application across countries → creates serious incomparability
- Beware!!!
 - Misunderstanding of trade system concept often results in incorrect interpretation of which system is used by country, e.g., a country claims that general trade system is used, but upon further review, in fact, it is special trade system

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Thank you for your attention!