



SPECIAL FEATURE: **ESCWA PROJECT ON INTERNATIONAL MERCHANDISE TRADE STATISTICS**



In the September 2006 issue of this newsletter the project "Strengthening the Development of International Merchandise Trade Statistics (IMTS) and the Compilation of e-Commerce in Member Countries of the Economic and Social Commission for Western Asia (ESCWA)" was introduced. The project contains evaluation visits to countries, various specialized workshops and the preparation of two studies, all to be completed over a period of 36 months.

In September 2006 ESCWA and UNSD embarked on the first set of visits to countries during which Saudi Arabia, Yemen and Kuwait were visited. In February 2007 visits to Egypt, Jordan, Syria and Lebanon followed. In March/ April 2007 the last set of country missions to Bahrain, Oman, Qatar and the United Arab Emirates was conducted. In addition, ahead of the first project workshop in October 2007 ESCWA and UNSD were able to discuss with representatives from Iraq and the Occupied Palestinian Territories their national practices in the compilation of IMTS.

In all countries the team from ESCWA and UNSD was very well received and was able to meet with the senior management of the statistical agency responsible for IMTS compilation as well as representatives from Customs (Customs data is the main data source for IMTS) and Central Banks to explain the project and to mobilize support. Detailed discussions at working level and visits to Customs and Central Banks followed and allowed to review the national practices

in the compilation and dissemination of IMTS in detail.

After the visits to countries the following main conclusions emerged: In many countries projects for the modernization of the Customs administration (automation) are underway, which are at least partially the result of intentions to join the Kyoto Convention. In some countries there is an excellent cooperation between Statistics and Customs while in other countries Statistics is not fully satisfied with the data received from Customs. At this time Statistics seems often not to benefit from the modernization at Customs as Customs often appears to focus mostly on its control and fiscal functions. Main issues at Statistics are the shortage of staff resources dedicated to IMTS and the use of IT, in particular for data validation.

From 28 October to 2 November 2007 the first project workshop was held in Amman, Jordan. All ESCWA member countries participated in this workshop. In addition, due to the cooperation with the Medstat II project Algeria, Morocco and Tunisia also took part in this workshop.

The purpose of this first workshop was to bring together national statistics compilers and representatives from Customs to discuss the problems and to identify possible measures for the improvement of the compilation of IMTS and the application of the international concepts, definitions and recommendations in the ESCWA member countries. The main workshop topics regarding data compilation were the institutional arrangements between Statistics and Customs, the use

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of IT at Customs and Statistics and data validation at Customs and at Statistics. Main topics regarding the application of concepts and definitions were goods for processing and the coverage of IMTS (inclusions and exclusions).

For each topic an introductory presentation regarding the main issues was provided. Country presentations and then an open discussion followed. Several additional round-table discussions in particular concerning compilation issues were conducted throughout the workshop.



Overall the workshop highlighted the importance of Customs data for the compilation of IMTS and clearly raised the awareness of attending Customs officers regarding the statistical data requirements.

Also data validation and use of IT were discussed very intensively, supported by a live presentation of the ASYCUDA system. Regarding conceptual issues many of the discussions focused on coverage issues of IMTS such as goods brought in or out of the country by travellers, goods for processing and differences of IMTS to the Balance of Payments. Discussions were very good and at the end of the workshop a number of countries promised to consider certain changes to improve their IMTS.

The next workshop, which will probably be held in the second quarter of 2008, will most likely focus on issues of data dissemination and unit/ price indices, including the issues of correlation tables and quantity units.

Links to be posted:

- ✓ http://unstats.un.org/unsd/trade/ESCWA0608/ESCWA_Project_Introduction.htm
- ✓ <http://www.escwa.org.lb/divisions/scu/tradestats/index.asp>

COOPERATION WITH COUNTRIES AND AGENCIES: 8TH OECD INTERNATIONAL TRADE STATISTICS EXPERT MEETING (ITS), PARIS, 17-19 SEPTEMBER 2007

UNSD participated in the 8th OECD International Trade Statistics Expert Meeting held in Paris on 17-19 September 2007 where Trade in Goods and Trade in Services are discussed in back to back sessions.

During that first day of the meeting, OECD presented some new developments and stressed the importance of Inter-Agency co-operation and coordination. In addition, country representatives made presentation on data quality, analysis, and methodological research. In the second day, the focus was on globalization and trade, and balance of payment statistics.

Throughout the meeting, UN Comtrade was

regularly mentioned as the main data source for international merchandise trade statistics, and the cooperation between UNSD and OECD on further harmonization of data was positively highlighted. In addition, UNSD presented the forthcoming publication "Supplemented to the Compilers Manual" and outlined the revision process of the Manual on International Merchandise Trade Statistics.

The issue of goods for processing abroad receives currently a lot of attention and was also discussed at this meeting. UNSD highlighted the problems associated with measuring "goods for processing" and showed examples. According to Balance of

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Payments intentions, goods for processing without change of ownership should be classified as a trade in service and not in goods. For Mexico, such re-definition would re-classify the country as a manufacturing economy to a service providing economy. Mexico explained how they are attempting to measure goods for processing by using customs data in combination with surveys of enterprises involved in processing of goods.

The third day of the meeting was devoted to Trade in Services statistics. Most prominent on the agenda here was the revision of the Manual on Statistics of International Trade in Services. The updated Manual will show the following main chapters.

Chapter 2: Conceptual framework for the development of statistics on international trade in services.

Chapter 3: Services transactions between residents and non-residents

Chapter 4: Foreign affiliates statistics and the international supply of services

Chapter 5: Measuring Modes of Supply

This last chapter is completely new. The other chapters are being updated. Due to the changes in the new Balance of Payments manual, the Extended Balance of Payments Services classification needed updating as well. Most notable additions are the new services categories "Manufacturing services on physical inputs owned by others" [also known as goods for processing] and "Repairs and maintenance on movable goods".

Besides discussions on the new Manual, there were a number of country presentations on data quality, analysis and research regarding trade in services data.



The Manual on Statistics of International Trade in Services can be downloaded from:
<http://unstats.un.org/unsd/pubs/>

COOPERATION WITH COUNTRIES AND AGENCIES: TASK FORCE ON STATISTICS OF INTERNATIONAL TRADE IN SERVICES (SITS), PARIS, 20-21 SEPTEMBER



Most of the meeting was devoted to the latest draft of the revised Balance of Payments Manual. Main topic was Royalties and Licensing fees. After long discussion it was agreed that – based on the principle of "license to use" – downloadable products, online content and similar products delivered on a device (such as DVD or CD) should be classified in services under the component to which it belongs (computer services, audiovisual,

educational, cultural or recreational) and also alternatively grouped under licensing fees. For IMTS purposes "standard packages of software, music or video" delivered on a device will most likely remain in goods. The new EBOPS structure was discussed. Chapters 4 and 5 were briefly discussed. Detailed comments should be submitted in writing over the next month, and next drafts should be ready by end of February 2008. UNSD will initiate the next Task Force Newsletter by November.

YOU HAVE ASKED US: ORIGIN AND LAST KNOWN DESTINATION

Q: If Country A exports a good to Country B, and Country B exports that same good to Country C, how this transaction should be recorded in Country A and in Country C?

A: In general, it is correct to assume that in Country C, this will be recorded as "Imports from Country A" (country of origin). However, in Country A, this can be recorded as "country of last known destination", which can be either "Exports to B" or "Exports to C".

Q: For this same example, Is there a way to differentiate in the UN Dataset the Country C

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– Country A information (indirect trade) from the Country C – Country B information (direct trade) for the same transaction?

A: No, in general you can not make this differentiation in the same transaction. Currently, a country only reports one trading partner per transaction. For exports, a country usually reports country of last known destination, whereas country of origin is reported for imports. What you would need in addition is country of consignment (shipment), which may give insights into the route taken by the traded goods.

YOU HAVE ASKED US: ANNUAL EXCHANGE RATE

Q: How is the annual exchange rate calculated to convert national currency to US dollars in UN Comtrade?

A: We use the *rh* US dollar series of the IFS, which is based on the monthly average of the official daily exchange rates. The average annual exchange rates are obtained separately for imports and for exports by taking into account the monthly value of imports (or exports) and the monthly average of the official daily exchange rates.

YOU HAVE ASKED US: QUANTITY UNITS

Q: Why are quantity units not given at higher levels?

A: The quantity information is given at the 3-, 4- and 5-digit level of the SITC classification and the 4- and 6-digit level of the Harmonized System. Weight or other quantity figures are not given at higher levels of the classification tree, because it becomes very likely that quantity units are incompatible in the aggregation from the lower level of aggregation to the higher level of aggregation. To give an obvious example, the HS chapter 27 contains electricity (2716), gas, petroleum products and crude oil. Whereas gas, petroleum products and crude oil may be expressed in weight, this will not be the case for electricity. Further, it is very likely that gas would be expressed in cubic meters or thousands of cubic meters if it is traded in gaseous form.

UPCOMING EVENTS:

United Nations Expert Group on International Merchandise Trade Statistics

The current recommendations for use in international merchandise trade statistics were adopted by the United Nations Statistical Commission at its 29th session in 1997 and published (1998) in *International Merchandise Trade Statistics: Concepts and Definitions, Revision 2 (IMTS, Rev.2)*. In 2004 *International Merchandise Trade Statistics: Compilers Manual (IMTS:CM)* was issued to assist countries in implementation of IMTS, Rev. 2. Both publications were promoted by UNSD and other agencies-members of the Task Force on International Merchandise Trade Statistics (TFIMTS) including in a series of training workshops for developing and transitional countries. Their efforts helped in harmonizing IMTS methodologies across countries and, therefore, helped to increase cross country data comparability and availability for international users.

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Download the minutes of the meetings of the Inter-Agency Task Force on International Merchandise Trade Statistics from http://imts.wto.org/task_e.htm

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However, with time it became apparent that the next cycle of review and updating of the recommendations is needed. Consequently, an Expert Group Meeting to be held in New York on 3-6 December 2007 will initiate a third revision of recommendations for international merchandise trade statistics (IMTS, Rev.3).

The need for a new revision was discussed by TFIMTS which supported the UNSD initiative to begin the process in 2007 aiming at submission of the revised recommendations to the UN Statistical Commission for

adoption in March 2010.

For more information, please refer to the following link:

- ✓ <http://unstats.un.org/unsd/trade/EG-IMTS/EG-IMTS%20web%20announcement.htm>

UPCOMING EVENTS:

UNSD/ECA Workshop on Country Practices in Compilation of International Merchandise Trade Statistics

The United Nations Statistics Division (UNSD), in collaboration with the United Nations Economic Commission for Africa (UNECA), is organizing a regional workshop on compilation of International Merchandise Trade Statistics (IMTS). This is part of a special effort to improve the quality and availability of IMTS data of countries of East and South Africa both to the national users and to the UN Comtrade database. Its presentations and discussions will center on the compilation of IMTS, especially regarding issues of current interest, such as (a) goods for processing [export processing zones], (b) re-exports, (c) CIF and FOB valuation of imports, and (d) calculation of export and import price indices.

nation Practices (NCDP), which was sent out in July 2006 and which deals with the full scope of issues related to IMTS, including institutional arrangements, basic concepts and definitions, and data reporting practices.

For more information, please refer to the following link:

- ✓ http://unstats.un.org/unsd/trade/WS%20AddisAbaba07/WS%20AddisAbaba07_workshop_imts_trade.htm

The workshop will be held in Addis Ababa on 12-16 November 2007, and it will discuss the results of the Questionnaire on National Compilation and Dissemi-

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EDITORIAL NOTE

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