



# Introduction to ITD

## Course Outline

- **Mandate**
- **Organization**
- **ITD Sections**
- **Trade Concepts**
- **Data Flows & Processing**
- **Dissemination**
- **Balance of Payments**
- **Other Topics**

# The Canadian Int'l Merchandise Trade Statistical Program

## Objective:

The primary objective of this program is to measure the **change** in the stock of material resources of the country resulting from the movement of merchandise into or out of Canada.

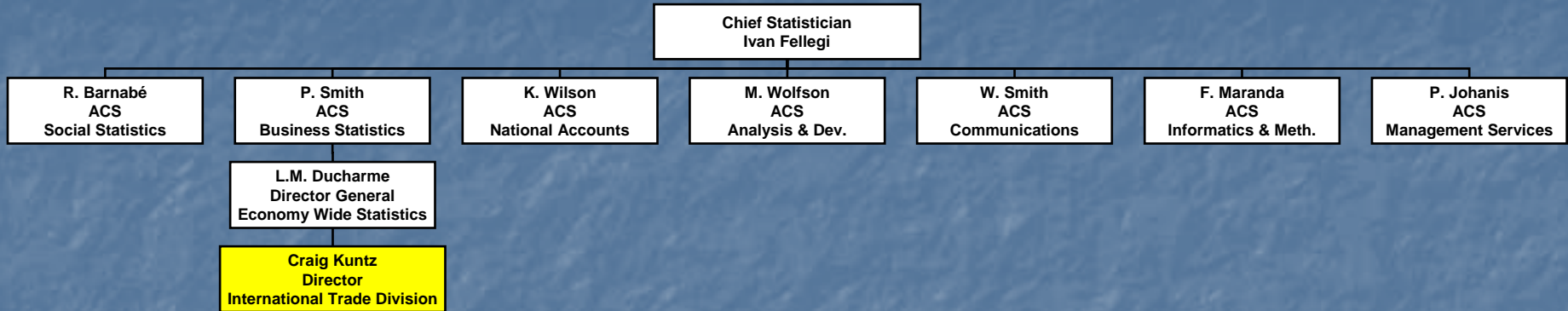
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## Mandate:

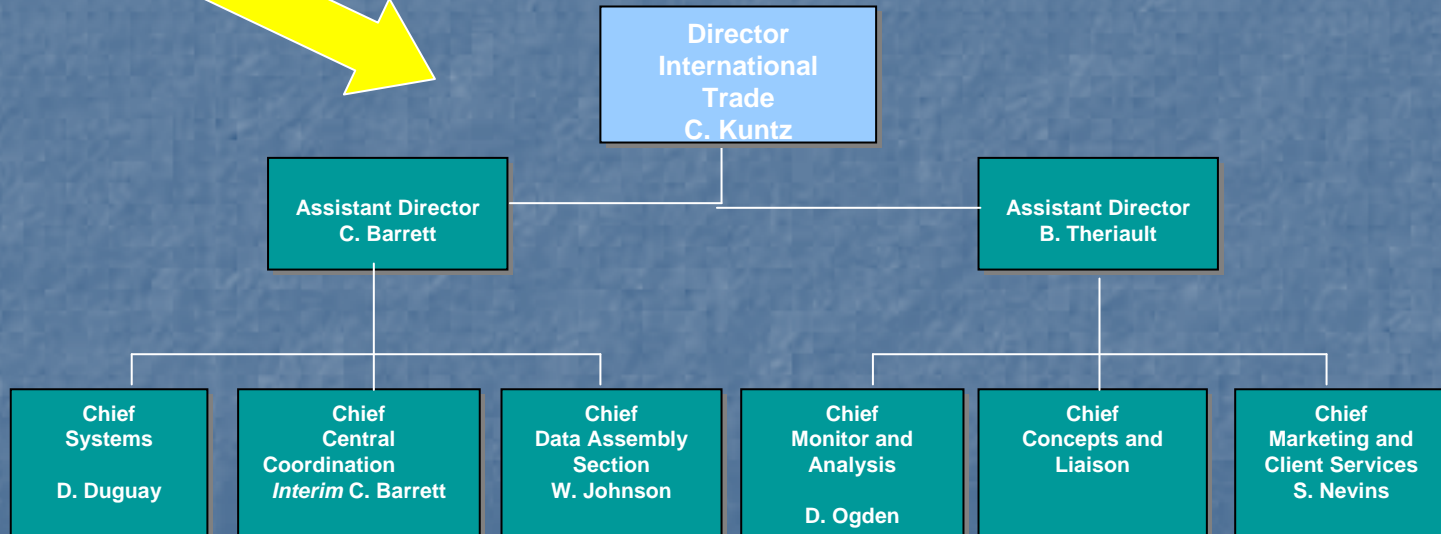
The mandate of the division is to compile, analyze and disseminate consistent, integrated and timely estimates of Canada's merchandise exports and imports by partner country and commodity as well as price and volume indices on imports and exports.



# Organizational Structure of Statistics Canada



## Organizational Structure of ITD



# Trade Concepts

1) Data Quality		Customs vs. BoP	
2) Timeliness		5) Classification	
3) Coverage:		6) Valuation	
a) Inclusions		7) Quantity	
b) Exclusions		8) Partner Country	
4) Trade System		9) Confidentiality	



# Trade Data Quality Statement

- The *quality of statistics* should be judged by its ability to satisfy users' information needs.
- Statistics on a particular subject should provide a reasonable and timely measure of the real world economic events to which they relate.



# Timeliness

- The reference period is the calendar month and the calendar year. The closing of the statistical month for imports and exports is defined as the last calendar day of the month, based as closely as practicable on the date of clearance from Customs.
- Published Trade Data is available to the public by 6 weeks following the end of a reference month in a variety of electronic and print media.





# Coverage

- Merchandise trade should record goods that add to, or subtract from, the material resources of Canada
- CBSA records all goods that come into, or leave Canada
- Therefore, some things must be included, others, excluded as not everything that enters or leaves affects Canada's stock of material resources





# Inclusions (examples)

- 'Normally' imported/exported goods
- Consignment goods
- Processing goods
- Humanitarian aid
- Financial leases
- Non-monetary gold
- Inter-company transfers (parent/ subsidiary)
- Etc.



# Exclusions (examples)

- **Temporary goods**
- **In-transit goods**
- **Operational leases**
- **Monetary gold**
- **Banknotes, securities, coins, in circulation**
- **Waste & scrap (no positive value)**
- **Etc.**



# Trade System Differences

- The United Nations defines two types of trade systems: General & Special
- Canada uses the **General System**
- Major differences:

	<b>General</b>	<b>Special</b>
<b>Statistical frontier</b>	<b>Geographical Boundary</b>	<b>Customs Boundary</b>
<b>In<sup>1</sup>-warehouse</b>	<b>Include</b>	<b>Exclude</b>
<b>Ex<sup>2</sup>-warehouse</b>	<b>Exclude</b>	<b>Include</b>

1: Refers to goods being entered into a Customs Bonded Warehouse.

2: Refers to goods being withdrawn from a Customs Bonded Warehouse.





# Customs vs. BoP

- Generally, Customs based data refers to trade statistics based on data collected by a Customs agency;
- In Canada, Balance of Payment (BoP) data are derived from Customs based data and adjusted to better conform with Systems of National Accounts requirements and principles



# ITD Classification Systems

## (past & present)

*Used as a basic analytical tool to classify goods, industries and geographic areas.*

### Commodity Classifications:

- Import Commodity Classification (MCC)
- Export Commodity Classification (XCC)
- Summary Import Groupings (SIG)
- Summary Export Groupings (SEG)
- Principal Commodity Groups (PCG)
- Canadian International Trade Classification (CITC)
- Standard Classification of Goods (SCG)
- Harmonized Commodity Description and Coding System (H.S.)
- Standard International Trade Classification (SITC)

### Industry Classifications:

- Standard Industrial Classification (SIC)
- North American Industry Classification System (NAICS)



# Classifications

## Commodity

- The MCC was the principal classification used by ITD for import statistics from 1964 to 1977.
  - The CITC was derived from the MCC – adds 2 digits for detail. Divides commodities according to their stage of fabrication. Used from 1978 to 1987.
  - The XCC was the classification system for export statistics used from 1961 to 1977.
- 

## Industry

- SIC developed in 1948. Industries broken down by Division, Major Group, Industry Group and Industry Class
- NAICS developed by the statistical agencies of Canada, Mexico and the United States and finalized in 1996. Consists of sectors, sub sectors, industry groups and industries.





# ITD's Classifications

	1966	1970	1980	1990	2000+	
■ MCC	_____					1966 – 1987
■ XCC	_____					1966 - 1987
■ SIG/SEG	_____					1966 - present
■ CITC			_____			1972 - 1987
■ HS				_____		1988 - present
■ SITC Rev 2			_____			1976 - 1991
■ SITC Rev 3				_____		1988 - 2001
■ SIC 80			_____			1980 - 2001
■ NAICS					_____	1997 - present



# Harmonized System

- Beginning in January 1988, ITD classifies import and export Statistics according to the Harmonized Commodity Description and Coding System (H.S.)

- This is an international commodity 6 digit classification system

- Commodities are classified, in some cases, according to their principal component material

## Imports

- Approximately 19,000 10 digit H.S. codes used
- Canadian version adds 4 digits to the 6 digit international code
- For tariff purposes, a 7<sup>th</sup> and 8<sup>th</sup> digit were added
- For statistical purposes, a 9<sup>th</sup> and 10<sup>th</sup> digit were added

## Exports

- Approximately 6,000 8 digit H.S. codes used
- Canadian version adds 2 digits to the 6 digit international code
- For statistical purposes, a 7<sup>th</sup> and 8<sup>th</sup> digit were added



# HS Code Structure

## IMPORTS

Header: Fish, fresh or chilled...

Sub-header: Atlantic, Pacific or Danube Salmon

03 02 .12 .00 .40

Statistical Suffix: Spring

Tariff Item (zeros)

Chapter: Fish & crustaceans, molluscs & other aquatic invertebrates

≈ 19,000 Codes

International  
Canadian

## EXPORTS

Header: Fish, fresh or chilled...

Sub-header: Atlantic, Pacific or Danube Salmon

03 02 .12 .40

Statistical Suffix: Pink

Chapter: Fish & crustaceans, molluscs & other aquatic invertebrates

≈ 6,000 Codes

International  
Canadian





# H.S. Chapters 98 and 99

- These chapters are reserved for special classification provisions.
- There are no standard codes or definitions used – each country determines which commodities and corresponding H.S. codes will be included in Chapter 98 and 99.
- In Canada, Chapter 98 is used for the classification of transactions that are not classified by commodity as well as transactions that do not have an international financial implication.
- Chapter 99 is reserved for transactions that, (*inter alia*), are confidential or have a small value.



# Imports Chapter 99

There are two import chapter 99s:

- Customs: uses this chapter to reduce tariff rates

Example:

8802.60.10.00 Satellites - 6.5% (MFN\*)

9950.00.00.00 Satellites for testing - Free

Only the 1st 4 digits of the chapter 99 tariff code are shown on an import entry

- Statistics: used for publishing statistical data

Example:

9901.00.00.00 Low value and confidential goods

\*MFN = Most-Favoured-Nation (tariff treatment)



# CONCORDANCES

*Concordances are prepared to assist users of commodity statistics to compare data based on different classification systems and to link data.*

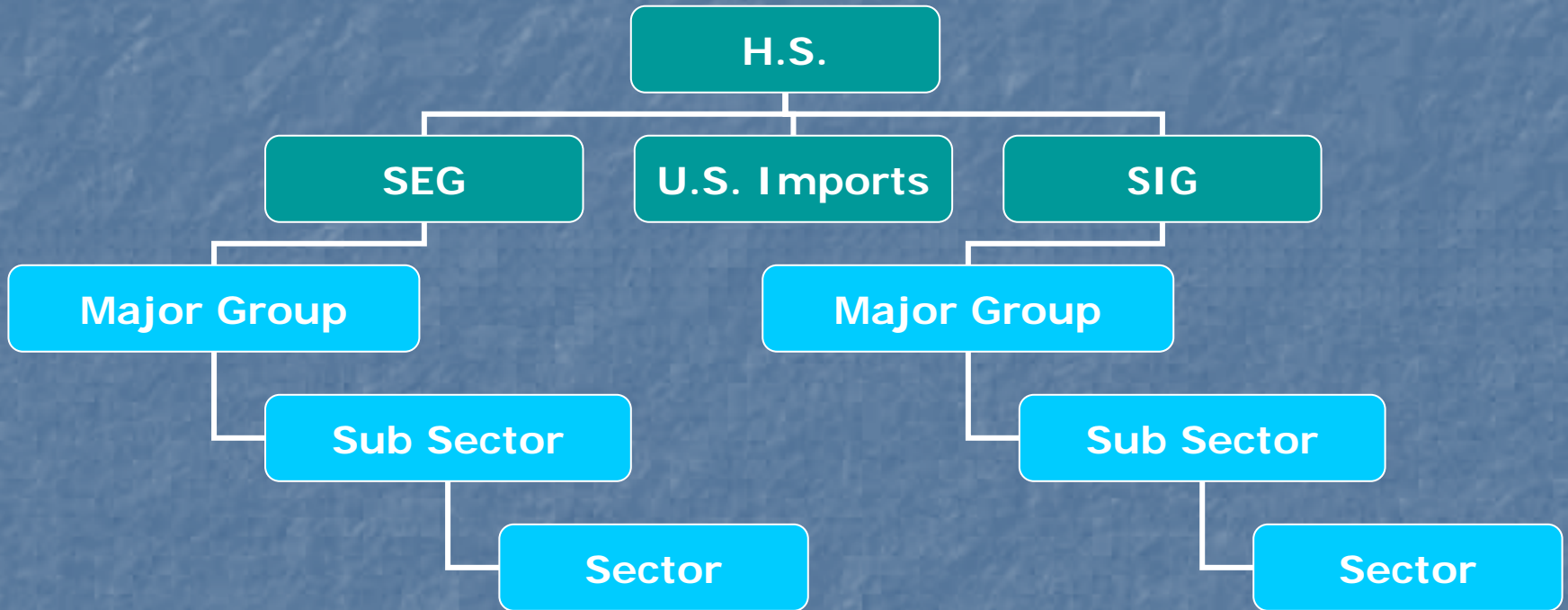
## Canada – U.S. Concordances

- As part of the MOU, Canadian Export data are derived from U.S. Import data and vice versa.
- As a result, ITD must convert U.S. imported H.S. (10 digit) commodities to Canadian export HS (8 digit) commodities. Concordances are used for this purpose.





# ITD CONCORDANCES/GROUPINGS



# Intermission



# Valuation

- World Trade Organization (WTO) principle used (Transactional Value)
  - Imports:
    - Free on Board (FOB) Point of Direct Shipment
  - Exports:
    - Free on Board (FOB) Border





# Quantity

- **Import & Export quantities collected using ISO codes**
- **Data published with Alpha ISO codes**
- **Internal numeric codes on files**

## Example:

**ISO code: Number = NMB**  
**ITD Numeric code: 100**



# Quantity Coverage

- ❑ Not all codes have quantities.

## Coverage is:

- ❑ 6 digit level:
  - ❑ Imports - 75%
  - ❑ Exports - 68%

(2007 Data Year)



# Partner Country

- ❑ Imports: country of origin
  - ❑ (goods grown, extracted or produced)
  - ❑ Country of shipment available
  
- ❑ Exports: country of last known destination
  - ❑ Domestic Exports (grown, extracted or produced in Canada)
  - ❑ Re-exports (foreign goods that are re-sold outside Canada)
  - ❑ Total Exports (Domestic + Re-exports)
  
- ❑ Codes:
  - ❑ Collected using ISO Alpha (e.g. United Kingdom = GB)
  - ❑ ITD numeric codes also used (e.g. United Kingdom = 101)





# Statistics Act

## SECRECY

- Prohibition against divulging information
- 17. (1) Except for the purpose of communicating information in accordance with any conditions of an agreement made under section 11 or 12 and except for the purposes of a prosecution under this Act but subject to this section,
  - (a) no person, other than a person employed or deemed to be employed under this Act, and sworn under section 6, shall be permitted to examine any identifiable individual return made for the purposes of this Act; and
  - (b) no person who has been sworn under section 6 shall disclose or knowingly cause to be disclosed, by any means, any information obtained under this Act in such a manner that it is possible from the disclosure to relate the particulars obtained from any individual return to any identifiable individual person, business or organization.



# Exceptions

- Exception to prohibition
- (2) The Chief Statistician may, by order, authorize the following information to be disclosed:
  - (a) information collected by persons, organizations or departments for their own purposes and communicated to Statistics Canada before or after May 1, 1971, but that information when communicated to Statistics Canada shall be subject to the same secrecy requirements to which it was subject when collected and may only be disclosed by Statistics Canada in the manner and to the extent agreed on by the collector thereof and the Chief Statistician;
  - (b) information relating to a person or organization in respect of which disclosure is consented to in writing by the person or organization concerned;
  - (c) information relating to a business in respect of which disclosure is consented to in writing by the owner for the time being of the business;

**Requests for confidential information must always be referred to the ITD Confidentiality Focal Points (Chief: Concepts and Liaison or Chief: Marketing and Client Services)**





# Duffett Rules

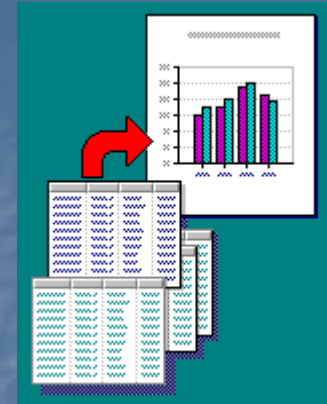
- The Duffett Rules provide the basic rules of confidentiality to be applied to company - establishment data;
- The rules are, in themselves, confidential;
- Sets out the counts of firms or percentage shares of data cells as the conditions under which data may be considered confidential;
- The ITD Confidentiality Manual is the basic ITD reference and gives practical advice on the application of confidentiality requirements to govern ITD activities.





# Confidentiality

## What is confidential?



## Extracted from the ITD Confidentiality Manual:

**GCR 1:** Entity: “Any information revealing an individual entity’s activities...cannot be disclosed to anyone not sworn in under the Statistics Act, except as described in Rule 3’

**GCR 3:**” Confidential information may be returned to the supplier (or its agent) provided it is returned in the same form as received by ITD...”



# Data Suppression

## Two Methods:

- Active: data are reviewed prior to release;
- Passive: data are released until ITD is notified that it is confidential (ITD verifies);
- ITD uses Passive Suppression (except for the Importer/Exporter Registries).

## Three types of suppression:

- Commodity suppression: data are re-coded to 99.01;
- Quantity suppression: quantities suppressed;
- Country suppression: data are re-coded to 'other' country.

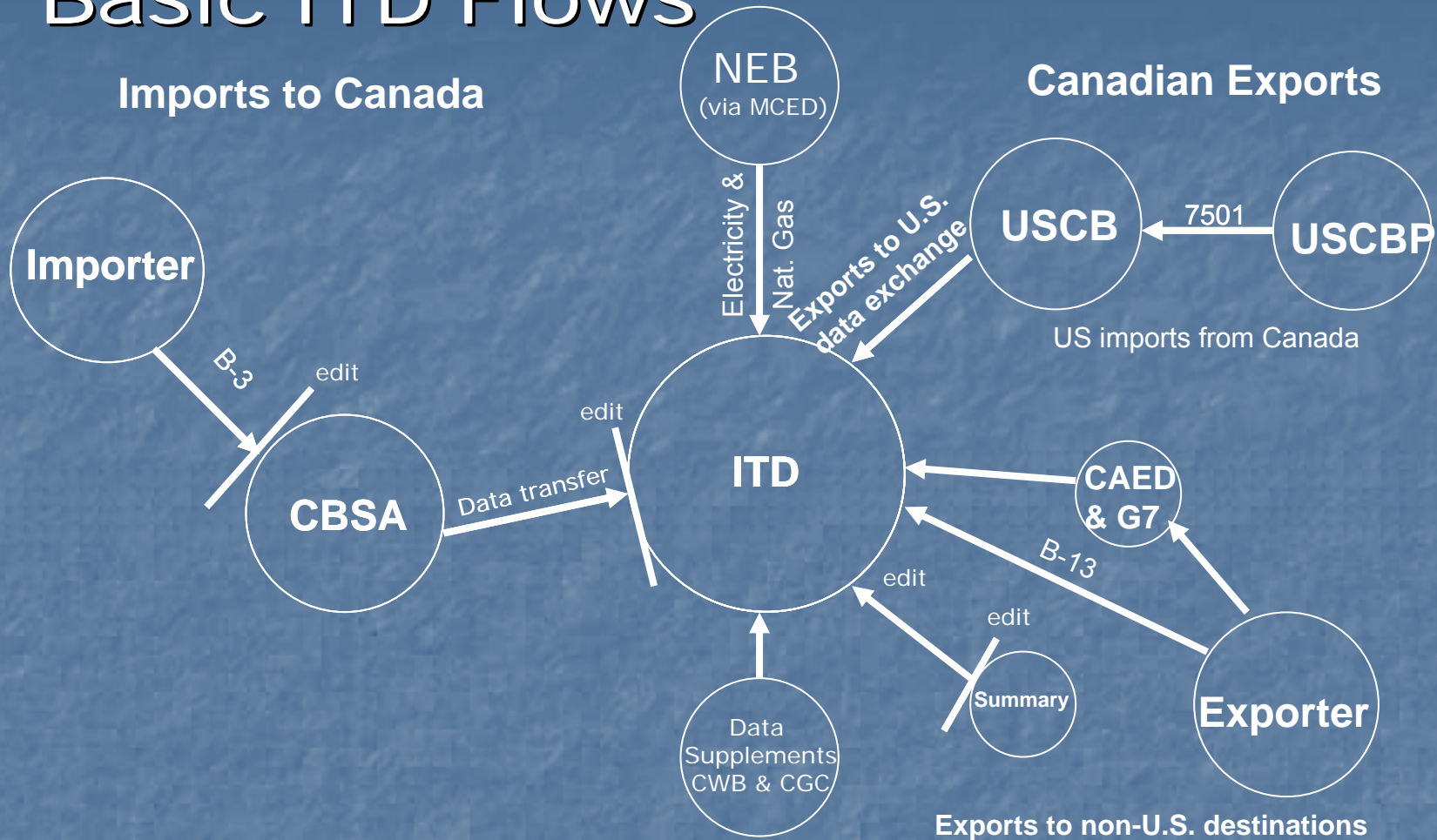


# Data Flows & Processing

- Exports
  - Data Exchange
  - Sources
  - Flows
  - Processing
- Imports
  - Flows
  - Processing
- ITD file structure



# Basic ITD Flows



CBSA – Canada Border Services Agency  
CAED – Canadian Automated Export Declaration  
ITD – International Trade Division  
USCB – U.S. Census Bureau  
USCBP – U.S. Customs Border Protection (U.S. Customs)

# EXPORTS to the U.S.\* Data Exchange

2



\* U.S. includes Puerto Rico and Virgin Islands

# 2007 - Exports Source by Value

Two Processing Streams

Exports – non-U.S.

**B-13A**

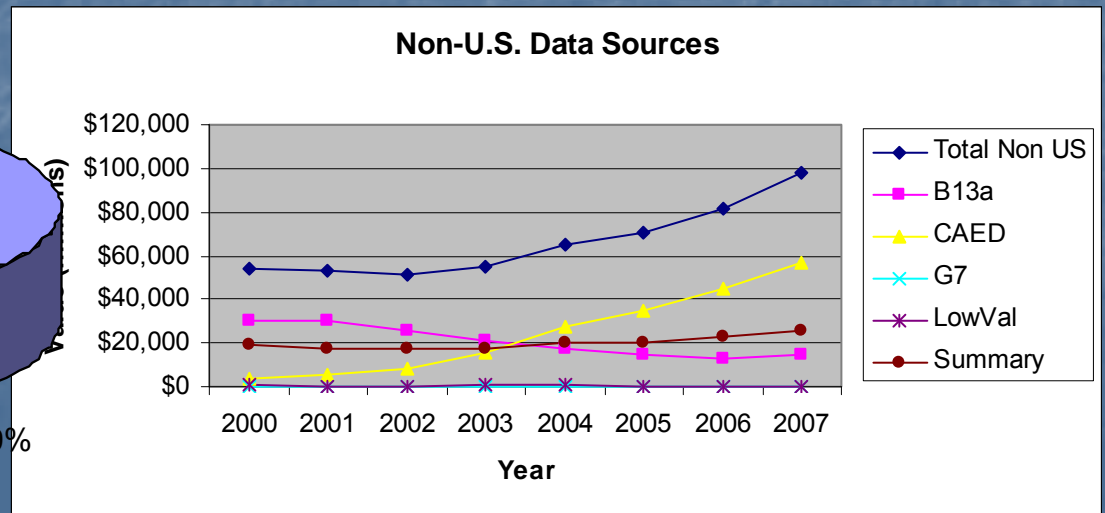
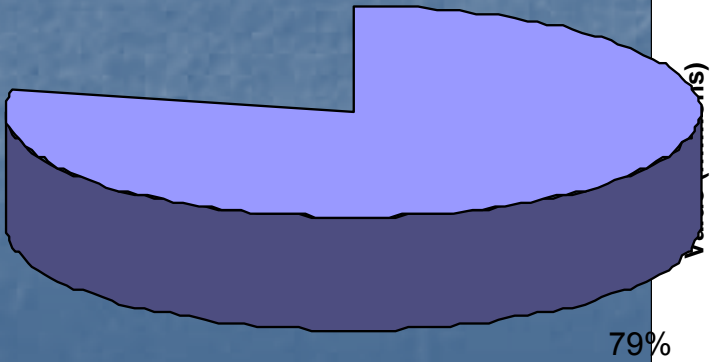
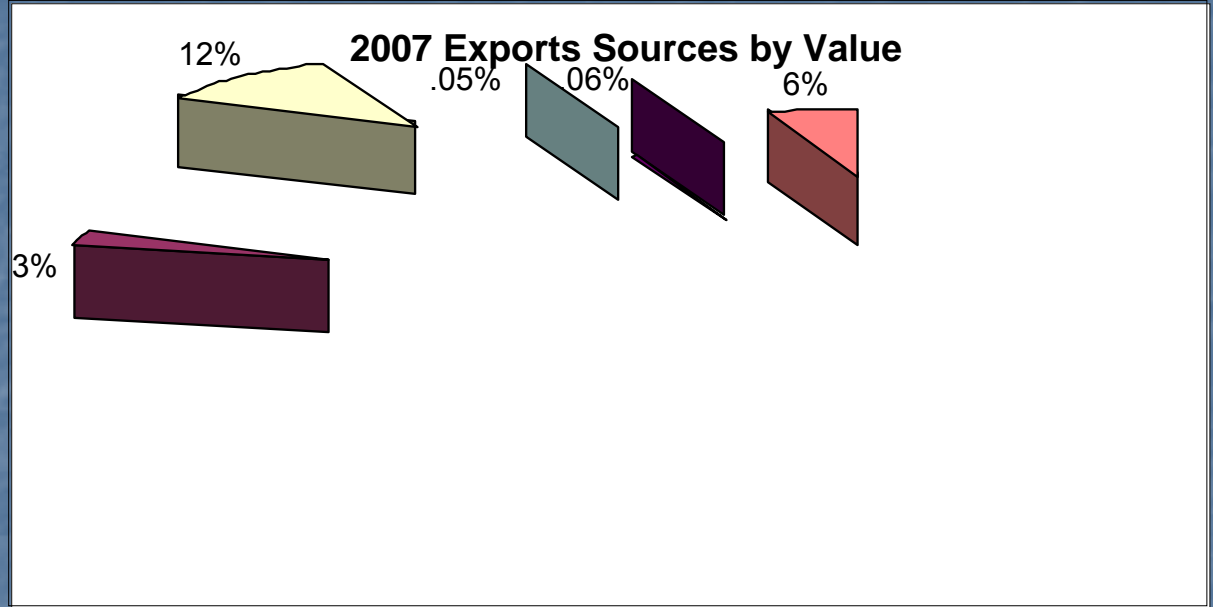
**CAED**

**G - 7**

**Low Value**

**Summary**

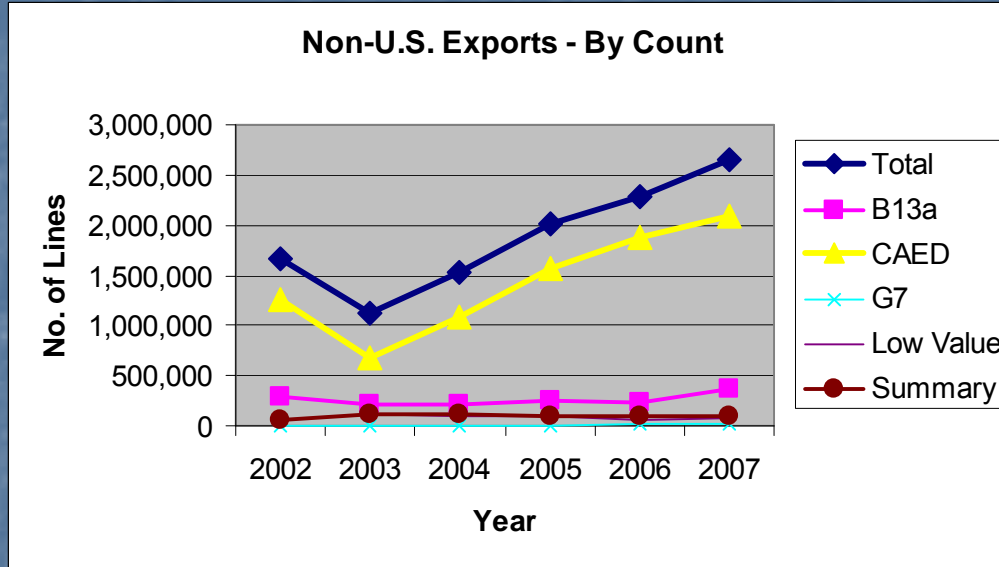
**Exports – U.S.**



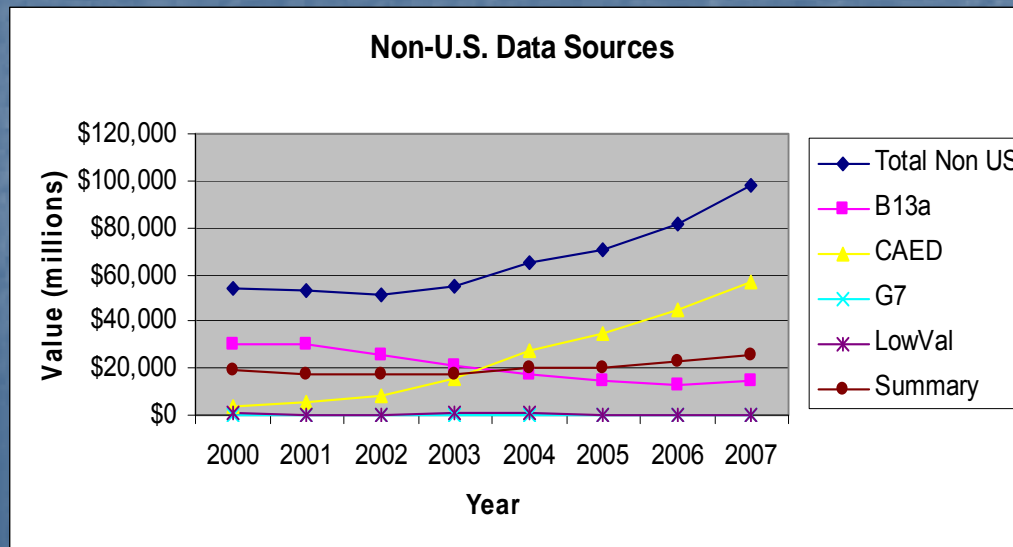


# Non-U.S. Exports – Count & Value

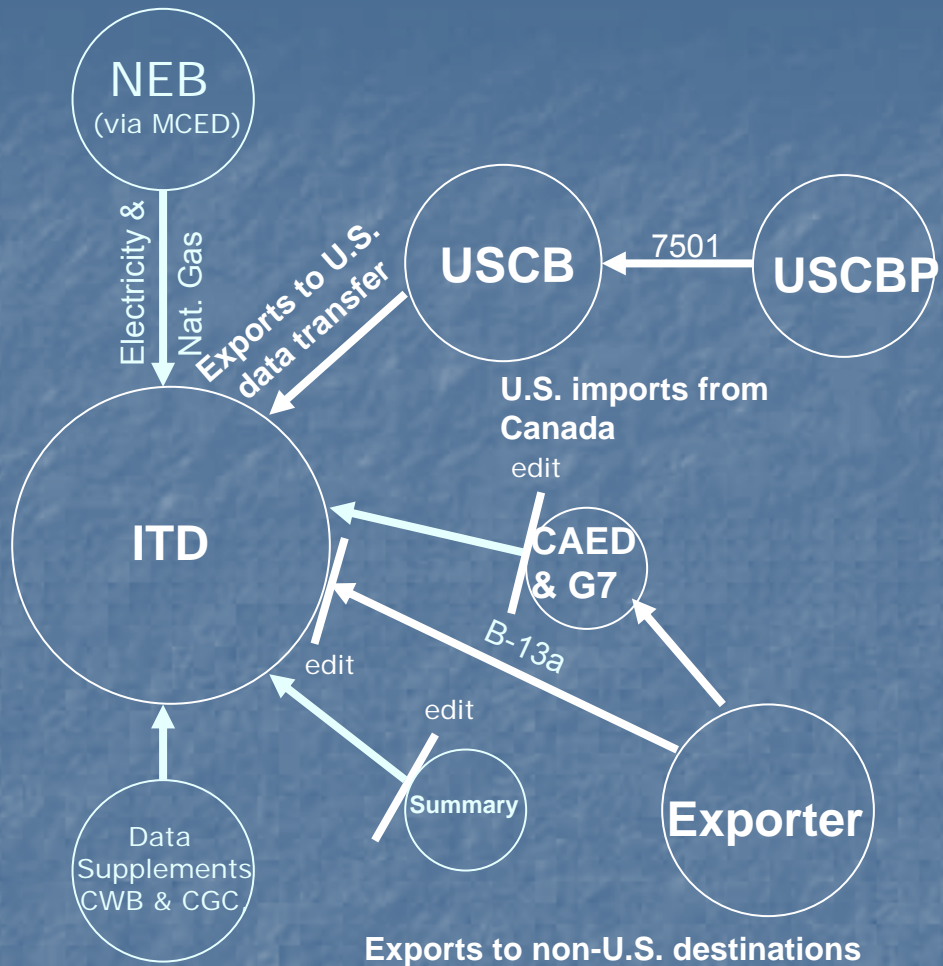
## Count



## Value



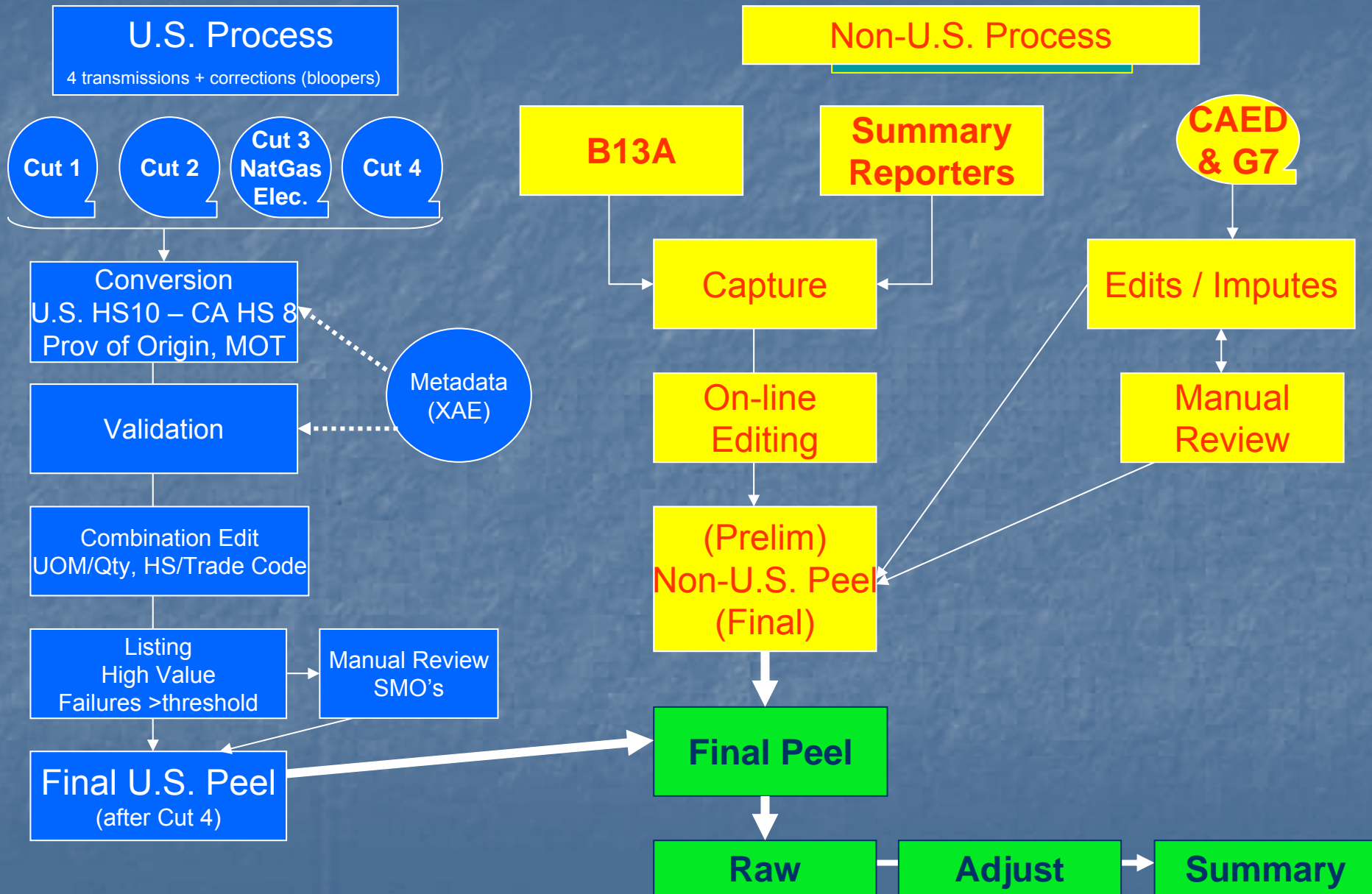
# Exports – All Flows



CWB – Canadian Wheat Board  
 CGC – Canadian Grain Commission  
 NEB – National Energy Board  
 MCED – Manufacturing, Energy & Construction Division  
 7501 – U.S. Import Declaration  
 B-13A – Canadian Export Declaration

CAED – Canadian Automated Export Declaration  
 ITD – International Trade Division  
 USCBA – U.S. Census Bureau  
 USCBP – U.S. Customs Border Protection (U.S. Customs)

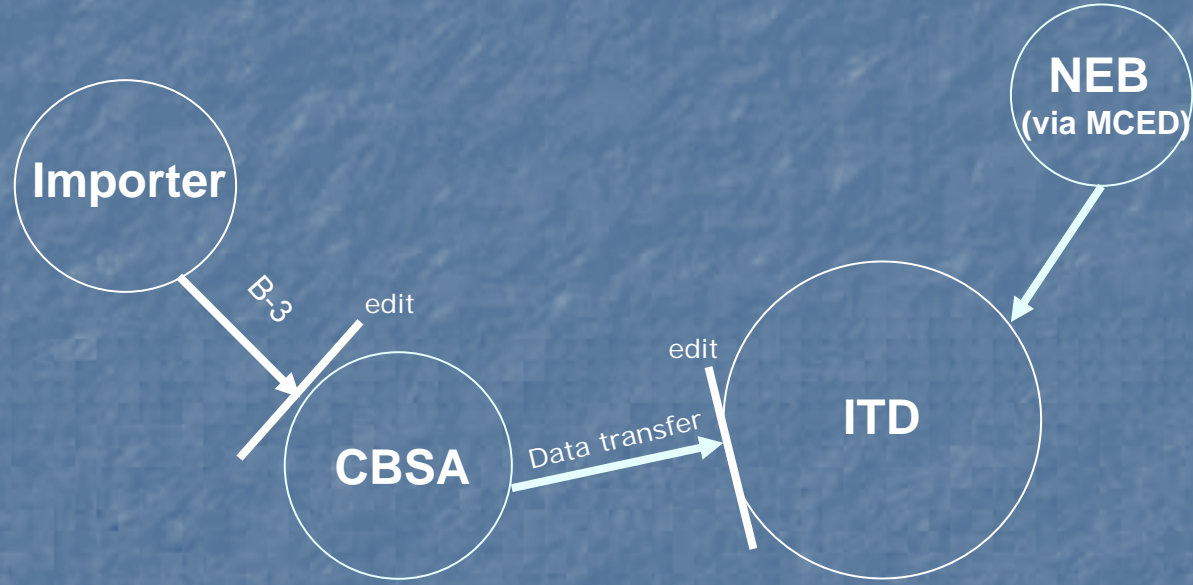
# Exports Process





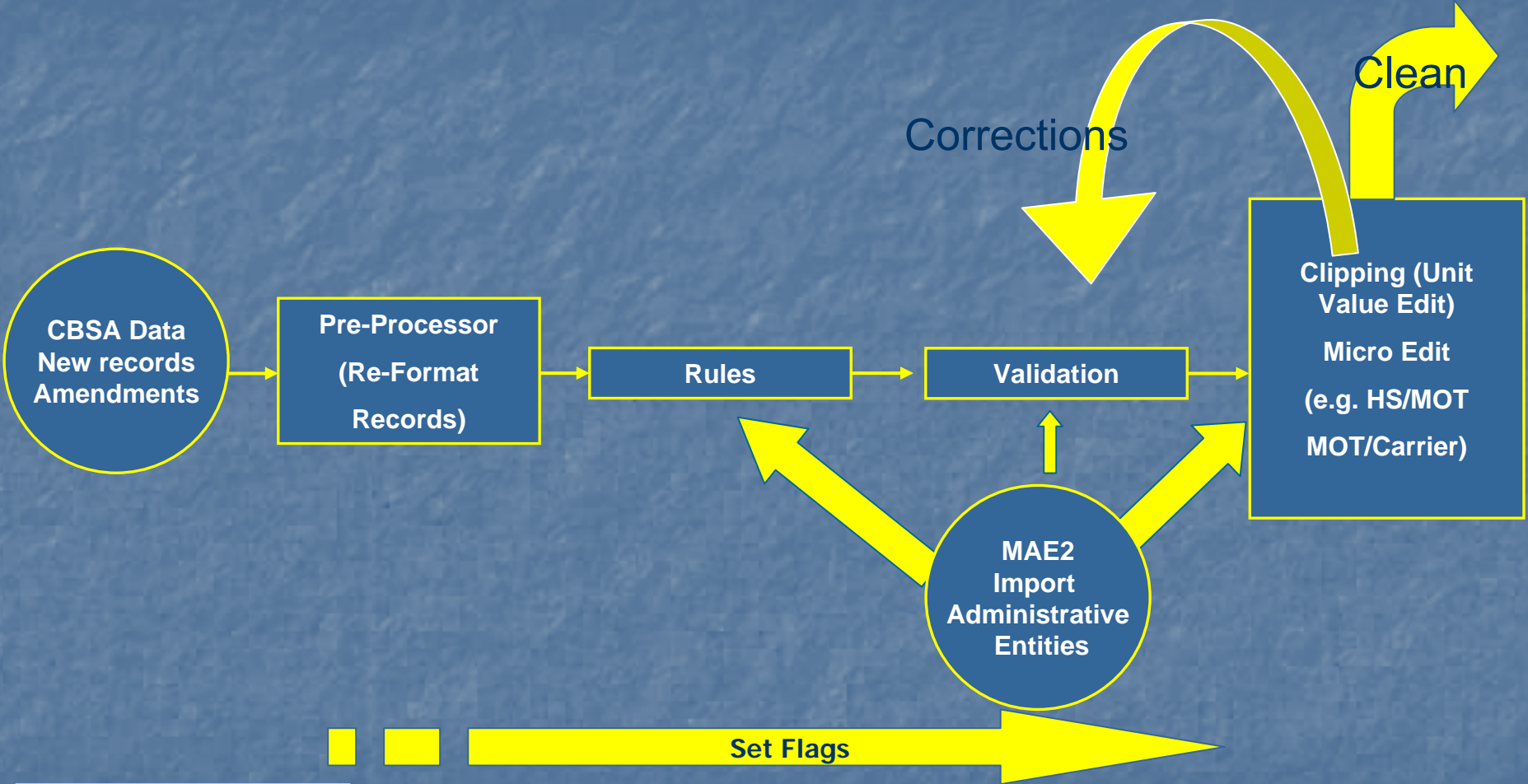
# Basic ITD Flows

## Imports to Canada



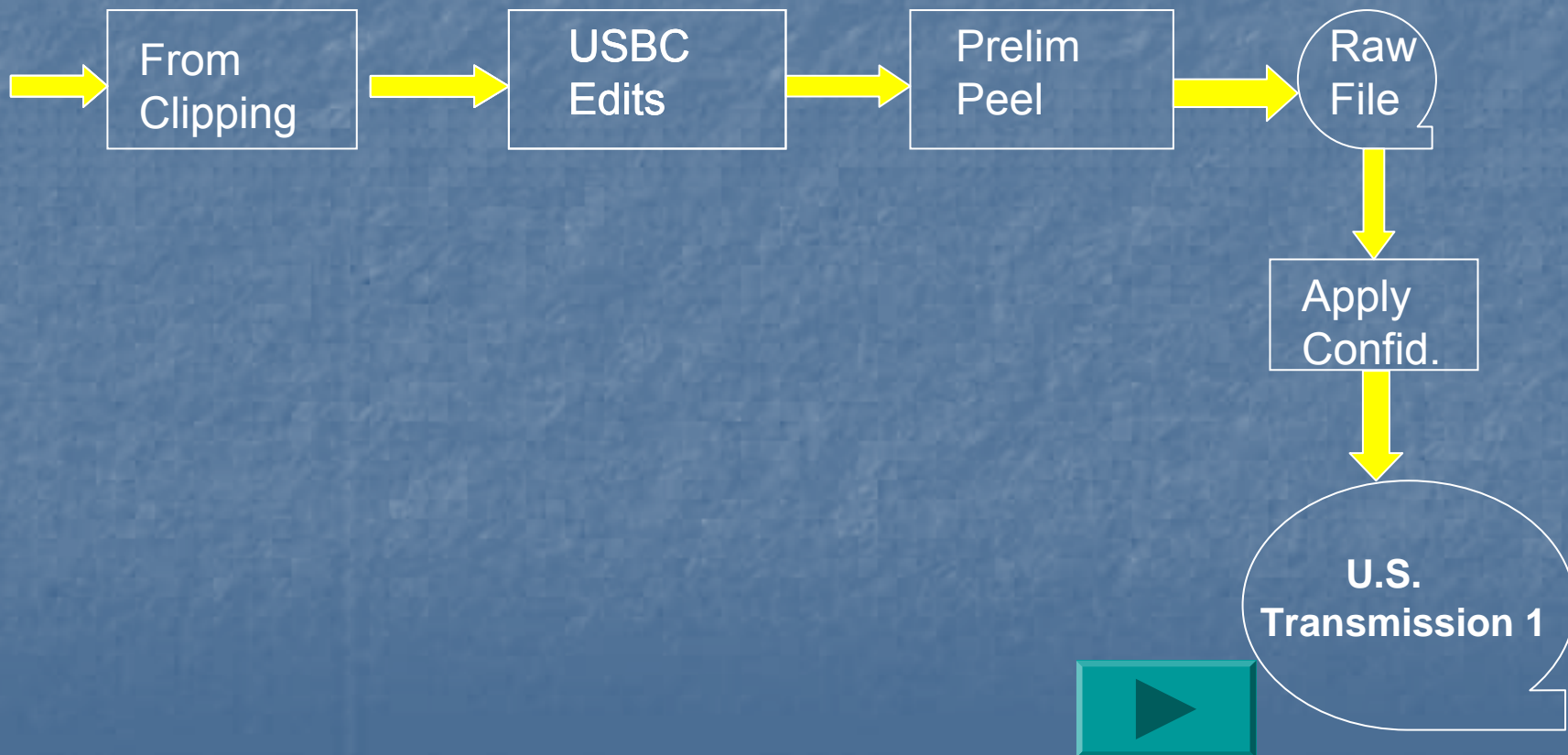
CBSA – Canada Border Services Agency  
CADEX – Canadian Automated Declaration Exchange  
NEB – National Energy Board  
ITD – International Trade Division  
MCED – Manufacturing, Construction and Energy Division

# Imports Processing Weekly Prelim.



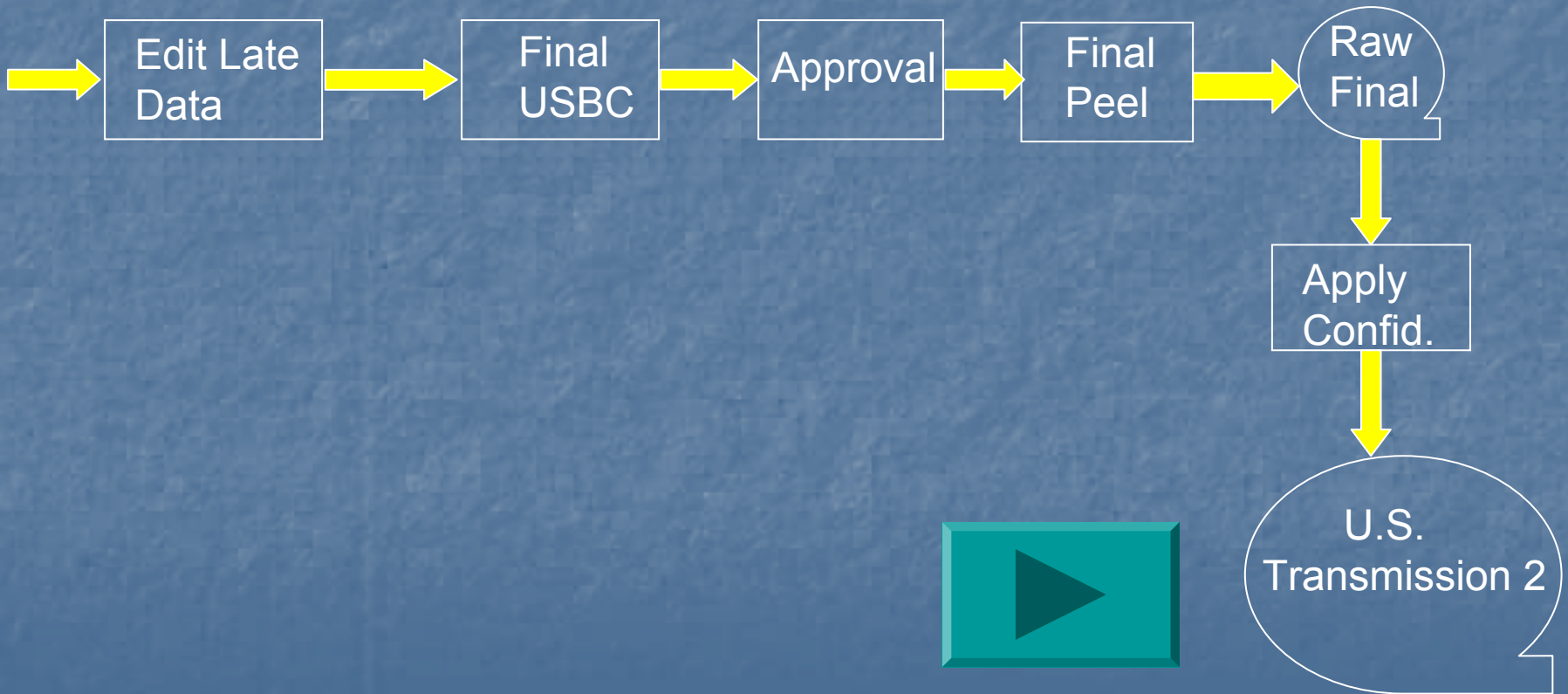
HS - Harmonized System  
MOT - Mode of Transportation  
PROV - Province  
QTY- Quantity  
UOM - Unit of Measure

# Imports Processing Monthly

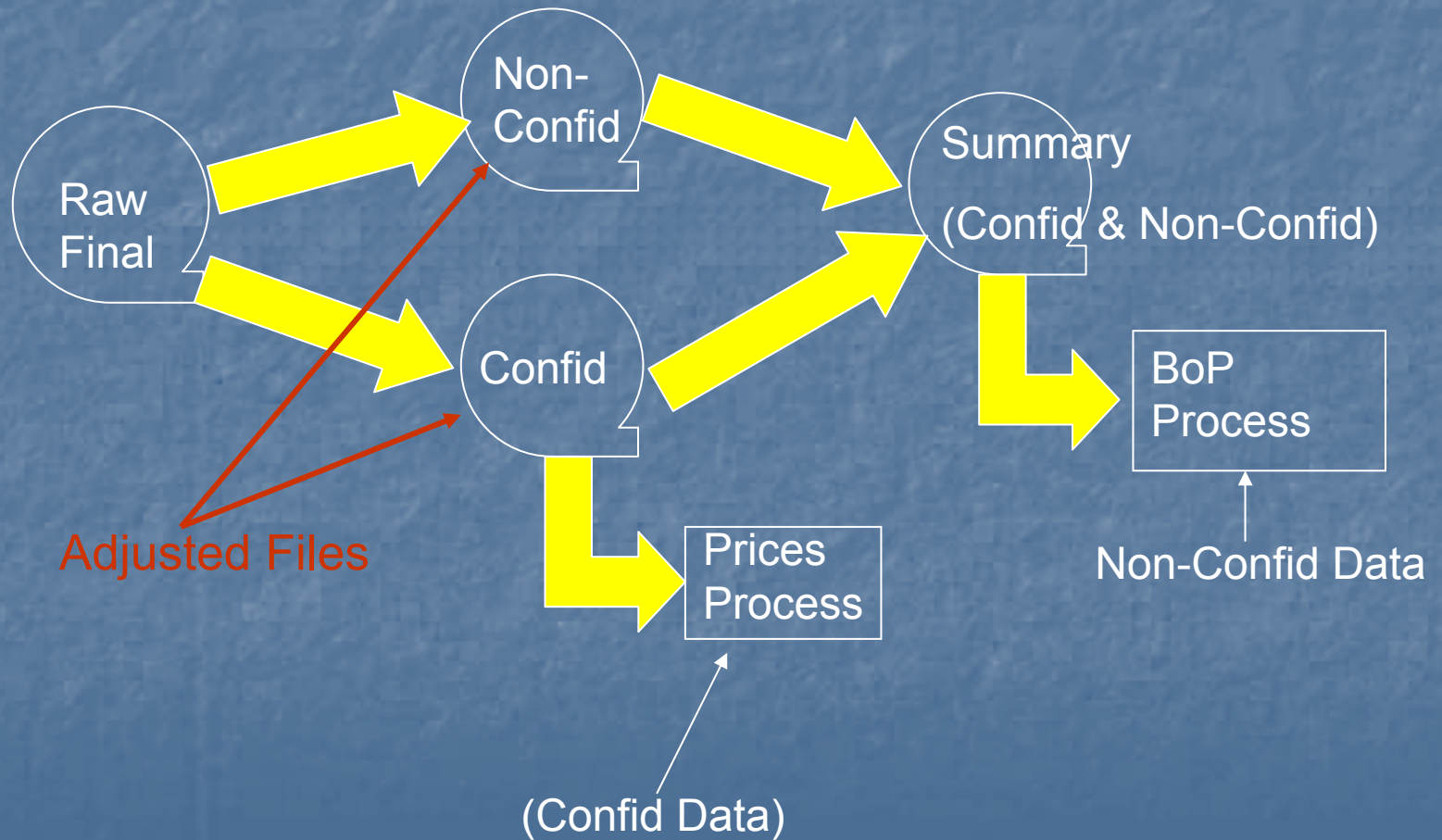




# Imports Processing Monthly



# Imports Processing Monthly (Files)



# ITD File Definitions

## Raw

- ❑ Trade and Non-Trade data
- ❑ Confidentiality not applied
- ❑ Edited detail records

## Adjusted

- ❑ Trade and Non-Trade data
- ❑ Confidentiality applied
- ❑ Adjusted records

## Summary

- ❑ Trade data only
- ❑ Confidentiality applied
- ❑ Summarized data

## ❑ Adjustments

- ❑ Recode mode of transport (pipeline and mail to other)
- ❑ Wheat adjustment for exports – provincial distribution of value

## ❑ Confidentiality

- ❑ Confidential classes and countries are recoded (i.e. Mongolia to China)

## ❑ Revisions (Customs Basis)

- ❑ Current year – revised monthly
- ❑ Previous year (Y-1) – revised Jan, Feb, Mar & quarterly
- ❑ Further revisions (Y-1, Y-2, Y-3, Y-4) – revised annually



# Dissemination

1) Monthly Release: Daily		5) Requests	
2) Other Events on Release Day		6) Cost Recovery	
3) Users		7) Client Relations	
4) Products and Services		8) Promotion	

BoP



# Release in Daily

7

Monthly (monthly, quarterly, annual data)

Major Release prepared by Monitor & Analysis

Reviewed by Policy Committee

Pre-release given to Finance, the Privy Council and ITCAN

Press lock-up

Dates established in advance with the U.S.



# Other Events on Release Day

**CANSIM**

**Canadian International Merchandise Trade Database (CIMT)**

**World Trade Atlas**

**Various internal data extraction tools**

**E-Pub 65-001 (*Canadian International Merchandise Trade*)**





# Who uses this information

## Information on imports and exports are used by:

- ❑ Statistics Canada

Inputs into the System of National Accounts (particularly the Balance of Payments and Gross Domestic Product); Input/Output; Agriculture Division; Manufacturing, Construction and Energy Division

- ❑ Federal and Provincial Governments

Finance, ITCAN ...

- ❑ Outside Clients

Importers, exporters, manufacturers, trade associations and shipping companies for market penetration studies; marketing opportunities; etc.

- ❑ Foreign Governments and Agencies

Embassies, UN, OECD



# Products and Services

- Electronic Products
- Custom Products
- Publications
- Under development

# Electronic Products

- World Trade Analyzer
  - International merchandise trade data between member countries of United Nations
  - From 1988 to 2005
  - SITC classification



# Licensed Data

- World Trade Atlas (GTI)
- WISER – World Institute for Strategic Economic Research

# Custom Products

## ■ Canadian

- over 40 years of data
- HS based 1988 to present
- variety of variables (including month, country, state, port, mode of transport, NAICS, quantity, value etc)

## ■ World

- Adjusted United Nations data from 1987 to present
- SITC (rev 2)

# Custom Products (continued)

## Exporter and Importer Registers

- Number of exporters/importers and value by industry (NAICS), size, country and province of residence
- Employment size for most current year
- 1996 – 2006 (Exports)
- 2002 – 2005 (Imports)



# Custom Products (continued)

- Country Trade Profile

- Brief profile of country's two way trade for consecutive 5 year period

- Country Statements

- Quantity and value for imports and exports at HS6 level for given country

# Publications -- Monthly

- 65-001
  - Release Day
  - Electronic

# Publications -- Occasional

- 65-208
  - International Merchandise Trade Annual Review
  - PDF & HTML
- 65-209
  - Canadian Export Classification
  - PDF
- 65-506
  - A Profile of Canadian Exporters
  - PDF
- 65-507
  - Canadian Trade Review
  - PDF & HTML



# Under development

- Canadian International Trade Statistics Concepts Manual (Public Version)

Manual highlights various concepts & definitions used in the compilation and dissemination of international merchandise trade statistics.



# Requests – how do people get this stuff?

a) Standing Order  
(Monthly, Quarterly, Semi-Annual, Annual)

Subscribe to regular tabulations as per their requirements

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b) Ad-hoc

For a particular study, trade disputes,  
9-11 research, academic/policy research



# Cost Recovery

- ❑ “Public good data” – free
- ❑ ‘Strategis’/ Trade Data On-Line (Industry Canada)
- ❑ Basic Requests: Canadian International Merchandise Trade database (CIMT) and Cansim (minimal fee)
- ❑ Customised Requests
  - ❑ Specifications are received from clients
  - ❑ Cost/Time estimates are provided by MCSS
    - ❑ Factors that help determine the cost of a request are complexity, level of detail, frequency, etc.





# Client Relations

Effective communication with clients is a continuous interactive process based on dedication, trust and hard work.

- Email: [trade@statcan.ca](mailto:trade@statcan.ca)
- Two databases
  - Act (the “secretary”)
  - CLIREQ (the “accountant”)
- Sales Team, Technical Support, Regional Office
- Shipping and invoicing



# Promotion

In recent years, we had limited promotional activities.

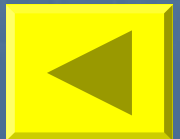
New approach:

We sell information to assist in business and economic decision making. We want to partner with our users to realize the best potential in the use of that information.

Getting the word out “push” versus “pull”.

- Promotional magazine ads
- Google Ads
- Trade shows
- Liaison (Natural Resource Canada (NRCAN), Agriculture and Agri-Food Canada (AAFC), etc.)
- People find us (The Daily or newspapers)
- Internet – links from many sites
- ITD Intranet site

Regional Office teams = extension of the home division’s client service team.



# Balance of Payments

Two data series:

- Customs Based
  - Derived from Customs administrative data
- Balance of Payments (BoP)
  - Derived from Customs based data
  - Closer conformity to System of National Accounts (SNA) concepts



# Customs Vs BoP Basis

- Customs Basis:
  - Change in material stocks
  - Based on physical movement
- BoP Basis:
  - Transactions between residents and non-residents
  - Involves 'Change of Ownership'

# BoP Principles

**Measures economic transactions between residents and non-residents;**

- **Transactions:** economic flow reflecting the creation, transformation, exchange, transfer or extinction of economic value;
  - (Not necessarily a payment);
- **Resident:** center of economic interest within an economic territory engaging in economic activities/transactions of a significant scale;
- Involves **change of ownership** of goods or assets, services or provision of labour or capital;

# Example

Non-monetary gold sold by a Canadian company to a foreign company (investor). The gold remains in Canada.

**Customs basis:** no trade

**BoP basis:** trade (change of ownership to a non-resident)



# Main Differences (Goods) – Customs Vs BoP

	Customs	BoP
Travellers' goods	Include (significant scale)	Exclude (service)
Returned goods	Include	Exclude (deduct imp & exp)
Migrants' effects	Include (significant scale)	Include all
Fish catch, seabed minerals (national vessel in foreign port or high seas)	Exclude	Include
Bunkers, stores, ballast, etc	Exclude	Include
Lost/destroyed goods (shipped but not received)	Imports – exclude Exports – include if ownership NOT changed; Exclude if changed	Include if ownership changed
Mobile equipment – sold abroad	Exclude	Include
Goods for repair	Exclude	Include (exc. Construction, computing, maintenance in ports/airports [service])
Smuggled goods	Exclude	Include
Project goods by non-resident	Include	Exclude (project = service)
Merchant goods (goods purchased by resident, re-sold but not entering Canada)	Exclude	Exclude (generally) Include-bought not re-sold (Import) Include-re-sold in diff. accounting period – Negative import

# Considerations

- Limitation: Customs data – no change of ownership info (when, where)
- BoP Proxies:
  - When: Time of border crossing used instead of time of financial recording (accrual basis proxy)
  - Where: Country of shipment used instead of country of origin (imports)

# BoP Adjustments

**Table 1**

**Summary of balance of payments adjustments**

	<b>Exports</b>	<b>Imports</b>
<b>Coverage</b>	Petroleum Natural gas Undercoverage (Non U.S.)	Crude petroleum Mail addition Undeclared tobacco addition Custom software deduction
<b>Timing</b>	Grains  Late documents, general	Late documents, automotive, parts
<b>Inland freight valuation</b>	Inland freight addition	Inland freight addition
<b>Other valuation and residency</b>	Freight and discount deductions (valuation) Petroleum (valuation)  Pre-packaged software U.S. addition (valuation) Non-monetary gold addition (residency)	Freight deduction (valuation)  Non-monetary gold addition (residency) Country of shipment (residency)



# Export Under Coverage

- A BoP adjustment is made for trade to Non-U.S. countries for which export customs documents have not been received.

2000	\$16.8b
2001	\$15.9b
2002	\$15.5b
2003	\$15.4b
2004	\$14.5b
2005	\$13.0b
2006	\$13.9b
2007	\$15.3b

# Reconciliation Table - Customs to BoP

## EXPORTS

(millions of dollars)

	2007						2006
	Dec	Nov	Oct	Sept	Aug	July	Annual
<b>Customs Basis</b>	32,575	35,885	37,207	35,642	37,710	35,037	440,272
BoP Adjustments	2,486	2,223	1,005	1,261	1,072	1,420	15,424
Valuation & Residency							
Inland freight	503	525	618	561	572	604	7,478
Other valuation & res.	-151	-322	-1,054	-908	-990	-795	-13,005
Timing	480	94	-18	-16	0	-33	2
Coverage	1,654	1,926	1,459	1,624	1,490	1,644	20,949
<b>BoP Basis</b>	35,061	38,108	38,212	36,903	38,782	36,457	455,696

# Summary – Customs Vs BoP

## Customs Basis

- ❑ Most frequently requested data
  - ❑ Provides full commodity & country detail
  - ❑ Covers the physical movement of goods as reflected on Customs documents
- 

## Balance of Payments Basis (BOP)

- ❑ Adjusted data (e.g. trade coverage, definition, valuation and timing)
- ❑ Country detail: U.S., Japan, EU, Other OECD, Other
- ❑ Commodity detail: 64 categories
- ❑ Conforms with National Accounts concepts and definitions
- ❑ Intended to cover all economic transactions between residents and non-residents which involve merchandise trade



# Contacts

- Data

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# The End

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