The Global Country Consultations on
International Recommendations for Distributive Trade Statistics
2008

A summary of country responses

New York
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Contents

I. Introduction

1. The Global country consultations on the draft *International Recommendations for Distributive Trade Statistics 2008 (IRDTS 2008)* were undertaken by the United Nations Statistics Division (UNSD) in response to the recommendations of the Statistical Commission at its thirty-seventh session held in March 2006. The Commission advised that the process of revision of the *International Recommendations on Statistics of Distributive Trades and Services, 1974* should be carried out in close consultation with national statistical offices in order to reflect fully the specific needs and circumstances of various groups of countries in general and the needs of countries with a substantial informal sector in particular.

2. The UNSD carried out two rounds of global country consultations on the draft IRDTS 2008 during the periods June-July 2007 and November-December 2007. The first round aimed at receiving comments on the overall structure and contents of the recommendations, as well as at obtaining support to the specific recommendations made in the individual chapters. All country comments received during the first round were incorporated in the provisional draft IRDTS 2008 which was reviewed and endorsed by the United Nations Expert Group on Distributive Trade Statistics (EG-DTS) at its second meeting held in New York on 16-19 July 2007.

3. During this meeting the EG-DTS advised that countries should be given another opportunity to provide their final comments on the draft IRDTS 2008 before submitting the document for official editing and adoption by the thirty-ninth session of the Statistical Commission in February 2008. The second round of global country consultations was undertaken simultaneously for the revised sets of *International Recommendations for Industrial Statistics (IRIS 2008)* and *International Recommendations for Distributive Trade Statistics (IRDTS 2008)* and for two reference documents, namely *Statistical Units* and *Integrated List of Data Items for Use in Basic Economic Statistics*, drafted by the UNSD. For the purpose of collecting comments, a template with the most important questions seeking views of the global statistical community was used.

4. More than 40 countries and three international organizations provided comments during the first round of the global consultations and about 30 countries and five international organizations during the second round. This report presents the main outcomes from both rounds of the global country consultations on the draft IRDTS 2008. It is organized as follows: Section II presents a summary of the general comments; Section III gives an overview of the country comments on specific issues and chapters; Section IV summarizes the comments on the two reference documents prepared by UNSD, namely *Statistical Units* and *Integrated List of Data Items for Use in Basic Economic Statistics*.

II.   Summary of the general comments

5.   There is a general positive appreciation of the UNSD work on the revision of existing recommendations for distributive trade statistics. Countries gave an overwhelming support for this initiative and welcomed the coordinated manner, transparency and involvement of all interested parties in the revision process.

6.   As a whole, the draft IRDTS 2008 is viewed as a very comprehensive set of recommendations, well presented and organized, covering all major aspects of collection, compilation and dissemination of short-term and structural statistics for this activity. Countries are confident that the new recommendations will play an important role for national statistical offices and will be a useful source of information for both producers and users of statistical information. The document is found also to be clear and concise, with concepts and definitions properly clarified, enhanced level of details and widen scope of chapters.

7.   Countries and international organizations strongly supported and unanimously indicated the harmonization and consistency between concepts and definitions of IRDTS 2008 with those of other relevant international statistical standards and handbooks, such as the 1993 System of National Accounts, Rev.1, product and activity classifications, legislative and methodological documents of Statistical Office of the European Communities (Eurostat), International Monetary Fund, International Labour Organization and the Organization for Economic Co-operation and Development as one of the most important strengths of the new recommendations. They welcomed the close alignment between the structure and content of IRDTS 2008 and IRIS 2008, being revised in parallel.

8.   Another highly appreciated strength of IRDTS 2008 is its flexibility. The recommendations are not intended to be prescriptive and allow countries to implement them in a way appropriate to their own circumstances, including identified user needs, resources, priorities and respondent burden.

9.   IRDTS 2008 is also generally welcomed for promoting the common integrated framework for compilation of basic economic statistics as proposed in chapter VI dealing with data sources and data compilation methods. Countries emphasised that the conceptual framework and compilation methods of distributive trade statistics should be seen as components of this framework, thus providing a solid foundation for the compilation of national accounts and facilitating cross-activities comparisons.

10.   Countries are looking forward to receiving the future publications *Distributive Trade Statistics: Compilers Manual* and *Indices of Distributive Trade: A handbook of Good Practices* which will provide more practical guidance on IRDTS 2008 implementation to compilers of distributive trade statistics.

III. Overview of the country comments on specific issues and chapters

11. *Outcomes from the consultation on the use of term "international recommendations"*. During the second round of global consultations countries were asked a specific question about their preference regarding the use of the term "international recommendations". The IRDTS 2008 uses the term in its broad sense, while IRIS 2008, to the contrary, uses it in a narrow sense. "International recommendations" in a narrow sense is understood as an agreed intermediate output framework of a coherent set of internationally agreed principles, concepts and definitions of data items to be collected and published for the measurement of economic activity. According to the **narrow interpretation** the term should refer only to chapters dealing with the scope, statistical units, characteristics of statistical units, and data items and their definitions. According to the **broad interpretation** the term should refer not only to the chapters on the scope, statistical units, characteristics of statistical units, and data items and their definitions, but also to the chapters on performance indicators, data sources and data compilation methods, data collection strategy, data quality and metadata and dissemination policies.

12. More than 77% of countries that responded to the second round of global consultations on IRDTS 2008 supported the view that the term "international recommendations" is to be used in its broad sense, i.e. in the context of all chapters - from concepts and definitions to metadata, data quality and dissemination.

13. The strong support given to the broad interpretation is driven by needs for improvement of the international comparability of statistics on distributive trade and for harmonization of country practices in their compilation. In this regard countries emphasized that the IRDTS 2008 should not be limited only to "concepts and definitions", but should cover a broad range of issues, including data sources and data collection methods, quality control and the ways data are produced and disseminated.

14. The answers of countries to this question revealed also that the meaning of words "recommendations" and "guidance" is overlapping, as they are often used interchangeably. Most of the countries supporting the narrow interpretation either did not provide arguments or were not firm in their choice. They did indicate preference to the narrow interpretation; however, they made a number of suggestions for modifying its scope. In particular, one country suggested that "The chapter titled Data Quality and Metadata could usefully be moved under narrow interpretation", while another pointed out that the broad interpretation should be considered an optional extension to the developing economies.

15. *Motivations to the revision of IRDTS 2008*. Revision of IRDTS is strongly welcomed and factors such as the new developments in the distributive trade sector and the implementation of the integrated approach to the compilation of basic economic statistics are considered to play an essential role in motivating this revision. It is also widely recognized that the growing complexity of the economic environment (globalization, free trade, etc.) coupled with the fact that the recommended measurement

approaches have changed significantly since the last update of IRDTS in 1974, convey the rationale of a new revision of IRDTS.

16.   *Purpose of the recommendation.* Countries expressed overwhelming support to the general applicability of IRDTS 2008, which are intended for all countries irrespective of the level of development of their statistical systems and for their non-prescriptive character. In that context they welcomed the statement that recommendations should be implemented by national statistical offices in a way appropriate to their own circumstances, including identified user needs, resources, priorities and respondent burden.

17.   *Scope of distributive trade statistics.* The general appreciation from the comments is that the majority of countries agreed that the scope of present recommendations should be defined in terms of ISIC, Rev.4 as comprising all resident units recognised as statistical units and classifiable in section G "Wholesale and retail trade; repair of motor vehicles and motorcycles", irrespective of their size, form of economic and legal organization and ownership. In particular, the harmonisation of IRDTS 2008 with the existing international statistical standards is acknowledged as one of its more important strengths. However, inevitably some differences with respect to the established national or regional classification systems will remain. For most of these classification systems, correspondence tables to ISIC, Rev.4 may be established in order to bridge the gap between them and make the necessary adjustments to the statistics produced to ensure comparability of data on distributive trade statistics. Countries recommended further elaboration of borderline cases, such as between wholesale trade and industry, retail trade and wholesale trade, etc., on the basis of particular examples to be made in the forthcoming *Distributive Trade Statistics: Compilers Manual*.

18.   *Statistical units.* The chapter on units is highly welcomed by countries in general as it provides a comprehensive view and useful guidance on statistical and reporting units that can be used in the compilation of distributive trade statistics. The addition of new sections on mapping the selected entities specific to distributive trade and informal sector units is found to be very important and useful since many developing countries have a large number of informal units particularly in the distributive trade sector. Countries strongly supported all specific recommendations relevant to the choice, classification and treatment of units in distributive trade sector, namely those on the use of establishment and enterprise as main statistical units in distributive trade statistics; partitioning of large enterprises engaged in many economic activities; local units; ancillary establishments and corporation; etc.

19.   While countries agreed with the definitions of standard statistical units in distributive trade, they raised the issue about the need of official international definitions of conventional distributive trade units, such as stores and shops, supermarkets, shopping centers, factory outlets, etc. and their correspondence to the described statistical and reporting units.

20.   *Characteristics of statistical units.* The general appreciation on the contents of the chapter on the characteristics of statistical units is that it is up-to-date, very useful and comprehensive. It covers a broad range of important issues for the stratification of statitical units in general, and of distributive trade units in particular. Countries supported particularly the recommended approach for classifying units by kind of activity and implementation of the top-down method in the case of retail trade and wholesale trade by taking into account the type of operation characteristic. A proposal has been made to broaden the scope of the demographic characteristics section with recent developments in business demography statistics and to discuss the difficulties inherent to their compilation and to their comparability and interpretability when they are establishment based.

21.   *Data items and their definitions*. The chapter is accepted very positively by the countries as it presents a comprehensive list of items of relevance to distributive trade statistics. More importantly, it provides the definitions for each of the data items, the adoption of which will facilitate future comparisons and ensure comparability of these statistics. Countries considered the harmonization of definitions with those from other statistical standards and the flexibility in the implementation as the most significant advantages of the list and welcomed the recommendation that compilers should use it as a reference in order to develop a list of data items in accordance with their own statistical circumstances, respondent load and available resources and having determined the data items, they should consistently use the definitions presented.

22.   One of the major differences between the IRDTS 2008 and the previous version of the recommendations is the level of details for some of the data items such as the turnover and purchases. They have been presented with additional sub-items in order to reflect more comprehensively the key revenue and expenditure components they are composed of and to take into account the relationships between different establishments of an enterprise. While the extension to new sub-items was welcomed as giving a broader treatment, countries expressed concerns that there is a risk of increasing the burden on businesses. The lack of internationally agreed definition of turnover and its components was also recognized.

23.   To respond to the growing importance of E-commerce in organization of distributive trade activity, E-commerce sales have been identified as a separate item in the list. This was supported by both developed and developing countries; nevertheless the E-commerce is only now taking shape in the latter. Concerns were raised from the recording point of view with respect to the impact of increasing E-commerce operations that cross the national borders. Countries warned that there is a risk of having downward biased trend of domestic private demand when E-commerce sales would be recorded to non-resident ditributive trade units.

24.   Countries welcomed the recommended valuation principles of data items. In particular they supported the consistency in valuation of IRDTS 2008 with 1993 System of National Accounts.

25.   *Performance indicators*. Countries considered the inclusion of a new chapter providing guidance on measurement of the overall performance of distributive trade sector and its units as very useful. The suggested limited set of performance indicators allows meaningful national and international comparability. The performance indicators that were found challenging for countries or that could be compiled at a high cost and increase the respondent burden were removed from the list.

26.   *Data sources and data compilation methods*. A new chapter has been added to assist countries identify different sources of data and compilation methods for distributive trade statistics. The general view on this chapter is that it is quite useful and comprehensive. It covers all key issues in the compilation of distributive trade statistics such as statistical and administrative data sources, use of business register as a frame for statistical surveys, statistical procedures that have to be performed on the collected distributive trade data to transform them into the intended statistical output, etc. Countries appreciated very much the presentation of advantages and disadvantages of each data source as well as the suggested data collection strategy based on the integrated approach to compilation of distributive trade statistics. A strong interest was expressed to the forthcoming Compilers manual which will provide more detailed guidance on the relevant good practices in this area.

27.   *Short-term distributive trade statistics*. Overall the relevance of the issues on short-term distributive trade statistics is highly acknowledged and the inclusion of this new chapter in the IRDTS 2008 is strongly supported. The coverage and the content of the chapter are seen to be adequate and comprehensive, encompassing all important aspects of short-term distributive trade statistics compilation such as benchmarking, seasonal adjustments of time series and compilation of distributive trade indices. Countries would welcome more developments in the seasonal adjustments with respect to the evolving character of the seasonal pattern in wholesale and retail trade sector.

28.   The general recommendations for the compilation of volume indices of distributive trade received an overwhelming support by countries. In particular, they accepted the chained Laspeyres index with weights being updated at least every five years as the preferred approach for the compilation of distributive trade volume indices. It is in line with the practices of majority of the countries and satisfies the price and volume measurement requirements in national accounts.

29.   *Data quality and metadata*. The coverage of the chapter on data quality and metadata is strongly supported and the usefulness of this topic is highly acknowledged. The chapter is found to be comprehensive and adequate, providing recommendations which are in line with the existing quality assessment frameworks. The recommended dimensions and quality indicators form a coherent and structured framework for quality assessment which will contribute towards a more systematic statistical measure and reporting of distributive trade data across countries. Countries and international organizations welcomed the recommendation for assigning a high priority to development and dissemination of metadata.

30.   *Dissemination*. There is a general support to the list of data items, level of details and timelines of distributive trade statistics recommended for international reporting as they comply with the dissemination programmes of other international organizations. However, it is recognized that it would be challenging for some countries to provide data items along with the proposed level of details (breakdowns) and deadline with respect to the reference period (month, quarter, and year). Some countries indicated that they would not be able to provide data for all the data items listed, others could provide information on them but in a less detailed level than the one proposed or without meeting the deadlines proposed. Countries strongly supported recommendations for protection of confidentiality, development of advance release calendar and a sound revision policy.

IV.   Summary of country comments on two reference documents prepared by UNSD

Statistical Units

31.   The reference document on statistical units is found to be very well drafted and comprehensive, providing standard definitions of statistical units and sound and sensible guidance in identifying them. As such the document will not only help in the implementation of the international recommendation for industrial and distributive trade statistics, where it has been extensively used, but it will serve as useful reference compendium and will facilitate the development of data collection strategies for units in any other economic activity.

Integrated List of Data Items for Use in Basic Economic Statistics

32.   The document is highly welcomed and it is seen as a good contribution towards the development of a common integrated framework for the compilation of basic economic statistics which will enable the harmonization of approaches, concepts and instruments, and enhance international comparability of these statistics. It is found to be useful for achieving consistency across countries and as a guide for countries in building up their economic statistics programmes. The document is also viewed as comprehensive by providing standard data items which will enhance the harmonisation of IRDTS 2008 and IRIS 2008. Countries considered it a useful reference for the development of any industry-specific lists of data items. Flexibility is clearly given to national statistical offices to adapt the list to their particular circumstances, resources and users needs.