1. At its fourth session the Statistical Commission took note of the need for obtaining greater accuracy in the figures of merchandise transactions used in estimates of balance of payments and recommended that the Secretary-General request information from Governments about their method of valuation of commodities in international trade with a view to modifying the International Convention Relating to Economic Statistics (1923). A plan for such an inquiry, dealing also with coverage, is outlined in document E/CN.3/109, prepared by the United Nations Secretariat for consideration at the fifth session of the Commission. In closing, this memorandum suggests that the Commission recommend that the Secretary-General should "study the practices employed in recording transactions in international trade, both by means of direct investigation and by means of questionnaires addressed to Governments with a view to reporting to the Commission at its next session on the desirability of modification and expansion of the provisions of the International Convention relating to Economic Statistics, in so far as they relate to international trade."

2. The Commission is no doubt aware that a large number of the questions raised in the memorandum have been intensively studied by the International Monetary Fund in connexion with its work on balances of payments. The results of the Fund's considerations regarding these matters have been laid down first in its Balance of Payments Manual. This Manual was prepared by a working group

\[1/\text{Reference should be made in this connexion to paragraph 35 of the Commission's report, in which the Commission recognizes that co-ordination involves consultation with the specialized agencies on all matters appropriate to them which are referred to the Secretary-General in this report.}\]
in which Messrs. Hilgerdt and Derksen of the United Nations Secretariat (as well as balance-of-payments experts from many countries) played an active role. It has special tables on merchandise transactions dealing, among other things, with valuation and coverage adjustments. Detailed instructions are given with the tables (see pages 19 through 30 and Appendix A of the Manual). The purpose of these tables and instructions is to adapt the merchandise data to balance-of-payments concepts -- the same purpose that the Statistical Commission has in mind. There have been two rounds of annual reports on the basis of the Fund's Manual from both member and non-member countries, and a third round of reports has just been requested. These reports have been systematically reviewed by the Fund's staff and extensive correspondence has been carried on with the reporting countries concerning the data they have submitted. A large part of the material processed in this way is published in the Fund's Balance of Payments Yearbook. The first volume of the Yearbook covered fifty-one countries; the second, which is now going to press, covers fifty-eight. In the notes to the merchandise items a tabular reconciliation is given wherever possible between the regular trade statistics and the statistics adjusted for coverage and valuation in accordance with the Balance of Payments Manual.

3. If the proposed enquiry is to be undertaken, it is essential that it be linked to the work done so far. It is suggested, therefore, that appropriate members of the Fund's staff should participate fully in the development of questionnaires, the direction of the investigations, and the preparation of recommendations.

4. If the possible dangers of inconsistency or duplication with respect to the Fund's already established work can be avoided, the Fund will wholeheartedly support the project. There is great need for reform of valuation and coverage procedures along balance-of-payments lines. To carry a systematic investigation through to completion in a reasonable period of time (say, within one year), and to prepare for some sixty or seventy countries adequate statements of existing valuation and coverage practices as distinct from formal legal provisions, will make heavy demands on manpower. The Fund welcomes the willingness of the United Nations Secretariat to devote the necessary manpower to this job. Within the limits of its own staff, the Fund is prepared to co-operate actively.