

UNITED NATIONS  
ECONOMIC  
AND  
SOCIAL COUNCIL



Distr.  
GENERAL  
E/CN.3/173  
14 January 1954  
ORIGINAL: ENGLISH

STATISTICAL COMMISSION  
Eighth session  
Item 4 of the provisional agenda

EXTERNAL TRADE STATISTICS  
(Memorandum prepared by the Secretary-General)

1. At its seventh session the Statistical Commission discussed the subject of external trade statistics on the basis of a report made, in consultation with the Secretary-General, by the expert group on definitions for external trade statistics. The Commission passed the following resolution:

"The Statistical Commission

Taking note of the report made by the expert group on definitions for external trade statistics in consultation with the Secretary-General

Requests the Secretary-General:

To draw the attention of Member States to the conclusions reached by the expert group and to the decisions of the Statistical Commission thereon,

To consult with Member States as to their ability progressively to adapt their external trade statistics to the methods and concepts approved by the Commission, whether by means of periodic compilations supplementary to their existing compilations or otherwise,

Recommends that the Economic and Social Council adopt the following resolution:<sup>1/</sup>

The Economic and Social Council

Taking note of the work done by the Statistical Commission at its fifth, sixth and seventh sessions, and of the comments received from

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<sup>1/</sup> This resolution has been adopted by the Economic and Social Council and has become resolution 469 B (XV) of the Economic and Social Council.

governments and specialized agencies, on the subject of definitions and methods for external trade statistics;

Taking note that the use of the principle of the 'transaction value' as defined in the report of the seventh session of the Statistical Commission, would substantially improve the accuracy, usefulness and comparability of external trade statistics for international purposes;

Recommends that the Governments of Member States wherever possible, follow this principle

(a) By using 'transaction values' in the compilation of their national statistics of external trade or,

(b) Where national practices are based on f.o.b. valuations of imports or other valuations, by endeavouring to provide supplementary statistical data based on this principle."

2. The Secretary-General has circulated the Commission's conclusions together with the recommendations of the expert group to all Member States and, in conformity with the Commission's request that the Secretariat should consult with Member States, the recommendations of the Commission and the views of the expert group were also submitted to the Third Regional Meeting of European Statisticians which took place in Geneva in June 1953. The report of that meeting (Doc. E/CN.3/Conf.3/1) is available for the Commission's consideration.

3. The present paper is a summary of the main conclusions which result from the consultations between Member States and the Secretary-General on the ability of Member States progressively to adapt their external trade statistics to the methods and concepts approved by the Commission. The paper thus incorporates the main conclusions of the European Statisticians; the principal official comments of governments which had been received by 6 January 1954 and the principal results of informal correspondence and discussion. The order in which topics are treated below is essentially that in which they are discussed in the report of the seventh session of the Commission, viz: (1) Coverage, general considerations; (2) the Outward Flow of Merchandise; (3) the Inward Flow of Merchandise; (4) Valuation; (5) Analysis of Trade by Countries. A summary has been made at the end of the paper of matters on which the Commission may wish to take further action.

4. Coverage, general considerations. There appears to be agreement that the movements to be recorded should be those between the territory of the country compiling the statistics and other territories, and that the broad criterion to be used is that all goods should be regarded as merchandise, for inclusion in the trade statistics, if the movement of the goods into or out of the country adds to, or subtracts from, the resources of the country. The European Statisticians endorsed this view and a number of governments have indicated that they intend to initiate measures to give effect to this principle.

5. The Commission requested the Secretary-General to consult with countries about the statistical treatment of: (1) deliveries of bunkers and stores to foreign ships and aircraft; (2) landings of fish and salvage from foreign fishing or salvaging vessels; (3) international transactions in ships and aircraft. In paragraph 16 of its report the expert group recommended that these categories be excluded from the main body of merchandise trade statistics but, where important, be made the subject of separate tabulations. Several countries with large trade in these categories have questioned the wisdom of omitting them from merchandise trade statistics, pointing out that where these categories are important they will, for many economic purposes, have to be included in the aggregates. If the resulting aggregates require to be analysed by countries of origin or destination, the inconvenience of having to work from separate tabulations of the components might be severe.

6. It has further been pointed out that, particularly because coal and oil are so often stored in customs warehouses before being loaded into bunkers, the supply of goods to foreign ships or aircraft may be part of any one of the following categories of outward moving goods:

- re-exports from customs storage warehouse
- exports of domestic produce
- exports of nationalized goods

In addition national vessels may be supplied from customs storage thus giving rise to an entry ex-warehouse for domestic consumption. There are marked advantages in having each of these different movements, where important, included in its proper category of the merchandise trade statistics.

7. In suggesting special statistical treatment for imports of fish landed from foreign fishing vessels, the expert group had in mind the difficulty of obtaining the corresponding export figures. Countries with large fishing fleets have, however, indicated that statistics of landings abroad from their vessels are readily available, though not in the custom records.

8. The expert group pointed out that international transfers of ownership of ships (including inland waterways vessels) and aircraft which take place outside of the country of the seller or buyer escape customs control. As a result of consultation with Member States, it appears that national registers of ships and aircraft are usually a reliable source of "import" and "export" data and would permit the inclusion of these categories in merchandise trade statistics. The classification by origin or destination of second-hand ships imported or exported is discussed in paragraph 21 below.

9. The question raised by the expert group about the treatment of goods consigned by a government to its official agencies abroad (e.g., armed forces, diplomatic representatives) has aroused considerable interest (experts' report paragraph 10). The larger part of the supplies of an agency of a country A in another country B is made up of:

- (i) supplies despatched from A by the government of A, and
- (ii) supplies originating in B.

It appears to be agreed that neither category (i) nor category (ii) could, even if it were desirable to do so, be included either as an import or an export in the statistics of either A or B. Since, therefore, its more important part cannot be covered, there is no point in trying to cover statistically the operation of supplying A's official agencies in B. The European Statisticians, however, have recommended the inclusion in the import statistics of B of shipments by third country, C, to the agencies of A in B. This is not only because of the importance of the figures per se in present circumstances, but also in order that the export figure in C's statistics shall be balanced by an appropriate import figure in the statistics of another country. It has similarly been pointed out that the statistical treatment of shipments by private firms or persons in A to official agencies of A in B should be the subject of recommendations so that such shipments shall not appear as exports of A without there being a balancing import into B or vice versa.

10. The suggestion has been made that the Commission might wish to assist in reducing statistical inconsistencies of the kinds just discussed by recommending that governments having official agencies in foreign countries co-operate with the statistical authorities in those countries in agreeing and carrying out consistent procedures.

11. The outward flow of merchandise. It will be remembered that the expert group distinguished the following categories of merchandise in the heading "merchandise moving outward":

- (a) Withdrawn from customs storage warehouse: For re-export.
- (b) Withdrawn from customs manufacturing warehouse: For export.
- (c) Exports of national goods:
  - (1) Domestic produce;
  - (2) Foreign goods re-exported after admission specifically for transformation other than in customs manufacturing warehouse.
- (d) Exports of nationalized goods: Foreign goods imported "for consumption" and re-exported without transformation.

The Commission was of the view that international comparability would be greatly improved if all countries would find it possible to compile figures for the aggregate outward flow of merchandise with details at the level of the 150 groups of the Standard International Trade Classification (SITC) analysed by countries. There appears to be general agreement that this is possible. Some countries on the special trade system will need to change from the national summary classification currently used as a basis of the commodity analysis of re-exports from customs storage or manufacturing warehouse to a classification based on the SITC but, whenever these re-exports are important, governments have expressed willingness to do this.

12. The Commission further considered that it was important that re-exports (items (a) and (d) of the list above) be distinguished in the same detail as the other aggregates. Collectively at the meeting of European Statisticians and individually governments have pointed out the difficulties which would be encountered in some countries in separating re-exports of nationalized goods from exports. On the other hand, it has been remarked that there is a real conceptual

difference between the export of goods which are produced or transformed in a country and the re-export (without transformation) of imported goods. The re-export trade of a country T depends largely on the extent to which merchants all over the world send their goods to T for storage pending their resale abroad. Such transitory phenomena as lack of empty ships or congestion at the ports of T or water-levels unfavourable to navigation in T's canals can suddenly reduce the magnitude of T's re-exports by causing merchants temporarily to seek storage elsewhere for goods normally stored in T; the other way about, similar temporary disturbances outside T could suddenly increase the magnitude of T's re-exports. Since exports, on the contrary, consist of those outward moving goods which have received a significant main d'oeuvre in the country, their fluctuations are likely to have a deeper meaning than the fluctuations of re-exports. Those who hold this view consider it worth taking a good deal of trouble to separate re-exports and exports as cleanly as possible. Certain countries currently using the special trade system have already offered to undertake experiments in the segregation of nationalized re-exports from exports; the Commission may wish to ask the Secretary-General to further these efforts.

13. The inward flow of merchandise. The expert group distinguished the following categories in merchandise moving inward:

- (a) Entered directly:
  - (1) For consumption;
  - (2) For transformation.
- (b) Entered into customs storage warehouse.
- (c) Entered into customs manufacturing warehouse.

The Commission considered that international comparability would be much improved if all countries would find it possible to compile figures for the aggregate inward flow, or its constituent parts, with details at the level of the 150 groups of the SITC analysed by countries. Many countries which do not now include goods entered into customs storage warehouse in their figures for inward moving goods have either individually or at the meeting of European Statisticians agreed to do so. By a few countries the trade involved was considered too small to justify the effort to arrange for its inclusion.

14. Consultations both at the meeting of European Statisticians and in the correspondence of the Statistical Office with national statistical offices have revealed a wide measure of agreement on the need for the publication by countries of conversion factors for units expressed otherwise than in weight. Countries whose direct transit trade is appreciable expressed themselves as willing to record it as the Commission suggested.

15. Valuation. The European Statisticians agreed unanimously that the Commission's recommendations on valuation and the definition of value should be adopted. A paper entitled "External Trade: Transaction Value" before the Commission (E/CN.3/172), presents a summary of the views of Member Governments on the Commission's recommendation and includes remarks on the relation between the transaction value and the definition of value contained in the Brussels Convention of 1950.

16. Analysis of trade by countries. The expert group recommended that imports be analysed by country of "consignment", i.e., the country from which the goods were first shipped (by any form of transport) to the reporting country without any commercial transaction intervening between that country and the country of import. The group recommended similarly that exports be analysed by the last country, also called the country of "consignment", to which the goods were shipped (by any form of transport) by the exporting country without, as far as was known, any commercial transaction intervening.

17. The European Statisticians felt that for exports, in spite of the differences in the working of national definitions, the practice of most European countries was in accordance with the definition recommended by the expert group. But many countries report difficulty in analysing their imports by country of consignment because they currently analyse imports either by country of production or by country of purchase.

18. The expert group explained the difficulty of applying in practice the definition of country of purchase or sale, whether the country was defined as "containing the place of business of the foreign seller or buyer" or as his "country of residence". It has therefore been suggested that countries which try to determine country of purchase or sale may, in practice, for many shipments,

have to be content with recording country of consignment. If this is true, it may be that, despite the theoretical difference between them, statistics by country of purchase and sale differ in practice rather little from statistics by country of consignment except, perhaps, in some well-defined and readily identifiable cases such as purchases by the government of A of supplies in B for delivery, under an economic aid programme, to C. In agreeing that for practical purposes export statistics by country of sale are an adequate approximation to export statistics by country of consignment, the European Statisticians have supported the view just expressed. Country of purchase appears to bear, for imports, a relation to country of consignment so similar to the relation, for exports, between country of sale and country of consignment that the approximation endorsed on the export side by the European Statisticians would seem to be valid on the import side also. Because of these considerations the Commission may feel that it is worth investigating whether analysis of imports by country of purchase, perhaps adjusted for important known differences, is in practice an adequate approximation to analysis by country of consignment. An annex to this paper discusses the question of deriving, from an analysis of imports by countries of consignment, approximate analysis of imports by country of production or purchase.

19. If it turns out that in practice analysis of imports by country of purchase differs little from analysis by country of consignment, it follows that an analysis by country of consignment comes about as close as it is practically possible to get to that analysis by countries of purchase which is so important for balance of payments purposes. Governments now using country of production may, therefore, wish to explore the advantages for balance of payments and related purposes of analysis by country of consignment.

20. A contradiction is inherent in the practice in special trade countries of analysing imports by country of production. If a country, A, which analyses its imports by country of production, imports from a special trade country, B, goods which were "nationalized" in B, country A will record them as imports from some third country in which they were produced. Now if A is a special trade country, A is being inconsistent. For when B ships nationalized goods, A is unwilling to consider them an export of B, yet, when A ships nationalized goods, A calls its own shipment an export.



21. The wording of the definition of country consignment has given some difficulty and the matter was discussed by the European Statisticians. There has been objection to the word "consignment" because it usually refers to a transport operation which is not its sense in the definition. It has further been suggested that the phrase "without any commercial transaction intervening" should be deleted from the definition, first because a telegraphic change of orders to a ship resulting from a new commercial transaction may, in fact, intervene without changing the country of consignment, and, secondly, because the words "commercial transaction" require definition. It should, for instance, be made clear that a purely transport operation is not a "commercial transaction" in the sense here meant.

22. National registers are one of the sources of import and export data for ships and aircraft (see paragraph 8 above). Analysis by country of second-hand vessels bought and sold is, in the registers, usually by country of former registry for purchases and by country of new registry for sales. In case the country of former or of new registry is one of those in which shipowners not resident in that country frequently register their vessels, country of purchase or sale is sometimes substituted. The Commission may feel that these data are sufficiently consistent with the concept of country of consignment to make the register an adequate basis for including ships and aircraft in trade-by-country statistics.

23. Conclusion. The foregoing summary has been prepared so that by its means, as well as by means of the paper entitled "External Trade: Transaction Value" (E/CN.3/172) the Commission may be informed about the status of the recommendations of its seventh session and may decide what further steps need to be taken. This paper has drawn attention to the following matters on which the Commission may wish to act:

- (a) the view that the following categories should be included in merchandise trade statistics: bunkers and stores supplied to foreign vessels; fish landed from foreign fishing vessels; fish landed abroad from domestic fishing vessels; ships and aircraft bought and sold (paragraphs 6-8)

(b) the suggestion that the Commission recommend that governments of Member States having official agencies in foreign countries co-operate with the statistical authorities in those countries in matters concerning external trade statistics (paragraph 10)

(c) a suggestion that the Commission invite the Secretary-General to further the efforts of governments to distinguish exports from re-exports in their statistics (paragraph 12)

(d) investigation of the efficacy of analysis of imports by countries of purchase as an approximation to analysis of imports by country of consignment (paragraph 18)

(e) revision of the wording of the definition of "country of consignment" (paragraph 21).

The paper entitled "External Trade: Transaction Value" mentions questions in the field of valuation upon which the Commission may also wish to act.

## ANNEX

## THE ANALYSIS OF IMPORTS BY COUNTRY: STATISTICAL CONSIDERATIONS

1. Analysis of imports by each of the three systems: country of consignment, country of production and country of purchase, has its advantages. In making balance of payments statements it is useful to know, or to be able to approximate, analysis by country of purchase. For the negotiation of bilateral trade agreements and the study of the flows of trade from their sources, analysis by country of production is important. Analysis by countries of consignment is, in the view of many statisticians, including the expert group, the only one that can be clearly defined and accurately carried out.

2. Analysis by country of consignment has the additional advantage that it will serve in the case of most countries as a basis for estimating analyses both by countries of production and by countries of purchase. To see this, it is only necessary to examine the factors in the pattern of imports which give rise to the differences between the three systems of analysing imports by country. The following table shows the patterns according to which goods produced in country B can be imported into another country A. Countries C and D are understood to be different from A and from B and from one another.

| <u>Imports of A</u>   |                                  |                                     |                                     |
|-----------------------|----------------------------------|-------------------------------------|-------------------------------------|
| <u>Pattern number</u> | <u>Country in which produced</u> | <u>Country from which consigned</u> | <u>Country from which purchased</u> |
| 1                     | B                                | B                                   | B                                   |
| 2                     | B                                | C                                   | C                                   |
| 3                     | B                                | B                                   | C                                   |
| 4                     | B                                | C                                   | B                                   |
| 5                     | B                                | C                                   | D                                   |

3. Usually the largest share of imports will move according to pattern 1 and the smallest according to pattern 5. In order to move in pattern 4, goods must be produced in B and sold by a merchant in B and yet be consigned to A from a third country C. Goods imported after having originally been shipped "for orders" fall into this pattern. The total value of shipments imported according to pattern 4 is in most countries small compared to the value of goods arriving

according to patterns 2 and 3. For these countries, goods moving according to patterns 4 and 5 have a relatively minor effect on analysis of imports by country. 4. The table shows that analysis by country of consignment gives exactly the same results as:

- (i) analysis by country of purchase, except for trade moving according to patterns 3, 4, 5;
- (ii) analysis by country of production, except for trade moving according to patterns 2, 4, 5.<sup>1/</sup>

Countries whose analysis of imports is based on country of consignment can, therefore, obtain good estimates for imports by country of purchase if they correct their basic figures for any major items of trade known to move according to pattern 3. Similarly, good estimates of trade by country of production can be obtained by correcting the basic figures for major items of trade known to move according to pattern 2.

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<sup>1/</sup> There is one more relation of this type, viz:

- (iii) analysis by country of purchase is identical with analysis by country of production except for trade moving according to patterns 2, 3, 5.

But the exceptions here include trade in two important categories (2 and 3) while the exceptions in each of cases (i) and (ii) contain only one important category. Estimates based on (i) or (ii) will, therefore, be markedly better than estimates based on (iii). The superior quality of the estimates based on country of consignment is an additional argument for basing trade-by-country statistics on the consignment principle.

UNITED NATIONS  
ECONOMIC  
AND  
SOCIAL COUNCIL



Distr.  
GENERAL

E/CN.3/173/Add.1  
29 March 1954

ORIGINAL: ENGLISH

Dual Distribution

STATISTICAL COMMISSION  
Eighth session  
Item 4 of the provisional agenda.

COMMENTS ON "PRINCIPLES FOR STATISTICS OF EXTERNAL TRADE"

(Memorandum submitted by the representative  
of the United States of America)

1. Coverage With respect to the broad criterion that all goods which add to or subtract from the resources of a country as a result of their movements into or out of the country should be recorded in the trade statistics, the United States is, we believe, following this criterion in the recording of its import and export trade. The only exclusions from the United States import and export statistics are fissionable materials and related items which are omitted from the statistics for security reasons. There are, of course, other items of trade which, while included in the statistics, are nevertheless, for security reasons, not presented in as full commodity and country detail as that shown for most of the statistics. Nevertheless the import and export statistics do include these items at least in broad groupings and the statistics do, therefore, follow the broad criterion quoted above.
2. The aggregate outward flow of merchandise We believe that the United States is following the recommendation of the Commission in regard to the coverage of merchandise moving outward as described in paragraphs 28 and 29 of the Commission's report.
3. The inward flow of merchandise We believe that we are already providing data concerning our imports on the basis of the Commission's recommendations.

4. Direct transit trade While we are at the present time preparing rather elaborate statistics on the United States direct transit trade, this information is limited to merchandise arriving at or leaving the United States by vessel only. The statistics are, therefore, incomplete in that they do not include, as either inward or outward direct transit trade, any merchandise entering or leaving the United States by methods of transportation other than by vessel. We, of course, recognize that this omission from the United States direct transit statistics is not desirable from the point of view of achieving full international comparability of trade statistics. It may be added that the statistics we are compiling show on the inward side information only on the countries from which arrived and not on the countries to which sent. Similarly, on the outward movement the statistics show the countries to which sent but not the countries from which received.
5. Bunkers, stores, ballast, and dunnage supplied to vehicles engaged in the foreign trade All of these items are excluded from the regular export and import statistics. Information on bunkers laden in the United States on foreign vessels engaged in foreign trade is separately compiled, but not by flag of vessel. No information is compiled on bunkers laden on United States vessels in foreign ports. Stores, ballast, and dunnage are omitted primarily on the principle that the volume of such items is of only negligible importance in the United States foreign trade, and no separate information is compiled.
6. Fish and salvage landed from the high seas Fish are recorded in the United States import statistics as imports when they are landed from the high seas by a foreign vessel. The imports are credited to the country of registry of the vessel, not necessarily the country to which payment is made for the merchandise. Fish and salvage landed from domestic vessels are, of course, excluded from the import statistics. As far as we know, there is no export trade in fish caught by United States vessels and landed directly in foreign countries. Fish imported into the United States after having been landed in another country is credited to the country of invoice. If it is true, as suggested in your letter, that it is impossible for countries to include in their export statistics fish unladen in the foreign country to which they are sold by the catching vessel, then it follows that if comparability is to be achieved the importing country will have to report such fish separately from

its import statistics, or at least be in a position to subtract them by recording them in the statistics under an artificial country heading rather than crediting them to the country of the importing vessel. The United States would have no practical difficulty in changing to some such method as this if agreement were reached that this is the most practical solution. As a matter of fact, it is our impression that imports of this type are of very minor importance in United States trade, and that from the point of view of international comparability it would not be a matter of great importance if the United States method of reporting did not conform to that generally agreed upon. However, we might add, as a general comment, that we believe some countries have worked out methods for obtaining information on the direct sales abroad of fish caught by their own vessels on the high seas. It appears to us inclusion of such fish in both export and import statistics is the most desirable solution, and that therefore it might be worthwhile to investigate further whether exporting countries can obtain the necessary information. If this is impractical, it might be neater to exclude fish caught on the high seas by foreign vessels from the import statistics thereby avoiding the necessity for subtracting them from the regular statistics when comparable coverage with the exporting country is needed. Supplementary tables on fish caught on the high seas and landed from the catching vessel could still be prepared. Somewhat the same observation applies to bunkers, stores, and dunnage where there is the analogous problem involving the difficulty the "importing" country faces in obtaining information.

7. International transactions in ships, aircraft, etc. We should favour the inclusion of both new and second hand ships and aircraft in the trade statistics of all countries. This is essentially the policy followed by the United States. There may, of course, be some reporting difficulties to be faced when ships are transferred while outside of their own ports, but this would seem a matter which could be overcome by the use of registration and other records. This is essentially what the United States does in compiling its statistics on international transfers of ships whether new or old. There is, of course, the difficulty to be faced of whether the ship should be credited on the basis of the country of registry to which transferred or the country of ownership. On the whole, we favour crediting the ship to the

country of ownership (and this is our present practice), although we would consider it a satisfactory solution if the ships were credited on the basis of the flag to which transferred. We can see no essential difference between transfers of new and used ships or aircraft and believe that a distinction of this sort should not be made in the trade statistics any more than for other merchandise.

8. Analysis of trade by country The policy which the United States follows is to credit exports to the country of ultimate destination, and imports to the country of origin. The question as to whether serious differences in our statistics would appear if statistics were compiled on a country of consignment basis, or whether such differences would be confined to a few specific commodities habitually traded through third countries is one which we are not in a position to answer with any degree of preciseness from information which we now have available.

It has been our general position in the past that if the United Nations should request countries to furnish information on a country of consignment basis, our export statistics as now compiled on a country of ultimate destination basis would probably be sufficiently representative of country of consignment to serve the purpose. This was based in part on the belief that when the country of ultimate destination was different from the country of consignment, exporters would either not know it or would be likely to report country of consignment on their declarations, even though statistical requirements called for country of ultimate destination. However, we now believe that separate statistics would probably be required to show exports on a country of consignment basis. The principal reason for our change in view is that the enforcement of export destination controls by the United States in recent years has very probably decreased the likelihood of country of consignment being reported by exporters instead of country of ultimate destination. The only evidence for a comparatively recent period which we have of the differences which might appear if country of consignment statistics were compiled is on a country basis. This is a study made of United States water-borne exports for the month of November 1951. The water-borne shipments included in the study represented about 70 percent, by value, of total exports. This study showed for each country of unlading the proportion of the amount unladen which was actually destined for that country. To the extent that country of unlading is the same as country of consignment, this study may be helpful in showing what differences in country totals



might appear if statistics were compiled on a country of consignment basis. For that month, the investigation showed that about 94 percent of the total value of our water-borne exports was represented by shipments destined for the country in which they are unladen from the vessel on which they were exported from the United States. A summary table showing the information broken down by trade area and principal countries is enclosed. It would appear that most of the percentages in this table would be higher, reflecting a higher degree of correlation with country of destination, if it had been possible to make the study on the basis of actual country of consignment rather than country of unloading, and that few if any of the percentages would have been lower.

It would seem that in those cases where the country of unloading and the country of destination were the same, that country would also be, in practically all cases, the country of consignment. The percentages in the table therefore represent the minimum degree of identity between country of destination and country of consignment. But there would undoubtedly be many additional cases where the country of ultimate destination and the country of consignment are the same, with unloading taking place in a different country merely for transshipment purposes, without any commercial transaction at that point. This would be true where the unloading takes place merely as a transportation necessity or convenience (such as when shipments are invoiced directly to a land-locked country of destination, or when the ship on which the merchandise was originally laden does not touch at a port in the country of destination to which the shipment has been invoiced but makes connection with a feeder line which does). It is probably true that even after allowance is made for the exaggeration of differences resulting from the fact that the study was based on country of unloading, the study will still indicate that for some countries a marked difference from the country of destination figures would have appeared if information had been compiled on a country of consignment basis. We have no information as to whether the differences would be concentrated in particular commodities. The study

showed exports on tanker vessels separately, but indicated that for commodities transported by this method the country of destination and the country of unloading were the same in most cases. Since the month investigated was over two years ago, the results are, of course, not necessarily representative of the future, or even of the present, and they furnish no information for any exports except water-borne. Similar data showing country of destination compared with country of unloading appear in Volume II of Foreign Commerce and Navigation of the United States for some of the war years. Tables in some of these volumes showing separate country of destination data for shipments by rail also give some indication of the transshipment which took place, but since the period covered is so many years ago and did not represent trade during a normal period, they probably are not very helpful.

For imports, it has been our position that a separate supplementary compilation would have to be made if we were requested to furnish country of consignment information to the United Nations. We face a substantial need, for trade agreement purposes, of information on country of origin even though such information might contain inaccuracies, and we do not believe that our country of origin data are closely similar, for many countries, to data which would be compiled on a country of consignment basis. There is considerably more information indicating, at least indirectly, the extent of the differences for imports, because of some investigations made to obtain information in connection with the problem of cross-exchange rates. However, most of this information is on a country, rather than a commodity, basis and none of it is for recent periods. The first of these studies, reported in the September 1949 Foreign Trade Statistics Notes, covered statistics for April 1949 and indicated that almost 10 percent of the value of the imports arriving by vessel were laden in a country other than the country of origin. A sample comparison made at that time of country of lading and country of invoice indicated that in most cases the two were the same. Detailed figures for imports from sterling area countries in April 1949 were presented in the September 1949 Notes. A similar study was made for imports from the sterling area in May 1949, and results were

published in the October 1949 Notes. This analysis of sterling area imports was resumed in December 1949, and was made continuously for each month through December 1950. The April and May 1950 issues of the Notes show figures for December 1949, and January and February 1950. Results for December 1950 were published in the June 1951 Notes, and data for intervening months are available for reference use. The average for the sterling area as a whole shows only about 7 to 10 percent laden in third countries in the months for which the figures were published, but for individual countries, of course, some very high percentages were shown.

In addition to these analyses on a country basis, studies were made in response to specific requests, covering individual commodities from individual countries. Some of these were based on the April 1949 tabulation for imports by vessel, and a few were done independently, covering all methods of transportation.

The most up-to-date study which we have for imports covers vessel data for December 1951, similar to the November 1951 study described for exports. A summary table showing some of the results of this import study is also enclosed. As in the case of exports, it gives direct information on the question we wish to answer only to the extent that country of lading and country of consignment are identical. In the case of imports, as mentioned above, we did make a comparison on a sample basis in connection with the April 1949 study which indicated that in most cases the two were the same.

We regret that it is not possible to give a definitive answer to your question with regard to the possible differences which would appear in data compiled on a country of consignment basis as compared with our present country of origin and country of ultimate destination data. More up-to-date and less indirect information is really needed, but we are not in a position to undertake the necessary investigation to obtain it at this time.

UNITED STATES WATER-BORNE EXPORTS OF DOMESTIC AND FOREIGN MERCHANDISE BY TRADE AREA,  
SHOWING PROPORTIONATE VALUE OF SHIPMENTS DESTINED FOR EACH COUNTRY OF THE TOTAL  
AMOUNT UNLADEN. VALUE IN THOUSANDS OF DOLLARS.

November 1951 (Preliminary)

| Trade Areas and Selected <sup>1/</sup><br>Countries | Unladen at<br>000 Dollars | Destined for coun-<br>try in which unladen | % of total unladen<br>destined for<br>country of unloading |      |
|---|---------------------------|--|--|------|
| Caribbean Trade Area                                | Total                     | 126,007.7                                  | 116,938.1  | 92.8 |
| Guatemala (East)                                    |                           | 2,348.7                                    | 2,001.8  | 85.2 |
| Canal Zone  |                           | 10,701.8                                   | 3,101.6  | 28.9 |
| Cuba  |                           | 43,864.8                                   | 43,864.1   | 99.9 |
| Venezuela   |                           | 37,351.9                                   | 36,449.6   | 97.5 |
| Trinidad and Tobago                                 |                           | 595.5                                      | 530.6  | 89.1 |
| East Coast South America                            | Total                     | 97,370.9                                   | 96,736.7   | 99.3 |
| Brazil  |                           | 69,258.7                                   | 69,106.0   | 99.7 |
| Argentina   |                           | 21,373.7                                   | 20,995.5   | 98.2 |
| West Coast South America                            | Total                     | 35,092.0                                   | 32,964.3   | 93.9 |
| Chile   |                           | 13,936.5                                   | 12,363.4   | 88.7 |
| West Coast Central America<br>and Mexico            | Total                     | 3,528.7                                    | 3,471.6  | 98.3 |
| Panama Republic (West)                              |                           | 276.7                                      | 221.8  | 80.1 |
| Gulf Coast Mexico                                   | Total                     | 10,088.2                                   | 10,078.8   | 99.9 |
| Mexico, Gulf  |                           | 10,088.2                                   | 10,078.8   | 99.9 |
| United Kingdom and Eire                             | Total                     | 96,936.6                                   | 96,697.2   | 99.7 |
| United Kingdom                                      |                           | 91,721.3                                   | 91,550.9   | 99.8 |
| Baltic Scandinavian                                 | Total                     | 33,484.9                                   | 33,227.1   | 99.2 |
| Sweden  |                           | 13,636.7                                   | 13,578.6   | 99.5 |
| Bayonne-Hamburg                                     | Total                     | 168,390.3                                  | 137,026.6  | 81.3 |
| Netherlands   |                           | 38,185.5                                   | 25,612.0   | 67.7 |
| Belgium   |                           | 55,028.7                                   | 39,256.4   | 71.3 |
| France (Atlantic)                                   |                           | 37,734.2                                   | 36,366.1   | 96.3 |
| Germany (West)                                      |                           | 37,441.9                                   | 35,792.1   | 95.5 |
| Atlantic Spain and Portugal                         | Total                     | 4,005.2                                    | 3,907.9  | 97.5 |
| Azores, Medit, and Black Sea                        | Total                     | 80,187.2                                   | 73,052.7   | 91.1 |
| Gibraltar   |                           | 271.5                                      | 192.4  | 70.8 |
| Italy   |                           | 34,883.4                                   | 33,264.8   | 95.3 |
| Trieste   |                           | 3,849.3                                    | 816.1  | 21.2 |
| Lebanon   |                           | 4,056.8                                    | 2,248.8  | 55.4 |
| Tangier   |                           | 1,141.0                                    | 816.0  | 71.5 |

<sup>1/</sup> The countries listed are those (1) where the amount unladen was \$10 million or more or (2) where the "percentage of total unladen destined for country of unloading" was less than 90 per cent.

| Trade Areas and<br>Selected <sup>1/</sup> Countries | Unladen at  | Destined for country<br>in which unladen | % of total<br>unladen des-<br>tined for<br>country of<br>unlading |      |
|---|-------------|--|---|------|
|   | 000 Dollars |  |   |      |
| West Coast Africa                                   | Total       | 14,070.1                                 | 11,476.9  | 81.5 |
| Canary Islands                                      |             | 1,024.1                                  | 28.4  | 2.8  |
| French Equatorial<br>Africa                         |             | 542.9                                    | 439.9   | 81.0 |
| Angola  |             | 2,160.1                                  | 942.2   | 43.6 |
| Liberia   |             | 1,140.3                                  | 945.8   | 82.9 |
| South East Africa                                   | Total       | 22,820.6                                 | 19,916.5  | 87.2 |
| British East Africa                                 |             | 1,161.9                                  | 811.1   | 69.8 |
| Mozambique  |             | 3,130.4                                  | 1,408.7   | 45.0 |
| Union of South Africa                               |             | 18,134.0                                 | 17,302.4  | 95.4 |
| Australasia   | Total       | 33,361.4                                 | 33,336.7  | 99.9 |
| Australia   |             | 23,995.4                                 | 23,972.6  | 99.9 |
| India, Persian Gulf &<br>Red Sea                    | Total       | 95,315.3                                 | 94,436.6  | 99.0 |
| Aden  |             | 87.4                                     | 39.8  | 45.5 |
| India   |             | 74,256.2                                 | 74,011.3  | 99.6 |
| Straits Settlements<br>& N.E.I.                     | Total       | 16,949.3                                 | 15,896.8  | 93.7 |
| British Malaya                                      |             | 5,908.6                                  | 4,864.0   | 82.3 |
| Indonesia   |             | 11,040.7                                 | 11,033.3  | 99.9 |
| South China, Formosa and<br>Philippines             | Total       | 44,396.3                                 | 44,258.7  | 99.6 |
| Philippines   |             | 32,134.9                                 | 32,124.5  | 99.9 |
| North China, including<br>Shanghai and Japan        | Total       | 55,474.8                                 | 55,198.6  | 99.5 |
| Japan   |             | 55,473.7                                 | 55,197.5  | 99.5 |
| Canadian Trade Areas                                | Total       | 32,225.0                                 | 32,066.8  | 99.5 |
| GRAND TOTAL   |             | 969,704.5 <sup>2/</sup>                  | 910,688.6   | 93.9 |

<sup>1/</sup> The countries listed are those (1) where the amount unladen was \$10 million or more or (2) where the "percentage of total unladen destined for country of unlading" was less than 90 per cent.

<sup>2/</sup> The corresponding preliminary total for exports by all methods of transportation for November 1951 was, in rounded figures, \$1,386,000.0. Exports by vessel therefore represented about 70 per cent of the total.

UNITED STATES WATER-BORNE IMPORTS OF GENERAL MERCHANDISE, BY TRADE AREA SHOWING  
PROPORTIONATE VALUE BY COUNTRY OR ORIGIN OF SHIPMENTS OF TOTAL AMOUNT LADEN.  
VALUE IN THOUSANDS OF DOLLARS  
December 1951 (Preliminary)

Trade Areas and Selected Countries Laden at city at which Originating in % of total laden Originating in city at which Laden at city at which Laden 000 Dollars

|  |       |          |          |      |
|--|-------|----------|----------|------|
| Caribbean Trade Area                   | Total | 95,006.6 | 91,177.8 | 95.9 |
| British Honduras                       |       | 431.5    | 347.4    | 80.5 |
| Canal Zone                             |       | 1,436.5  | 271.5    | 18.9 |
| Cuba                                   |       | 12,767.4 | 12,767.3 | 99.9 |
| Jamaica                                |       | 201.9    | 141.3    | 69.9 |
| Trinidad-Tobago                        |       | 1,627.1  | 910.3    | 55.9 |
| Curaçao, N.W.I.                        |       | 17,246.8 | 16,820.6 | 97.5 |
| Colombia (East)                        |       | 12,430.1 | 12,305.3 | 98.9 |
| Venezuela                              |       | 26,980.8 | 26,487.6 | 98.1 |
| East Coast and South America           | Total | 89,877.9 | 88,925.0 | 98.9 |
| Brazil                                 |       | 80,262.1 | 80,070.7 | 99.7 |
| West Coast and South America           | Total | 41,241.8 | 39,984.5 | 96.9 |
| Colombia (West)                        |       | 23,934.7 | 23,794.5 | 99.4 |
| Peru                                   |       | 2,865.7  | 2,430.5  | 84.7 |
| Chile                                  |       | 12,286.4 | 11,643.6 | 94.7 |
| West Coast, Central America and Mexico | Total | 4,990.6  | 4,656.8  | 93.3 |
| Guatemala (West)                       |       | 2,281.6  | 1,991.0  | 87.2 |
| Nicaragua (West)                       |       | 87.7     | 68.1     | 77.6 |
| Gulf Coast and Mexico                  | Total | 17,131.8 | 15,244.6 | 88.9 |
| Mexico                                 |       | 17,131.8 | 15,244.6 | 88.9 |
| United Kingdom and Fire                | Total | 32,079.8 | 27,543.6 | 85.8 |
| United Kingdom                         |       | 31,537.3 | 27,048.8 | 85.7 |
| Baltic Scandinavian                    | Total | 16,521.6 | 15,226.0 | 92.1 |
| Norway                                 |       | 3,617.2  | 3,152.9  | 87.1 |
| Poland and Danzig                      |       | 1,178.6  | 862.8    | 73.2 |
| Bayonne-Hamburg                        | Total | 70,059.1 | 38,049.0 | 54.3 |
| Netherlands                            |       | 25,820.0 | 9,421.7  | 36.4 |
| Belgium                                |       | 21,419.4 | 11,758.3 | 54.8 |
| France (Atlantic)                      |       | 11,473.3 | 8,389.8  | 73.1 |
| Germany                                |       | 11,346.4 | 8,479.2  | 74.7 |

1/ The countries listed are those (1) where the amount laden was \$10 million or more or (2) where the "percentage of total laden originating in the country or laden" was less than 90 percent.

| Trade Areas and Selected <sup>1/</sup> Countries | Laden at<br>000 dollars | Originating in cty<br>at which laden | % of total laden<br>originating in<br>cty at which laden |
|--|-------------------------|--------------------------------------|--|
| Atlantic Spain and Portugal                      | Total 6,163.3           | 5,925.8                              | 96.1   |
| Azores, Medit. and Black Sea                     | Total 30,313.6          | 26,111.0                             | 86.1   |
| France (Medit.)                                  | 961.3                   | 626.0                                | 65.1   |
| Gibraltar  | .8                      | -                                    | -  |
| Italy  | 13,244.5                | 11,819.4                             | 89.2   |
| Free Territory of Trieste                        | 457.9                   | -                                    | -  |
| Syria  | 968.9                   | 683.8                                | 70.5   |
| Lebanon  | 1,753.8                 | 200.8                                | 11.4   |
| Tangier  | 22.3                    | 3.1                                  | 13.9   |
| West Coast Africa                                | Total 14,110.3          | 14,017.1                             | 99.3   |
| Canary Islands                                   | 3.8                     | -                                    | -  |
| Cameroon   | .1                      | -                                    | -  |
| Angola   | 457.6                   | 387.9                                | 84.7   |
| South and East Africa                            | Total 9,445.4           | 6,218.1                              | 65.8   |
| British East Africa                              | 3,447.8                 | 2,834.2                              | 82.2   |
| Mozambique                                       | 2,575.1                 | 139.1                                | 5.4  |
| Australasia                                      | Total 27,170.8          | 27,052.9                             | 99.5   |
| Australia  | 21,951.0                | 21,870.9                             | 99.6   |
| India, Persian Gulf, Red Sea                     | Total 28,548.2          | 24,858.8                             | 87.0   |
| Aden   | 316.6                   | 7.3                                  | 2.3  |
| Bahrein  | 5.8                     | 5.1                                  | 87.9   |
| India  | 17,003.0                | 16,602.4                             | 97.6   |
| Pakistan   | 1,614.7                 | 687.9                                | 42.6   |
| Ceylon   | 3,168.0                 | 2,591.6                              | 81.8   |
| Anglo-Egypt Sudan                                | 377.6                   | 262.1                                | 69.4   |
| Eastern-Italian Africa                           | 129.6                   | 71.9                                 | 55.4   |
| French Somaliland                                | 1,226.3                 | -                                    | -  |
| Straits Settlements & N.E.I.                     | Total 35,366.1          | 29,461.2                             | 83.3   |
| British Malaya                                   | 18,710.8                | 14,375.1                             | 76.8   |
| Netherlands Indies                               | 16,655.3                | 15,086.1                             | 90.5   |
| South China, Formosa and<br>Philippines          | Total 27,283.8          | 24,284.8                             | 89.0   |
| French Indo-China                                | 285.1                   | 197.3                                | 69.2   |
| Philippines, Republic of                         | 15,513.9                | 15,513.9                             | 100.0  |
| Portuguese Asia                                  | 318.7                   | 61.0                                 | 19.1   |
| Hong Kong  | 3,201.1                 | 857.9                                | 26.8   |

<sup>1/</sup> The countries listed are those (1) where the amount laden was \$10 million or more or (2) where the "percentage of total laden originating in the country of lading" was less than 90 per cent.

| Trade Areas and Selected <sup>1/</sup> Countries | Laden at    | Originating in cty<br>at which laden | % of total laden<br>originating in<br>cty at which laden |      |
|--|-------------|--------------------------------------|--|------|
|  | 000 dollars |                                      |  |      |
| North China, Including                           |             |                                      |  |      |
| Shanghai and Japan                               | Total       | 15,314.3                             | 13,859.5   | 90.5 |
| Japan  |             | 15,313.8                             | 13,859.0   | 90.5 |
| Canada   | Total       | 30,479.9                             | 30,251.5   | 99.2 |
| Canada (Great Lakes)                             |             | 13,252.3                             | 13,136.6   | 99.1 |
| Canada (Atlantic)                                |             | 13,020.9                             | 12,972.0   | 99.6 |
| GRAND TOTAL                                      |             | 591,104.9 <sup>2/</sup>              | 522,848.0  | 88.4 |

<sup>1/</sup> The countries listed are those (1) where the amount laden was \$10 million or more or (2) where the "percentage of total laden originating in the country of lading" was less than 90 per cent.

<sup>2/</sup> The corresponding preliminary total for imports by all methods of transportation for December 1951 was, in rounded \$800,600.0. Imports by vessel therefore represented about 74 per cent of the total.



UNITED NATIONS  
ECONOMIC  
AND  
SOCIAL COUNCIL



Distr.  
GENERAL

E/CN.3/173/Add.2  
29 March 1954

ORIGINAL: ENGLISH

STATISTICAL COMMISSION  
Eighth session

Dual Distribution

Item 4 of the provisional agenda

COMMENTS ON "PRINCIPLES FOR STATISTICS OF EXTERNAL TRADE"

(Memorandum submitted by the Netherlands Central Bureau of Statistics)

Ad paragraphs 5-8

1. Referring to the third sentence of paragraph 5, it may be remarked that there need be no question of "omitting them (bunkers etc.) from merchandise statistics". The proposal of the group of experts can be adopted, if the term trade statistics is taken in a wide sense, so that it contains the usual trade statistical tables with, apart from them, some separate tables for bunkers etc. Depending on the nature of the "economic purposes", the special figures may be included in general totals or shown separately. The International Monetary Fund classifies bunker fuel for foreign ships under "services". This is a reason for showing these statistics separately.

2. In the case of bunker fuel delivered to (destination) foreign ships, the problems indicated in the last sentence of paragraph 5 lead to the question whether or not the country totals in the trade statistics should include values and quantities of goods delivered to ships carrying the flags of these countries. Considered from the general point of view of international comparability this is not desirable, as is shown by the following example:

Country A delivers in its ports bunker fuel from domestic supplies to ships of country B. If country A registers these deliveries in the export table of its trade statistics under the country total for B there will be no comparable entry in the

import statistics of B, since B cannot include in its statistics the bunker fuel loaded by its own ships in A. Therefore, country A should not include the bunker fuel in its country totals for B. It will have to record these bunker transactions separately.

3. The questions of ships bought and sold and fish landed from fishing vessels are similar to that of bunker fuel because only one customs frontier is crossed as a result of these transactions. Hence attribution of country of origin or destination, as the case may be, has an element of artificiality. The ideas of paragraphs 6, 7 and 8 should therefore be dropped in favour of the original proposal of the group of experts that all these transactions be tabulated separately.

Ad paragraph 9

4. According to the "principles" of the United Nations, registration of a goods movement in the trade statistics should be subject to two conditions: there should be a country to country movement and the goods should be "merchandise" in the sense of paragraph 15 of United Nations document E/CN.3/CONF.3/L4, E/ECE/STAT.3/L4 of 13 May 1953 (revised principles) reading:

"The broad criterion to be used to determine whether goods should be regarded as merchandise whose movement is to be recorded in trade statistics should be that all goods, the movement of which into or out of a country adds to or subtracts from the resources of the country, should be recorded."

5. The movements of goods discussed in paragraph 9 conform to the condition of a country to country movement. The problems arise with regard to the merchandise criteria. The normal case is that when goods are moved from A to B they are subtracted from the resources of A and added to the resources of B. In the case of supplies despatched from A by the government of A to officials of A in B, there is, according to the principles, no question of adding to the resources of B. This leads to the conclusion that the said supplies should be regarded as continuing to belong to the resources of A. Neither in A, nor in B is there a change in the resources. For that reason, the conclusion was drawn

in the "principles" that the "government supplies" just mentioned should remain outside the trade statistics. Using the same argument with regard to shipments discussed in the last sentence of paragraph 9, it may be concluded that because these shipments do not add to the resources of B, they should continue to belong to the resources of A and therefore should not be included in statistics. Consequently it makes no difference whether the goods sent from A are supplies despatched by the government or shipments by private firms or persons.

6. As regards shipments of goods discussed by the European Statisticians, the point is that in case of country C (the exporting country), they are subtracted from the resources, whereas for country B there is no adding to the resources. In case of country C the definition of paragraph 15 of the "revised principles" has been met, but not in case of country B. When the definition is interpreted in a narrow sense, a new rule may be constructed, namely, when for one of the two countries involved in a movement of goods the definition of merchandise is applicable, both countries should record this movement. The admissibility of the narrow interpretation of the merchandise definition might be disputed. The formulation or wording however, seems not to imply that there must necessarily be on both sides the condition of adding to or subtracting from resources. If one accepts this new rule, the words "commodities normally in civilian use" in the formulation regarding the goods discussed by the European Statisticians in the second sentence of paragraph 4 of the Report of the 3rd Meeting of European Statisticians (United Nations document E/CN.3/CONF.3/1; E/ECE/167 of 24 June 1953) should be dropped. From a purely statistical standpoint there seems to be no objection to this omission. On the contrary, the difficulties of determining what exactly is meant by "commodities normally in civilian use" will be avoided. The new wording would permit the inclusion in the statistics of shipments of goods which are decidedly not intended for civilian use. In some cases this may no doubt be desirable. For instance, when Bofors in Sweden sells and delivers anti-aircraft guns to the United States troops in Germany and to the French Government to be delivered in France. It is the obvious desire of the Commission that the shipment to France should be included in both the Swedish and the French statistics. For Sweden there is no reason whatever to

exclude the shipment to Germany (which has the character of a normal commercial transaction for Sweden) from its statistics. Considering the view of the Commission that war material, too, should be included in trade statistics, the Swedish shipments should also be included in the German statistics. So, there may be reason to drop the words "normally in civilian use", in the second sentence of paragraph 4 of the Report of the 3rd Meeting of European Statisticians. The words "in principle" are a sufficiently clear indication that exceptions can be allowed. To elucidate the meaning of "in principle", the sentence in question might, after elimination of the words "normally in civilian use", be followed by a new sentence saying that the military authorities of A in B may find it necessary to limit the inclusion to "commodities normally in civilian use". In connection with the foregoing it will be useful to cite the following sentence from paragraph 4 of the Report of the 3rd Meeting of European Statisticians:

"It was realized that while it was the duty of the statistical authority to endeavour to record such movements (the movements of goods from country C to troops of country A in country B) in many cases it could only be possible to do so as a result of an international agreement. The Secretariat was therefore requested to make a study of the problem involved in the movement of goods of this kind and similar movements. In the study account was to be taken not only of the present position but also of the probable future developments which might operate to expand the volume of commodities involved in such transactions".

The Memorandum under discussion does not give evidence that this study has already been made. The Statistical Commission may wish to support the request of the European Statisticians.

7. The foregoing points may be summarized as follows:
  - a. in the light of the United Nations principles, shipments by private firms or persons in A to official agencies of A in B should be excluded from the trade statistics;

- b. the Commission may wish to consider whether the movement of goods which add to or subtract from the resources of only one of the two trading partners involved should be included in the statistics of both countries or only in the statistics of the country whose resources are affected;
- c. the Statistical Commission may wish to support the request of the European Statisticians that a study be made of the special movements described in paragraph 4 of the Report of the 3rd Meeting of the European Statisticians.

Ad paragraph 12

8. In this paragraph the importance of the distinction of "re-exports" is explained. An example is given in which is expressed that this "re-export trade ..... depends largely on the extent to which merchants all over the world send their goods to a country for storage pending their resale abroad". That means, goods are declared as imports though it is intended to export them again. In fact, this is "disguised" transit. And this transit should be registered at the time of importation. Instead of arranging for a separate registration of the disguised transit at the time of export, as the example suggests, one should rather arrange that this category of goods shall not be declared as an import for consumption.

9. The Netherlands act on commercial statistics contains a provision to that effect, expressing that it is prohibited to declare goods for internal circulation, if at the moment of the declaration these goods have obviously a foreign destination. A similar provision should also be incorporated in the United Nations principles. This would be fully in line with these principles. They distinguish in case of merchandise moving inward (the movements of the bonded warehouse-trade left aside):

- goods entered directly: (1) for consumption and
- (2) for transformation

but not goods entered directly for storage. Therefore, it is of great importance to take care from the beginning that "for consumption" and "for transformation" should be the only possibilities and that the cases of "storage pending resale

abroad" should be registered as transit trade. One may raise the objection that in practice it will be impossible to identify the shipments mentioned in the example. However, when efficient regulations are available there need be no difficulties, as experience in the Netherlands has shown. A shift of transit to import and re-export is not to be feared. In this respect one should consider the possibilities pointed out in paragraph 26 of the "revised principles" in which it says: "Goods in customs storage warehouse should not be confused with unclaimed goods unloaded from a carrier and awaiting either customs clearances for entry into warehouse nor with those awaiting direct transit to another country". The customs authorities should, if necessary, make it possible for unclaimed goods awaiting direct transit to be registered statistically. It must be admitted, however, that there will always be cases in which a movement of goods cannot be classified under transit trade, so that information on re-exports will no doubt be useful. The recommendation of the Statistical Commission to record re-exports statistically, should therefore be welcomed. It seems, however, also desirable to make recommendations which might limit the extent to which disguised transit contributes to re-exports. The Statistical Commission may feel it necessary to request the Statistical Office to make a further study of this problem.

Ad paragraph 21

10. The omission of the words "without any commercial transaction intervening" from the definition of the country of consignment was discussed in Geneva in 1953. The Report of the 3rd Meeting of European Statisticians contains in this connection the following sentence (last sentence of paragraph 11): "The view was expressed, however, that the words 'without ..... import' should be reconsidered in order to make precise the thought behind the phrase".

11. It seems necessary at any rate that this matter should be cleared up since it is not desirable that the United Nations principles on trade statistics should contain a definition which is partly unclear or superfluous. A possible solution of the problem is not given in United Nations document E/CN.3/173,

neither can a solution be directly derived from it. The Statistical Commission might therefore hold the view that sufficient facts to proceed to the revision of the definition by the Commission itself are not yet available. In that case it might be recommendable for the Secretary-General to request the Statistical Office to make a further study of this question and to embody the results of this study in a memorandum for the next session of the Statistical Commission. It might also express the view that such a memorandum should contain a suggestion for a possible solution of this problem.

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UNITED NATIONS  
ECONOMIC  
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SOCIAL COUNCIL



Distr.  
GENERAL  
E/CN.3/173/Add.3  
5 April 1954  
ORIGINAL: English

STATISTICAL COMMISSION  
Eighth Session  
Item 4 of the provisional agenda

Dual Distribution

SOME NOTES ON THE STATISTICAL TREATMENT OF FISH LANDINGS,  
FISH PROCESSING, AND THE EXTERNAL TRADE IN FISHERY PRODUCTS

(Memorandum prepared by the Fisheries Division  
of the Food and Agriculture Organization)

Fishing operations as primary (extractive) and as secondary (manufacturing and processing) industries are, to a certain extent, unique in the economic world. These fishery activities do not necessarily take place within the territorial boundaries of states and countries.

Fish culture in ponds, shore-based beach fisheries with nets and other fishing implements, mobile and immobile stakes, corrals and similar units, fisheries utilizing sessile aquatic organisms such as oysters and mussels, etc. are all economic activities usually falling clearly within the territorial boundaries of one single country.

The bulk of the world's current annual output is obtained from fishing operations with nets or hook-and-lines and similar implements from fishing craft which operate mostly outside territorial waters. It is by no means an easy task and in many instances will be completely impossible to determine whether or not the catches have been taken inside or outside territorial waters. However, it can be assumed without doubt that the great proportion of the world's catches of fish are taken on fishing grounds and in areas beyond the territorial boundaries of any given country.

Normally, catches are landed at points within the national territory of the craft's home country. However, with an increase in the size and operating radius, fishing craft are also being used more and more to transport other catches after the close of the fishing trip for delivery directly into foreign ports. An appreciable percentage of the quantities of fish which enter into international trade, which are carried by water transport, are not made in commercial cargo vessels, but are actually transported directly by the fishing craft themselves from the fishing grounds to such foreign ports.

An additional problem lies in the fact that the quantities landed are often less than the weight of the original catches as a result of a loss in weight due to gutting or beheading the fish prior to landing. In some of the larger fishing craft such as trawlers, operating on the high seas for several weeks at a time, the processing of the offal and waste from such evisceration of the catches, is done on board in small fish meal and oil reduction plants built as part of the fishing craft. In such cases the fishing craft are not only serving as "primary extractive" units but are also undertaking secondary manufacturing activities.

There are other instances where large fishing schooners and trawlers operate on the grounds for months at a time; for example, European craft fishing for cod off the Newfoundland coast. In these cases, fishing is done by means of smaller craft, such as dories, and their catches are salted and cured and otherwise treated on board the mother ships.

Finally, we encounter the fully developed factory ship equipped with a fleet of catching vessels. The modern pelagic whaling expedition is a classic example. However, there are also instances of introducing large-size factory ships which will operate directly trawling gear and catch the raw material themselves for processing on board to produce frozen fillets, canned products and related by-products.

Where manufactured and processed commodities are produced on board fishing craft, mother ships and factory ships (whether or not the fishing is done by such craft or by auxiliary, specialized fish catching boats), the output might be landed in the ports of the home country or might be discharged directly into foreign ports.

The foregoing remarks illustrate the commonly known and accepted facts about the fishing industry. However, in the statistical treatment of the data reflecting the input and output features, there is no such clarity and consistent acceptance of certain basic principles.

A. Primary Fishing Statistics. It is the general practice to treat landings by national fishing craft, whether caught inside or outside the territorial boundaries, as domestic production. In some cases, landings received from foreign fishing craft are considered, without any distinction, as part of the domestic production and are, therefore, included in the national output. Other countries distinguish between (i) domestic landings by national fishing craft, and (ii) direct receipts from foreign fishing craft; the latter might be treated, but not necessarily, as imports.

On the other hand, this problem has its reverse side. The direct deliveries from domestic fishing craft into foreign ports are not always considered as part of the statistics on the national fishing output. If such landings are made into countries which exclude direct foreign receipts from their own fishing statistics, such quantities would not be covered by the fishing statistics of any particular country. However, there may be instances of double-counting as a result of a country including these direct foreign deliveries with their own domestic output, while the country receiving such landings, similarly includes them with its own domestic production.

It might be advisable at this stage to encourage countries, when preparing annual publications dealing with fishery statistics, to provide tables that will reflect adequately the following three types of production statistics.

- (a) Landings in the national country by its own domestic craft;
- (b) Landings in foreign countries by domestic fishing craft, and
- (c) Landings in the national country by foreign fishing craft.

B. Industrial censuses and related enquiries. Here are to be faced difficulties when trying to ensure that the coverage would take into account the manufacturing done aboard fishing craft, mother ships and factory ships. While such censuses are often in a position to cover adequately shore-based operations, it appears that they will have to obtain the cooperation of the agencies collecting fishing statistics to ensure that, together with the normal catch and landings statistics, records will also be made of discharges of semi-manufactured and fully processed products. In these cases, the collected statistics should also make provision for the three categories mentioned in the primary fishing statistics:-

- (i) Domestic discharges by the national craft,
- (ii) Discharges in foreign ports by the national craft,
- (iii) Receipts from foreign fishing craft.

These statistics should be collected to ensure that they will fit in with the patterns established for the input and output data reflecting shore-based activities.

C. External trade statistics. One phase of the problem of direct foreign landing is how they shall be treated in the external trade statistics of countries making such deliveries or of the ones receiving them. This problem has been discussed in several documents (see annexes).

The analysis of current practices indicates that countries usually treat domestic catches and landings, whether or not taken in waters outside or inside the territorial waters as part of the national production and not as imports. However, in some countries, direct landings by foreign fishing craft are excluded from the import statistics while certain countries do not treat landings made directly into foreign territories by their own fishing craft as part of their exports.

There are cases where countries classify, as part of their imports, products which have been caught and manufactured on the high seas by their own craft. The United Kingdom, for example, shows as imports its receipts of whale oil discharged from United Kingdom owned and operated whaling expeditions to the Antarctic.

Norway again illustrates the instance where a country excludes from her export statistics, quantities of whale oil discharged directly in foreign ports by its factory ships when en-route from the Antarctic back to Norway.

At present, these problems are related mostly to the items dealing with fresh and frozen fish and with whale oils. However, with the increasing development of mother ships and factory ship activities as well as processing on board trawlers, which may discharge their manufactured products either directly into the home country or into foreign ports, these problems will extend to such items in external trade as cured fish, canned fish, meals, oils and other by-products.

Solutions. It might be necessary to point out the difficulties that may arise if the principle is accepted that any craft should be considered to be mobile extensions of the national territory and national economy of the country whose flag it is flying. In some cases, fishing craft belonging to European countries are operating in the South Pacific. The logical application of the national flag principle might result in the requirement that their catches should be recorded as part of the European country's statistics rather than the statistics of the territory in which such craft are operating. Shore-based plants even when of foreign ownership or of joint ownership with two nationalities involved, could usually be considered as being part of the national economy of the territory in which it is situated. There is, in fisheries, the additional difficulty that the fishing fleet which is operating might consist of a mother ship which is jointly owned and operated, flying the flag of one of the two countries involved, while its auxiliary fish catchers are made up under the ownership of another nationality and flying the flag of that country.

It is by no means easy to lay down applicable rules which will result in an immediate clarification of the issues involved. However, it can be expected that if a few basic principles are laid down at the present stage, this might encourage the countries to develop certain practices which will result in consistent and logical treatment of these problems in all types of statistical systems. The important thing to be considered at this initial stage is the necessity to ensure that any suggestion made in respect of any group of statistics would permit the subsequent extension of suggestions to other groups of statistics to be consistent and logical with one another. Therefore, any suggestions on treating these fishery problems in external trade statistics should also be considered from the point of view of how the fishery problems have to be solved with regard to industrial censuses, primary fishing statistics and other statistical systems that might be required.

ANNEX I <sup>1/</sup>

Marine animal and plant products are virtually the only commercial commodities which are usually "produced" and often even "processed" outside territorial waters, i.e., beyond the political boundaries of states constituting the normal customs territories. This element has introduced several complicating features into the coverage of the external trade data of countries.

Usually all landings of fresh and processed products from domestic craft discharged directly into the national territory are considered as local output and not as imports, and this also appears to be the most logical procedure. Similarly, direct landings by such craft in foreign countries should be treated as production that has been exported from the country where the craft belongs, even where the commodities do not originate within the customs territory of the exporting country. The recipient should treat these quantities as imports and not as domestic landings.

The matter becomes more complicated when the fishermen of the U.S.A. land their tuna or other fish catches in Mexico or Canada and the quantities are subsequently shipped by other carriers to the U.S.A. canneries. The U.S.A. treat these shipments as original landings being part of their domestic production and they are not entered as imports. Mexico, however, classifies the landed quantities as domestic landings and the shipments as its exports to the U.S.A. Canada appears to exclude such landings from both her primary production data and from her export figures.

The introduction of factory ships with canning and meal and oil units aboard will aggravate the already serious complications caused by current ways to record the activities of whaling factory ships. It appears that the whale oil and other whale products produced on board Norwegian craft in the Antarctic, are not listed in the Official Norwegian export statistics when discharged into foreign territories without passing through Norway.

The United Kingdom when receiving marine products not of "British taking", directly from the so-called "deep-sea Fisheries" treat the quantities involved as imports. However, the nationality of the discharging craft is not always given and the "origin" of the quantities is often listed as "deep-sea fisheries".

Furthermore, it is not easy to find a solution by distinguishing between (a) produce from territorial waters and (b) extra-territorial regions. There are instances where the nationals of one country are by treaty entitled to fish within the territorial waters of another state and land their catches in their own harbours at home after processing the catch in the ports of the foreign country.

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1/ L.P.D. Gertenbach: International Comparability of Statistics on the External Trade in Fisheries Commodities, Document No. 7, First International Meeting of Fishery Statistics, Copenhagen, Denmark, 26-30 May 1952. Mimeographed, FAO, Rome.

The principles involved in a satisfactory solution appear to be:

- (1) To group as exports all commodities which have or would have been treated as domestic produce by primary or secondary industry censuses.
- (2) To include as imports all products not statistically incorporated in primary or secondary industry data.
- (3) To accept as domestic produce all fresh or processed fish caught from craft registered in the country. Floating factories flying the national flag should then be considered as a movable territorial segment of the national economy.

There are of course details involved which will require legal experts' attention before a final agreement on the above question can be reached.

ANNEX II<sup>2/</sup>

Embassies of foreign governments established in any country have traditionally the freedom to import goods for their own use without payment of duty and usually without declaration to the Customs authorities. This is because they are regarded as part of the territory of the country they represent. Such shipments are, therefore, normally excluded from the statistics of the country to which the goods are shipped. Trade between countries and their embassies abroad is, of course, normally negligible, but the principle of extra-territoriality can be extended legitimately to government military forces abroad:

.....

A further extension of the principle of extra-territoriality can legitimately be made for fishing vessels. Such vessels, sailing from home ports, can be regarded as part of the national capital equipment and their catch of fish as part of total national production. It follows that landings of fish from national fishing vessels are not "imports" as are landings of fish from foreign vessels. This distinction is, in fact, followed by practically all countries. A different distinction is, however, made by Japan, France and the Netherlands. These countries include in their imports only those landings of fish which are consigned for a port in another country; fish landed directly from vessels arriving from the high seas is excluded, irrespective of whether national or foreign vessels are concerned.

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<sup>2/</sup> A. Maizels, "Coverage", Chapter 3, International Trade Statistics, edited by R.G.D. Allen and J. Edward Ely, New York, John Wiley and Sons, Inc. 1953. pp. 31-33.

A complication is also introduced by the mobile nature of a "national frontier" if defined so as to include national fishing vessels, since it follows that any purchases they make in foreign ports are, strictly speaking, "imports" and any sales they make are "exports". The purchases in this case are relatively small (bunkers and other ships' stores) and would normally be excluded from the import statistics of all countries because of the difficulties of statistical recording. The sales, however, can be very considerable for countries having large fishing fleets, and the treatment of fish may make a considerable difference in the recorded export totals. Canada, Denmark and Iceland include such sales in their export statistics; sales of fresh fish in foreign ports direct from Icelandic fishing vessels account for some 90 per cent of the total recorded exports of that country. The export statistics of other important maritime countries, however, such as Norway, the United Kingdom, and the Netherlands, exclude such sales altogether.

A further complication arises from the treatment of fishing grounds within territorial waters; these are traditionally within the national frontier, so that fish caught in territorial waters by foreign vessels and landed directly abroad could, strictly speaking, be regarded as exports. Similarly, fish caught by national vessels in the territorial waters of other countries could be regarded as "imports" rather than as national production. On the other hand, it could also be argued that fish caught by national vessels are properly regarded as national production irrespective of the location of the fishing ground concerned; on this view, territorial waters would be outside the national frontier for trade statistics purposes. Whichever view is taken on the logical position, it is clear that the systematic inclusion in the trade statistics of fish caught in territorial waters by vessels of foreign nationality would generally be uneconomic in terms of cost of collecting the necessary information. Both Mexico and Costa Rica, however, include in their export figures fish caught by United States ships in their territorial waters and landed in United States ports. The United States, however, does not regard such fish landed by United States boats as imports, but rather as part of the total production of United States fisheries. It follows that a discrepancy exists on this account between exports of fish to the United States from Mexico and Costa Rica, as recorded by Mexico and Costa Rica, and imports of fish into the United States from those countries, as recorded in the United States statistics. In 1949, for example, Mexican fish exports to the United States were recorded at about \$36.4 million as against only \$13.6 million shown in the United States import statistics. It might be noted that a small part of this discrepancy may be caused by the United States practice of excluding from its import statistics imports on entries having a value less than \$100, but the major reason for the discrepancy is the different concept of national production implied in the United States and Mexican trade statistics.

The United Kingdom and Norway, as well as other countries, maintain large fleets of whaling vessels in Antarctic waters. Logically, these can be treated in the same way as fishing vessels, and imports of whale oil from national whalers can be excluded from the import statistics. This is the Norwegian position, though the Norwegian export figures should, to maintain consistency, include sales of whale oil direct from Norwegian whaling vessels

to foreign countries; such sales are, however, excluded. The United Kingdom treatment of whale oil is different, landings from British whalers being treated as "imports" and not as home production. The difference in the British treatment of fish and of whale oil is due to the legal provisions of the Act governing Customs entry, which specifically exempts fish of British taking but not whale oil.

ANNEX III<sup>3/</sup>

It is important to note that the landings recorded in national statistics may cover three different categories, (a) landings in that country by domestic fishing craft, (b) landings in that country by foreign fishing craft, and (c) landings in foreign countries by domestic fishing craft.

While the common practice is for most countries to regard fish landings by their own fishing fleets as domestic production and not as imports, nevertheless some of these same countries classify the whale oils deriving from their Antarctic factory ship whaling expeditions as imports. There is also much inconsistency in the classification of direct landings made by foreign fishing craft, which apparently should be treated strictly as imports. At present the best solution might be to encourage national Fisheries Departments to break down their data on catches or landings in the three aforementioned categories when publishing these statistics in their daily, weekly, monthly and annual publications, reports and statistical digests. At the same time it must be ensured that they will be appropriately accounted for in the import and export trade statistics by the department responsible for general external trade data.

This problem is also complicated by the practice in some branches of fisheries where the fish is processed on board before being discharged. Schooners and mother ships operating in distant waters may either salt, cure or can or otherwise process the catch before returning home. This feature is quite common in the Antarctic pelagic whaling industry. It is necessary to consider these activities when preparing statistical accounts of secondary processing undertakings and to account for any discharges of the processed products in the home country or in foreign countries in the correct way in terms of import and export trade statistics practices.

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<sup>3/</sup> FAO Fisheries Division, Statistical Systems for Fishery Industries, Supplement to paper 46, 28th Session, International Statistics Institute, Rome 1955.



ANNEX IV<sup>4/</sup>

The U.S. Customs laws regarding landings of fishery products from joint U.S. - Japanese fishing operations were outlined by the Bureau of Customs in a recent letter to the State Department. The letter comments as follows:

"Reference is made to your memorandum... You ask for the comments of this Bureau with respect to certain of the questions raised...the Bureau's comments thereon are as follows:

"1. Under what conditions can processed fishery products, such as canned crab meat, be landed at an American port if this product has been caught and processed by a United States-Japanese joint fishing company incorporated in accordance with United States laws and regulations? Catcher boats (Japanese) and the mothership (American) would be under United States registry if permitted by United States regulations.

"Section 251, title 46, United States Code, restricts the American fisheries to vessels of the United States properly documented to engage in that trade. A vessel which is engaged in the catching of fish is engaged in the fisheries. Such a vessel also is engaged in the fisheries when it transports its catch to shore. In addition, where one vessel is used to catch the fish and another is used to transport the catch to shore, both vessels are engaged in the fisheries so long as both are under the same ownership or under the same complete control and management.

"The Bureau assumes, and will so treat the subject, that (1) it is intended that the operations of catching, processing, and transportation to port of fish products thereof are to be conducted by means of vessels which, if not under the same ownership, are to be under the same complete control and management, i.e., the said United States-Japanese joint fishing company, and (2) the mothership is to be so documented under the laws of the United States as to entitle it to engage in fishing. The latter would require the further assumption that the company is a citizen of the United States as defined in the documentation laws.

"Catcher boats of foreign build or ownership are not entitled to be documented for the American fisheries nor may any undocumented vessel engage in the American fishery except one of less than 5 net tons which is owned in the United States, or as hereafter stated in this paragraph. The catch of vessels of foreign build, flag, or ownership, except as hereafter stated in this paragraph, will not be regarded as products of an American fishery entitled to free entry under paragraph 1730(a), Tariff Act of 1930, as amended.

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<sup>4/</sup> Anonymous: "U.S. Customs Laws Regarding Landings of Fish From Joint U.S.-Japanese Fishing Operations", Commercial Fisheries Review, Vol. 15, No. 10, October 1953. Fish and Wildlife Service, U.S. Department of the Interior, Washington, D.C.

The employment by an American fishery of citizens of a foreign country who use their own foreign undocumented catcher vessels does not preclude free entry of their catches under paragraph 1730(a), supra.

"If catcher boats built in the United States and owned by a citizen of the United States, as defined in section 802, title 46, United States Code, which may include a corporation organized and existing under the laws of the United States or of a State thereof, the president and managing directors of which are citizens and of which at least a controlling interest is vested in American citizens free from trust or fiduciary obligation in favor of alien interests, are documented under the United States flag, they will be entitled as vessels of the United States port as products of an American fishery entitled to free entry under the provisions of paragraph 1730(a), Tariff Act of 1930, as amended. Further, the United States-flag mothership will be entitled to transship from the high seas such catches or the products processed therefrom at sea to a port of the United States as products of an American fishery likewise entitled to free entry.

"2. Is the entry of products caught and processed at sea by such enterprise subject to prohibition, restrictions, or import duties at the United States port? These products would be transported from the fishing ground to a United States port by the United States registered carrier.

"The tariff status of fish not entitled to free entry as products of an American fishery may be dutiable or entitled to free entry depending upon the type of fish and the processing to which it has been subjected. For instance, tuna fish, fresh or frozen, is entitled to free entry under the provisions of paragraph 1756, Tariff Act of 1930, while tuna, packed in air-tight containers (canned, not in oil), and tuna packed in oil (canned), are dutiable under paragraphs 718(b) and 718(a), respectively. Crab meat, including crab paste and crab sauce, packed in air-tight containers, is dutiable at the rate of  $22\frac{1}{2}$  per centum ad valorem under the provisions of paragraph 721(a), Tariff Act of 1930.

"No quota is in effect at this time on crabs or tuna fish or canned products thereof. Groundfish, namely, cod, haddock, hake, pollock, cusk, and rosefish, excepting such as are entitled to free entry as products of an American fishery, are subject upon entry to tariff rate quotas."

UNITED NATIONS  
ECONOMIC  
AND  
SOCIAL COUNCIL



Distr.  
GENERAL

E/CN.3/173/Add.3/Corr.1  
6 April 1954

English only

Dual Distribution

STATISTICAL COMMISSION  
Eighth Session  
Item 4 of the provisional agenda

SOME NOTES ON THE STATISTICAL TREATMENT OF FISH LANDINGS,  
FISH PROCESSING, AND THE EXTERNAL TRADE IN FISHERY PRODUCTS

(Memorandum prepared by the Fisheries Division  
of the Food and Agriculture Organization)

Delete the whole of the text under ANNEX II<sup>2/</sup> (pages 6-8) from:

"Embassies of foreign governments established in any country ....."  
down to " ..... which specifically exempts fish of British taking but  
not whale oil." retaining title "ANNEX II" with footnote reference.

