UNITED NATIONS
DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS
STATISTICS DIVISION

Expert Group on International Merchandise Trade Statistics
First Virtual Meeting
New York, 5 November - 5 December 2008

Report of the First Virtual Meeting

United Nations, New York
2008
Contents

| I. Purpose and organization | 1–6 | 3 |
| II. Participation | 7 | 4 |
| III. Conclusions | 8–66 | 4 |
|   A. General | 8–10 | 4 |
|   B. Coverage (Issue 1) | 11–16 | 4 |
|   C. Change of ownership (Issue 2) | 17–20 | 5 |
|   D. Packaged software (Issue 3) | 21–23 | 5 |
|   E. Goods for processing (Issue 4) | 24–30 | 6 |
|   F. Transactions between parent and affiliated branches (Issue 5) | 31–33 | 6 |
|   G. Downloadable or otherwise electronically delivered computer software and audiovisual products (Issue 6) | 34 | 7 |
|   H. Asymmetric inclusions and exclusions (Issue 7) | 35–37 | 7 |
|   I. Adding mode of transport (Issue 8) | 38–41 | 7 |
|   J. Adding Imports on FOB-type basis (Issue 9) | 42–44 | 8 |
|   K. Strengthening country of consignment for imports (Issue 10) | 45–47 | 8 |
|   L. Optional or recommended country of consignment for export (Issue 11) | 48–49 | 8 |
|   M. Use of non-customs source and data compilation strategies (Issue 12) | 50–52 | 8 |
|   N. Maintaining institutional arrangements (Issue 13) | 53–54 | 9 |
|   O. Recommendations on quality of international merchandise trade statistics (Issue 14) | 55–56 | 9 |
|   P. Providing additional recommendations on the compilation and dissemination of metadata of international merchandise trade statistics (Issue 15) | 57–59 | 9 |
|   Q. Compilation of external trade indices (Issue 16) | 60–63 | 9 |
|   R. Compilation of seasonally adjusted data (Issue 17) | 64–66 | 10 |

Annex

|   I. List of participants | | 11 |
I. Purpose and organization

1. The United Nations Statistical Commission at its 39th session (26-29 February 2008) endorsed the initiative and strategy of the United Nations Statistics Division (UNSD) to revise the existing recommendations for international merchandise trade statistics contained in *International Merchandise Trade Statistics, Concepts and Definitions, Revision 2* (IMTS, Rev.2) and requested that the draft revised recommendations be submitted to the Commission for adoption at its 41st session in 2010.

2. UNSD is assisted in the revision process by an Expert Group on International Merchandise Trade Statistics (EG-IMTS) which met for the first time from 3 to 6 December 2007 in New York and selected 17 issues for which advice was needed from countries at the global level in order to define the scope of the future revised recommendations.

3. At its first meeting the EG-IMTS agreed to meet again for a virtual meeting in November 2008. This meeting was conducted electronically from 5 November to 5 December 2008 through an ‘expert forum’. The objectives of this meeting were (i) to discuss the results of the first round of worldwide consultation on the 17 issues most relevant for setting the scope of the future recommendations as identified by the EG-IMTS and (ii) to agree on how to incorporate them into the future revised recommendations:

4. On 17 October 2007 the members of the EG-IMTS received the invitation to the virtual meeting together with (i) the report on the results of the first round of worldwide consultation and (ii) the guidelines on how to use the expert forum. In addition, the comments of all countries had been posted as a separate document on the expert forum. This separate document which forms Annex 2 to the report contains unedited country comments in original language and unofficial translation of some of them into English.

5. On 5 November UNSD provided its initial proposals for IMTS, Rev.3 on all 17 issues which were submitted for consultation. These proposals were based on the results of the first round of worldwide consultation. The proposals on the 17 issues were each presented in four parts: (1) Current recommendation (and related existing text where applicable), (2) Results of the worldwide consultation, (3) Proposed text in IMTS, Rev.3 and (4) Further proposals and considerations, specific questions to the EG-IMTS. Participants had time to provide their comments until 17 November.

6. On 21 November UNSD provided its draft conclusions of the virtual meeting and countries were requested to provide their comments by 3 December. The last comment was received on 5 December and the expert forum was physically closed (made read-only) on 10 December. All comments were considered in the below conclusions and are part of the documentation of this meeting.
II. Participation

7. The EG-IMTS members of 23 national offices and international/ regional organizations which participated in the first meeting from 3-6 December 2007 were invited to this virtual meeting. Out of these 15 participated in the virtual meeting providing a total of 186 postings – 142 during the first round of comment and 44 as reaction to the draft conclusions provided by UNSD.

III. Conclusions

8. At its virtual meeting from 5 November to 5 December 2008, the Expert Group on International Merchandise Trade Statistics:

   A. General

   9. Confirmed that a virtual meeting is a useful tool to ensure timely preparation of the provisional draft of IMTS, Rev.3.

   10. Agreed to hold two additional virtual meetings in 2009 - to review the full draft text of Chapter I “Coverage and time of recording” and Chapter II “Trade System” (probably in March 2009) and to review the full draft texts of the remaining chapters (probably in June 2009). Also, while this virtual meeting has been closed on the expert forum, UNSD will keep the expert forum open for ongoing discussions.

   B. Coverage (Issue 1)

   11. Endorsed the definition of the IMTS coverage (paragraph 1.3.1 of the UNSD report), but suggests to drop "irrespective of the transactions underlying such movements" from the first sentence;

   12. Proposed that Chapter I contains an explicit statement regarding the main conceptual differences between IMTS, Rev.3 and BPM6/SNA2008; detailed description of the relationship between those systems should be provided in an Annex;

   13. Agreed that for the IMTS, Rev.3 purposes material resources of a country include those located on its economic territory whether owned by residents or by non-residents (e.g., if a non-resident is temporarily located in the compiling country and brings in goods for sale those goods are imports; a non-resident may buy goods from a resident and, after some time, export them);

   14. Endorsed the general definition of Goods simply being transported through a country (paragraph 3-4 of the UNSD report) with the following amendments: (a) change "comprise" to "include" in the first sentence; (b) continue the first sentence as follows “…and are not subject to halts not inherent to the transportation”, (c) add that goods should be treated as simply being transported through a country only where it is possible to identify both parts of the transaction (that is when goods enter the country and leave
it); (d) clarify the difference of goods in transit or transhipment with goods for re-export, (e) include in the list of simple handling operations reloading from one means of transport to another and packaging (apply a narrow definition, i.e. breaking up of a shipment), (f) define temporary storage as “storage for logistical reasons” (if such goods are sold for use within the country they become its imports);

15. Endorsed the general definition of Goods temporarily admitted or dispatched (para 5 of the UNSD report) with the following amendments: (a) “intended stay in the receiving country is temporary (in general one year or less); (b) this recommendation does not apply to goods on financial lease and included in IMTS; (c) this recommendation does not apply to goods that are imported for the purposes of re-sale and subsequent re-export (for example a Canadian wholesaler that has North American distribution rights), such goods are included in imports/exports; (d) address the issue if goods are not used as initially intended (i.e. subsequent change of customs procedure).

16. Proposed to provide recommendations on the inclusion/exclusion of a number of goods categories identified by EG members.

C. Change of ownership (Issue 2)

17. Agreed that change of ownership is to be applied only if the general criterion is not applicable, that is when goods do not cross country’s border, recommended that a number of cases are provided in IMTS, Rev.3 (e.g., ships, aircraft, satellites, etc);

18. Agreed that change of ownership refers to change of economic (not legal) ownership, in accordance with BPM6; suggested to provide a reference to the relevant section in BPM6 as well as examples, also concerning the change of ownership in the case of goods for processing;

19. Agreed that in the example describing transactions in two aircrafts the recommended recording should be the same for both aircrafts: France exports to Germany (last known destination); Germany imports from France (country of origin); the circumstances under which Spain would need to report an import should be elaborated;

20. Proposed to include in Chapter I recommendation on merchanting (to exclude goods in merchanting from IMTS).

D. Packaged software (Issue 3)

21. Agreed with the recommendation in paragraph 3.3.1 with the following amendments:

   a. clarify the term “transaction value” in the context of this category of goods
   b. remove “all” from the last sentence;
c. allow for exclusion of the “media with customized software” which could for example be defined as software written for a specific client (definition requires further discussions) with the transaction value as one possible criteria for identification;

22. Agreed to use the HS terminology and to drop terms “packaged software” and “software developed to order”;

23. Proposed to include analysis of several typical cases in IMTS, Rev.3; more details should be provided in the revised Compilers Manual.

E. Goods for processing (Issue 4)

24. Agreed, in general, with the recommendation provided in paragraphs 4.3.1 and 4.3.2, however:

25. Proposed to integrate the concept of “broad” definition of goods for processing into paragraph 4.3.1 since “processing” in the Kyoto convention and national supra-national regulations (e.g., EU regulation) is not defined as “processing without change of ownership” which is only a special case;

26. Agreed that an explanation of a broad meaning of “processing” should be provided by listing and discussing certain operations (e.g., EU example or re-manufacturing as opposed to ‘minor changes’ and ‘small scale treatments’ which do not lead to a different/new or substantially improved product);

27. Reconfirmed that goods for (and after) processing are to be recorded on a gross basis;

28. Asked to include in IMTS, Rev.3 details on the treatment of the goods resulting from the processing and their movements (back to country of goods for processing; remain in country of processing; shipment to a third country); and also to include details on the valuation of these goods in the processing country;

29. Recognized the need to recommend how to differentiate goods for processing and goods for repair/maintenance/service;

30. Proposes to acknowledge that surveys (despite their disadvantages) may help to identify goods for processing without change of ownership in addition to customs records.

F. Transactions between parent and affiliated branches (Issue 5)

31. Confirmed that transactions between the related parties (whatever the definition of the “related”) should be included in international merchandise trade statistics the same way as if these transactions would take place between unrelated parties and agreed that countries should be encouraged to identify and record this kind of trade separately;
32. Agreed that more clarity is needed whether a preferred definition for related parties should be recommended and whether a more narrow definition should be adopted;

33. Agreed that the country’s metadata should clearly state what definitions are used in the national compilation.

G. Downloadable or otherwise electronically delivered (Issue 6)

34. Agreed with the recommendation (paragraph 6.3.1) and proposes to edit the text to improve its clarity.

H. Asymmetric inclusions and exclusions (Issue 7)

35. Recognized the user needs in symmetrical recording of imports and exports including needs of national accounts, BOP and SITS compilers and, in general, supported symmetrical recording; also, the Expert Group took into account the potential increase in the reporting burden and difficulties in obtaining the required data;

36. Advised that all cases where goods transactions are asymmetrically recorded be re-examined and options for their statistical treatment be included in the provisional draft of Chapter I for further discussion;

37. Agreed that symmetrical recording of all energy product flows is of particular importance and deserves a special effort to obtain as comprehensive and reliable data as possible.

I. Adding mode of transport (Issue 8)

38. Strongly supported a general recommendation to collect and disseminate mode of transport as additional data dimension of trade data;

39. Agreed that when the general trade system is in use the mode of transport should be recorded as the means of transport when crossing the border/when entering and leaving the country;

40. Advised that the issue of mode of transport in the case of use of the special trade system appears to require further research although there appears to be a preference for the recording of the means of transport when crossing the border/when entering and leaving the country;

41. Advised that the recommendation concerning a classification of mode of transport requires further consideration – there seems to be the idea of recommending only a minimum classification for mode of transport (air, water, other) which might be internationally comparable while leaving further breakdowns up to national requirements. Yet, several experts clearly indicated that road and rail should be part of the recommended classification of mode of transport.
J. Adding Imports on FOB-type basis (Issue 9)

42. Recognized the importance of imports FOB valuation for various purposes including for use in the SNA, BOP and SITS compilations, reconciliation studies and examination of bilateral trade balances; recognized as well the significant additional burden on respondents and merchandise trade compilers which such compilation might entail;

43. Advised that IMTS, Rev.3 should encourage countries to set up appropriate interagency-arrangements to systematically produce CIF/FOB adjustments (with active participation of merchandise trade compilers);

44. Advised that good practices in this respect should be included in the Compilers Manual (Brazil’s experience is a good candidate for this).

K. Strengthening country of consignment for imports (Issue 10)

45. Endorsed, in general, the recommendation as formulated in paragraph 10.3.1;

46. Advised to clarify how the additional partner data for imports (by country of consignment) should/should not be disseminated in order to assist users;

47. Advised to examine the appropriate partner attribution in certain special cases (e.g., used goods and art).

L. Optional or recommended country of consignment for export (Issue 11)

48. Agreed that the issue needs further examination;

49. Asked UNSD to propose an updated draft text for further discussion.

M. Use of non-customs source and data compilation strategies (Issue 12)

50. Stressed that IMTS, Rev.3 should confirm that customs records remain the main and preferred data source for international merchandise trade statistics;

51. Agreed that non-customs data sources should be recommended for use only if customs records are not available or clearly not adequate and that in such cases other administrative sources should be used as much as possible, in particular in order to avoid costly surveys;

52. Proposed that IMTS, Rev.3 describes advantages and disadvantages of non-customs data sources briefly and that a more detailed discussion is provided in the Compilers Manual.
N. Maintaining institutional arrangements (Issue 13)

53. Endorsed, in general, the recommendation proposed by UNSD, but advised to streamline the proposed text as it is considered as too long and too specific;

54. Advised to include a more detailed discussion of good practices in establishing and maintaining institutional arrangements (such as the experience of Mexico) in the revised Compilers Manual.

O. Recommendations on quality of international merchandise trade statistics (Issue 14)

55. Agreed, in general, with the recommendation provided in paragraph 14.3.1, with clarification that (1) the recommendations refer to national self assessment (and not external assessment) and the subject of the quality review is not just data but the trade statistics program, (2) the frequency of quality reviews is to be decided by countries but should be at least every 5 years;

56. Advised that a separate chapter on data quality and good practice should be included in the Compilers Manual.

P. Providing additional recommendations on the compilation and dissemination of metadata of international merchandise trade statistics (Issue 15)

57. Agreed, in general, with the recommendation and proposals contained in paragraph 15.3.1, 15.4.1 and 15.4.2;

58. Proposed to simplify the language and provide definitions of the main terms used in the text (a glossary of metadata);

59. Advised that examples of good practices should be included in the Compilers Manual.

Q. Compilation of external trade indices (Issue 16)

60. Agreed, in general, with the recommendation in paragraph 16.3.1;

61. Proposed to include in IMTS, Rev.3 a reference to the upcoming Export and Import Price Index Manual (XMPI) as a detailed guide on the topic;

62. Advised UNSD to update its publication “Strategies for Price and Quantity Measurement in External Trade: A Technical report”. This publication should reflect on the experiences gained by countries after issuance of the XMPI Manual and focus on the description of good country practices and outstanding issues. It should not repeat the work done in the forthcoming XMPI Manual.
63. Took note of the IMF disagreement with the initial UNSD proposal as the IMF perceives this proposal as in conflict with its forthcoming XMPI manual.

**R. Compilation of seasonally adjusted data (Issue 17)**

64. Agreed to include in IMTS, Rev.3 general recommendations relevant to compilation of seasonally adjusted data;

65. Suggested that more detailed technical information should be provided in the revised Compilers Manual which should make use of references to existing technical guidelines;

66. Suggested to recommend that information on the adjustment methods, data quality etc. should be provided by countries in their metadata.
ANNEX I
LIST OF PARTICIPANTS

Brazil
1. Mr. Paolo PAVAO
   Statistic Production General Coordinator
   MDIC/SECEX/DEPLA
   Rio de Janeiro, Brazil
   e-mail: paulo.pavao@desenvolvimento.gov.br

Canada
2. Mr. Alan TORRANCE
   Head, Reconciliations
   Statistics Canada
   Ottawa, Canada
   e-mail: Alan.Torrance@statcan.ca

China
3. Ms. Hongman Jin
   Chief
   Statistics Division
   Statistics Department
   General Customs Administration
   Beijing, China
   e-mail: jin_hm@mail.customs.gov.cn

Czech Republic
4. Ms. Vera PETRASKOVA
   Senior Statistician
   Czech Statistical Office
   Prague, Czech Republic
   e-mail: vera.petraskova@czso.cz

Germany
5. Mr. Albrecht KROCKOW
   Head of Section
   Statistiches Bundesamt
   Germany
   e-mail: albrecht.krockow@destatis.de
Italy

6. Ms. Paola ANITORI
   Researcher, Price Statistics and Foreign Trade Division
   ISTAT – National Institute of Statistics
   Rome, Italy
   e-mail: anitori@istat.it

Jordan

7. Mr. Zaki ALTWALBEH
   Director Assistant
   Department of Statistics
   Amman, Jordan
   e-mail: zaki@dos.gov.jo

Mexico

8. Mr. Gerardo Alfonso DURAND ALCANTARA
   Director de Area
   INEGI
   Del Benito Juarez, Mexico
   e-mail: gerardo.durand@inegi.gob.mx

Ukraine

9. Mr. Vadym PISCHEIKO
   First Deputy Head
   State Statistics Committee of Ukraine
   Kiev, Ukraine
   e-mail: v.pischchevko@ukrstat.gov.ua

United Kingdom of Great Britain and Northern Ireland

10. Ms. Sandra TUDOR
    Head of Trade Statistics
    UK Customs
    United Kingdom
    e-mail: sandra.tudor@hmrc.gsi.gov.uk
United States of America

11. Ms. Diane OBERG  
    Senior Foreign Trade Advisor  
    U.S. Census Bureau, U.S. Department of Commerce  
    Washington, D.C., USA  
    e-mail: Diane.C.Oberg@census.gov

12. Mr. David DICKERSON  
    Assistant Chief, Foreign Trade Division  
    U.S. Census Bureau, U.S. Department of Commerce  
    Washington, D.C., USA  
    e-mail: david.m.dickerson@census.gov

Viet Nam

13. Ms. Thi Minh Thuy LE  
    Deputy Director  
    Department of Trade  
    Hanoi, Viet Nam  
    e-mail: lmthuy@gso.gov.vn
Organizations

EUROSTAT

14. Mr. Clemens SCHROETER  
   International Trade Statistics – Methodology and Classifications  
   EUROSTAT  
   Luxembourg  
   e-mail: Clemens.Schroeter@ec.europa.eu

15. Mr. Karo NUORTILA  
   International Trade Statistics – Production  
   EUROSTAT  
   Luxembourg  
   e-mail: Karo.Nuortila@ec.europa.eu

IMF

16. Mr. Thomas ALEXANDER  
   Senior Economist  
   International Monetary Fund  
   Washington D.C., USA  
   e-mail: talexander@imf.org

17. Mr. Mick SILVER  
   Senior Economist  
   International Monetary Fund  
   Washington D.C., USA  
   e-mail: msilver@imf.org

WTO

18. Mr. Andreas MAURER  
   Chief, International Trade Statistics Section  
   Economic Research and Statistics Division  
   WTO  
   e-mail: Andreas.Maurer@wto.org

United Nations Statistics Division

19. Mr. Vladimir MARKHONKO  
   Chief, Trade Statistics Branch  
   United Nations Statistics Division, DESA  
   e-mail: markhonko@un.org
20. Mr. Matthias REISTER  
Chief of Section, International Merchandise Trade Statistics Section  
Trade Statistics Branch  
United Nations Statistics Division, DESA  
e-mail: reister@un.org

21. Mr. Ronald JANSEN  
Chief of Section, Capacity Development Section  
Trade Statistics Branch  
United Nations Statistics Division, DESA  
e-mail: jansen1@un.org

22. Mr. Markie MURYAWAN  
Statistician, International Merchandise Trade Statistics Section  
Trade Statistics Branch  
United Nations Statistics Division, DESA  
e-mail: muryawan@un.org

23. Mr. Nelnan KOU MTINGUE  
Associate Statistician, International Merchandise Trade Statistics Section  
Trade Statistics Branch  
United Nations Statistics Division, DESA  
e-mail: muryawan@un.org