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DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS
STATISTICS DIVISION
**The United Nations Expert Group on International Merchandise Trade Statistics
Virtual meeting, 5 – 26 November 2008**

**Incorporation of the results of the first round of
worldwide consultation into the revised recommendations for
international merchandise trade statistics**

Report by UNSD

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Introduction

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.

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.

At its first meeting the EG-IMTS agreed to meet again for a virtual meeting of the EG-IMTS which will be conducted electronically on 5-26 November 2008 through an 'expert forum'. The objectives of this meeting are (i) to discuss the results of the first round of worldwide consultation on the 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.

In preparation of this meeting the members of the EG-IMTS received already (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 have 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.

To facilitate the discussion **UNSD is hereby providing in this document its initial proposals for IMTS, Rev.3 on all 17 issues** which were submitted for consultation. These proposals are based on the results of the first round of worldwide consultation.

The proposals on the 17 issues are 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
4. Further proposals and considerations, specific questions to the EG-IMTS.

Part 1 and part 2 are exact replications from the report on the results of the first round of worldwide consultations, with the exception of the additional references to existing text in part 1 and one small correction in part 2 of issue 1.

Text in brackets [...] indicate a need / request for additional clarification.

First proposals for IMTS, Rev.3 by UNSD

Issues 1 to 17

Issue 1 Coverage

1.1 Current recommendation

Coverage (IMTS, Rev.2, para. 14). As a general guideline, it is recommended that international merchandise trade statistics record all goods which add to or subtract from the stock of material resources of a country by entering (imports) or leaving (exports) its economic territory. Goods simply being transported through a country (goods in transit) or temporarily admitted or withdrawn (except for goods for inward or outward processing; see IMTS, Rev.2, para. 28) do not add to or subtract from the stock of material resources of a country and are not included in the international merchandise trade statistics. In many cases, a country's economic territory largely coincides with its customs territory, which is the territory in which the customs law of a country applies in full.

1.2 Results of the worldwide consultation

The Consultation paper contained the following question(s):

Question 1: Do you agree that the existing recommendation for coverage should be further elaborated by the clarification of the meaning of the terms used in it, including

- (i) “adding to or subtracting from the stock of material resources”,
- (ii) “being simply transported” and
- (iii) “temporary admission”?

Q1 - Results	YES in %	NO in %	No Opinion in %	N/A in %
Q1(i) - Replies of 115 countries	82	10	8	1
Developed (34)	91	6	3	0
Developing and transitional (81)	78	11	10	1
Q1(ii) - Replies of 115 countries	75	12	10	3
Developed (34)	82	12	6	0
Developing and transitional (81)	72	12	12	4
Q1(iii) - Replies of 115 countries	85	7	4	3
Developed (34)	91	6	0	3
Developing and transitional (81)	83	7	6	4

There is overwhelming support (82% and 85%, respectively) for part 1 and 3 of the question with slightly less support (75%) regarding the need for clarifying the term “simply transported” (part 2).

Comments from 64 countries were received on this question. Many countries offer specific proposals including such as: (a) identify the criteria which differentiate “adding to or subtracting from the stock of material resources” from “temporary admission” and “being simply transported”; (b) treat goods as adding to the stock of material resources if they become directly available in the economy and as being temporary admitted or simply transported if this condition is not satisfied; (c) do not over-complicate these definitions, keep them rather concise and practical and provide examples and/or links to

customs procedures to clarify the meaning of those terms; (d) do not base general definitions only on customs procedures as more and more non-customs data sources are being used; (e) reflect in the definitions the distinct purposes of IMTS and BOP statistics; (f) for identification of temporary admission use the length of stay of goods in a country; (g) provide more details on how to identify temporary admission in the case of customs free zones; (h) indicate that more details on coverage will be provided in specific guidelines on goods to be included and excluded.

1.3 Proposed text in IMTS, Rev.3

Chapter 1 Coverage

A. GENERAL GUIDELINES

1. *Coverage.* As a general guideline, **it is recommended** that international merchandise trade statistics record all goods which add to or subtract from the stock of material resources of a country by entering (imports) or leaving (exports) its economic territory¹ irrespective of the transactions underlying such movements. Goods simply being transported through a country (see para. 3-4 for details) or temporarily admitted or withdrawn (see para. 5 for details) do not add to or subtract from the stock of material resources of a country and are not included in the international merchandise trade statistics. The general guideline is subject to the clarifications provided below on the definitions of the underlining concepts and to the specific guidelines (see Section B).

2. *Material resources of a country.* For the IMTS, Rev.3 purposes the material resources of a country are those located on its economic territory whether owned by residents or by non-residents.

B. SPECIFIC GUIDELINES

3. *Goods simply being transported through a country.* These are goods entering the compiling country solely for the purpose of being transported to another country. The transportation may involve simple handling operations such as **[insert a list of operations]** and temporary storage **[insert a definition]**. If there is a change in the legal status of the goods **[we need to clarify what kind of changes are implied]** or a halt not inherent to the transportation **[we need to clarify what halts are implied]** while goods are in the economic territory of a country, the goods are to be considered imports.

4. Goods simply being transported comprise, but are not limited to the cases where the purpose of simply being transported through a country is confirmed by traders by placing their goods under "in transit" or "in trans-shipment" customs procedures. Sometimes it is administratively easier to declare goods, not as being in transit, but as

¹ For IMTS, Rev.3 purposes an economic territory of a country is defined as in BPM6. Any installation or apparatus, mobile or not, located outside of the geographical territory of a country, owned by the country resident(s) and remaining under the country's jurisdiction, is treated as part of its economic territory. This applies, for example, to any drilling rigs, ships, aircraft, space stations etc.

regular imports on arrival and exports on departure. However, if, at the time when goods cross the compiling country's border, it is known that the goods destination is a third country, these goods are to be treated as simply being transported through the country and are to be excluded. **Countries are encouraged** to make efforts to identify such movements using both customs and non-customs sources of data and exclude them from trade statistics (see para XXX for the related recommendations on re-exports). To ensure data consistency **it is recommended** that the statistical authorities treat goods movements as a simple transportation only if reliable criteria are established.

5. *Goods temporarily admitted or dispatched.* It is **recommended** that goods are considered as temporarily admitted/dispatched if at the time of admission/dispatch it is known that their intended stay in the receiving country is temporary (a year or less [**is this acceptable?**]) and after their stay they can be withdrawn/returned in the same state. This category includes, but is not limited to, goods identified in the Kyoto and Istanbul Conventions as goods covered by the "temporary admission subject to re-exportation in the same state" customs procedure (**insert a box containing excerpts from those conventions**). It is recognized that customs records may not exist or may not provide enough information to allow reliable identification of temporary admission/dispatch. Therefore, country statistical authorities are encouraged (in cooperation with customs or other authorities as required) to establish additional criteria for the identification of such goods, especially for the goods admitted to and dispatched from the premises for customs warehousing or customs free zones. To ensure data consistency **it is recommended** that the statistical authorities treat goods movements as temporarily admission/dispatch only if reliable criteria are established.

1.4 Further proposals and considerations, specific questions to the EG-IMTS

1. The opening paragraph of Chapter 1 will indicate (as it is done now in paragraph 9 of IMTS, Rev.2) that the relevant definitions from the SNA 2008 and BPM6 will be provided in an Annex to IMTS, Rev.3 (such as goods, services, economic territory, rest of the world, institutional unit, centre of economic interest, resident unit and change of ownership).

2. The chapter on coverage should contain an updated list of the specific categories of goods recommended for inclusion or exclusion. **Please, provide cases of such categories of goods which are in your opinion not or not sufficiently covered in the existing recommendations (and also not discussed under the subsequent issues) and propose their statistical treatment.**

Issue 2 Change of ownership

2.1 Current recommendation

Except for several special cases (e.g., ships) and a reference to annex A, IMTS, Rev.2 does not provide further guidance on use of the change of ownership between resident and non-resident in international merchandise trade statistics.

2.2 Results of the worldwide consultation

The Consultation paper contained the following question(s):

Question 2: Do you agree that

- (i) the reasons for use of change of ownership between residents and non-residents as an alternative criterion for inclusion of certain categories of goods should be clarified?
- (ii) a list of such categories of goods should be developed, reviewed and added to the revised manual?

Q2 - Results	YES in %	NO in %	No Opinion in %	N/A in %
Q2(i) - Replies of 115 countries	77	8	15	1
Developed (34)	91	3	6	0
Developing and transitional (81)	70	10	19	1
Q2(ii) - Replies of 115 countries	80	7	12	1
Developed (34)	85	3	12	0
Developing and transitional (81)	78	9	12	1

There is overwhelming support (77% and 80%, respectively, with “No”-answers below 10%) for both parts of the question.

Comments from 62 countries were received on this question. Several comments suggest that change of ownership should only be used in a very limited set of special cases and that a list of cases and examples would be useful. Particular issues which raised concern are the recording of ships, aircraft, satellites, sea products, gas and electricity, the refitting of ships, processing incl. oil refining, financial leasing and trade without crossing the border. In this connection the issues of partner country attribution and time of recording should be addressed also. The concepts of “change of ownership”, “resident” and “non-resident” should be clearly defined in order to avoid misinterpretations.

2.3 Proposed text in IMTS, Rev.3

Not available.

2.4 Further proposals and considerations, specific questions to the EG-IMTS

1. The following cases were indicated as examples where the change of ownership might play a role in their statistical treatment:

- a. *Ships and aircraft;*
- b. *Satellites;*
- c. *Any equipment and/or installations for use in international waters;*
- d. *Sea products;*

[Please, add your examples]

2. In the view of many countries the case of ships and aircraft is especially important (in particular, with respect to the determination of the partners in such trade).

The EG-IMTS is invited to review the case described below and suggest its statistical treatment.

An example to consider.

Two aircrafts (X and Y) are bought by a Maltese company in France – change of ownership is between French and Maltese residents (for the tax purpose). Both aircrafts never enter Maltese territory as they are leased (on financial lease terms) to Lufthansa (Germany). Aircraft X lands in Frankfurt and is for use in domestic flights. Aircraft Y is sent to Spain where it will be based and is for use in international flights. How to reflect those transactions in IMTS?

Here is some analysis. If the change of ownership is applied both aircrafts are to be recorded as exports by France and as imports by Malta. But selling the aircrafts to Malta is a temporary and a purely convenient commercial arrangement. In the end the material resources of France are reduced and those of Germany increased.

Should we confirm the general approach in the case of aircraft X: Germany has to record imports of X as any other goods entering its economic territory on financial lease terms and identify the partner country by goods origin (France, not Malta)? France has to record Germany as a partner in its export statistics (this is possible if French trade compilers know that X is to be leased shortly to Germany; what if they don't know that?). Should Malta reflect anything in its imports/exports?

(continued on next page)

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Should the same treatment be applied to aircraft Y, even if it never enters Germany - that is Germany has to record imports due to the change of ownership from Malta to Germany (financial lease is treated as an economic change of ownership). Germany also should record imports not from Malta but from France. Should Spain make any record in its import statistics?

Issue 3: Packaged software

3.1 Current recommendation

IMTS, Rev.2, makes a distinction between packaged software (or audiovisual products), which is recommended to be included, and software “developed to order”. The following paragraphs give the details.

Goods used as carriers of information and software (IMTS, Rev.2, para. 27). This category includes, for example, (a) packaged sets containing diskettes or CD-ROMs with stored computer software and/or data developed for general or commercial use (not to order), with or without a users' manual, and (b) audio- and videotapes recorded for general or commercial purposes (see para. 123 below for recommendation on valuation). However, (i) diskettes or CD-ROMs with stored computer software and/or data, developed to order, (ii) audio- and videotapes containing original recordings, and (iii) customized blueprints etc. are to be excluded from international merchandise trade statistics.

Under IMTS, Rev.2, para.48 **Goods treated as part of trade in services** it is stated that “this category includes (i) diskettes or CD-ROMs with stored computer software and/or data, developed to order, (ii) audio- and videotapes containing original recordings, and (iii) customized blueprints etc.”

3.2 Results of the worldwide consultation

The Consultation paper contained the following question(s):

Question 3: Do you agree that the existing recommendation (IMTS, Rev.2, para 27) for inclusion of goods used as carriers of information and software² should be updated with respect to its scope?

Q3 - Results	YES in %	NO in %	No Opinion in %	N/A in %
Q3 - Replies of 115 countries	85	5	7	3
Developed (34)	88	3	6	3
Developing and transitional (81)	84	6	7	2

85% of countries are for the clarification of the scope.

Comments from 60 countries were received on this question. Despite the overall agreement, the majority of respondents are not sure how to amend the recommendation. The minority who tries to formulate a proposal is split between the ones which prefer to keep the essence of the current recommendation with some clarification and the ones which argue that all such products should be excluded from IMTS. Countries indicate that the available customs procedures do not allow for a separate identification of the

² For instance, packaged sets containing diskettes or CD-ROMs with stored computer software and/or data developed for general or commercial use [not to order].

various kinds of information or software crossing country borders on recorded media and that such data might be obtained only via additional surveys. Some countries raise the issue of different license and pay arrangements for software and several indicate the difficulty of distinguishing between packaged software and software developed to order.

3.3 Proposed text in IMTS, Rev.3

[to replace current paragraph 27]

1. *Media, whether or not recorded.* It is recognized that in certain cases the material media (e.g., discs, tapes, flash drives, "smart cards" and other storage devices) crossing country borders is used as means to provide certain services. The value of such services might be fully or partially included in the transaction value of that media. Taking into account (a) the prevailing customs practice of classifying both non-recorded and recorded media in one classification heading³ without any further differentiation and (b) absence of other reliable and cost effective data sources for systematic identification of the service component in such media **it is recommended** that countries include all media, whether or not recorded, in international merchandise trade statistics at its transaction value.

2. **[A list of exceptions starting with IMTS, Rev.2, para. 27 (last sentence) should be provided and explained. Also, valuation issues might require further clarification].**

3.4. Further proposals and considerations, specific questions to the EG-IMTS

1. It is proposed that (a) IMTS, Rev.3 does not use the term "packaged software etc" and use the HS terminology (as in HS07 heading 85.23) to avoid misinterpretation and that (b) the term "developed to order" is not used in the revised recommendations as it appears to be impossible to operationalize it.

³ HS2007 heading 85.23 covers discs, tapes, solid-state non-volatile storage devices, "smart cards" and other media for the recording of sound or of other phenomena, whether or not recorded.

Issue 4: Goods for processing

4.1 Current recommendation

Goods for processing (IMTS, Rev.2, para 28). These are goods sent abroad or brought into a country for processing, including processing under contract. Examples are oil refining, metal processing, vehicle assembly and clothing manufacture. These goods and goods resulting from such processing should be recorded as imports and exports of the respective countries.

4.2 Results of the worldwide consultation

The Consultation paper contained the following question(s):

Question 4: Do you agree

- (i) that the existing recommendation (IMTS, Rev.2, para 28) for inclusion of **goods for processing** should be updated to define more clearly its scope?
- (ii) that a new recommendation should be added which states that **goods for processing with physical inputs owned by others** be separately recorded?

Q4 - Results	YES in %	NO in %	No Opinion in %	N/A in %
Q4(i) - Replies of 115 countries	86	7	6	1
Developed (34)	85	12	3	0
Developing and transitional (81)	86	5	7	1
Q4(ii) - Replies of 115 countries	63	19	15	3
Developed (34)	47	35	15	3
Developing and transitional (81)	70	12	15	2

There is almost universal support (86%, with “No”-answers 7%) for the first part of this proposal. The majority of countries (63%) support the separate recording of goods for processing owned by others but there is significant opposition (19% of countries replied no) to this proposal. The opposition to part 2 of this proposal is three times as strong from developed countries (35%) than from other countries (12%).

Comments from 61 countries were received on this question. Countries suggest that processing needs to be clearly defined and differentiated from other transactions. Some find change of ownership to be not sufficiently defined or difficult to determine (i.e. in the case of trade between affiliated enterprises). Many countries see difficulties in identifying goods for processing with physical inputs owned by others and several countries request that the revised recommendations provide practical guidelines and best practices for the identification and measurement of these transactions. Several countries suggest to utilize customs procedure codes or the nature of transactions coding system (in the EU) to identify this kind of transactions. Other countries suggest using surveys. Several countries are concerned about the difference to BOP statistics and request that a clear explanation about the link or bridge to BOP statistics should be provided in the revised recommendations.

4.3 Proposed text in IMTS, Rev.3

[to replace current paragraph 28]

1. *Goods for processing.* For IMTS, Rev.3 purposes goods for processing are defined as goods sent abroad or brought into a country for processing without change of ownership (that is the owner of the goods sent for processing retains the ownership on goods resulting from the processing)⁴. Goods for processing may be brought into a country under the customs procedure for temporary importation for inward processing as well as be declared for home. Goods resulting from processing might be returned to the sending country, sold in the country of processing or be sent to any third country. The choice of the customs procedures may vary from country to country and from trader to trader depending on many factors such as the level of customs duties, taxation, other fees and charges and the expected clearance time. In view of the decreasing customs duties and relaxing of other administrative requirements the spreading practice in some countries is to use importation for home use and, subsequently, for outright exportation (or in reverse, as applicable) as this gives traders more freedom. **It is recommended** that in all cases goods for processing, as well as goods resulting from the processing are to be included in the merchandise exports and imports of the respective countries unless those goods fall into the category of temporary admission subject to withdrawal in the same state (as defined in part 1.3, para. 5 of this document) and are excluded (see para xxx for details).

2. Taking into account the needs of international trade in services and balance of payments statistics where manufacturing services on inputs owned by others should be covered, **countries are encouraged** to explicitly identify (separately record) cross border movement of goods for processing as well as goods resulting from such processing in their trade statistics. However, such identification may not be all-inclusive and the obtained information may not be internationally comparable as (a) merchandise trade statistics compilers may not have adequate sources of data (especially in cases when the inward/outward processing customs procedures are not used) and (b) national definitions of such procedures may significantly differ. Any information regarding such flows should be forwarded to the trade in services and balance of payments compilers. **It is further recommended** that the metadata on merchandise trade statistics contain the estimate of the manufacturing services on inputs owned by others if available.

4.4 Further proposals and considerations, specific questions to the EG-IMTS

Not available.

⁴ Goods for processing may be understood broadly as goods sent abroad or brought into a country for any further transformation that are changing the characteristics of the goods, under various arrangements between the involved parties, which may or may not include change of ownership. If ownership has changed then these goods are included in trade statistics following the general definition of coverage (para xxx) and should not be separately identified.

Issue 5: Transactions between parent and affiliated branches

5.1 Current recommendation

According to IMTS, Rev.2, *Goods which cross borders as a result of transactions between parent corporations and their direct investment enterprises (affiliates/branches)* are to be included (IMTS, Rev. 2, paragraph 29).

Further relevant text:

- IMTS, Rev.2, Annex A, paragraph 7;
- IMTS: CM, paragraphs 66, 120 and 305.

5.2 Results of the worldwide consultation

The Consultation paper contained the following question(s):

Question 5: Do you agree that the existing recommendation (IMTS, Rev.2, para 29) to include goods which cross borders as a result of transactions between parent corporations and their direct investment enterprises (affiliates/branches) is supplemented by a new recommendation that such goods should be separately recorded?

Q5 - Results	YES in %	NO in %	No Opinion in %	N/A in %
Q5 - Replies of 115 countries	57	26	17	0
Developed (34)	47	35	18	0
Developing and transitional (81)	62	22	16	0

The majority of countries (57%) support the separate recording of trade between related parties but there is significant opposition as 26% of countries disagreed with this proposal. Only 47% of developed countries support this proposal and 35% are opposing it. Developing and transitional countries are more clearly in support of this proposal (62%, with “No”-answers 22%).

Comments from 64 countries were received on this question. There is general support for the goal to collect this information, but, at the same time, countries are concerned about the practicality of data collection as part of IMTS because of two reasons: first, customs documents, normally, do not contain the required information (or it is not deemed reliable) and, second, there appears to be no clear and uniform definition of related parties. Also, depending on the exact information needs, it is suggested that there are different, maybe more appropriate ways to collect this information such as additional surveys in the framework of business statistics. Several countries bring up the related issue of change of ownership.

5.3 Proposed text in IMTS, Rev.3

1. *Goods which cross borders as a result of transactions between related parties*⁵ are to be included in detailed IMTS. Countries are encouraged to identify these transactions and to record them separately in order to be able to review their valuation and to provide information on this type of transactions to users. While countries are encouraged to collect this type of information as part of their IMTS it is acknowledged that countries depending on their specific data needs and overall compilation strategies might find it more appropriate to collect this or similar information differently, such as by conducting regular surveys of companies which have foreign affiliates or are affiliates of foreign companies.

5.4 Further proposals and considerations, specific questions to the EG-IMTS

[to replace current paragraph 29]

1. Trade between related parties is an important dimension of international trade and there is in general agreement on the need to obtain more information on this kind of trade. It is suggested that IMTS, Rev.3 should address this information need.

2. There are several approaches which are relevant for the possible definition of related parties for IMTS, Rev.3 purposes. The WTO Agreement on Valuation provides in Article 16, 4(a)-(h) (see IMTS: CM, Annex C) a list of relationships which constitute related parties for the purpose of this agreement. The related parties can also be defined according the BPM6 and the OECD benchmark definition for foreign investment (BD4) as parent cooperation and their direct investment enterprise (affiliates/ branches). A direct investment enterprise is an incorporated or unincorporated enterprise in which a direct investor who is resident in another economy owns 10 per cent or more of the voting power (for an incorporated enterprise) or the equivalent (for an unincorporated enterprise). Besides having additional criteria to identify related parties the WTO Agreement on Valuation uses an ownership threshold of 5 per cent (Article 16, 4(d)). **The EG-IMTS is requested to provide guidance on what, if any, definition for related parties should be adopted.**

⁵ A definition for related parties is required (please see part 5.4).

Issue 6: Downloadable or otherwise electronically delivered computer software and audiovisual products

6.1 Current recommendation

Downloadable or otherwise electronically delivered computer software and audiovisual products are not explicitly covered by IMTS, Rev.2 and BPM5. IMTS:CM does make reference in chapter 5, paragraph 125.

(IMTS:CM, Ch. 5, para 125) The electronic transmission of *any* information (software, blueprints, books, music, engineering plans etc.) from one country to another is outside the scope of trade statistics since it is generally considered to be a service rather than a good.

Further relevant text:

- IMTS: CM, paragraphs 125.
- BPM6, paragraph, 10.17 (c).

6.2 Results of the worldwide consultation

The Consultation paper contained the following question(s):

Question 6: Do you agree that a new recommendation is needed to explicitly exclude electronic transmission of any downloadable product (e.g., software, blueprints, books, music, movies, engineering plans, etc.) from one country to another as it is outside the scope of international merchandise trade statistics?

Q6 - Results	YES in %	NO in %	No Opinion in %	N/A in %
Q6 - Replies of 115 countries	83	7	10	0
Developed (34)	88	3	9	0
Developing and transitional (81)	81	9	10	0

There is almost universal support (83%, with “No”-answers only 7%) for this proposal.

Comments from 53 countries were received on this question; most of them support the proposal to add an explicit recommendation to exclude software and audiovisual products delivered electronically. It is mentioned many times that those should be part of trade in services and the recommendation should be in line with BPM6. Some countries request to elaborate and clarify the issue, especially the question of why the mode of delivery is taken into account in some cases for distinguishing between goods and services. As an example, packaged software delivered on CD-ROM is included in IMTS, but the same software delivered electronically is excluded.

6.3 Proposed text in IMTS, Rev.3

1. *Electronic content delivery.* By convention, the electronic delivery (downloading, e-mailing, streaming etc.) from one country to another of any content (e.g. on-line books, newspapers and periodicals, directories and mailing lists, musical audio downloads, streamed audio content, films and other video downloads, streamed video content, system software downloads, application software downloads, on-line games etc.) is explicitly excluded from the coverage of international merchandise trade statistics. For recommendations on the treatment of the cases where similar content is delivered via material media crossing country borders see para. [...].

6.4. Further proposals and considerations, specific questions to the EG-IMTS

Not available.

Issue 7: Asymmetric inclusions and exclusions

7.1 Current recommendations

In a number of cases IMTS, Rev.2 contains asymmetrical recommendations on inclusions and exclusions for imports and exports. For instance:

Bunkers, stores, ballast and dunnage (IMTS, Rev.2, para 39) that are:

- (a) Acquired by national vessels or aircraft from foreign vessels or aircraft in the economic territory of a country, or are landed in national ports from foreign vessels or aircraft, are to be included in imports (for treatment in exports, see para. 59 (b) below);
- (b) Supplied to foreign vessels or aircraft in the economic territory of a country are to be included in exports (for treatment in imports, see para. 59 (a) below).

Bunkers, stores, ballast and dunnage (IMTS, Rev.2, para 59) that are:

- (a) Acquired by national vessels or aircraft outside the economic territory of a country are to be excluded but recorded separately (for treatment in exports, see para. 39 (b) above);
- (b) Supplied by national vessels or aircraft to foreign vessels or aircraft outside the economic territory of a country or landed in foreign ports from national vessels or aircraft are to be excluded but recorded separately (for treatment in imports, see para. 39 (a) above)

Further relevant text:

- IMTS: Rev.2, paragraphs 38, 46, 49, 52, 58, 60, 63.

7.2 Results of the worldwide consultation

The Consultation paper contained the following question(s):

Question 7: Do you agree

- (i) that as a general guideline, recommendations on inclusions and exclusions should be symmetrical (that is if a certain category of goods is recommended for inclusion in imports statistics it should be recommended for inclusion in exports statistics as well and vice versa)?
- (ii) that all asymmetric inclusions and exclusions⁶ be reviewed, and either reconfirmed, modified or canceled?

Q7 - Results	YES in %	NO in %	No Opinion in %	N/A in %
Q7(i) - Replies of 115 countries	74	10	15	1
Developed (34)	76	15	9	0
Developing and transitional (81)	73	9	17	1
Q7(ii) - Replies of 115 countries	77	6	14	3
Developed (34)	88	6	6	0
Developing and transitional (81)	73	6	17	4

⁶ For instance, bunkers supplied to foreign vessels or aircraft which are recommended for inclusion in exports statistics [IMTS, Rev.2, para 39, page 6], but recommended for exclusion from imports statistics [IMTS, Rev.2, para 59, page 8]

There is very strong support for this proposal (74% and 77% vs. “No”-answers 10% and 6%, respectively).

Comments from 51 countries were received on this question; many are quite positive on establishing symmetry, others are very hesitant or give observations in both directions. Most countries agree that it is good to review the asymmetries. However, many countries remark that it is very difficult to obtain information on transactions done by, for instance, national vessels outside the national territory and that compilation guidance should be suggested. Moreover, a number of countries observe that the collection of the necessary information via surveys should be done by BOP compilers and not by IMTS compilers.

7.3 Proposed text in IMTS, Rev.3

[to replace current paragraphs 58 and 59]

1. *Fish catch, minerals from the seabed and salvage* sold from national vessels in foreign ports or from national vessels on the high seas to foreign vessels **are to be included** in the export statistics.
2. *Bunkers, stores, ballast and dunnage* that are supplied by national vessels or aircraft to foreign vessels or aircraft outside the economic territory of the compiling country or landed in foreign ports from national vessels or aircraft **are to be included** in exports. *Bunkers, stores, ballast and dunnage* that are acquired by national vessels or aircraft outside the economic territory of the compiling country **are to be included** in imports.
3. Since these transactions are, in general, not registered by customs countries are encouraged to use other data sources such as enterprise surveys.

7.4 Further proposals and considerations, specific questions to the EG-IMTS

1. The above proposals will create more symmetry in trade statistics compiled by partner countries. However, it is not establishing a new reporting requirement as already the existing recommendations request that those transactions are recorded separately so that the detailed data may be adjusted to derive trade totals for national accounts and balance-of-payments purposes (IMTS, Rev. 2, Chapter I, B.3).
2. For goods lost or destroyed after leaving the economic territory of the exporting country but before entering the economic territory of the intended importing country, an asymmetry (no corresponding entry on the import side) in the recording for IMTS will remain as these goods subtract from the stock of the material resources of the exporting country without adding to the stock of material resources of the importing country.

Issue 8: Adding mode of transport

8.1 Current recommendation

There is no explicit reference to mode of transport in IMTS, Rev.2. However, IMTS, Rev.1, (IMTS, Rev1, paragraph 148) recommended that countries should collect import and export data by mode of transport, broken down into three categories:

- Air
- Water (of which Sea, Inland waterway)
- Land (Railway, Road, Pipeline)

8.2 Results of the worldwide consultation

The Consultation paper contained the following question(s):

Question 8(a) Do you agree to include in IMTS, Rev.3 updated recommendations on compilation and dissemination of trade statistics by mode of transport?

Question 8(b) If yes, please indicate how mode of transport should be recorded:

- (i) By means of transport at port of departure/ port of arrival
- (ii) By predominant mode of transport
- (iii) By multiple modes of transport.
- (iv) Other, please explain below.

Q8 – Results	YES in %	NO in %	No Opinion in %	N/A in %
Q8(a) - Replies of 115 countries	92	8	0	0
Developed (34)	85	15	0	0
Developing and transitional (81)	95	5	0	0
Q8(b)(i) - Replies of 115 countries	67	17	1	16
Developed (34)	59	18	0	24
Developing and transitional (81)	70	16	1	12
Q8(b)(ii) - Replies of 115 countries	31	43	1	25
Developed (34)	15	56	0	29
Developing and transitional (81)	38	37	1	23
Q8(b)(iii) - Replies of 115 countries	25	53	0	22
Developed (34)	9	59	0	32
Developing and transitional (81)	32	51	0	17
Q8(b)(iv) - Replies of 115 countries	10	45	2	43
Developed (34)	24	38	0	38
Developing and transitional (81)	5	48	2	44

There is almost universal support (92%, with “No”-answers only 8%) for the proposal to add mode of transport. Yet, there is much less agreement on how mode of transport should be recorded. A clear majority of countries (67%, with “No”-answers 17%) want, that the means of transport at the port of departure/ port of arrival should be recorded. The other options, the recording of predominant mode of transport or multiple mode of

transport were rejected by more countries (43% and 53%, respectively) than supported (31% and 25%, respectively).

Comments from 64 countries were received on this question. Overall the comments reflect the quantitative results that the means of transportation at departure or arrival should be taken as mode of transport. Nevertheless, there is considerable discussion on the use of predominant mode of transport. There appears to be a need to exactly specify how mode of transport should be recorded as several countries referred to the mode of transport at the time of crossing the border instead of port of arrival/departure. It is suggested to consider transmission lines such as pipelines and cable/wire as a separate mode of transport category. It is also requested to address the issue of goods moving under their own power.

8.3 Proposed text in IMTS, Rev.3

Proposed new chapter XXX Mode of transport

1. **It is recommended** that countries compile and disseminate international merchandise trade statistics by mode of transport at the most detailed commodity level (as a new data dimension). The means of transportation at arrival at the port of entry into the economic territory and the means of transportation at departure at the port of departure from the economic territory should be recorded as the mode of transport.
2. The mode of transport should be classified according to the following categories:
 1. Air
 2. Sea
 3. Inland waterway
 4. Railway
 5. Road
 6. Transmission lines (pipelines and cables)
 7. Other/ Unknown

8.4. Further proposals and considerations, specific questions to the EG-IMTS

1. Above paragraph 1 provides the general guideline. **The EG-IMTS is requested to provide its views on how to treat the following cases:**
 - a) The means of transport at the port of arrival/ departure (i.e. inland waterway) might not coincide with the means of transport at the border or at the time when crossing the border (i.e. after loading the goods from a vessel operating on inland waterways to a sea bound vessel inside the territorial waters of a country). In these cases should always be the means of transport at the port of arrival/ departure be recorded?
 - b) Due to national circumstances the point of customs clearance might not coincide with the port of entry/ departure and different means of transport might be used at

these two locations. In these cases should always be the means of transport at the port of arrival/ departure be recorded?

- c) Should there be an exception from the general guideline for landlocked countries for which, for example the recording of the predominant mode of transport could maybe be considered more useful information?

2. In the above proposed text for IMTS, Rev. 3 reference is made to mode of transport at the port of entry into or departure from the economic territory as IMTS recommends the general trade system for which the economic territory coincides with the statistical territory. For countries which follow the special trade system the mode of transport at the port of entry into (or departure from) the economic territory and the port of entry into (or departure from) the statistical territory might be different. For example, goods which originally arrive by sea and are initially stored at a customs warehouse might enter the statistical territory by truck (road). For example, goods which arrive by sea into a free zone and are subject to repackaging or minor processing might enter the statistical territory by truck (road). – **The EG-IMTS is requested to express its opinion on how to record mode of transport in a comparable manner in the case the special trade system is used.**

3. Transmission lines (fixed transport installations such as pipelines and cables) can run on land or under water and therefore it is suggested not to subsume this mode of transport under the category ‘Land’ but to establish a fourth main category.

4. **The EG-IMTS is requested to express its views whether there should be additional (separate) modes of transport categories for (i) goods which arrive or depart through their own means (own propulsion) and (ii) postal consignments.**

Issue 9: Adding Imports on FOB-type basis

9.1 Current recommendation

(IMTS, Rev.2, para 116) To promote the comparability of international merchandise trade statistics and taking into account the commercial and data reporting practices of the majority of countries, it is recommended that:

- (a) ***The statistical value of imported goods be a CIF-type value***

Further relevant text:

- IMTS: Rev.2, paragraphs 115.

9.2 Results of the worldwide consultation

The Consultation paper contained the following question(s):

Question 9: Do you agree

- (i) that in addition to the existing recommendation on the valuation of imports⁷, a new recommendation should be added to compile the statistical value of such goods also on a FOB-type basis (as supplementary information)?
- (ii) that the compilation of such FOB-type imports data should be at least at total level
- (iv) that compilation of such FOB-type imports data at the detailed level should be encouraged?

Q9 - Results	YES in %	NO in %	No Opinion in %	N/A in %
Q9(i) - Replies of 115 countries	60	30	10	1
Developed (34)	35	56	9	0
Developing and transitional (81)	70	19	10	1
Q9(ii) - Replies of 115 countries	56	25	17	3
Developed (34)	44	38	12	6
Developing and transitional (81)	60	20	19	1
Q9(iii) - Replies of 115 countries	52	28	17	3
Developed (34)	26	56	12	6
Developing and transitional (81)	63	16	20	1

All three parts of the proposal find narrow majority support (60%, 56% and 52% respectively) with the strongest rejection of part 1 (“No”-answers 30%). There is almost equal opposition to reporting imports FOB at total or at detailed level (25% and 28%, respectively). Most developed countries (56%) oppose the proposal (part 1).

Comments from 70 countries were received on this question; the majority of countries are quite positive on recommending imports FOB, others do not want this recommendation or give observations in both directions. Most countries agree that having imports FOB at

⁷ The statistical value of imported goods be a CIF-type value (IMTS, Rev.2, para. 116, point (a), page 17).

some level of detail is a good idea, but some argue that it is not the responsibility of IMTS but BOP compilers to compile this information. Some compilation guidance could be suggested.

9.3 Proposed text in IMTS, Rev.3

[to amend current paragraph 116]

1. In addition, it is **recommended [countries are encouraged?]** to compile statistics or provide estimates of imports on a FOB-type basis detailed as required for their national needs as supplementary information. The main purposes of the compilation of this information are to assist BOP and SNA compilers and to facilitate reconciliation of bilateral international merchandise trade statistics.

9.4 Further proposals and considerations, specific questions to the EG-IMTS

1. The additional compilation of Imports FOB should follow national needs.
2. According to the feedback from countries it is suggested that compilation guidance and/ or best practices be provided in the updated IMTS Compilers Manual. In this context there is also a discussion to what extend the compilation of imports FOB is necessarily a responsibility of IMTS compilers but those should certainly assist.

Issue 10 Strengthening country of consignment for imports

Report on the worldwide consultation

10.1 Current recommendation

(IMTS, Rev.2, para 150) Although no single method of attributing partner country is ideal, attribution by origin for imports meets what is considered to be a priority application of international merchandise trade statistics, namely, matters of trade policy and related economic analysis. Consequently, it is recommended that in the case of imports, the country of origin be recorded; **that the country of consignment be collected as additional information**; and that in the case of exports, the country of last known destination be recorded.

Further relevant text:

- IMTS: CM, paragraphs 229, 231.

10.2 Results of the worldwide consultation

The Consultation paper contained the following question(s):

Question 10: Do you agree that the existing recommendation to collect the country of consignment for imports as additional information (IMTS, Rev.2, para 150, page 23) should be strengthened by recommending to collect the country of consignment as the second partner attribution for imports alongside with the country of origin?

Q10 - Results	YES in %	NO in %	No Opinion in %	N/A in %
Q10 - Replies of 115 countries	75	15	10	1
Developed (34)	79	15	6	0
Developing and transitional (81)	73	15	11	1

A large majority of countries (75%) support this proposal although there is also disagreement (15%).

Comments from 61 countries were received on this question. A significant number of countries are collecting this information already. Many countries explicitly support this proposal as important for analytical purposes and trade reconciliation. Some countries warn to publish import statistics on the country of consignment basis alongside the existing statistics based on country of origin. Some countries raise the prospect of using the country of consignment as an alternative to the country of origin in certain cases. Some comments emphasize the importance of country of consignment for imports for trade analysis, reconciliation studies and especially in identifying triangular trade. Also, there is a concern of how to deal with the case of multiple countries of consignment. Some countries comment that they may need to change the customs declaration and warn of an increase in the reporting burden.

10.3 Proposed text in IMTS, Rev.3

[to amend current paragraph 150]

1. [...] **it is recommended** that in the case of imports, the country of origin be recorded; **it is further recommended** the country of consignment be collected as the second partner attribution for analytical purposes and trade reconciliation studies; [...].

10.4 Further proposals and considerations, specific questions to the EG-IMTS

1. Existing definition of country of consignment in the case of imports (IMTS, Rev. 2, paragraph 137): “The country of consignment (in the case of imports) is the country from which goods were dispatched to the importing country, without any commercial transactions or other operations which change the legal status of the goods taking place in any intermediate country. If, before arriving in the importing country, goods enter a third country and are subject to such transactions or operations, that third country should be taken as the country of consignment.”

2. A large majority of countries support the proposal, however for some, it will increase the reporting burden.

3. **The EG-IMTS is requested to present its views on how this information should be presented and disseminated.** Many EU member countries are already compiling and disseminating their statistics on imports from within the EU (arrivals) for both concepts – according country of origin for national and international reporting and according to country of consignment for EU reporting.

Issue 11: Optional or recommended country of consignment for export

11.1 Current recommendation

There is no reference to country of consignment for exports in IMTS, Rev.2.

Further relevant text:

- IMTS: CM, paragraphs 229 and 231.

11.2 Results of the worldwide consultation

The Consultation paper contained the following question(s):

- Question 11: Do you agree that the country of consignment for exports should be
- (i) the second recommended partner attribution alongside with country of the last known destination?
 - (ii) an encouraged optional partner attribution?

Q11 – Results	YES in %	NO in %	No Opinion in %	N/A in %
Q11(i) - Replies of 115 countries	49	31	18	2
Developed (34)	41	47	12	0
Developing and transitional (81)	52	25	21	2
Q11(ii) - Replies of 115 countries	28	32	35	5
Developed (34)	32	41	24	3
Developing and transitional (81)	26	28	40	6

There appears to be more support (but not a majority) than opposition to the proposal of using the country of consignment for exports as the second recommended partner attribution alongside with the country of the last known destination (49% versus 31%). The majority of developing and transitional countries (52%) were in favor of such a proposal while only 41% of developed countries supported it (with 47% in opposition). There is a stronger support for recommending country of consignment as a second partner attribution than as an encouraged optional partner attribution (49% vs. 28%).

Comments from 47 countries were received on this question. Many countries mention the usefulness of information on the country of consignment in export statistics for the purpose of reconciliation exercises/ mirror statistics and for verifying the information regarding the country of last known destination. Others are of the view that this information is not needed, a burden for data providers and confusing (while others are saying this information will help to resolve confusion). Some countries are saying that a definition is needed in order to clarify what county of consignment means in the case of exports. A number of countries draw attention to compilation issues as information on the country of consignment for exports might not be included in the customs declaration while other countries state that this information is being collected already by their customs.

11.3 Proposed modified/new text for IMTS, Revision 3

[to amend current paragraph 150]

1. [...] **it is recommended** [...] that in the case of exports, the country of last known destination be recorded. Also, countries are **strongly encouraged** to collect the country of consignment (in the case of exports also referred to as country of destination) **as additional partner attribution**, for analytical purposes and trade reconciliation studies, but also in order to verify the information on the country of last known destination.

11.4 Further proposals and considerations, specific questions to the EG-IMTS

1. Existing definition of country of consignment in the case of exports (IMTS, Rev. 2, paragraph 137): “The country of consignment (in the case of exports; also referred to as country of destination) is the country to which goods are dispatched by the exporting country, without—as far as it is known at the time of exportation—being subject to any commercial transactions or other operations which change the legal status of the goods.”

2. There are serious doubts about the quality of the information according to country of last known destination which are highlighted by the comment that country of consignment would in most cases be identical to the country of last known destination. Hence, it is suggested to encourage the collection of country of consignment for exports.

Issue 12: Use of non-customs source and data compilation strategies

12.1 Current recommendation

(IMTS, Rev.2, para 12) In a growing number of cases, full coverage of international merchandise trade statistics cannot be achieved by use of customs records only, either because the relevant transactions are no longer subject to customs controls or customs surveillance, or because the record keeping may not be adequate from the statistical point of view. It is recommended that in such cases, other sources be used. For instance, the member States of the European Union have developed, for the purposes of intra-Union merchandise trade statistics, a data collection system relying on monthly reporting by enterprises. Additional information is supplied via the fiscal authorities through the value-added tax collection system. Many countries utilize enterprise surveys as a means to collect data on transactions which may not be captured by customs authorities (e.g., trade in electricity, water, gas, petroleum and goods for military use). The international merchandise trade statistics of some other countries are based on the records of monetary authorities, and in the case of imports and exports of gold, most countries use data supplied by such authorities.

Further relevant existing text:

- IMTS: CM, paragraphs 71-99.

12.2 Results of the worldwide consultation

The Consultation paper contained the following question(s):

Question 12: Do you agree

- (i) to include a new recommendation on the use of non-customs sources and data compilation strategies (e.g., on use of enterprise surveys, statistical business registers, aircraft and ship registers etc.) in the context of a diminishing role of customs declarations, the promotion of an integrated approach to economic statistics and the needs for analysis of globalization?
- (ii) to address explicitly the issue of valuation and time of recording in the case of non-customs records?

Q12 - Results	YES in %	NO in %	No Opinion in %	N/A in %
Q12(i) - Replies of 115 countries	76	12	10	2
Developed (34)	79	15	6	0
Developing and transitional (81)	74	11	12	2
Q12(ii) - Replies of 115 countries	77	8	14	1
Developed (34)	71	12	18	0
Developing and transitional (81)	80	6	12	1

A large majority of countries support both parts of this proposal (76% and 77% vs. “No”-answers 12% and 8%, respectively).

Comments from 52 countries were received on this question. Countries describe their national practices and stress that non-customs sources are important and useful, in particular for obtaining information on the trade of special goods such as crude petroleum, natural gas, electricity, aircrafts, ships, so called shuttle trade and border trade. Countries agree that further guidance on the use (and limitations) of non-customs sources and data compilation strategies would be useful. In this context some stress the importance of an integrated approach to economic statistics. EU countries make reference to the Intrastat system. Besides valuation and time of recording, partner country attribution in the case of non-customs sources is identified as an additional issue. The view is expressed that recommendations to use non-customs sources should not imply neglecting improvements in customs recording.

12.3 Proposed text in IMTS, Rev.3

1. Customs declarations reflect the physical movement of goods across borders and are, therefore, the main data source for the overwhelming majority of countries. However, in a growing number of cases, full coverage of international merchandise trade statistics cannot be achieved by use of customs records only, either because the relevant transactions are no longer subject to customs controls or customs surveillance, or because the record keeping may not be adequate from the statistical point of view. **It is recommended that** in such cases, customs based data be supplemented with information obtained from other sources, as necessary, to ensure full coverage of international merchandise trade statistics. **It is recommended** to use non-customs sources as substitutes for available customs records only if they provide a cost effective way to improve quality of trade statistics.

3. There are various non-customs sources of data. Foreign shipping manifests can be used for cross-checking and/ or supplementing information gathered from customs declarations. Many countries utilize enterprise surveys as a means to collect data on transactions, which may not be captured by customs authorities (e.g. trade in electricity, water, gas, petroleum and goods for military use). The member States of the European Union have developed, for the purposes of intra-Union merchandise trade statistics, a data collection system (Intrastat) relying on monthly reporting by enterprises - additional information is supplied via the fiscal authorities through the value added tax collection system. Surveys are also used to capture so called shuttle trade and border trade. Currency exchange records and records of monetary authorities often provide timely information about international transactions including merchandise flows. Aircraft and ship registers may be utilized to capture trade in aircrafts and ships in case customs records are incomplete or non-existent. Parcel post and letter post records are used to ensure that the merchandise flows via parcel and postal services are adequately covered. Reports from commodity boards may be used, as appropriate, to supplement or cross-check customs recording of trade in these commodities.

4. In the case of the use of non-customs data sources such as enterprise surveys **it is recommended** that countries take an integrated approach to data collection and make use of business registers and enterprise identification numbers in order to obtain the required

information with minimal costs and burden of enterprises. The integrated approach to data collection is of particular importance for the fulfillment of additional information requirements such as for goods for processing, intra-firm trade etc. which often cannot be easily satisfied through the use of customs declarations only.

5. Both, the use of custom declarations and the use of non-customs sources have specific problems and shortcomings and compilers should be aware of them. Customs records, for example, may **[please provide your views]**. Non-customs data sources may suffer from a lack of a consistent classification (e.g., of goods, countries) and do not follow standards recommended for valuation, time of recording and partner country attribution. It is recommended that compilers pay special attention to these issues in order to obtain information from non-customs sources that fulfils the requirements of trade statistics.

12.4 Further proposals and considerations, specific questions to the EG-IMTS

1. It is suggested to provide more detailed guidance and/ or best practices on the use of non-custom sources in the updated IMTS Compilers Manual.

Issue 13: Maintaining institutional arrangements

13.1 Current recommendation

IMTS, Rev.2 contains no recommendation regarding institutional arrangements required for the collection of basic information for the purpose of compiling IMTS. However, *International Merchandise Trade Statistics: Compilers Manual* (IMTS:CM) describes various institutional frameworks (IMTS:CM, chapter 2) and indicates some desirable practices in this area. For example:

(IMTS:CM, Ch. 2, para 15) Compilers should establish a working arrangement with the organizations keeping records relevant to trade statistics (e.g., records of imports and exports of electrical energy, pipeline shipments of natural gas and crude oil, maintained by specialized governmental agencies). Compilers should also initiate, whenever appropriate, modifications to national legislation or relevant administrative regulations in order to establish a solid foundation for enhancing the quality and timeliness of trade statistics. This includes identifying governmental agencies involved in trade statistics and setting up a clear division of responsibility between them.

(IMTS:CM, Ch. 2, para 22) The reliance by the statistical office on data from sources external to itself requires close cooperative relationships with all governmental departments and agencies involved. The statistical office and the customs agency - the largest data supplier - along with other source agencies, should establish a **memorandum of understanding** so that the roles and responsibilities of each party with regard to all aspects of the production and distribution of official statistics are clearly defined. The memorandum should be updated, as needed.

Further relevant text:

- IMTS: CM, paragraphs 16-31.

13.2 Results of the worldwide consultation

The Consultation paper contained the following question(s):

Question 13: Do you agree to include a new recommendation on the need to establish and maintain necessary institutional arrangements to ensure effective compilation of trade statistics?

Q13 - Results	YES in %	NO in %	No Opinion in %	N/A in %
Q13 - Replies of 115 countries	87	2	10	1
Developed (34)	88	0	12	0
Developing and transitional (81)	86	2	10	1

There is universal support (87%, with “No”-answers 2%) for this proposal.

Comments from 45 countries were received on this question. Most countries stress the importance of appropriate legal frameworks and institutional arrangements which clearly define the responsibilities of the various institutions involved and contributing to the compilation and dissemination of IMTS. Several countries make reference to existing Memorandum of Understanding (MOUs) in their country and some mention the usefulness of providing best practices.

13.3 Proposed text in IMTS, Rev.3

1. The compilation of IMTS is governed by the statistical laws and regulations of countries, which, to different degrees, specify the rights and responsibilities of the involved institutions and agencies. The data sources for IMTS are subject to their own laws and regulations, in particular in the case of customs records, the main data source for IMTS. **It is recommended** that the agency responsible for the overall compilation of IMTS should, whenever appropriate, initiate modifications to national legislation or relevant administrative regulations in order to establish a solid foundation for the high quality and timeliness of trade statistics.

2. In most countries several institutions and agencies are involved in the compilation of trade statistics, which includes the collection of basic records, the editing, processing and checking of data, database maintenance and dissemination. National laws and regulations usually define the activities of the institutions and agencies, which take part in the compilation of trade statistics. The main national organizations involved in the compilation of trade statistics are national statistical offices, customs administrations and central banks. In some countries, the ministry of trade or other specialized governmental bodies may be assigned responsibility or may play an important role, for example, by providing additional information.

3. **It is recommended** that the necessary institutional arrangements for the effective compilation of trade statistics are established and maintained by having in place appropriate laws and regulations and by implementing appropriate working arrangements between the institutions involved. For instance, in case the national statistical office is responsible for the overall IMTS compilation it should establish a memorandum of understanding with the customs administration - the largest data supplier – but also other data suppliers so that the roles and responsibilities of each party with regard to all aspects of the production and distribution of official statistics are clearly defined. The memorandum should be updated, as needed.

4. Different institutional arrangements (based on the administrative structure in a country) may result in acceptable trade statistics provided that the agency responsible for the overall IMTS compilation follows internationally recognized methodological guidelines, utilizes all available statistical sources and applies appropriate compilation procedures.

5. Whatever the institutional arrangement, the agency responsible for the overall IMTS compilation should periodically review the definitions, methods and the statistics

themselves to ensure that they are compiled in accordance with the recognized international methodological guidelines, are of high quality, and are available to users in a timely fashion.

13.4 Further proposals and considerations, specific questions to the EG-IMTS

1. It is suggested that more detailed guidance and/ or best practices will be provided in the updated IMTS Compilers Manual.

Issue 14: Recommendations on quality of international merchandise trade statistics

14.1 Current recommendations

IMTS, Rev.2 covers the issue of data quality mostly from the perspective of reporting and dissemination (see chapter VII). IMTS:CM contains a chapter on issues of data quality control (IMTS:CM, chapter 11).

14.2 Results of the worldwide consultation

The Consultation paper contained the following question(s):

Question 14: Do you agree

- (i) that IMTS, Revision 3, should provide recommendations on quality of international merchandise trade statistics,
- (ii) that this includes reporting of data quality?
- (iii) that this includes assessment of data quality?
- (v) that this includes the use of some data quality indicators?

Q14 - Results	YES in %	NO in %	No Opinion in %	N/A in %
Q14(i) - Replies of 115 countries	91	1	6	2
Developed (34)	85	3	12	0
Developing and transitional (81)	94	0	4	2
Q14(ii) - Replies of 115 countries	83	3	12	3
Developed (34)	82	6	12	0
Developing and transitional (81)	83	1	12	4
Q14(iii) - Replies of 115 countries	83	3	12	2
Developed (34)	76	9	15	0
Developing and transitional (81)	85	1	11	2
Q14(iv) - Replies of 115 countries	88	2	10	1
Developed (34)	85	3	12	0
Developing and transitional (81)	89	1	9	1

There is almost universal support for all four parts of this proposal (91%, 83%, 83% and 88% respectively with “No”-answers for all parts of the question below 4%).

Comments from 50 countries were received on this question. Despite the overall support numerous countries have concerns about the scope of these recommendations (for example, whether indices and surveys and asymmetries will be covered) and how such guidance will be provided. There seems to be a preference for the provision of detailed guidelines or description of best practices/ examples in the revised Compilers Manual instead of IMTS, Rev.3 where recommendations might focus more on providing general guidelines. Many developed countries want that such recommendations/ guidelines are not in conflict with their established practices/ quality frameworks. Several developing

countries request that the revised recommendations provide practical guidance on how to ensure data quality in IMTS.

14.3 Proposed text in IMTS, Rev.3

1. It is recommended that countries see the quality assurance and quality assessment programmes with respect to international merchandise trade statistics as a strategic goal and develop those programs as an integral part of a system wide approach to measuring and enhancing quality of the national economic statistics. Countries are encouraged to undertake the quality review of their merchandise trade statistics every **[four to five years]** or more frequently if significant methodological changes or changes in the data sources occur. **It is further recommended** that countries establish a systematic reporting on the trade data quality and use in such reporting some data quality indicators.

14.4 Further proposals and considerations, specific questions to the EG-IMTS

1. A separate section in IMTS, Rev.3 should be drafted which would explain the concept of quality, its dimensions and promote the implementation of the quality assurance program for IMTS (following the recent examples of International Recommendations for Industrial and Distributive Trade Statistics adopted earlier in 2008 by the UN Statistical Commission). The experiences of Eurostat, the IMF and OECD should be fully taken into account.

2. The updated version of the IMTS Compilers Manual should contain a separate section/ chapter on good practices in this area.

Issue 15: Providing additional recommendations on the compilation and dissemination of metadata of international merchandise trade statistics

15.1 Current recommendations

(IMTS, Rev.2, para 154) **Dissemination.** The usefulness of international merchandise trade statistics, like other economic statistics, is enhanced when the needs of the user community are met. These user-needs include clear information on the sources and methods used to collect and compile the data, as well as timely, regular, reliable and accurate data. However, it is recognized that the objectives of timeliness, reliability and accuracy of the data may conflict. Therefore, it is recommended that data compilers:

- (a) Publicly disseminate documentation on their sources and methods;
- (b) Publicly announce scheduled release dates;
- (c) Provide regular monthly reporting of data to the user community through publications and/or electronic media;
- (d) Regularly revise data (when additional information is available), taking into due consideration user needs for reliable statistics.

15.2 Results of the worldwide consultation

The Consultation paper contained the following question(s):

Question 15: Do you agree that IMTS, Revision 3, should provide additional recommendations on the compilation and dissemination of metadata as an integral part of the regular work programme of trade statistics compilers?

Q15 - Results	YES in %	NO in %	No Opinion in %	N/A in %
Q15 - Replies of 115 countries	90	5	3	2
Developed (34)	88	9	3	0
Developing and transitional (81)	90	4	4	2

There is universal support (90%, with “No”-answers 5%) for this proposal.

Comments from 41 countries were received on this question. Many comments suggest providing a list of items or a template, preferable in the Compilers Manual. Some countries warn that agreement on details will be difficult to achieve and a few countries say there is not much need for such additional recommendations. Yet, many countries stress the importance of metadata for the correct interpretation and comparison of IMTS. Several countries make reference to existing reporting standards such as the IMF’s GDDS or the reporting requirements within the EU.

15.3 Proposed text in IMTS, Rev.3

1. **It is recommended** that countries see the development and dissemination of metadata on international merchandise trade statistics as a high priority activity in order to provide necessary technical details to assist users in finding the most appropriate ways to satisfy their information needs. **It is further recommended** that, the metadata for merchandise trade statistics be developed and adopted in compliance with the general approach adopted by a country for metadata on economic statistics.

15.4 Further proposals and considerations, specific questions to the EG-IMTS

1. A separate section in IMTS, Rev. 3 on metadata should be drafted which would explain the concept of metadata, its components and promote the implementation of the metadata compilation and dissemination (following the recent examples of International Recommendations for Industrial and Distributive Trade Statistics adopted earlier in 2008 by the UN Statistical Commission). The experiences of Eurostat, the IMF and OECD should be fully taken into account.

2. The updated version of the IMTS Compilers Manual should contain a separate section/ chapter on good practices in this area.

Issue 16: Compilation of external trade indices

16.1 Current recommendation

(IMTS, Rev.2, para 160) **Index numbers.** Although price indices are generally preferred, in practice, countries may not have the resources available to compile that information. It is recommended that all countries produce and publish volume (quantum) indices and either unit value or price indices for their total imports and exports on a monthly, quarterly and annual basis. Countries are also encouraged to calculate and publish such indices for the detailed commodity groups at least quarterly.

16.2 Results of the worldwide consultation

The Consultation paper contained the following question(s):

Question 16:

(a) Do you agree that IMTS, Rev.3 should provide more detailed recommendations on the compilation, dissemination and use of external trade indices?

(b) Do you confirm that in your country (or area)

- (i) price surveys for the purpose of external trade indices are conducted on a regular basis?
- (ii) external trade indices are compiled based in whole or in part on these price surveys?
- (iii) unit values are calculated for the purpose of external trade indices?
- (iv) external trade indices are compiled based in whole or in part on these unit values?

Q16 - Results	YES in %	NO in %	No Opinion in %	N/A in %
Q16(a) - Replies of 115 countries	83	8	4	4
Developed (34)	76	18	3	3
Developing and transitional (81)	86	4	5	5
Q16(b)(i) - Replies of 115 countries	32	61	3	3
Developed (34)	56	38	0	6
Developing and transitional (81)	22	70	5	2
Q16(b)(ii) - Replies of 115 countries	25	66	4	4
Developed (34)	41	53	0	6
Developing and transitional (81)	19	72	6	4
Q16(b)(iii) - Replies of 115 countries	59	32	5	3
Developed (34)	79	12	3	6
Developing and transitional (81)	51	41	6	2
Q16(b)(iv) - Replies of 115 countries	56	34	6	4
Developed (34)	76	18	3	3
Developing and transitional (81)	47	41	7	5

There is overwhelming support (83%, with “No”-answers 8%) for the proposal to provide more detailed recommendations on the compilation, dissemination and use of external

trade indices. 59% of responding countries calculate unit values and 56% use them for the compilation of external trade indices, while 32% of countries conduct regular price surveys for the purpose of external trade indices. There are significant differences between developed and other countries as 56% of developed countries report conducting price surveys for the compilation of the external trade indices while only 22% of developing and transitional countries indicate doing the same.

Comments from 61 countries were received on this question. In their comments countries discuss their national practices and the pros and cons of price and unit value indices. Several countries make reference to the upcoming IMF manual on export and import price indices. Many countries express a clear need for more guidance on the methodology of the compilation of external trade indices in general and in particular on the use of unit values and price surveys for this purpose. Several countries express the need for training and technical assistance for the calculation of external trade indices.

16.3 Proposed text in IMTS, Rev.3

[to replace current paragraph 160]

1. *Index numbers.* Many users need more information than trade values by country or by commodity, and require information on prices and volumes as well. Two kinds of indices may be produced to reflect prices for imports and exports: unit value indices based primarily on customs documents and export/ import price indices based on survey data. Both approaches have strengths and weaknesses. Although price indices are generally preferred on methodological grounds, in practice countries may not have the resources available to compile that information.⁸ Many countries compile only unit value indices, while others compile and use both, price and unit value indices in a complementary manner. **It is recommended** that all countries produce and publish volume (quantum) indices and either unit value or price indices for their total imports and exports on a monthly, quarterly and annual basis. Countries are also encouraged to calculate and publish such indices for the detailed commodity groups at least quarterly.

16.4 Further proposals and considerations, specific questions to the EG-IMTS

1. IMTS, Rev. 3 should contain additional discussion of advantages/ disadvantages of unit value and price indices.
2. It is suggested that the updated IMTS Compilers Manual will contain additional guidance and/ or description of good practices in the compilation, dissemination and use of external trade indices as requested by many countries. In addition, UNSD is encouraged to update the United Nations publication *Strategies for Price and Quantity Measurement in External Trade; A technical report.*⁹

⁸ For detailed information on external trade price indices please refer to the upcoming IMF Manual.

⁹ United Nations publication, Sales No. E.82.XVII.3.

Issue 17 **Compilation of seasonally adjusted data**

17.1 **Current recommendations**

(IMTS, Rev.2, para 161) **Seasonally adjusted data.** The publication of seasonally adjusted monthly/quarterly data, including both values and index numbers, provides additional valuable information required for economic analysis. Countries are encouraged to publish such data on a regular basis.

17.2 **Results of the worldwide consultation**

The Consultation paper contained the following question(s):

Question 17: Do you agree

- (i) that IMTS, Rev.3, should explicitly recommend the dissemination of seasonally adjusted data?
- (ii) that IMTS, Rev.3, should explicitly recommend a preferred adjustment method such as X12-ARIMA to make these data internationally comparable?

Q17 - Results	YES in %	NO in %	No Opinion in %	N/A in %
Q17(i) - Replies of 115 countries	63	15	21	2
Developed (34)	53	29	18	0
Developing and transitional (81)	67	9	22	2
Q17(ii) - Replies of 115 countries	57	20	21	3
Developed (34)	38	41	21	0
Developing and transitional (81)	64	11	21	4

A majority of countries (63% with “No”-answers 15%) support to explicitly recommend the dissemination of seasonally adjusted data. There is good support (57%) for recommending one particular adjustment method but also significant opposition (20%). Many developed countries (41%) reject the second part of this proposal and 29% reject part 1. Developing and transitional countries support both parts of the proposal strongly – 67% and 64% respectively, with “No”-answers 9 and 11%, respectively).

Comments from 47 countries were received on this question. A clear majority of countries wants to include a recommendation regarding the compilation of seasonally adjusted data (although one country commented that trade series is fairly difficult to model as it contains irregular elements that are not easily captured by seasonal adjustment methods). There is a strong opposition to recommending one adjustment method/tool because national circumstances may vary and it will not necessarily result in making data internationally comparable due to differences in the implementation and derivation of seasonal factors. For example, EU countries have been using the TRAMO-SEATS adjustment method according to the recommendations in the EU. Other countries have been using X12-ARIMA.

17.3 Proposed text in IMTS, Rev.3

[to replace current paragraph 161]

1. *Need for seasonally adjusted data.* Monthly/quarterly data on international merchandise trade statistics are an important tool for economic policy making, business cycle analysis, modeling and forecasting. However, they are often characterized by seasonal fluctuations and other calendar/trading-day effects, which mask other characteristics of the data that are of interest to analysts. Seasonal adjustment is a process of estimating and removing seasonal or calendar influences from a time series in order to achieve a better knowledge of the underlying behavior. **Countries are encouraged** to compile and publish, where appropriate, seasonally adjusted monthly/quarterly data, including both values and index numbers on a regular basis.
2. *Seasonal adjustment method.* Because national circumstances vary from one country to another, there is no recommendation regarding a preferred seasonal adjustment method. If seasonally adjusted data is published, **it is recommended** to describe in detail the selected seasonal adjustment method.
3. *Quality of seasonal adjustment.* The most fundamental requirement of seasonal adjustment quality is that there is no seasonal effect still present in the seasonally adjusted series. Other important requirements are lack of bias in the level of the series and the stability of the estimates. A lack of bias in the level means, that the level of the series will be similar for both the original series and the seasonally adjusted series. Stability of the estimates means that as new data become available and are incorporated into the estimation procedure, the revisions to the past estimates are small.

17.4 Further proposals and considerations, specific questions to the EG-IMTS

1. It is suggested that the updated IMTS Compilers Manual will provide more information on the calculation and dissemination of seasonally adjusted data as requested by many countries.