



UNITED NATIONS
DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS
STATISTICS DIVISION

**Expert Group on International Merchandise Trade Statistics
Second Virtual Meeting on the Update of the IMTS Compilers Manual
New York, 8 June – 22 July 2011**

**Report of the
Second Virtual Meeting on the
Update of the IMTS Compilers Manual**

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I. Purpose and organization

1. The United Nations Statistical Commission at its forty-first session (23-26 February 2010) adopted “International merchandise trade statistics: concepts and definitions 2010” (IMTS 2010) and endorsed the proposed implementation programme, including the preparation of the revised *International Merchandise Trade Statistics Compilers Manual* (IMTS Compilers Manual).
2. The Expert Group on International Merchandise Trade Statistics (EG-IMTS) supports the United Nations Statistics Division (UNSD) in the update of the IMTS Compilers Manual. It has developed the chapter outline for the Manual during 2010 and at its first virtual meeting on the update of the IMTS Compilers Manual from 12 January to 28 February 2011 agreed on the contents of individual chapters as reflected in the annotated draft outline.¹
3. A worldwide consultation on the updated draft annotated outline resulting from this virtual meeting took place between March and May 2011. The quantitative results and the comments of countries show that the overwhelming majority of countries agree with the suggested contents of the individual chapters. A total of 86 countries (or areas) participated in this consultation. Of those, 49 countries provided comments, often giving very detailed feedback on the different chapters and individual issues. The comments provide a very important and useful input and guidance for the drafting process.²
4. The purpose of this second virtual meeting of the EG-IMTS was to review the initial drafts of the first set of ten chapters (chapters 1, 2, 3, 5, 8, 9, 13, 16, 19 and 22) of the updated IMTS Compilers Manual provided by UNSD.³ It was pointed out to the experts that there is the urgent need to include more country practices, preferably from different regions of the world and participants were requested to provide examples and materials concerning their national practices to be shared in this Compilers Manual. The experts were also asked for their permission and agreement to share their practices and to specifically review the information describing practices in their country / organization which are already included in the initial draft chapters and to point out any concerns or how to further improve the description of the examples.
5. On 1 June 2011 the members of the EG-IMTS were informed that the first virtual meeting on the update of the IMTS Compilers Manual would start on 8 June with the posting of the first set of initial draft chapters of the IMTS Compilers Manual by UNSD. The experts provided their comments by 29 June; the forum was physically closed at noon on 30 June which allowed the inclusion of a few additional comments received per email. On 8 July UNSD provided its draft report containing the draft conclusions and requested the experts to

1 See Report of the First Virtual Meeting on the Update of the IMTS Compilers Manual, available at: <http://unstats.un.org/unsd/trade/EG-IMTS/EG-IMTS%20web%20announcement.htm>.

2 See Report on the results of the worldwide consultation on the annotated draft outline of the updated IMTS Compilers Manual, available at: <http://unstats.un.org/unsd/trade/EG-IMTS/EG-IMTS%20web%20announcement.htm>

3 UNSD likes to thank the numerous experts of countries and international/ regional organizations that contributed in many ways to the initial draft chapters.

provide their comments by 19 July. On 22 July UNSD provided the final report of the meeting, taking into account the feedback received on the draft conclusions.

6. Several inputs were received after 30 June, after the first round of comment had concluded. While it was not possible to incorporate them in the draft report, all inputs will be considered when updating the ten draft chapters. - Concerning the further drafting process, experts are invited and requested to provide further input to the drafting of individual chapters, in particular more country practices need to be included. Individual experts will be requested by UNSD to participate in the review and further drafting of individual chapters. Experts are welcome to indicate their interest in further contributing to specific chapters if they have not done so already in the past.
7. The next virtual meeting of the EG-IMTS is planned for September 2011 to discuss the initial drafts of most (but preferable all) remaining chapters. The EG-IMTS is expected to meet in December 2011 for a physical meeting to review and endorse the provisional draft text of the updated IMTS Compilers Manual for submission to the UN Statistical Commission in 2012 as an information item.

II. Participation in the second virtual meeting

8. The EG-IMTS members of 28 national offices and international/ regional organizations which participated in earlier meetings of the EG-IMTS were invited to this virtual meeting. Out of these, 19 participated actively in the virtual meeting, providing a total of 148 postings (this includes some duplicates), 134 during the first round of comment and 14 as reaction to the draft conclusions provided by UNSD. Some of the feedback was received by email and then posted with appropriate references by the meeting administrator.

III. Conclusions

9. **At its virtual meeting from 8 June to 22 July 2011, the Expert Group on International Merchandise Trade Statistics:**
10. **mostly agreed** with the initial drafts of chapters 1, 2, 3, 5, 8, 9, 13, 16, 19 and 22 subject to the comments and reservations as detailed below;

A. Chapter 1 Legal framework

11. **suggested** to give additional attention at the beginning of this chapter to the importance of the institutional arrangements and the appropriate division of responsibilities for the production of merchandise trade statistics and to provide best practices; in this context achieving full coverage of IMTS, which may involve sourcing data from various agencies, is a particular concern from user perspective;
12. suggested to re-arrange others parts of the chapter: moving paras. 1.12 and 1.13 to other chapters and paras. 1.14-1.20 as example under part C;

13. suggested concerning the structure of the chapter to cover first the general legal framework and then examples, as indicated in the annotated outline;
14. suggested to modify contents in Box 1 and remove Box 3 and not to use the U.S. as a case study for chapter 1 due to the unusual setup of different agencies responsible for imports and exports;
15. para. 1.1: suggested to clarify and reformulate the first sentence and to be specific of why the legal framework is important;
16. para. 1.2: suggested to indicate that general statistical principles are or should be defined in the Statistics Act of a country;
17. para. 1.8: suggested to stress the role of customs records and the need to develop a recording system for all transactions;
18. paras. 1.8 and 1.9: suggested to consider that not all other involved institutions are part of government, i.e. tea boards;
19. paras. 1.9 and 1.13: suggested to make reference to chapter 5 (Institutional arrangements);
20. para. 1.11: suggested to cover in more detail the issue of assuring confidentiality in the case of several agencies being involved (beyond only referring to the general legal framework);
21. para. 1.15: suggested to provide details or examples of what should (or could) be included in a MOU;
22. para. 1.17: suggested to move para. 1.17 after para. 1.13 as it refers to a general issue and is not specific to the compilation by customs;
23. suggested various smaller (however equally important) changes to the text of multiple paragraphs, in particular in order to be more specific and/or to take better into account different situations in countries, i.e. concerning the characteristics of other involved institutions (para. 1.10), concerning confidentiality and the role of different levels of regulations; in some instances specific language was provided;

B. Chapter 2 Customs declarations and related customs records

24. Part A: **suggested** to point out the changing role of customs and the changed environment for trade caused by increased emphasis on security and the proliferation of trade agreements; these developments resulted in changes in the use of customs procedures by traders and increased difficulties in identifying certain types of trade; suggested to point out the case of trans-shipments that are declared as normal imports and exports which is inflating the trade data of some countries;
25. Part A and F: suggested to recognize that the data requirements of customs may not fulfill the statistical needs and that compilers in countries should be encouraged to address this issue with customs;
26. Part B: suggested to move customs oriented portions to an annex and to concentrate on the issues for compilers;
27. Part D: suggested to include the issue of customs changing its decision after ex-post control;

28. Part E: suggested to move paragraph 2.24 to the beginning of part E and to elaborate a little more on automated and single window systems as those are critical for the access to information for statistical purposes;
29. para. 2.1: suggested to streamline this paragraph;
30. para. 2.11: suggested to explain the difference between re-exports and “transit”/ “transshipment”;
31. para. 2.12: suggested to establish a list of standard custom procedure codes;
32. para. 2.14: questioned the relevance of the last sentence in the context of this paragraph as in practice the examination of goods and statistical quality control are not or not strongly linked due to their different scope and objectives; suggested to move last sentence and its considerations into the quality chapter;
33. para. 2.16: suggested to address/ inform about the practices concerning the time of recording in ASYCUDA which is a customs software used by numerous countries;
34. para. 2.18: suggested to review this paragraph and to remove the reference to the use of enterprise surveys for the identification of the time of export/ import;
35. para. 2.27: suggested to add that information and instructions on completing the customs declaration should be widely disseminated also with the aim to foster a better understanding of the importance of the entries for statistical purposes;
36. para. 2.28: suggested to clarify what is meant with sampling approach and how it is used;
37. suggested numerous modifications and amendments concerning individual paragraphs which will be taken into account/ considered in the updating of the chapter;

C. Chapter 3 Non-customs administrative and other sources

38. para. 3.3: **suggested** to rephrase the part that mentions arrangements between customs and large companies/ commodity boards as such arrangements exist usually only between the responsible agency and large companies/ commodity boards;
39. para. 3.7: pointed out that e-commerce – meaning items shipped by mail and courier services – is growing in importance and suggested to provide best practices on how to capture this trade as it is difficult to monitor;
40. para 3.10: suggested to consider including the information on aircraft registers contained in the previous Compilers Manual and to elaborate further the information on ship registers and the difficulties of compiling statistics on trade in ships;
41. para 3.14: suggested to point out that the exchange of microdata between partners can require to set up a legal basis, in particular in order address the issue of confidentiality;
42. para. 3.18: suggested to replace “country of origin” with “country of shipment” and to make reference to chapter 16 (Partner country);
43. para. 3.22: suggested to mention also the possible ‘netting’ of transactions between trading partners as possible additional difficulty;

44. para. 3.24: suggested to point out that commodity boards might focus more on quantities and prices and hence, their information can be very useful to verify customs data;
45. suggested various modifications and amendments concerning individual paragraphs/ sentences and provided input for examples/ case studies (i.e. trade below threshold) which will be taken into account/ considered in the updating of the chapter;

D. Chapter 5 Institutional arrangements

46. **suggested** to eliminate textual overlaps with chapter 1;
47. Part E and F: suggested to consider merging sections E and F and editing the text based on the suggestions provided, to underline first the role of long term strategies for institutional arrangements where an "upper-level" permanent coordination body/committee (composed of directors, head of unit etc.) is created with the task of identifying critical issues, needs, main projects, modalities of cooperation etc. – further, a technical group should be created and deal with practical and short-term issues; suggested to incorporate other suggestions regarding steps for improving and for assessing the effectiveness of institutional arrangements;
48. para 5.6: suggested to use the term “roles” instead of “rights”;
49. para. 5.9: suggested to edit paragraph 5.9 based on suggested amendments; in particular, change “done by signing the [MOU]” to “documented through means such as an [MOU]”;
50. para. 5.13: suggested to revise and to place it closer to the end of the sub-section;
51. para. 5.20: suggested to elaborate further by including experience of Brazil, Philippines and Ukraine; suggested to identify both good practices and remaining challenges;
52. para. 5.21: suggested to elaborate further and consider highlighting such main elements of MoU as: i) Goals and expected results, ii) Involved agencies: Responsibilities and roles, and iii) Activities to undertake; pointed out the MoU between UNSD and OECD as possible example;
53. para. 5.39: pointed out the need to clearly identify who is leading an activity when adopting an integrated approach;
54. para. 5.40: suggested to elaborate further by stressing the need to establish proper mechanisms for sharing information between involved agencies, to reflect the need to take into account the systems of communication available to customs offices, to highlight the objective to maximize the use of technological advances for the exchange of information (i.e. SDMX) and to take care of the data security through appropriate control mechanisms (e.g., defined submitters, reception, connectivity testing, setting dates and times of delivery, verification of data transfer, etc.); suggested to consider amending the last sentence with a suggestion that the statistical agency work with the data collection agency to incorporate on-line edits and verifications into the automated data collection system(s);
55. para. 5.44: suggested to add details on country practices (use inputs provided by Germany);

E. Chapter 8 Data processing and database management

56. **suggested** to stress the importance that the customs officials are working with the custom brokers to ensure that data required by the statistical agencies are adequately captured on the customs declarations;
57. para. 8.8 - 8.9: suggested to broaden, if possible, the description of the characteristics of data processing at customs beyond the issue of single window;
58. para. 8.12 and 8.16: suggested to update/ further amend the examples on ASYCUDA and Eurotrace;
59. para. 8.18 – table 8.1: suggested to include the values of freight and insurance of imports in the list of required data fields;
60. para. 8.19 – table 8.2: suggested to include the following in the list of information items: the international agreement tariff preference, if any, the state producer / importer, form of payment, the agent's commission, and date of shipment or discharge;
61. provided additional country examples regarding the single window / automated systems at customs (Brazil and the Philippines);
62. suggested various clarifications/ modifications and amendments concerning individual paragraphs/ sentences which will be taken into account/ considered in the updating of the chapter;

F. Chapter 9 Data quality: assurance, measurement and reporting

63. **suggested** to develop a methodological document on quality assurance;
64. para. 9.1: suggested to add references to related chapters 5 and 25;
65. para. 9.5: suggested to clarify/ elaborate further the link between manual correction and the use of external sources;
66. para. 9.9: suggested to better explain the importance of timeliness;
67. para. 9.10: add timeliness as major quality issue;
68. para. 9.13: suggested to especially focus on the improvement of quantity information which in many instances is incorrect from the source and to give examples of how to correct the discrepancies; offered approaches to the correction of quantity information;
69. para. 9.27 suggested to refer to all EU member states;
70. paras. 9.32-9.33: suggested to replace 9.32-9.33 with the language in the previous Compilers Manual (paras. 267-291); in case existing language is retained, suggested to remove sentence that states that a goal of reconciliation studies might be to achieve a mutually agreed set of trade figures;
71. provided modifications, amendments and updates regarding the presented country examples;
72. provided additional country examples regarding the provision of metadata on quality (United Kingdom) and reconciliation studies (Brazil);

73. suggested various clarifications/ modifications and amendments concerning individual paragraphs/ sentences which will be taken into account/ considered in the updating of the chapter;

G. Chapter 13 Commodity classification

74. **suggested** not to provide details on the HS 2007 edition but to focus on the HS 2012; suggested to revise the text accordingly (based on the WCO suggestions);
75. suggested to consider simplification of the text on GIRs and moving some materials to an Annex to the chapter;
76. suggested to consider creating a box on Eurostat experience with CN as a regional extension of HS;
77. Part E: suggested to stress the importance of HS in view of the results from user surveys;
78. para. 13.7: suggested to explain the terms “one-dash” and “two-dash” subheading;
79. para. 13.43: suggested to add “where possible” after “It is advised.”;
80. para 13.44: suggested to add “Where possible, compilers are encouraged to follow the same practice for the more detailed commodity codes”;
81. para. 13.66: suggested to use footnote 79 as an example of the "international" correlation between classifications - in fact the European CPA2008 and NACE Rev.2 are in line respectively with CPC 2.0 (goods and services) and ISIC Rev. 4 (prevalent economic activity);
82. suggested to consider creating a box on UNCTAD commodity aggregations based on SITC for various analysis and research purposes;
83. paras. 13.81-13.82: suggested to review and amend paragraphs to better describe the correspondence between HS, CPC and ISIC;
84. para. 13.88: suggested to add at the end of the first sentence "as part of the metadata" to stress the importance of classifications in the whole statistical process;
85. suggested to include, as best practice, the experience of ASEAN which adopted the ASEAN Harmonized Tariff Nomenclature which is 8-digit and aligned with the HS at 6-digit level;

H. Chapter 16 Partner country

86. para. 16.2: **suggested** to stress that the metadata at national level have to make clear what the economic territory of the country is and if it differs from the statistical territory;
87. para. 16.4: suggested to insert ", trade agreements and legal rulings" after "national trade policy priorities";
88. para. 16.14-16.18: suggested to review and amend paragraphs 16.14-16.18 in consultation with WTO;
89. para. 16.22 - last sentence: suggested to insert "identifying such transactions in the detailed data and/or including" before "an appropriate explanation...";

90. para. 16.28: suggested to change "requires" to "recommends" in the first sentence;
91. para. 16.29: suggested to add before paragraph 16.29 some discussion about the increasing limitations of attributing the total value of an import to the country where it was last substantially transformed but stress that given the nature of the source data, at this point it is not possible to attribute the value to multiple countries;
92. paras. 16.25-16.26: suggested to be elaborated by describing more country experiences (more country inputs are needed);
93. para. 16.33: suggested to review the text and make clear that the use of partner country statistics when trying to identify final destination is purely optional, as it may be misleading and should be done only if no other sources are available; pointed out that it is very difficult to match the shipments, and the risks of double counting and accurately accounting for value mark-ups are too great; alternatively, it is suggested that this information could be used to educate filers to provide better information when reporting in the future;
94. para. 16.45: suggested to review and amend paragraph in consultation with Eurostat;
95. para. 16.45: suggested that at the end of the first sentence it should be advised to Member States of a Custom Union to use, for national purposes, the same criteria in the partner attribution (Intrastat is an example);
96. paras. 16.14-16.18: suggested to review, edit and simplify as suggested as some details may be outdated;
97. suggested to add more country experiences on the use of country of origin concept (e.g., Germany etc.);
98. Part D: suggested to review and amend to reflect the EU experience;

I. Chapter 19 Goods for processing

99. para. 19.1: **suggested** to explain a little more why goods for processing are such an important issue; suggested to advice countries that face difficulties in identifying goods for processing to inform users about the limitations of the information on goods for processing;
100. para. 19.4: suggested to clarify this paragraph and the issues/ points raised and where necessary, to further elaborate them;
101. para. 19.7: suggested to discuss the special case of ships and aircraft for repair / service;
102. para. 19.13: suggested to divide this paragraph and to cover the case of traders not using specific procedures and the resulting difficulties of identifying exports/ imports for processing and related re-exports;
103. para. 19.14: suggested to stress the importance of a clear labeling and the regular provision of reconciliations tables between trade statistics and the BOP/NA;
104. para. 19.16: suggested to review the list of operations considered processing as the Eurostat guidelines on which this list is based are currently re-discussed and reviewed; also it was suggested to consider including the term manufacturing services;
105. para. 19.17: suggested to mention the relevance of gross recording;

106.para. 19.17: suggested to consider drawing some conclusions regarding high value goods (the same/ a similar issue is also raised in chapter 22 regarding outfitting/ refitting of ships and aircraft);

107.requested various clarifications/ modifications and amendments concerning individual paragraphs/ sentences which will be taken into account/ considered in the updating of the chapter;

J. Chapter 22 Ships and aircraft

108.**suggested** to discuss the existing distortions of data on the trade in ships;

109.suggested to consider including the previous Compiler Manual's example on the use of shipping registers (annex D.1) (note by UNSD: we were informed that the described "easy" situation is no longer given);

110.suggested to address the issue of outfitting/ refitting of ships which due to their high value can distort the statistics when included in merchandise trade and not treated as repair service;

111.suggested to address the issue of the recording of partner country and to consider using the country of consignment/ shipment for ships and aircraft;

112.Part D: suggested to include "wet" leasing as an example of an operating lease; suggested to explain the term "sale and lease-back";

113.para 22.3: suggested to add trains;

114.paras. 22.3 and 22.7: suggested to retain last sentence in para. 22.3 on access to leasing agreements etc. only if such access exists in some countries; provide examples of countries that have access to leasing agreements and agreements on the operation of ships and aircraft;

115.para. 22.4: informed that in practice not only the acquirer but also the operator/ economic owner can apply for registration as well;

116.para. 22.8: suggested to adopt a coherent international approach regarding the identification of change of ownership;

117.para. 22.10: suggested to clarify the relevance of the duration of the lease for determining whether a lease is financial and operational and address what seems to be conflicting advice in IMTS, para. 1.28 and para. 22.10;

118.requested various modifications concerning individual paragraphs/ sentences which will be taken into account/ considered in the updating of the chapter.

ANNEX I
LIST OF PARTICIPANTS

Brazil

1. Mr. Paolo PAVAO
Statistic Production General Coordinator
MDIC/SECEX/DEPLA
Rio de Janeiro, Brazil

Canada

2. Mr. Alan TORRANCE
Head, Reconciliations
Statistics Canada
Ottawa, Canada

China

3. Ms. Hongman JIN
Chief
Statistics Division
Statistics Department
General Customs Administration
Beijing, China

Czech Republic

4. Ms. Vera PETRASKOVA
Senior Statistician
Czech Statistical Office
Prague, Czech Republic

Germany

5. Mr. Albrecht KROCKOW
Head of Section
Statistisches Bundesamt
Wiesbaden, Germany

Italy

6. Ms. Paola ANITORI
Researcher, Price Statistics and Foreign Trade Division
ISTAT – National Institute of Statistics
Rome, Italy

Jamaica

7. Ms. Lorna THOMPSON-REID
Director, Administrative Statistics Division
The Statistical Institute of Jamaica

Mexico

8. Mr. Gerardo Alfonso DURAND ALCANTARA
Director de Area
INEGI
Del Benito Juarez, Mexico

Norway

9. Mr. Leif KORBOL
Head of Division
Statistics Norway
Oslo, Norway

Philippines

10. Ms. Estela de GUZMAN
Director
Industry and Trade Statistics Department
National Statistics Office
Manila, Philippines

Ukraine

11. Ms. Larysa Matronich
Head, Foreign Trade in Commodities Statistics
State Statistics Committee of Ukraine
Kiev, Ukraine

United Kingdom

12. Ms. Margaret Kingston
Policy Team Leader
HM Revenue & Customs
Trade Statistics
3NC Alexander House Southend, United Kingdom

United States of America

13. Mr. David DICKERSON
Assistant Chief, Foreign Trade Division
U.S. Census Bureau, U.S. Department of Commerce
Washington, D.C., USA

14. Ms. Diane OBERG
Senior Foreign Trade Advisor
U.S. Census Bureau, U.S. Department of Commerce
Washington, D.C., USA

Viet Nam

15. Ms. Thi Minh Thuy LE
Deputy Director
Department of Trade
Hanoi, Viet Nam

Organizations

EUROSTAT

16. Ms. Alzbeta RIDZONOVA
Unit G4: International transactions
European Commission – EUROSTAT
Luxembourg

Organization for Economic Co-operation and Development (OECD)

17. Mr. Andreas LINDNER
Head, International Trade and Globalization Statistics Section (TAGS)
Statistics Directorate/PASS
OECD
Paris, France

United Nations Conference on Trade and Development (UNCTAD)

18. Mr. Markie MURYAWAN
Statistician
United Nations Conference on Trade and Development
Geneva, Switzerland

World Customs Organization (WCO)

19. Mr. Ed DE JONG
Technical Officer, Tariff and Trade Affairs Directorate
World Customs Organization
B-1210 Brussels, Belgium.

World Trade Organization (WTO)

20. Mr. Andreas MAURER
Chief, International Trade Statistics Section
Economic Research and Statistics Division
World Trade Organization
Geneva, Switzerland
21. Mr. Yann MARKUS
International Trade Statistics Section
Economic Research and Statistics Division
World Trade Organization
Geneva, Switzerland

United Nations Statistics Division (UNSD)

22. Mr. Ronald JANSEN
Chief, Trade Statistics Branch
United Nations Statistics Division, DESA

 23. Mr. Matthias REISTER
Chief of Section, International Merchandise Trade Statistics Section
Trade Statistics Branch
United Nations Statistics Division, DESA

 24. Mr. Vladimir MARKHONKO
Consultant
-