Draft Report of the
Third Virtual Meeting on the
Update of the IMTS Compilers Manual

United Nations, New York
2011
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I. Purpose and organization


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 third virtual meeting of the EG-IMTS was to review the initial drafts of the second set of nine chapters (chapters 4, 11, 12, 14, 17, 20, 21, 27 and 28) 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 14 September 2011 the members of the EG-IMTS were informed that the third virtual meeting on the update of the IMTS Compilers Manual would start on 21 September with the posting of the second set of initial draft chapters of the IMTS Compilers Manual by UNSD. The experts provided their comments by 14 October; the forum was physically closed at noon on 17 October which allowed the inclusion of a few additional comments. A few additional inputs were received after 17 October. On 21 October UNSD provided its draft report containing the draft conclusions and requested the experts to provide their comments.

³ UNSD likes to thank the numerous experts of countries and international/ regional organizations that contributed in many ways to the initial draft chapters.
by 28 October (extended until 2 November). On 4 November UNSD provided the final report of the meeting, taking into account the feedback received on the draft conclusions.

6. All inputs will be considered when updating the nine 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 mid to end of December 2011 to review the conclusions of the Meeting on compilation issues of IMTS 2010 which will take place from 6-9 December 2011 in Mexico City and to 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, 14 participated actively in the virtual meeting, providing a total of 155 postings, 151 during the first round of comment and 4 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 21 September to 4 November 2011, the Expert Group on International Merchandise Trade Statistics:

10. mostly agreed with the initial drafts of chapters 4, 11, 12, 14, 17, 20, 21, 27 and 28 subject to the comments and reservations as detailed below;

A. Chapter 4

11. suggested to replace “compilers should” with “compilers could” throughout the Compilers Manual where applicable, indicating that there are certain options of obtaining information but that compilers always need to weight the importance of this information with the burden/difficulties of obtaining this information;

12. noted that this chapter does not fully correspond to the proposed structure; suggested that this chapter covers the issue of merging survey data with the detailed trade data as indicated in the outline of this chapter; in particular the issue that survey data might not provide sufficient detail should be covered;
13. para. 4.3: suggested to rephrase the third sentence to indicate, in more general terms, that a business register is required for the management and administration of the enterprise population;

14. para. 4.12: suggested to mention additional challenges in the use of surveys not yet included in the paragraph, in particular the ability of the respondent / the person who completes the survey to provide adequate answers;

15. Part E: suggested to make reference to existing administrative records for information on business operations;

16. para. 4.13: suggested remove reference to electronic submission in this paragraph and to include a general comment that encourages compilers to collect data electronically;

17. para. 4.15: suggested to include the example of an enterprise survey provided by Norway;

18. para. 4.18: suggested that the example of the Informal Cross Border Survey conducted by Uganda should address the issue of fluctuations in the data;

19. Section G: suggested that information is more detailed than needed for IMTS compilers; suggested to make explicit that the definitions used reflect the approach within the European Union;

20. para. 4.20: suggested to clarify how the choice of statistical unit affects the linking and integration of data;

21. suggested to include several additional changes and editorial comments regarding paras. 4.3, 4.5, 4.6 and 4.19;

B. Chapter 11 Integrating trade and business statistics

22. paras.11.16: suggested to add that the integration of trade and business statistics on the micro level allows for checks of consistency between both statistics;

23. para. 11.18: suggested to indicate that the regional analysis of trade pattern can be distorted when information is linked on enterprise instead of local unit level (headquarter vs. where the activity is carried out);

24. suggested some additional editorial changes in paras. 11.4 and 11.6;

C. Chapter 12 Time of recording

25. suggested to include provided country practices and to incorporate suggested editorial changes;

26. para. 12.1: accepted, in general, the provided definition of time of recording but suggested to consider editing to improve readability; suggested to refer to "monthly" and omit "quarterly and annual" (2nd sentence);

27. para 12.3: suggested to provide a more detailed explanation of “date of lodgement”;

28. suggested to include additional paragraph regarding the timing of amendments/corrections;
29. suggested to include a reference to countries using VAT declarations as they ask for the reference period of the reported transactions rather than for a point in time;

30. para. 12.4: suggested to consider including use of an adjustment factor if the timing differences are significant; to clarify that the use of non-customs sources is not necessary in all cases but only if differences are significant;

31. para. 12.9: suggested to include examples of sources of data for time of recording in the case of free zones;

32. para. 12.11: suggested to change “Release” to “Presentation” in the header and edit the paragraph to clarify its meaning;

33. para. 12.12: suggested to include that compilers should work with Customs agencies to ensure that their requirements for the reference period of the reporting coincides with the period used by customs for the statistical reporting;

34. para. 12.15: suggested to edit to clarify as indicated by participants;

35. para. 12.16: suggested in the last sentence, that BoP compilers should be mentioned together with NA compilers;

36. paras. 12.17 and 12.18: suggested to edit paragraphs to better explain country cases when the use of non-customs sources is a good practice;

37. suggested to consider merging sections B and C;

38. suggested to emphasize the use of shipping manifests as the source of information for time of recording;

D. Chapter 14 Valuation

39. suggested to review the chapter’s structure; to make necessary amendments to reflect changes in Incoterms 2010 as well as the examples of provided country practices in valuation; to incorporate suggested editorial changes;

40. para. 14.3: suggested to provide additional information on components of transaction value; to clarify treatment of discounts and payments to the seller, for example, participation in proceeds from latter sale of the goods etc.;

41. para. 14.5: suggested to review this paragraph for consistency with the WTO valuation agreement;

42. para 14.7: suggested to insert “,when estimating statistical value,” after “Therefore, it is very important that” in the last sentence;

43. para 14.8: suggested to clarify the intent of “fulfilling the customs formalities.”;

44. para 14.9: endorsed in general the list of cost items, however, suggested that cost items should always start with the word “cost”; that cost of transportation should be interpreted in a broad sense (for example they could also cover cost for necessary treatment of the goods during transportation); suggested for item (h) to consider including intermediary handling fees (to be confirmed); suggested that explanation of content of other cost items is desirable;
45. para 14.19: suggested to reflect country practices provided by participants (e.g., Norway; other participants to add their own) and other suggestions;

46. para. 14.22: suggested to give a warning on the difficulties of getting information from insurance companies; to review the text to reflect better the relationships between cost of freight and value/volume of the transported goods;

47. para. 14.22: suggested to consider discussing also the separate assessment of imports that are transported and insured by resident companies / by non-resident companies;

48. para. 14.24: suggested to include reference to identical or similar goods as requested;

49. para. 14.25: suggested to remove “[…]customs valuation of exported goods is less reliable […]” as there are no definitive studies to confirm this;

50. para. 14.30 on ‘Media’: suggested to advise that where a big value for media (e.g., CD/DVD) is detected it is a good practice that the declarant is contacted and asked about the product contained on the media; to reflect the Intrastat experience; to note that license agreements on the usage of software (e.g., subsequent purchase of additional usage rights) which are not directly connected with a transfer of relevant media are not relevant; suggested to further edit the text (ask WTO for more info on the relevant WTO valuation decision and reflect that in the text);

51. paras. 14.32 and 14.36: suggested to include provided country experiences and to reflect the WTO research paper;

52. para 14.37: suggested to clarify whether countries should establish a separate classification for aid (in HS chapter 98 for example) or separately identify such shipments in another fashion;

53. suggested to consider adding more material on CIF/FOB adjustments (see Czech approach, more country examples are needed);

54. para. 14.36: suggested regarding broken or defective goods that it may be useful to distinguish different procedures as indicated by participants;

E. Chapter 17 Mode of transport

55. **suggested** to review the chapter and make necessary amendments to reflect provided country practices and incorporate suggested editorial changes; to provide countries’ experiences under section B and C according to their trade system, however, there is a concern about MoT in the case of special trade;

56. suggested to place IMTS2010 recommendations closer to the beginning of the chapter;

57. endorsed (by majority) the use of the abbreviation MoT (not MOT);

58. suggested to consider the practise of dissemination of these statistics by Canada, Mexico and the US through NATS-OD;

59. para. 17.3: in order to avoid potential differences between countries, suggested that additional clarifications on the scope of each category of the classification be provided
(participants are requested to provide input on this – it is very important to ensure that MoT data are internationally comparable);

60. para 17.4: suggested to strengthen the wording from “advised” to “encouraged” and from “consult” to “implement”;

61. para 17.5: suggested to specify that it should be possible to easily reconcile the national classifications with the international classification, at least on the level of the main categories;

62. para 17.8: suggested to review usefulness of the last two sentences;

63. paras. 17.1 and 17.14: suggested (by the U.S.A) to remove U.S. examples, since these are not used for the merchandise trade program (the U.S.A. uses information reported on customs documents);

64. para. 17.16: suggested for subheading (c) to mention that disclosures may affect the level of mode of transport detail that can be published;

65. para 17.17 to 17.19: suggested to include experience of Mexico and Germany;

66. para 17.20: suggested to amend as indicated by participants;

F. Chapter 20 Goods which cross borders as a result of transactions between related parties

67. para 20.1: **suggested** to point out that countries can find it more appropriate to estimate the share of intra firm trade by surveys conducted every two or three years than to collect that information in the frame of the regular foreign trade statistics, as information might not be needed on a monthly basis; suggested to point out that the IT systems used in different administrations worldwide (such as such as Asycuda, Uni-Pass, Siscomex, Trim’s etc.) would have to be adapted in order to identify such goods in the regular trade data compilation;

68. para. 20.2: suggested that it would be more useful to know if trade was valued according to a transfer pricing agreement (which provide guidance on the application of the "arm's length principle");

69. para. 20.4 suggested to take out the word “Recently” at the beginning of the fifth sentence;

G. Chapter 21 Electricity, gas, oil and water

70. **suggested** to create, as in other chapters, a part called ‘Country experiences’ and to move paragraphs 21.8, 20.9 and 20.9 under this chapter; and also to move and integrate para. 21.14 into para. 21.6, as both concern valuation;

71. para. 21.7: suggested to add as special characteristics of trade in electricity, gas, oil and water the large role of merchanting and problems in the determination of partner countries, in particular in the case of electricity and gas;

72. para. 21.9: suggested some small corrections and additions;
73. para 21.11: suggested to stress the importance of information obtained from grid operators which can have the most reliable information on the quantities but usually do not have information on prices;

74. para. 21.13: suggested to indicate in the first sentence that in some countries information on the trade in electricity, gas, oil and water can be obtained via customs declarations in addition to other reporting channels; suggested to clarify if this is a country example and to review where best to place this paragraph;

75. suggested several editorial changes and corrections regarding para. 21.3, 21.4, 21.11 and 21.13;

H. Chapter 27 External trade indices

76. para 27.2: suggested to eliminate the word “accurate” and to write “estimates” instead of “measurements” in the first sentence;

77. para 27.10: suggested to include the following advantages of direct price surveys:
   a. possibility to control ex-ante potential bias in the estimates and to reduce price variability due to non-price elements (changes in the mix of products in the market basket or changes to the quality of the items being priced).
   b. possibility to carry out quality adjustments (so long as the items in the survey are defined in proper detail and respondents send in both price changes and any changes in an item description).
   c. reduced risk of erroneous data (e.g., due to product misclassification) in direct surveys;
   d. improved timeliness, as price indices of external trade are usually available earlier than UVIs;
   e. widespread use, as price indices of external trade are used for deflation of economic aggregates in National Accounts;
   f. improved coherence with other price indices (such as producer price indices, construction price indices, wholesale/retail price indices, consumer price indices, etc.);

78. para 27.12: noted that large variance of unit values can suggest erroneous declarations as well as heterogeneity in the commodity composition of individual HS codes;

79. para 27.16: suggested:
   a. to describe (briefly) the most used formulas (such as direct Laspeyres, Paasche and Fisher) and their main characteristics (including their weighting structure), followed by some reference to their "chained" version;
   b. to indicate that UVIs allow for the use of superlative index formulas that incorporate both base and current weights (such as Fisher or Tornqvist), while acquiring current period weights in a reasonable timeframe to produce monthly price indexes is in general not considered practical;
80. para 27.18: suggested to point out that treatment of outliers from direct price surveys is less complicated than for UVI’s, due to the relatively smaller amount of information collected by products and by traders;

81. para 27.21: suggested to stress that countries need to develop proper indexes which also maintain international comparability;

82. paras. 27.24 to 27.26 and 27.29 to 27.35: noted various clarifications and editorial improvements related to the Norwegian experience and practices in the compilation of foreign trade indices which will be incorporated;

83. para 27.27: noted clarification and addition to paragraph related to the Canadian experience and practices in the compilation of foreign trade indices which will be incorporated;

84. Part F: suggested to include an additional contribution explaining the Czech experience and practices in the compilation of foreign trade indices;

85. Part F: noted various contributions explaining the United States experience and practices in the compilation of foreign trade indices;

86. Part F: noted comment by Germany on the compilation and use of unit value indices;

1. Chapter 28 Seasonally adjusted data

87. **suggested** changing all references of X-12-ARIMA to X-13ARIMA-SEATS which will be released later this year and to adjust para. 28.11 accordingly;

88. para. 28.6: suggested to replace the term “model” with “type” as deciding on the model not only entails choosing between additive or multiplicative adjustments;

89. para: 28.10: suggested to replace the term ‘model” with more appropriate terminology;

90. para. 28.12: suggested to further clarify the correspondence between seasonally adjusted and unadjusted annual totals;

91. para. 21.19: suggested to specify and address the issue of appropriate lengths of series separately for monthly and for quarterly series;

92. para. 28.24: suggested to include the example provided by Italy.
ANNEX I
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