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Country Note
Chile

Comments on the text of *International Merchandise Trade Statistics* *Rev. 2*

On this subject, the following issues have been identified:

The valuation of trade when goods shipped before definite prices are known, either because the goods are sold on consignment or because the sales contracts establish that the prices are to be determined at a certain quotation period, after the goods have been shipped and have changed ownership, poses statistical problems. In Chile, this occurs with certain significant exports. For these transactions, the Customs Declaration is reported using provisional values, and there is a special customs document, the *Valuation Variation Report (VVR, or IVV in Spanish)*, which later reports the definite value of those exports. The definite value of those exports may be reported with a lag of up to 270 days after shipment. This period allows extensions, therefore it is possible that export values undergo changes a considerable time after the initial declaration. The problem may be significant when there are important deviations between actual and initial estimated prices reported to customs, something which occurs particularly in periods of sharp changes in prices in international markets, and may therefore lead to unexpected variations in values and price indexes. In Chile, in order to minimize the gaps, for statistical purposes, initial customs values of significant exports are replaced by estimations of actual prices and values made by balance of payments compilers. These estimates are ultimately replaced by actual values reported by exporters.

1. In order to facilitate balance of payments compilation, which requires separate identification of non monetary gold within goods, it would be useful to define which codes should be considered in that category.
2. Conceptually, it is correct to include military goods, but it is difficult to obtain the data.
3. It is particularly difficult to obtain data on goods for processing when Customs data are based on the special trade system. However, in Chile we

have analyzed this issue, and have found that it would be possible to compile these data if some additions were made to existing codes and/or fields of the existing customs documents. The implementation of BPM6 will be important in helping us to bring about these changes. It would be very helpful for IMTS to follow the same criteria.

4. In BPM5, returned goods are computed as negative exports (returned exports) and negative imports (returned imports).
5. In the sixth edition of the Manual of Balance of Payment (MBP6), some kinds of transactions are registered as goods and presented separately, under “Net goods under merchanting”. Merchanting is defined as the purchase of a good by a resident (of the compiling economy) from a nonresident, combined with the subsequent resale of the good to another nonresident, without the goods being present in the compiling economy. Net goods under merchanting is the difference between:

Goods acquired under merchanting (negative exports) and
Goods sold under merchanting

Ideally, the revision of IMTS, Rev.2 should be the same as MBP6. However, this would involve a deviation from the underlying principle of IMTS, which is the addition or subtraction of goods from a certain economic territory, criteria that differs from that of BPM6, which is the change of ownership principle.

6. Repairs and maintenance on movable goods. In MBP6 they will be computed as services. In IMTS, Rev.2, these goods are excluded from goods but are recorded separately, so that it will be easy to reconcile the data. It would be useful to report in merchandise trade statistics, the value of repairs, in order to put them in services for Balance of Payments purposes.

Trade system

General trade system: under this system the economic territory is similar to the statistical territory. Under the general trade system, imports include all goods entering the economic territory of a compiling country and exports include all goods leaving the economic territory of a compiling country.

Special trade system: the statistical territory comprises only a part of the economic territory (strict definition). It comprises only the free circulation area, that is, the part within which goods may be disposed of without customs restriction.

In Chile, customs data are compiled following the special trade system. This has posed problems for the compilation of balance of payments and national accounts. If the general trade system were followed by Customs, it would be much more useful for these sets of statistics.

Adjustments that would need to be made to customs data based on the special trade system in order to compile general merchandise according to BPM6, are:

- +/- Goods entering free zones from abroad, or exported from free zones, with or without value added by the compiling country.
- + Parcel post and simplified customs declarations not otherwise covered by customs data
- CIF/FOB adjustment
- Goods for manufacturing without change of ownership
- + Goods procured in ports by carriers
- Returned goods
- Goods lost or destroyed
- +/- Goods held as inventories abroad
- +/- Goods entering/leaving customs warehouses
- +/- Inventories of goods held abroad
- + Fish catch, minerals from the seabed and salvage sold from resident-operated vessels in foreign ports or from resident-operated vessels on the high seas to foreign vessels
- + Mobile equipment that changes ownership while outside the territory of owner
- Goods imported for projects by nonresident construction enterprises
- Goods for military use
- Imports for foreign countries embassies, international organizations and other non residents in the compiling country
- Al usar una clasificación por grandes categorías económicas es necesario reclasificar parte de ciertos códigos arancelarios del SA usados por Aduana y que tienen uso dual.

Free zone treatment in Chilean statistics

In Customs data and private foreign trade databases: Free Zones are not considered as part of the economic territory, therefore, imports are only recorded when they leave the restricted or the extended free zones and enter the rest of the country, clearing customs and generating a normal import declaration. However, Customs collects data at an aggregate level, for products passing from the restricted to the extended free zones , and of those entering or leaving the country to or from the restricted Free Zones . In the case of exports, products leaving the country from the restricted free zones are not covered.

For balance of payments purposes: exports and imports of the free zones are computed when they first enter or leave the country (i.e., when they enter or leave the restricted free zone territory). They are presented separately within general merchandise, both because of analytical as well as practical reasons. The data are provided directly to the Central Bank by the free zones' administration companies, with less product detail than that of the customs' declarations. The data are coded at the 4 digit HS level, so they cannot be classified with the same breakdowns used for other imports or exports. Trade through the free zones is computed in gross terms, that is, separating total imports from exports (reexpeditions), and adjusting customs declarations to avoid double counting.

Chile's practices regarding International Trade Statistics

A) Customs administration

The main sources of data are customs declarations.

For Free Zones there are special forms supplied directly by the administrators of these territories, that are not included in Customs or other commercial databases. Something similar happens with parcel post and other low value merchandise trade, for which customs only has aggregate data which are not included in these databases. However, balance of payments and merchandise trade data disseminated by the Central Bank, include these transactions.

The change of ownership between residents and non-residents is used as a basis for inclusion of certain goods in trade statistics.

The date of lodgment of the customs declaration is used as estimation of the time the goods enter/leave the Chilean territory.

Customs procedures allow the identification of:

- a) Re-imports and re-exports of goods in the same state
- b) Temporary admission of goods subject to re-exportation in the same state.
- c) Temporary admission of goods for inward processing
- d) Goods leaving the country after inward processing
- e) Temporary exportation of goods for outward processing
- f) Re-importation of goods after temporary exportation for outward processing
- g) Goods admitted to, and leaving, a customs warehouse
- h) Goods admitted into and leaving a commercial and an industrial free zone
- i) Goods in customs transit

In order to separately compile goods for processing according to BPM6 criteria, however, certain adjustments would need to be made to these documents.

Trade system

- a) Trade statistics in Chile disseminated by Customs and other commercial databases are compiled according to the special trade system. For those data disseminated by the Central Bank, however, adjustments are made for free zones, but not to imports and exports passing through customs warehouses.
- b) Trade statistics do not include:
 - 1. Industrial and commercial free zones (except for trade data disseminated by the central Bank)
 - 2. Customs warehouses
 - 3. Premises designated for inward processing
 - 4. Territorial waters, and continental shelf
 - 5. Offshore territories, possessions, dependencies, etc.
 - 6. Our country's embassies, military bases and other territorial enclaves in other countries.

Commodity classification and quantity measurements

Customs administration uses the Harmonized System for recording trade flows and dissemination of trade statistics.

Quantity data are collected. Net weight are recorded for quantity for measurement where applicable and the World Customs Organizations recommended units of quantity for each of the headings of the HS

Valuation

Provisions of the WTO Agreement on Valuation are used as the basis for calculating the statistical value of goods. The statistical value of imported goods is collected at CIF values, and exports are collected FOB. Values of freight and insurance values are also collected for imports, enabling FOB values to be compiled. Partial data on freight and insurance are collected for exports. However, FOB value of imports, freight and insurance values of exports and imports are not published (they are used as inputs for Balance of Payments and National Accounts statistics).

Partner country

Imports statistics are compiled by country of origin

Data quality

There is a threshold value for which customs declarations are not required to be filed. For certain low values imports, simplified declarations are filed. Estimates of trade below the threshold are not made nor are included in trade statistics. Physical inspection of cargo by Customs is based on risk assessment. The Customs Administration conducts seminars to train traders and their agents in the filing of customs declarations. Commodity prices are used to assess the credibility of customs records. No estimates are used to replace missing values or quantities at detailed record level.

Trade by mode of transport

Trade statistics by mode of transport are collected. The following modes can be identified: air, sea (including inland waterway), railway, road, and pipeline.

Reporting and dissemination

Aggregate data (by major trading partners or by commodity groups) are made publicly available by customs on a monthly basis. Detailed data by commodity and partner are made publicly available on a monthly basis (they are sold upon request).

