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STATISTICS DIVISION

Expert Group on International Merchandise Trade Statistics
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Country Note
Mexico

BRIEF COMMENTS OF INEGI-MEXICO TO IMTS MANUAL (SERIES M, No. 52 Rev. 2) BY SELECTED SECTIONS AND PARAGRAPHS

November, 2007

COVERAGE AND TIME OF RECORDING

13. General and specific guidelines are provided below on categories of goods to be:

- (a) Included in the detailed international merchandise trade statistics;
- (b) Excluded from the detailed international merchandise trade statistics;
- (c) Excluded from the detailed international merchandise trade statistics but recorded separately so that the detailed data may be adjusted to derive the totals of international merchandise trade for national accounts and balance of payments purposes.

Considering the increasing importance of trade in services would be convenient a specific mention about this issue in addition to the references of BOP and national accounts (not only in this paragraph, it could be included on different sections of IMTS manual) See the suggestion for the annex A.

15. *Time of recording.* The time at which an import or export transaction should be recorded needs to be clearly defined. Coherence with the 1993 SNA (para. 3.97) and BPM5 requires that transactions be recorded at the time when the change of ownership takes place. Data-collection systems, however, are usually set up to record transactions associated with the movement of goods across borders, and they lack the necessary recording mechanisms to determine when change of ownership occurs. But since most traded commodities are part of a normal buying and selling operation between an importer and an exporter, the change of ownership is largely approximated by the cross-border movement of goods. Consequently, as a general guideline **it is recommended** that goods be included at the time when they enter or leave the economic territory of a country. In the case of customs-based data-collection systems, which provide the compiler with a choice of dates at which transactions may be recorded, consistency strongly suggests that a single date be adopted for all transactions. **It is recommended** that the time of recording be the date of lodgement of the customs declaration since that would provide an approximation of the time of crossing the border of the economic territory of a country.

It's necessary a recommendation in the case of the periodic lodgment of declaration and it should mention the characteristics of this custom practice, distinguishing the dates at which the declaration is open and closed respectively. The practice is used by an important group of enterprises in Mexico as the Maquiladoras (focused to Goods for Processing).

On the other hand it is recognized the feasibility of other sources as surveys (different to the customs declarations). Therefore would be helpful clarifying the criteria for time of recording at such cases.

GOODS TO BE INCLUDED IN THE DETAILED INTERNATIONAL MERCHANDISE TRADE STATISTICS

28. *Goods for processing.* 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...

In the case of Goods for Processing would be necessary further explanation about the principle of change of ownership and a very good recommendation to identify it for IMTS in order to contribute for the statistical purposes of BOP, national accounts and trade in services.

GOODS RECOMMENDED TO BE EXCLUDED FROM THE DETAILED INTERNATIONAL MERCHANDISE TRADE STATISTICS BUT RECORDED SEPARATELY SO THAT THE DETAILED DATA MAY BE ADJUSTED TO DERIVE TOTALS OF INTERNATIONAL MERCHANDISE TRADE FOR NATIONAL ACCOUNTS AND BALANCE OF PAYMENTS PURPOSES

54. *Waste and scrap.* Waste and scrap having no positive value are to be excluded **but should be separately recorded**, using appropriate quantity units

Which is the purpose of a separated record? If it's necessary a separated record this paragraph could be located in the section of goods recommended to be excluded from the detailed international merchandise trade statistics but recorded separately...

56. Countries are encouraged to undertake efforts to collect the relevant data or to make estimates of trade in these goods to assist national accounts and balance of payments compilers in making the necessary adjustments. **Cooperation of several agencies might be required to obtain such data or estimates.**

Eliminate the word 'might' and write something like '...will be a good option to obtain...' For instance in Mexico have been useful the inter-agency cooperation for the production of statistic data of IMTS. The statistical office of Mexico (INEGI) heads the efforts of cooperation among the agencies through Committees and Working Groups in several issues (not only foreign trade as the respective Working Group).

VALUATION. STATISTICAL VALUE OF IMPORTS AND EXPORTS

120. The CIF-type values of imports and FOB-type values of exports satisfy several analytical needs, but FOB-type values of imports are also needed for some purposes. For instance, CIF-type values of imported goods are required for price comparison with other goods available on the domestic market. CIF-type values of imported goods are also required for national accounts purposes at the product group level (see 1993 SNA, para. 3.85). FOB-type values (of both exported and imported goods) provide a uniform price basis for goods (in the sense of giving a single point of valuation for exports and imports, namely, the border of the exporting

country's statistical territory) and therefore serve the purposes of the compilation of national accounts and balance of payments statistics at the aggregate level (for valuation, particularly uniform valuation, see 1993 SNA, para. 3.85, and BPM5, paras. 221 - 225). FOB-type values of imported goods, for instance, are needed to separate the costs of freight and insurance associated with goods transportation from the point of export to the point of import (these costs are considered as value of services and are to be excluded from the cost of the goods). FOB-type values of imported goods can also enhance the analytical use of trade statistics; for instance, imports of country A from country B on an FOB basis can be used to estimate the exports of country B to country A on an FOB basis.

Considering the importance of 'mirror statistics' for the improvement of data quality next revision of IMTS could mention in this paragraph that the FOB valuation is helpful for the reconciliation studies and the analysis of the bilateral trade flows. The annex D4 of IMTS Compilers Manual shows the results of the merchandise trade reconciliation Mexico-Canada and Mexico-US (At least a footnote with this mention would be useful)

QUANTITY MEASUREMENT

131. *Quantity units* refer to physical characteristics of goods, and since they are free of the valuation problems discussed in chapter IV above, in many cases they provide a more reliable indicator of international movements of goods. Use of appropriate quantity units also may result in more comparable data on these movements, because differences in quantity measurements between the importing country and the exporting country are normally less significant than in value measurements. Quantities are often used in checking the reliability of the value data. In addition, quantity units are indispensable in the construction of index numbers and for transportation statistics.

Nowadays, there are several requests of merchandise trade statistics by mode of transportation and there are not explicit recommendations for the production of these statistics. The definition of the transportation modes would be a good start in order to clarify the concepts and its use. Mexico, Canada and the US are working in a trilateral interchange about North American Transportation Statistics and the merchandise trade with this point of view is one of the main issues studied and analyzed by the involved agencies of the three countries.

REPORTING AND DISSEMINATION

3. *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.

In order to improve the reliability of the statistics would be convenient to include a recommendation about the publication of specific dates for the revisions and ideally explaining to users the main changes on the results. For example, in Mexico the Working Group on Foreign Trade Statistics works with the public enterprise PEMEX which is the only responsible of the production of petroleum to review its international trade flows and this revision allows the application of some adjustments in the preliminary results.

ANNEX A. BASIC NATIONAL ACCOUNTS AND BALANCE OF PAYMENTS CONCEPTS AND DEFINITIONS

In order to enrich this section and providing further information about related statistics to IMTS, the annex could include the main concepts and definitions used for trade in services too. See the first suggestion for the revision of IMTS Manual regarding coverage and time of recording.

ANNEX B. DEFINITION OF CUSTOMS TERMS AND RELATED DEFINITIONS

As mentioned before the periodic lodgment of declaration is a very important practice that needs a better explanation and comprehension, hence would be necessary a specific mention of it in this annex.