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Item 5: Country Practices and Compliance

**The United Nations Expert Group on
International Merchandise Trade Statistics**
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**International Merchandise Trade Statistics:
National practices, Compliance with IMTS, Rev.2, and
Areas where international recommendations
might need a revision**

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Introduction

- **This is a preliminary overview of national compilation and dissemination practices and their compliance with the recommendations contained in IMTS, Rev.2 and compilation guidelines the Compilers Manual**
- **The questionnaire has 173 questions covering all recommendations contained in IMTS, Rev.2 and guidelines provided in the Compilers Manual**
- **A number of the same questions as used in a survey conducted between 1992 and 1995. This allowed, to assess changes in some country practices over time**

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- **122 responses received**
- **The final report on this subject is expected by the end of December 2007**

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Institutional arrangements

- **Compilation and dissemination of IMTS are normally the responsibility of national statistical offices (77.6% of countries confirmed that).**
- **In most countries Memorandums of Understanding or similar working agreements between the agency responsible for official trade statistics and other agencies are established**
- **However, only 44.6% and 22.2% of the same countries reported conducting regular inter-agency meetings before the release of statistics**
- **This clearly indicates that there is a room for improvement in the inter-agency cooperation. Should a recommendation on inter-agency cooperation be included in the next revision?**

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Sources of data

- **For 88.4% of countries customs declarations remain the main source of data. (55.6% of developed and 97.9% of developing and transitional countries)**
- **Developed countries use a lot more additional data sources, such as administrative records associated with taxation (59.3%) and enterprise surveys (51.9%) as compared with developing and transitional countries where those percentages are only 21.3% and 19.1%, respectively.**
- **Are additional recommendations on use of non-customs data sources needed to ensure the best possible data comparability and promotion of good practices?**

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Coverage and time of recording

- **90.9% of respondents use physical movement of goods between countries as recommended. Change of ownership is applied in some cases; 11.1% of developed countries reported ability to compile detailed trade statistics on the change of ownership basis**
- **Should the range of cases where change of ownership is applicable be more clearly described?**

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- **In general, the time of recording is when goods enter/leave the economic territory of a country**
- **When recording is customs based, the time of recording is the time of lodgement of the customs declaration (71.9% of responses) as recommended.**
- **Should the recommendations on time of recording be updated as the use of non-customs data sources becomes more common and the time of recording in such cases needs to be clarified?**

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Categories of included and excluded goods

Annex 1 and 2 to #137.5 report summarize practices with respect to the inclusion and exclusion of certain categories of goods.

Annexes confirm a good compliance with IMTS, Rev.2 recommendations and improvement in the compliance rate for most of economically important categories of goods since 1996.

Do we need to add/delete certain categories of goods to the lists of inclusions/exclusions?

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Kyoto convention and relevant customs procedures

A clear majority of countries (71.9%) use the Kyoto convention on customs procedures as the basis for their customs legislation

In general, countries use similar customs procedures

The revised recommendations may support more strongly the use of the globally standardized customs procedures as provided in the revised Kyoto convention (Kyoto 2000)

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Trade system

- **Use of the recommended general trade system of recording calling for inclusion of goods entering economic territory of the country is not well followed, especially by the developed (59.3% of them indicated that they disseminate trade data only on the basis of the special trade).**
- **Non compliance is mostly due to difficulties with compiling data in the absence of customs controls, in particular, on goods moving in and out of the territorial elements having a special status such as commercial or industrial free zones and customs warehouses.**

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- **Trade statistics compiled on the general trade system basis is needed not only for tracing international movements of goods, but also to provide data to compile better balance of payments statistics and national accounts**
- **The recommendation to use the general system has to be reviewed. For example, it might include reference to use of non-customs sources to ensure capturing of goods not entering customs territory**
- **The boundary of the statistical territory defining the general system of trade might be clarified (e.g., by listing territorial elements which have to be included and which might be excluded)**

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Commodity classifications

Practically universal use of the Harmonized System for recording trade flows and dissemination of trade statistics; the compliance with this recommendation increased from 77.0% in 1996 to 94.2% in 2006.

The Standard International Trade Classification (SITC) remains an important dissemination tool for most countries, especially for developed (almost 82% confirmed its use). The revised recommendations may reconfirm continued importance of SITC for analytical purposes, especially taking into account issuance of the SITC, Rev.4.

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Classification by Broad Economic Categories (BEC) is applied by about 45% of countries. This raises question about a need for an update of BEC.

Use of Central Product Classification (CPC) and the International Standard Industrial Classification of All Economic Activities (ISIC) is not widespread – only 9% of countries use CPC and about 22% use ISIC while publishing their trade data.

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Quantity measurements

All developed and practically all other countries collect quantity data. The percentage of countries collecting such data increased from 79.3% in 1996 to 93.4% in 2006.

There is a solid compliance with the recommendation to use the net weight for quantity measurement of all commodities, where applicable (76% in 2006 as compared with 70.9% in 1996).

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NOTE: In mid 90th 90.9% of developed countries compiled net weight data while only 74.1% confirmed this practice in 2006.

Should this recommendation be reinforced?

The use of the WCO recommended units of quantity is rather a common practice (71.1% of respondents confirmed this).

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Valuation

- **Recommendations to use CIF-type value for imported goods and FOB-type value for exported goods are very well implemented**
- **Over the last decade use of the CIF-type valuation of imported goods increased from 90.5% to 93.4% while the FOB-type valuation increased from 94.6% to 96.7% (as reported by countries)**
- **How accurate the value data are? E.g., when the terms of goods delivery are other than CIF or FOB.**

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- **Recommendation to compile data on international freight and insurance is followed by 40.5% countries while ten years ago only 29.7% of countries were compiling such data.**
- **In addition, 14.8% of developed and 30.9% of developing countries confirmed that they already compile and publish FOB valued imports data.**
- **FOB valued imports data are needed for balance of payments and national accounts compilers as well as for reconciliation of international merchandise trade statistics with statistics on international trade in services. Should imports FOB be recommended as additional valuation? At what level?**

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Partner country

- **Recommendations on partner country attributions are well followed with 90.9% of countries compiling the country of origin for imports and 91.7% compiling the country of last known destination for exports. In both cases the compliance rate has increased as compared with the 1996 situation (it was 81.8% and 87.8%, respectively)**
- **In the determination of the country of origin provisions of Kyoto convention are followed by 81.5% of developed and 59.5% of developing countries**
- **The use of country of consignment as additional partner attribution was reported only by 46.3% of countries for imports and by 19.8% for exports**

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- **Should the revised recommendations provide more detail on the definitions of the country of origin and the last known destination?**
- **The recommendation to use in the partner attribution the statistical territory, as defined by the partner country itself, needs clarification.**

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Data quality

- **IMTS, Rev.2 does not contain comprehensive recommendations on data quality. Do we need such recommendations in IMTS, Rev.3? (e.g., recommendations on quality dimensions, quality indicators etc.).**

- **Some relevant information:**
 - **in 80.2% of cases customs administrations conduct seminars to train traders and their agents in the filing of customs declarations.**

 - **Customs records are being assessed and 72.7% of countries use commodity prices or unit values for this purpose.**

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- **An important factor in improving data quality is conducting of bilateral or multilateral reconciliation studies with the trading partners.**

- **It is a very good sign that such studies have become a common practice for most developed (70.4%) and for a significant part (40.4%) of other countries.**

- **Should we include in IMTS, Rev.3 a recommendation to conduct such studies more systematically?**

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Trade by mode of transport

Compilation of trade statistics by mode of transport is increasingly a common practice as 88.9% of developed and 76.6% of other countries compile such data

Should we provide international recommendations to recognize the importance of trade by mode of transport and to ensure better data comparability?

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Reporting and dissemination

- **In 2006 77.0% of countries were able to provide monthly data in less than 43 days while only 63.6% were able to do so in mid 90th. More developing and transitional countries (81.8%) are able to fit within this time frame than developed (62.9%); not enough information to compare the quality of such data by country groups.**
- **Quarterly data are disseminated by most countries (82.9%) within two months (81.7% in 1996).**
- **Annual data typically (in 81.7% of countries) become available within seven month (about the same as in 1996).**
- **Timeliness complies with the general guidelines for economic statistics.**

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- ***Public announcements of the release dates.*** Developing and transitional countries are significantly behind developed countries with respect to public announcements of the release dates (56.4% and 92.6%, respectively).
- ***International reporting.*** Reporting data internationally improved, but still there are problems (see report on UN Comtrade)

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- ***Confidentiality.*** Preserving confidentiality of individual data is a general requirement and countries normally have adequate policies in place. At the same time such policies should be implemented in a way that minimizes the impact on availability of aggregated data. In this respect country policies differ.
- **Most of developed countries (66.7%) always report the full trading partner detail at the next higher level of commodity aggregation that adequately protects confidentiality, only 44.7% of other countries do this.**
- **Do we need to update current recommendation on confidentiality?**

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Thank you for attention!

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