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Workshop for Developing Countries on the Revision of the International Recommendations for International Merchandise Trade Statistics (IMTS), Bangkok, 9-12 September, 2008

Report
(October 2008)

Organization, purpose and participants

This workshop for **Developing Countries on the Revision of the International Recommendations for International Merchandise Trade Statistics (IMTS)** was organized and conducted by the United Nations Statistics Division (UNSD) in cooperation with the United Nations Economic and Social Commission for Asia and the Pacific (UN/ESCAP). The workshop took place from 9-12 December 2008 at UN/ESCAP headquarters in Bangkok, Thailand.

At its thirty-ninth session (26 - 29 February 2008) the Statistical Commission endorsed the United Nations Statistics Division (UNSD) initiative and strategy to revise the existing recommendations for international merchandise trade statistics and requested that the draft revised recommendations be submitted to the Commission for adoption at its forty-first session in 2010. One key element of the UNSD revision strategy is a worldwide consultation process with national trade statistics compilers.

This workshop is part of a special effort of UNSD and UN/ESCAP to inform and receive feedback from developing countries on this revision process. Trade data compilers from the national statistical office or from the customs administration were invited to participate. UNSD provided their experts to lead the workshop and the discussions.

The workshop reviewed and discussed the current recommendations on international merchandise trade statistics contained in *International Merchandise Trade Statistics, Revision 2 (IMTS, Rev.2)*, in particular but not limited to the important issues identified by the expert group on IMTS at its first meeting in December 2007.

The following 14 countries participated in the workshop: Bangladesh, Cambodia, China, Ethiopia, India, Kazakhstan, Kenya, Malaysia, Mongolia, Pakistan, Philippines, Thailand, the United Arab Emirates and Vietnam.

Summary

Opening session: Ms. San Yuenwah, Officer-in-charge, a.i. of the Statistics Division at UN/ESCAP opened the meeting and welcomed the participants. Mr. Matthias Reister, Chief of the International Merchandise Trade Statistics Section of UNSD welcomed the participants on behalf of Paul Cheung, Director of the United Nations Statistics Division, and explained the purpose of the workshop.

UNSD provided a presentation on UNSD's activities in the field of International Merchandise Trade Statistics and a presentation on the need for the revision of IMTS, Rev.2 and the outline and status of the revision process. UNESCAP provided a presentation on the use of merchandise statistics for informed-trade policy making.

Session 2 - Coverage (Definition of IMTS and nature of transactions covered; Change of ownership; Goods for processing; Trade between affiliated enterprises): The introduction by UNSD was followed by country presentations/ statements of Kenya, The Philippines and Vietnam and a general discussion

Session 3, part 1 - Coverage - cont. (Packaged software; Downloadable software and audiovisual products; Asymmetric inclusions and exclusions; Other inclusions and exclusions): The introduction by UNSD was followed by country presentations/ statements of China, Pakistan, and Vietnam and a general discussion.

Session 3, part 2 - Trade system (Clarification of territorial elements; Boundaries of the relaxed definition of the special trade system; Other concerns): The introduction by UNSD was followed by country presentations/ statements of Malaysia and Bangladesh and a general discussion.

Session 4, part 1 - Commodity classification and quantity measurement (Review of existing recommendations; Other concerns): The introduction by UNSD was followed by country presentations/ statements of Ethiopia, Pakistan and Thailand and a general discussion.

Session 4, part 2 - Mode of transport (What to record; How to classify): The introduction by UNSD was followed by country presentations/ statements of Ethiopia, India and Malaysia and a general discussion.

Session 4, part 3 - Valuation (Compilation of Imports FOB in addition to Imports CIF; Valuation reviewed, i.e. value components, estimation methods, valuation and time of recording in case of non-customs sources; Valuation in certain special cases, i.e. electricity, gas and water, used goods etc.): The introduction by UNSD was followed by country presentations/ statements of Kenya, Mongolia and The Philippines and a general discussion.

Session 5, part 1 - Partner country (Country of origin and country of consignment for imports; Country of last know destination and country of consignment (destination) for exports; Country of sale/ purchase; Calculation of trade balances; Issues concerning the determination of the country of origin and re-exports (rules of origin); Other concerns): The introduction by UNSD was followed by country presentations/ statements of China and India and a general discussion.

Session 5, part 2 - Data sources (Use of non-customs sources; Data compilation strategies and promotion of an integrated approach to economics statistics): The introduction by UNSD was followed by country presentations/ statements of Bangladesh, Cambodia and Vietnam and a general discussion.

Session 6, part 1 - Institutional arrangements (Adding a recommendation on the need for establishing and maintaining necessary institutional arrangements; Promoting data exchange): The introduction by UNSD was followed by country presentations/ statements of Bangladesh, India and Kazakhstan and a general discussion.

Session 6, part 2 - Data quality and metadata (Providing guidance on data quality (reporting, assessment and indicators); Ensuring data quality; Compilation and dissemination of metadata; Main elements of metadata): The introduction by UNSD was followed by country presentations/ statements of Ethiopia, Mongolia and Thailand and a general discussion.

Session 7, part 1 - Data dissemination (Review of existing recommendations; Use of new technologies): The introduction by UNESCAP was followed by country presentations/ statements of Kenya, Pakistan and UAE and a general discussion.

Session 7, part 2 - Supplementary topics (External trade indices; Relationship and differences to national accounts and balance of payments statistics; Recommendation on seasonally adjusted data; Other): The introduction by UNSD was followed by country presentations/ statements of Malaysia and Mongolia and a general discussion.

Closing session: The round table discussion concerning the identification of the important issues for developing countries was followed by the introduction of the preliminary findings and conclusions of the meeting. The meeting concluded with closing remarks by UNSD and UNESCAP.

Findings and conclusions

1.   Trade analysis and policy requires reliable and timely data but discrepancies in mirror statistics can make the analysis difficult and, for some users, appear to put the relevance and reliability of the data in doubt.

2.   Overall participants agreed with the conclusions from the worldwide consultation presented by UNSD. Participants stressed in particular the need that the revised recommendations:

Coverage

3.   provide a clear definition of goods for processing, which preferably should also explicitly mention the activity of testing;

4.   provide a clear definition of goods in transit/ transshipment as compared with re-exports and goods on consignment;

5.   provide a clear definition, a time limit and examples for temporary admission;

6.   address in more detail the issue of trade between related enterprises and the related valuation issue and how this trade can be identified (special coding system at customs, enterprise surveys, etc.);

7.   clarify the borderline between trade in goods and trade in services, including the issue of packaged software with license of under one year;

8.   address the issue of services bundled with goods;

9.   address the issue of storage of goods of buffer stock organizations and specify clearly what is meant with it (i.e. as opposed to inventories), also covering the questions of recording (inclusion or exclusion) and change of ownership;

10.   explicitly address the issue of cross-border trade and how to capture this trade;

Commodity classification and quantity measurement

11.   provide guidance on the estimation of net weight;

12.   address the issue of data conversion (converting data into different classifications) and provide practical guidance;

Mode of transport

13.   provide a clear description how mode of transport should be recorded and classified;

Valuation

14.   address the issue of valuation (and inclusion) of packaged software with different license, pay and use arrangements;

15.   address the issue of valuation of leased goods at the initiation of the leasing and at the end of the leasing arrangement;

16.   address the issue of recording (inclusion) and valuation of goods/shipments returned partially or in full due to inferior quality;

17.   address the valuation of goods entering and leaving customs warehouses whose valuation is of no interest to customs;

18.   clarify the recording of pure storage;

19.   address the issue of valuation of used banknotes;

20.   address further the issue of how to derive appropriate valuation in case of different delivery terms (at least partially already covered in IMTS Compilers Manual, Annex B);

Partner country

21.   provide a clear definition of country of consignment;

22.   clarify the partner country assignment in case the partner country is following the special trade system;

23.   provide clear explanation and guidance on the conduct of reconciliation studies;

24.   recommend the publication of rules of origin applied by countries;

Data sources

25.   provide guidance on the conduct of surveys to collect information not available through custom records;

26.   cover the issue of data collection and data quality for free zones or customs warehouses which are outside the statistical territory and not covered by customs recording;

Institutional arrangements

27.   explain the roles of different instruments for the establishment of institutional arrangements such as statistical laws, government degrees and memorandum of understanding;

28.   provide best practices for institutional arrangements;

Data quality and metadata

29.   give proper weight to the practical guidance on data quality in IMTS and not only concentrate on general data quality frameworks applicable to any statistical area. Best practices/ country practices should be provided in the compilers manual which for this reason should be issued at the same time/ not much later than IMTS, Rev.3;

Data dissemination

30.   recommend to maintain a field for the month for which the data was reported in order to allow the variable aggregation of data for the calendar year and for the fiscal year;

Supplementary topics (External trade indices, seasonal adjustment, relationship to BOP/NA)

31.   provide further guidance on the calculation of trade indices, including how to deal with changes in the HS and its approach to technological progress in general;

32.   provide guidance on the use of trade indices for deflating trade data, in particular for national accounts purposes;

33.   recommend and provide further guidance regarding seasonal adjustment of trade data but refrain from recommending a specific adjustment method as national circumstances with different seasonal patterns (like moving holidays/ holiday seasons) require proper consideration;

34.   address the issue of reconciliation of merchandise trade data with trade according to BOP and National Accounts.

35.   It is understood that IMTS, Rev.3 would reflect only briefly on some of these issues while more detailed and practical guidance/ examples would be provided in the updated IMTS Compilers Manual.

36.   Concerning the revision process and the revised recommendations countries requested:

   a.   to continue the consultation process with developing countries;

   b.   to also include customs administrations in this revision process, in particular by inviting them to workshops like this, although the coordinating function of national statistical offices on the national level was acknowledged;

   c.   that the revised recommendations reflect the different capabilities of countries;

   d.   that the revised recommendations use clear language, elaborate exactly what is meant and provide for this purpose concrete examples;

   e.   to release IMTS, Rev.3 and the updated IMTS Compilers Manual together;

   f.   to take into account the needs and requirements of IMTS users.

37.   In addition,

   a.   countries requested UNSD to provide information and tables for conversion of data into different classifications;

   b.   concerning the conduct of reconciliation studies it was suggested to start with these between countries in on region;

   c.   countries inquired whether the recommendation regarding the calculation of trade indices will also contain a recommendation to calculate trade at constant prices;

   d.   several countries provided examples of linking trade with business statistics via a tax identification number.