

**Presentation
on
Merchandise Trade Statistics
of
Pakistan
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I- INTRODUCTION:

No country in today's world can afford to remain in isolation. Countries have to import commodities from abroad which are either not produced in the country or are in short supply and also those which accrue some other benefits from their imports, commodities which are in surplus in the country are exported. Even if there are no surpluses, exports have to be made to pay off for the imports, which are essential for economic development of the country. Owing to competition, a country can obtain optimum advantage from its buying and selling in the world only through having adequate knowledge of trade data. Merchandise Statistics are also indispensable for planning of economic development, framing commercial policies, conducting trade negotiations, making bilateral, regional and international arrangements for promotion of trade.

II- HISTORICAL BACKGROUND:

Foreign Trade Statistics of Pakistan is being compiled regularly since 1947. Initially from 1947 to 1950 the 'Department of Commercial Intelligence and Statistics' of the Ministry of Commerce undertook the work of recording the trade statistics. The work of trade statistics compilation was taken over by Federal Bureau of Statistics (then Central Statistics Office) in September, 1950. In the beginning it continued to compile few series on trade statistics manually on the basis of weekly/monthly returns of imports and exports supplied by the land, sea and air customs. With the passage of time, improvements in the system of recording of trade statistics have been made gradually. A scheme for codification of trade information was introduced in early, 1952 and trade data were processed on the 'Bureau of British tabulation unit' and later strengthened on new IMB system in 1954, It further developed by installation of IBM Computer 360-30 by establishing a 'Data Processing Centre' in FBS in the 1969 and trade statistics was processed from July, 1970. The trade statistics is now being processed on Compaq Alpha Server DS20E System by 'Data Processing Centre' to meet the growing requirements of different users of trade statistics.

III- METHODOLOGY

Pakistan is using methodology/guidelines contained in the U.N. Statistics Division (UNSD) manual for compilation of “International Merchandise Trade Statistics, concepts and definitions in ESCAP region” which was finalized in January, 1983. Changes made by the UNSD have been taken into consideration from time to time and amendments are made in the compilation of Pakistan Merchandise Trade Statistics, accordingly hence, FBS figures are recorded at the time of movement of goods into or from Pakistan’s Custom boundary.

IV- COVERAGE

Basic source of information:

Bills of entry in case of imports and shipping bills in case of exports, which have been modified/revised and named as “Goods Declaration” (GD) were the basic documents used in compilation of Merchandise Trade Statistics. The importers/exporters or their agents have to submit to the customs authorities ‘Goods Declaration’ (GD) for each consignment of imports or exports made by them along with copies of invoices for necessary clearance. One copy of each of these documents were being collected by the staff of FBS from each and every sea, air and land custom stations/points in the country but after the atomization of trade data by the Federal Board of Revenue (PRAL and CARE System), FBS. has made electronic connectivity with their system and downloading the import/export data from their system on daily/weekly/monthly basis on the following format.

S. NO	CUSTOMS STATION	G. D. NO	DATE	COMMODITY DESCRIPTION	PCT CODE	UNIT OF QUAN- TITY	QUANTITY	ASSESSED VALUE IN ACTUAL PK. RUPEES ON C.I.F. BASIS FOR IMPORTS AND F.O.B. FOR EXPORTS	COUNTRY NAME/ CODE
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BASIS OF VALUATION:

IMPORTS

Imports are compiled on the basis of cost, insurance and freight (C.I.F) and import duty not included.

EXPORTS:

Exports are compiled on the basis of free on board (F.O.B) and freight & insurance not included.

V PROVISIONAL MONTHLY ADVANCE RELEASE ON FOREIGN TRADE STATISTICS

After getting the totals figures of Import & Export for each month from F.B.R, Summary on Merchandise Trade comprising of Imports, Exports and Balance of Trade is prepared for the Ministry of Commerce and released up to 10th of each month . Monthly Advance Release on Merchandise Trade Statistics is issued up to 20th of each month based on Provisional data of major items of Importers (43 items) and Exports (46 items) along with the data for the previous and corresponding months, cumulative since July and brief analysis of the trade performance is being prepared for the government functionaries and other agencies and further at the end of month final reports are issued as and when the coverage, checking and editing of the data is completed.

VI COMPILATION CRITERIA

After getting the secondary data from F.B.R systems, statistical validity of each record is being checked by applying various computer edit checks. In case of any discrepancy found in the record then F.B.R are consulted for its clarification/rectification.

VII Harmonized Commodity Description & Coding System of Trade Data

From July, 1989 to June, 2002, 'Pakistan Statistical Trade Classification Revision-3 (PSTC-R-3)' were being used for the compilation and dissemination of Merchandise Trade Statistics. In pursuance of the recommendation of United Nations Statistics Division (UNSD) for adoption of "Harmonized Commodity Description and Coding System" (HS) for compilation and dissemination of external trade statistics, the F.B.S started compilation of trade statistics through customs records on "Harmonized System" (HS) from July,2002.

VIII TRANSACTIONS OF EXPORTS/IMPORTS:

The following transactions of exports & imports are excluded while compiling foreign trade statistics:

- i) Articles of baggage and personal effects of passengers.
- ii) Afghanistan Trade in transit through Pakistan
- iii) Imports into bonds.
- iv) Sale of imported goods in Duty Free Shops in Pakistan.
- v) De-fence Stores (Not valued military goods but if commercial value is declared on GD then the value will be included)
- vi) Gold and Silver coins or Bullion and Currency Notes.
- vii) Relief goods of no commercial value

IX PREPARATION OF STATISTICAL REPORTS

After the finalization of data file, the following reports are generated:

- i) Country by commodity.
- ii) Commodity by country
- iii) By areas, and Countries/Territories.
- iv) By Economic Categories.
- v) By Commodity Group.

NOTE

Imported goods subsequently re-exported to foreign countries without further modification are excluded from export statistics, lists are tabulated separately. Goods exported and returned to Pakistan by the importing countries without any modification or change in the original form or shape are considered re-imported and excluded from imports but tabulated separately.

X FOREIGN TRADE INDICES:

Merchandise Trade Indices are being computed from the very beginning. Such indices were first computed with 1954-55 base. However, changes have been taking place from time to time in the composition and direction of trade, the base year of these indices have subsequently been changed to 1960-61, 1969-70, 1975-76 and 1980-81. As per decision of National Accounts Committee that the base of all economic indicators be shifted from 1980-81 to 1990-91, because of changes that took place during intervening period, accordingly new series of trade indices of quantum and unit values of exports, imports and terms of trade 1990-91 as base, are being computed since July, 1991 on quarterly/annually basis.

XI COMPUTATION OF INDICES:

Laspeyres' formula is being used in the computation of these indices which is as under:-

i) Unit Value Index

$$IV = \frac{\sum P_n Q_0}{\sum P_0 Q_0} \times 100$$

ii. Quantum Index

$$IQ = \frac{\sum Q_n P_0}{\sum Q_0 P_0} \times 100$$

Where

IV Stands for Index of Unit Values.

IQ Stands for Quantity Index.

P₀ Stands for Unit Value of each item in the base year.

P_n Stands for Unit Value of each item in the current year.

Q₀ Stands for Quantity data of each item in the base year.

Q_n Stands for Quantity of each item in the current year.

XII TERMS OF TRADE

The formula used in calculating the index of terms of trade as under:-

Index of unit values of exports

----- X 100

Index of unit values of imports

Example:-

Terms of Trade calculation for the year 2004-2005

Index of unit values of exports

----- **X 100**

Index of unit values of imports

288.84

----- X 100 = 73.60

392.45

XIII DISSEMINATION OF TRADE DATA/PUBLICATIONS:

Merchandise Trade Statistics of Pakistan are being disseminated in electronic readable form on CDs/floppies. Publication and Reports supplied to the following users:

a) International Users:

United Nations (UN)

International Monetary Fund (IMF)

World Bank

Economic and Social Commission for Asia & Pacific (ESCAP)

Asia Development Bank (ADB)

World Trade Organization (WTO)

South Asia Association for Regional Cooperation. (SAARC)

Economic Cooperation Organization (ECO)

Organization of Islamic Cooperation (OIC)

b) National Users:

- i) Ministry of Commerce
- ii) Ministry of Finance
- iii) Planning Development Division.
- iv) Trade Development Authority of Pakistan.
- v) State Bank of Pakistan
- vi) Federal Board of Revenue (FBR)
- vii) Federation of Pakistan Chambers of Commerce Industry.(FPCCI)
- viii)Chamber of Commerce & Industry. (CCI)
- ix) National Accounts Committee.
- x) Students, Researchers & Traders.

c) **Merchandise Trade Statistics are published in the following publications:**

- 1) Economic Survey of Pakistan
- 2) Statistical Pocket Book Punjab
- 3) Statistical Bulletin, State Bank of Pakistan

d) **Merchandise Trade Statistics are published in the publications of following International organizations:**

- 1) United Nations (UN)
- 2) International Monetary Fund(IMF)
- 3) Economic & Social Commission for Asia & Pacific.(ESCAP)

e) **Merchandise Trade Statistics are published by FBS in the following publications:**

- a) Monthly Review of Foreign Trade (which is available on web Site) www.statpak.gov.pk
- b) Foreign Trade Statistics of Pakistan-Export & Import (annual)
- c) Monthly Bulletin of Statistics
- d) Pakistan Statistical Year Book
- e) Statistical Pocket Book of Pakistan

XIV IMPORTANCE OF CORRECT H.S. CODES AND COMMODITY DESCRIPTION

Internationally the H.S. Code are maintained at 6 digits level but in Pakistan the F.B.R has extended it upto 8 digits level to further classify the item. FBS has observed that while declaring the goods by the Importers/Exporters or their clearing agents irrelevant H.S. Code, which do not match with the description of items are used. Non standard quantity units and commodity description, which do not exist in P.C.T Book are being mentioned.

Due to these short comings FBS is unable to produce correct Trade Statistics within the due course of time.