

I. Analytical Framework, Concept, Definition, and Classifications

Concept and definition

- Definition: The conceptual framework and classification structure of merchandise trade published by the Bank of Thailand (BOT), broadly corresponds to that recommended in the fifth edition of the IMF's Balance of Payments Manual (BPM5). General merchandise refers, with some exceptions, to movable goods for which changes in ownership occur between residents and nonresidents.
- Relationship of national practices with international or regional guidelines: General merchandise trade data are mainly derived from international trade statistics compiled by the Customs Department. The Customs data record physical movement of goods across the Thai customs frontier. Therefore, some adjustments are made in respect of coverage, valuation, and time of recording to bring these statistics into conformity with the balance of payments concept.

Classification/sectorization

- Commodity Classification: The BOT classifies merchandise trade item according to its economic function (Economic Classification : EC) and SITC based on 11-digit Harmonized System coding supplied by the Customs Department. Exports and imports of major products are disseminated on the BOT's website.

Broad categories of exports :

- Agriculture
- Fishery
- Forestry
- Mining
- Manufacturing
 - Labor-intensive
 - High-tech
 - Resource-based
 - Others
- Samples & Unclassified Goods

Broad categories of imports :

- Consumer goods
- Raw Materials and Intermediate Goods
- Capital Goods
- Others

- Country Classification: Country classification is based on country of origin (for imports) and country of destination (for exports). Data on exports to and imports from major trading partners are disseminated on the BOT's website.

<http://www.bot.or.th/English/Statistics/EconomicAndFinancial/ExternalSector/Pages/StatInternationalTrade.aspx>

II. Scope of the data

Scope

Scope of the data

- Transaction coverage: Adjustments for imports are made to include the following items: aircraft, Thai military imports, electricity from neighboring countries, and satellites--and to exclude diplomatic shipments, personal effects, and temporary imports. The adjustment for exports includes aircraft components sent abroad for repairs, and excludes diplomatic shipments, personal effects, and temporary exports.
- Geographical coverage: The data cover exports to and imports from all economic territories outside the kingdom of Thailand.

Unrecorded activity

- Unrecorded activities:
 - Shuttle trade and smuggling
 - Goods for processing
 - Repairs on goods
 - Goods procured in ports by carriers

III. Accounting Conventions

Valuation

- Valuation method: Exports are recorded at f.o.b. prices, while imports are recorded at c.i.f. prices as available from the Customs Department. Imports f.o.b. are estimated thereafter and applied in the calculation of the balance of payments. (Imports f.o.b. prices are estimated by deducting 1 and 9 percent of imports c.i.f. for insurance and freight, respectively.)

Recording basis

- Conversion to unit of account: Since the introduction of the managed float exchange rate regime on July 2nd 1997, the exchange rate conversion for exports and imports is based on a single market rate which is the midpoint between buying and selling rates quoted by commercial banks for the appropriate period. The historical data were adjusted back to January 1997.

Grossing/netting procedures

Data are recorded on a gross basis, as recommended in the international standards.

IV. Nature of the Basic Data Sources

Source data collection program

Sources: General merchandise trade data are mainly based on administrative records from the Customs Department.

Source data definition, scope, classifications, valuation, and time of recording

- The data are based on Customs declarations collected by the Customs Department. The data are then compiled by the BOT, classified both by product and by country.
- Type of data collected: Data are collected in terms of value and quantity of exports and imports.

Time of recording and timeliness of the data

Time of recording : Data are recorded at the time when change of ownership occurs. For most cases, the time when goods pass through the Customs procedures (and hence recorded in the Customs data), is deemed to be the proxy for the point of time where changes of ownership occur. For some major transactions where the time of goods passing through the Customs formality do not coincide with the time when change of ownership occur, adjustment is made so as to comply with the balance of payments concept.

Timeliness : Data are collected and compiled on a monthly basis, with time lag of 1 month.

Source data assessment

Data sources – including Customs data, reports from relevant government agencies, state enterprises, and corporate firms- are routinely assessed and monitored. Unusual figures are confirmed with source agencies to ensure accuracy of the data.

Comment on IMTS (from BOP compiler - IMTS user's point of view)

(i) Issues of IMTS which are of particular importance in my country :

- [Issue#2](#) : Use of change of ownership between residents and non-residents

We totally support the idea of measuring international trade based on the "change of ownership concept". Not only that this concept is consistent with SNA and BPM and thus making it more convenient and sensible when trying to pool together and interpret different indicators for macroeconomic analysis, but this concept also reflects a "true" international trade transaction. Physical movement of goods may not always reflect changes in the "stock of material resources" of a country; e.g. the case of temporary imports, goods exported to embassies overseas/ or imported by foreign embassies in the resident country, operational leasing, etc.

- Issue#4 : Goods for processing

To be in line with SNA, BPM, and discussion of Issue#2, we support clarification of "goods for processing", so as to make a clear distinction on what to be included under merchandise trade and what to be included under trade in services.

- Issue#5 : Transactions between parent and affiliated branches

Being able to distinguish data on transactions between parent and affiliated branches would very much help users in understanding the nature and implication of intra-firm trade. Recommendation on proper valuation for these transactions should also be added so as to avoid the problem of transfer pricing.

- Issue#9 : Imports fob

Imports fob is vital for BOP compilation and data reconciliation with trading partners. Moreover, the use of imports fob allows compiler to arrive at a truer "trade balance" (as freight and insurance components would not be implicitly hidden in the value of imports). With imports cif, trade surplus would be understated while trade deficit would be overstated, which may mislead users when analyzing trade figures or making implication on the performance of exporters/importers. FOB data at the total level might be a good start, but data at detailed level would very much be useful for in-depth analysis and thus should be encouraged.

(ii) Problems in the interpretation and application of the current recommendations :

When we compile international trade statistics based on BOP concept, we have to make adjustments in respect of time of recording, inclusion of goods not passes through the Customs, and exclusion of goods passes through the Customs but with no change of ownership. Therefore, if our concerns for issues# 2, 4, and 9 are resolved, then problems in the interpretation and application of IMTS obtained from the Customs would be eliminated.

(iii) Deviation from the current recommendations :

Not applicable (as we follow BPM5, not IMTS manual)

(iv) New or difficult issues that should be addressed :

- Time of recording : What should be considered the best proxy for "time at which change of ownership occur", and practicality of implementing that?

- Plausible estimate of "true value" of trade between affiliated enterprises (to avoid the problem of transfer pricing)

- Possible data sources and collection method for "merchandising" (this is to be considered as part of merchandise trade based on BPM6, but I'm not sure if this is relevant in the context of IMTS. But this of course would be an issue of interest to BOP compilers)

- Non-monetary gold trading may sometimes involve no physical movement, but the value of trade could be considerably large. Should this be included in IMTS and what would be potential data sources / collection method.