

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

The statements of Vietnam on items 7, 8, 14 in agenda

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1. The definition of IMTS and nature of transactions covered.

The coverage of Vietnamese IMTS are followed mostly the international recommendations in IMTS, Rev 2. The “relaxed”special trade system are using for IMTS compilation in Vietnam so currently certain categories of goods imported into/exported the customs warehouses from/to oversea are excluded. The goods simply transported and temporary admissions are also excluded. In these cases, the meaning of the terms “adding to or subtracting from the stock of material resources” used in this definition is not cleared because of their physical movement through the border. The meaning of the terms should be clarified.

In Vietnam, the goods flow brought into the customs warehouses from the foreign countries are increasing more and more. The foreign and domestic enterprises want to store their goods in the customs warehouses and they only have to pay import duty when they decide to use the goods for their production or business. In practice, almost the goods stored in the customs warehouse are used for the domestic production/business later. IMTS compiled on the basis of the general trade system are essential for tracing international movements of goods in aspect of the globalization, so we have plan to use the general trade system for in the near future. Ideally, the IMTS compilation should be based on both the general and special trade system because of uses for analyzing purpose.

2. Change of ownership.

The time when the change of ownership takes place is required the time of recording of that transaction in SNA and BOP. But, in fact it is difficult for IMTS compiler to know which imported or exported goods having the change of ownership between residents and

non-residents because the time of data recording is the time of entering/leaving economic territory based on the customs declaration forms, not referring to transaction time/documentation. So the data sources based on the customs entry can not be covered this information. Up to now, the SNA and BOP compilation in Vietnam use IMTS without modifying because they have no basic for editing. This practises indicated the difficult of applying the criterion of change of ownership between resident and non-resident although its resonable in theory. The reason for use this criterion as additional one should be clarified and cleared by some examples.

In addition, some cases in which the change of ownership takes place but without the physical movement cross border, or example: Vietnamese enterprise A delivered their input materials for Vietnamese enterprise B in Vietnam according to the assignment of the foreign enterprises under processing contract between signed with enterprise B, the ownership the input material of enterprise A changed to the foreign enterprise. In this case, IMTS of Vietnam excluded the transaction between enterprise A with B and B with foreign enterprise. The question here is how to treatment this case in IMTS Rev.3

3. Goods for processing.

Processing are now often spread across several countries together the increasing of intergration not only to reduce labor and capital costs but also, for instance, to benefit from investment incentives offered and job creation by the host countries. Processing activity for foreign countries, especially for the developed countries is play an important role in the production and also in the international merchandise trade of the developing countries. In Vietnam, the total trade value of goods under the processing contracts with non-residents is increasing more and more, the share is about 18 – 20% of exports and 10 – 12% of imports in the recent years

In theory, the supplementary of new recommendation that *goods for processing* with physical inputs owned by others be separately is necessary for BOP and SNA compilation. However in practice it is very complicated to collect this information from exporter/importer. It can not be done without the addition some items of customs declaration form. Currently this information is not presented in the Vietnamese

declaration forms and can be only obtained from the processing contract with non-resident. So it will be provided in addition by importer and exporter and will cause the disaggregation from them while the simplification of customs procedure have been encouraging. In this case the difficulties are similar to the information about the change of ownership. So it should be considered carefully the feasibility of this new recommendation.

4. Trade between affiliated enterprises.

In Vietnam, the FDI flow have been increasing, so the imported/exported goods under this kind of trade are also playing an important role. However, it is very difficult for customs to accurately know if the goods declared is associated with the transaction between affiliated enterprises or not. In case of require, the companies maybe fill the wrong information to avoid the customs control on price. In addition, require more information will cause the complication and be a burden to both customs and enterprises import/export while the simplification of customs procedure have been encouraging. So it is very difficultly to record such goods separately.

5. Packaged software.

In Viet Nam, if the software is for commercial use (ex: windows XP, windows vista...), the diskettes or CD-ROMs with stored that computer software and/or data are included to IMTS. In theory if the software is made to order, it must be excluded from IMTS but actually sometime it should be checked carefully by customs control because the importers/exporters do not declare information enough

We agreed that this recommendation is needed for data compiler to understand and apply. However, it should be updated based on the current situation of international transactions and it can be presented by some case studies.

6. Downloadable software and audiovisual products.

In Viet Nam, downloadable software and others products delivered electronically are treated as the part of trade in services in theory. The transaction of these products is not be covered by customs control. However the collection this information is challenges with the data compiler of international trade in services (ITS): how to know which entity or person to upload or download software and other products or the data collection can be done through an agency/unit having the internet managing responsibility? It should be guided more detailed in the BPM6 and the Manual on ITS.

7. Asymmetric inclusions and exclusions.

Asymmetric inclusions and exclusions are was quite clear when observing the fish catch activities on high seas. Following the guideline of IMTS, Rev.2 (paragraph 39) can recognize that supplied by national ships to non-resident outside the economic territory of a country or bought of national ships from non-resident in foreign ports are excluded in IMTS but recorded separately. So that, this statistics do not suitable with definition of coverage, there is “add to or subtract from the stock of material resources of a country” and the change of ownership. So all asymmetric inclusions and exclusions should be reviewed, and either reconfirmed, modified or canceled. The difficulty here is the data collection. The solution of this case should be to conduct the pilot surveys on these cases.

8. Use of non-customs sources and data compilation strategies

- At national level, there are two agencies involved the IMTS productions are the General Statistic Office and The General Department of Customs.
 - GSO is mandated to compile and disseminate IMTS nationally and internationally based on GDC’s data and other sources
 - GDC is responsible for data collecting based on the customs declaration forms, checking and providing to the GSO.

According to the Statistical Law (2003), The GSO is in charge of compiling and disseminating statistics belong to the System of National Statistical Indicators issued by The Government Decree Decision of PM (2005). IMTS are important indicators in this system. The new Statistical Regime apply for GDC is just signed by PM in

August 2008 including the reporting forms, reporting instruction and frequency required by the GSO and will be implemented in 2009.

- Local level:
 - PSO is in charge of compiling IMTS in provinces/cities
 - Data collection based on the statistical regime issued by the GSO
 - Statistical Regime apply for enterprises and PSOs including the reporting forms and reporting instruction issued by GSO
 - Data checking and providing for local government and GSO
- Data sources
 - National level: based on two data sources
 - Customs data: main source provided by GDC to GSO
 - + Ten daily: preliminary aggregated data provided by papers including the total value and 30 major commodities (quantity, value, no code), 10 -12 days after reference period
 - + Monthly: papers of the aggregated data of the month and accumulated data with more details on about 50 partner countries by major commodities... – 20 – 25 days after reference month
 - + Annually: two FoxPro files of aggregated data including 6 fields (HS code 6 digits, commodity description, unit of quant., quantity, value and partner country), electronically, 14 -15 months after reference year
 - A system of quality checks and validations are undertaken at the GDC.
 - Non-customs data:
 - + Enterprise's report: data are not captured through customs forms in Vietnam as crude oils are co-mined with Malaysia in the high sea and cleared by Malaysian declaration forms
 - + Enterprise's survey: the GSO conducts sample survey five yearly on I and F of CIF imported goods. The latest one carried out in 2005 and the next one will be planed for 2010.
 - Local level: based on the reports of enterprises
 - All enterprises located in that province/city and business licensed by the MPI, having ex/im activities are required to report to PSO

Monthly: report consists of total value, major commodities, main partner countries and revised data for previous month and estimate for reference month

Annually: enterprises have to report total value of ex/im, all commodities classified by partner country

- After data processing, each PSO delivers aggregated report to:

GSO: for reference and stored in provincial database

Provincial government agencies (where the PSO located), uses for calculating provincial GDP done by PSO

- Problems

- With the customs data currently:

- + Detail level of quarterly and annually data do not meet GSO/PSO requirements

- + The delay providing detailed data to GSO annually

- + Data quality controls should be interested in

- + The quantity of much item is not available in GDC's data

- With the non-customs data: using this data source are necessary, especially when the international/regional integration are increasing more and more and the simplification and harmonization customs procedures are increasing. However, the data compiler will face some difficulties as:

- + Difficult to collect the data on the bunkers, stores, ballast and dunnage supplied without declaration forms

- + The time of recording and valuation of transaction without customs control.

- + Updating the enterprises list having with activities.

- Comments: The more detail guide should be provided in the IMTS: Compiler Manual on non-custom data collection/compilation, for example: time of recording, valuation, updating the list of enterprises having exports/imports without declaration forms.