Use of merchandise statistics for informed trade policymaking

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Outline

- Why and how has trade policy changed?
- What is informed trade policymaking?
- What information is needed in the context of policies on trade/ regional trade?
- What are trade indices and indicators?
- Use of APTIAD for better trade governance
  - Tracking and mapping agreements
  - Verification of factual information and links
  - Analytical tool
- Summary
Trade policy – why it’s changed and how?

- Trade policy comprises national laws, regulations, practices and country’s international commitments that regulate the “cross-border movement” of **tradables**.
- Scope of **tradables** changed significantly from goods only, to services, capital, ideas, labour embodied in services etc.
- A parallel change in menu of policy instruments: from tariffs, QR and embargos to a rich array of border- and behind the border instruments.
- Formulation and vetting became much more complex – inclusive and participatory policymaking.
Informed trade policymaking

- Using statistical and other techniques in obtaining sound and transparent data to be used in the consultative process between government and other stakeholders in any area of public policymaking.
- Often down to tracking, monitoring and evaluation of the results of policies that have been put in place.
- Allows for democratization of policymaking, especially in trade area, where impacts always cause some income-distributional effects.
Sample of issues facing policymakers

- Is region’s trade driven by RTAs, how and how long it will/can last?
- What are the impacts of the RTAs-driven trade on development, policy space, distribution of benefits?
- Do RTAs help country dealing with external shocks? Which RTAs do better job?
What information is needed

- Statistical data on
  - Domestic economy (production structure, employment, consumption, prices etc)
  - **Commodity /merchandise trade data (imports/exports):**
    - Disaggregated and total bilateral flows
  - **Services trade (imports/exports)**
  - FDI (flows, stocks); by source/destination and sector
  - **Movements of people/labour**
- Terms of trade / unit values
- Tariffs, non-tariff barriers, behind the border barriers
- International commitments
Reliability and availability of data

Trade statistics not very reliable due to
- Not complete (smuggling, non-reporting, mistakes)
- Imports for re-exports and re-exports included
- Value of export (international conventions for reporting trade stats not adhered to)
- No coverage for services
- Problems of classification
- Exchange rates
- Measurements
- Errors...

Availability – non-reporting, break in series, classification inconsistency, etc
Trade indices and indicators

- Trade indicators are second-level data combining two or more variables into one meaningful measure.
- The objective of trade indicators is to highlight characteristics of trade patterns and trade developments with a view of contributing to assessment of trade competitiveness.
Trade performance indicators can provide insights into:

- How much is a country dependent on a regional trade?
- How intense is trade with regional partners?
- Are regional trading partner’s exports becoming more similar (more competitive) or more complementary?
- Is there geographical re-orientation of export after some external shock?
- How to identify natural trading partners?
- Is intra-industry trade increasing in aftermath of PTA?
- Etc....
Many “off the shelf” (“over the counter”)

To properly use them it is useful to know how are they constructed, what influences their values, what data to use, where to find data

Get inspiration on constructing new indicators!
Databases

- UN COMTRADE
- ITC Market Analysis Tools (www.intracen.org/mat)
APTIAD and its uses of trade statistics and indicators

- Source of information for
  - Mapping of agreements and regional trade landscape
  - Factual data and descriptive information on
    - Membership
    - Duration of negotiation
    - Notification and WTO consideration process
    - Contents of agreements in areas of liberalization of trade in goods, services, trade facilitation, other areas and rules of origin

- Glossary
Mapping PTAs*

*Coverage: PTAs in force (pending ratification in brackets)
Trade Agreements Database - TAD

Download PDF, excel or word

SEARCH by different CRITERIA

Scroll 136 PTAs
MEMBERS

For more country data click on a member flag.
Summary of provisions in area of goods and services liberalization, trade facilitation, other areas and on rules of origin

<table>
<thead>
<tr>
<th>GOODS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tariffs</strong></td>
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<tr>
<td>Negative list, tariff elimination by 2000</td>
</tr>
<tr>
<td>Agriculture is covered by Article 16 (Agricultural stabilization and support) and by Annex E.</td>
</tr>
<tr>
<td>Tariff reduction through negotiation</td>
</tr>
<tr>
<td><strong>Rules of Origin</strong></td>
</tr>
<tr>
<td>No tariff heading change necessary</td>
</tr>
<tr>
<td>Value added percentage, minimum 50%</td>
</tr>
<tr>
<td>No specific manufacturing process</td>
</tr>
<tr>
<td>Contingency Measures</td>
</tr>
<tr>
<td>Anti-Dumping : Not Allowed</td>
</tr>
<tr>
<td>Countervailing Duties : Not allowed unless under GATT conditions or CER Art 16</td>
</tr>
<tr>
<td>Safeguards : Last resort. Only in the transition period</td>
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</tbody>
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<tr>
<th>SERVICES</th>
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<tbody>
<tr>
<td><strong>Modes Covered</strong></td>
</tr>
<tr>
<td>Cross-Border Supply : Yes</td>
</tr>
<tr>
<td>Consumption Abroad : Yes</td>
</tr>
<tr>
<td>Commercial Presence Abroad : Yes</td>
</tr>
<tr>
<td>Movement of Natural Persons : Yes</td>
</tr>
<tr>
<td><strong>Specific Sectors Covered</strong></td>
</tr>
<tr>
<td>Negative list approach. See sectors excluded.</td>
</tr>
<tr>
<td>Specific Sectors Excluded</td>
</tr>
<tr>
<td>Australia: Some telecommunications, air and airport services, coastal shipping, and some types of insurance. New Zealand: Airways services, telecommunications, coastal shipping and postal services.</td>
</tr>
</tbody>
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<thead>
<tr>
<th>OTHER AREAS</th>
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<tbody>
<tr>
<td><strong>Government Procurement</strong> : Yes</td>
</tr>
<tr>
<td>Investment : No</td>
</tr>
<tr>
<td>Competition Policy : No</td>
</tr>
<tr>
<td>Intellectual Property : No</td>
</tr>
<tr>
<td>Dispute Settlement : No</td>
</tr>
<tr>
<td>Trade Facilitation : Yes. Provisions on customs procedures and cooperation; technical regulations, standards and SPS measures; NTB including administrative fees and charges</td>
</tr>
<tr>
<td>Labor Mobility : No</td>
</tr>
<tr>
<td>Labor and Environmental Standards : Yes. Trans-Tasman Mutual Recognition Arrangement deals with labour issues. There are no environmental policy provisions.</td>
</tr>
<tr>
<td>Technology Transfer : No</td>
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<tr>
<td>Capacity Building : No</td>
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</tbody>
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RULES OF ORIGIN
Glossary

Definitions contained in Deardorff's Glossary of International Economics have been consulted and used as a source for a number of the terms in this glossary.

Total: 119
Printable version

1. Accession
A process through which a country needs to satisfy conditions on becoming a member to the World Trade Organization or a regional trade agreement agreed to by other members.

2. Accumulation
When a good is produced by two or more producers located in territories of different members of a trading bloc, the value added in both (all) members may be taken into account.

3. Ad valorem equivalent tariff
AVE tariff is a tariff presented as a percentage of the value of goods cleared through customs, even though the duty imposed was originally in a form of a specific tariff. The ad valorem equivalents are sensitive to the method of calculation and changes in product prices.

4. Ad valorem tariff (AVT)
Duty or tariff expressed in terms of per unit of value (i.e., a certain per cent of value or price).

5. African, Caribbean and Pacific (ACP) countries
A group of African, Caribbean and Pacific less developed countries that were parties to the Lomé Convention and now of the Cotonou Agreement with the EU. As of July 2000, the group included 77 countries. See www.acpsec.org

6. Agreement on Customs Valuation

Glossary is extended often
APTIAD as analytical tool

INDICES

Interactive Trade Indicators

The Interactive Trade Indicators (ITi) component of APTIAD is designed to help policymakers calculate some of the most commonly used indicators related to the real side of an economy’s Trade Recipe. To get started, select an indicator from the list on the left, the appropriate trade or country/region, products and years will appear along with an explanation of the index. Details of this data coverage in APTIAD can be found here. Once you have made your selection, click the run query button.

For further details on the construction and interpretation of trade indices, the Trade and Investment Division of ESCAP has produced the well-entitled Trade Statistics in Policymaking: A Handbook of Commonly Used Trade Indicators. This is available in electronic form, or a hard copy can be ordered.

downloadable
### Policy advice – ‘good practice’

<table>
<thead>
<tr>
<th>AREA</th>
<th>GOOD PRACTICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Informed and Inclusive Policy Making</td>
<td>• Choice of agreement partners based on  &lt;br&gt; (1) social and economic impact analysis of agreement  &lt;br&gt; (2) coherence between agreement commitments and national development strategy  &lt;br&gt; • Transparent and inclusive negotiation and ratification process</td>
</tr>
<tr>
<td>Liberalization in Goods</td>
<td>• Negative listing (i.e., only goods excluded from the liberalization are listed)  &lt;br&gt; • Addressing both tariff and non-tariff barriers</td>
</tr>
<tr>
<td>Rules of Origin</td>
<td>• Regional / diagonal cumulation  &lt;br&gt; • Simplicity, transparency, and symmetry in compliance and documentation requirements between parties  &lt;br&gt; • Consistency across PTAs</td>
</tr>
<tr>
<td>Consultation and Dispute Settlement</td>
<td>• Non-duplication of WTO dispute settlement mechanisms</td>
</tr>
<tr>
<td>Consistency and Compliance with WTO rules</td>
<td>• Application of the norms set by Transparency Mechanism for RTAs  &lt;br&gt; • Speedy notification and regular updates  &lt;br&gt; • Provisions to ensure efficient inclusion of additional parties to PTAs</td>
</tr>
<tr>
<td>Implementation and Monitoring</td>
<td>• Parties must ensure the availability of a full and current version of the PTA for other interested traders:  &lt;br&gt; (1) In English;  &lt;br&gt; (2) In other languages as applicable;  &lt;br&gt; (3) In electronic format  &lt;br&gt; • PTA establishment of agency/body to serve as a focal information source/agency for traders  &lt;br&gt; • Monitoring body in charge of enforcement, revisions and extensions of liberalizing provisions</td>
</tr>
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Summary

- Trade needs to be governed to produce equitable benefits to all
- This task requires information and data
- APTIAD provides factual information and can be used to calculate trade performance indicators

NEXT STEPS IN APTIAD:
- more details on trade facilitation, investment and services liberalization
- (links on) data on preferential tariffs (and NTBs)
- more frequent update of statistical data
- simulations
Thank you for your feedback.

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