

Workshop for Developing Countries on the Revision of  
the International Recommendations for International  
Merchandise Trade Statistics  
**Bogotá, 31 March - 3 April, 2009**

# Coverage

**(Packaged software; Downloadable software and audiovisual products; Asymmetric inclusions and exclusions; Other inclusions and exclusions)**

**Presentation by Matthias Reister**

**Chief, International Merchandise Trade Statistics Section  
United Nations Statistics Division / DESA  
2 United Nations Plaza, DC2-1540, New York, New York 10017,  
Phone: (917) 367-7098, Fax: (917) 367-5106, e-mail: reister@un.org**

# Packaged Software and audiovisual products

## 1. Current recommendation(s)

IMTS, Rev.2, makes a distinction between packaged software (or audiovisual products), which is recommended to be included, and software (or audiovisual products) “developed to order” which is treated as part of trade in services.

Refer to IMTS, Rev.2, para. 27 and para. 48

## 2. Result from the 2006 NCDP Questionnaire

Question 12.11: Do you INCLUDE in trade statistics:	Yes	No	N/A
Goods used as carriers of information and software developed for general or commercial use (e.g., packaged sets containing CD-ROM or DVD with stored computer software and/or data); Note: this category excludes materials developed "to order".	76.8	14.9	8.3

# Packaged Software and audiovisual products

## 3. Result from world wide consultations

<b>Question 3:</b> Do you agree that the existing recommendation (IMTS, Rev.2, para 27) for inclusion of goods used as carriers of information and software should be updated with respect to its scope?	<b>Yes</b>	<b>No</b>	<b>No Op.</b>	<b>N/A</b>
Total of 115 replies	85	5	7	3
Developed (34)	88	3	6	3
Developing and transitional (81)	84	6	7	2

## 4. UNSD observation of wwc result

Comments from 60 countries were received on this question.

- Countries indicate that the available customs procedures do not allow for a separate identification of the various kinds of information or software crossing country borders on recorded media and that such data might be obtained only via additional surveys.
- Some countries raise the issue of different license and pay arrangements for software and several indicate the difficulty of distinguishing between packaged software and software developed to order.

# Packaged Software and audiovisual products

## 5. UNSD draft proposal for chapter 1 on coverage (March 2009):

*Media, whether or not recorded.*

- It is recognized that in certain cases the material media (e.g., discs, tapes, flash drives, "smart cards" and other storage devices) crossing country borders is used as means to provide certain services.
- The value of such services might be fully or partially included in the transaction value of that media.

Taking into account

- (a) the prevailing customs practice of classifying both non-recorded and recorded media in one classification heading without any further differentiation and
- (b) absence of other reliable and cost effective data sources for systematic identification of the service component in such media

**it is recommended**, as a general guideline, that countries include media, whether or not recorded, in international merchandise trade statistics at its transaction value.

# Packaged Software and audiovisual products

## 5. UNSD draft proposal for chapter 1 on coverage (March 2009):

However, if a country is able to identify

- media used for carrying software customized or written for a specific client [further definition might be required]
- or originals of any nature (i.e. by use of the transaction value)

**it should do so and exclude them** (both, the value of such software and originals as well as of the media itself).

Such exclusions should be undertaken in close cooperation with the compilers of statistics on international trade in services and balance of payments.

*Goods.*

For the purpose of this manual and in reference to the 2008SNA goods are defined as physical, produced objects for which a demand exists, over which ownership rights can be established and whose ownership can be transferred from one institutional unit to another by engaging in transactions on markets plus certain types of so called knowledge-capturing products stored on physical media which can cross borders physically.

# Downloadable software and audiovisual products

## 1. Current recommendation(s)

Downloadable or otherwise electronically delivered computer software and audiovisual products are not explicitly covered by IMTS, Rev.2 and BPM5. IMTS Compiler Manuals does make reference in chapter 5, paragraph 125.

(IMTS:CM, Ch. 5, para 125) The electronic transmission of *any* information (software, blueprints, books, music, engineering plans etc.) from one country to another is outside the scope of trade statistics since it is generally considered to be a service rather than a good.

## 2. Result from the 2006 NCDP Questionnaire

Question: Not available	Yes	No	N/A

# Downloadable software and audiovisual products

## 3. Result from world wide consultations

<b>Question 6:</b> Do you agree that a new recommendation is needed to explicitly exclude electronic transmission of any downloadable product (e.g., software, blueprints, books, music, movies, engineering plans, etc.) from one country to another as it is outside the scope of international merchandise trade statistics?	<b>Yes</b>	<b>No</b>	<b>No Op.</b>	<b>N/A</b>
Total of 115 replies	83	7	10	0
Developed (34)	88	3	9	0
Developing and transitional (81)	81	9	10	0

## 4. UNSD observation of wwc result

Comments from 53 countries were received on this question;

- most of them support the proposal to add an explicit recommendation to exclude software and audiovisual products delivered electronically.
- It is mentioned many times that those should be part of trade in services and the recommendation should be in line with BPM6.
- Some countries request to elaborate and clarify the issue, especially the question of why the mode of delivery is taken into account in some cases for distinguishing between goods and services.

# Downloadable software and audiovisual products

## 5. UNSD draft proposal for chapter 1 on coverage (March 2009):

### *Content delivered electronically.*

The electronic delivery (downloading, e-mailing, streaming etc.) from one country to another of any content (e.g. on-line books, newspapers and periodicals, directories and mailing lists, musical audio downloads, streamed audio content, films and other video downloads, streamed video content, system software downloads, application software downloads, on-line games etc.) **is explicitly excluded from the scope of international merchandise trade statistics.**



# Asymmetric inclusions and exclusions

## 1. Current recommendation(s)

In a number of cases IMTS, Rev.2 contains asymmetrical recommendations on inclusions and exclusions for imports and exports. For instance:

***Bunkers, stores, ballast and dunnage*** (IMTS, Rev.2, para 39) that are:

(a) Acquired by national vessels or aircraft from foreign vessels or aircraft in the economic territory of a country, or are landed in national ports from foreign vessels or aircraft, are to be included in imports (for treatment in exports, see para. 59 (b) below);

(b) Supplied to foreign vessels or aircraft in the economic territory of a country are to be included in exports (for treatment in imports, see para. 59 (a) below).

***Bunkers, stores, ballast and dunnage*** (IMTS, Rev.2, para 59) that are:

(a) Acquired by national vessels or aircraft outside the economic territory of a country are to be excluded but recorded separately (for treatment in exports, see para. 39 (b) above);

(b) Supplied by national vessels or aircraft to foreign vessels or aircraft outside the economic territory of a country or landed in foreign ports from national vessels or aircraft are to be excluded but recorded separately (for treatment in imports, see para. 39 (a) above)

Another case with similar asymmetries is fish catch on high seas.

# Asymmetric inclusions and exclusions

## 2. Result from the 2006 NCDP Questionnaire

<b>Question:</b> Do you INCLUDE in trade statistics:	<b>Yes</b>	<b>No</b>	<b>N/A</b>
bunkers, stores, ballast and dunnage supplied to foreign vessels/aircraft in the economic territory of your country	52.9	35.5	11.6
bunkers, stores, ballast and dunnage landed in national ports from foreign vessels/aircraft	33.1	42.9	24
bunkers, stores, ballast and dunnage acquired by national vessels/aircraft from foreign vessels/aircraft in the economic territory of your country	29.8	47.1	23.1
<b>Question:</b> Do you EXCLUDE in trade statistics:	<b>Yes</b>	<b>No</b>	<b>N/A</b>
bunkers, stores, ballast and dunnage that are acquired by national vessels/aircraft outside the economic territory of your country;	49.6	21.5	28.9
bunkers, stores, ballast and dunnage that are supplied by national vessels/aircraft to foreign vessels/aircraft outside the economic territory of your country or landed in foreign ports from national vessels/aircraft;	46.3	22.3	31.4

# Asymmetric inclusions and exclusions

## 3. Result from world wide consultations

<b>Question 7(i):</b> That as a general guideline, recommendations on inclusions and exclusions should be symmetrical (that is if a certain category of goods is recommended for inclusion in imports statistics it should be recommended for inclusion in exports statistics as well and vice versa)?	<b>Yes</b>	<b>No</b>	<b>No Op.</b>	<b>N/A</b>
Total of 115 replies	74	10	15	1
Developed (34)	76	15	9	0
Developing and transitional (81)	73	9	17	1

<b>Question 7(ii):</b> That all asymmetric inclusions and exclusions be reviewed, and either reconfirmed, modified or canceled?	<b>Yes</b>	<b>No</b>	<b>No Op.</b>	<b>N/A</b>
Total of 115 replies	77	6	14	3
Developed (34)	88	6	6	0
Developing and transitional (81)	73	6	17	4

# Asymmetric inclusions and exclusions

## 5. UNSD draft proposal for chapter 1 on coverage (March 2009):

### ***Bunkers, stores, ballast and dunnage*** that

- are acquired by national aircraft and vessels outside the economic territory of the compiling country,
- or from foreign vessels and aircraft inside the economic territory of a country,
- or are landed in national ports from foreign vessels and aircraft,  
**are to be included in imports.**

### ***Bunkers, stores, ballast and dunnage*** that are

- supplied to foreign vessels or aircraft in the economic territory of the compiling country,
- or by national vessels or aircraft to foreign vessels or aircraft outside the economic territory of the compiling country,
- or are landed in foreign ports from national vessels or aircraft  
**are to be included in exports.**

# Asymmetric inclusions and exclusions

## 4. UNSD observation of wwc result

There is very strong support for this proposal (74% and 77% vs. “No”-answers 10% and 6%, respectively).

Comments from 51 countries were received on this question;

- many are quite positive on establishing symmetry, others are very hesitant or give observations in both directions.
- many countries remark that it is very difficult to obtain information on transactions done by, for instance, national vessels outside the national territory and that compilation guidance should be suggested.
- Moreover, a number of countries observe that the collection of the necessary information via surveys should be done by BOP compilers and not by IMTS compilers.

# Asymmetric inclusions and exclusions

## 5. UNSD draft proposal for chapter 1 on coverage (March 2009):

### *Fish catch, minerals from the seabed and salvage.*

These goods landed from vessels of one country in national ports of another country or acquired by vessels of one country on the high seas from vessels of another country **are to be included in export and import statistics of both countries** as applicable.

It is recognized that data collection may be challenging, however, countries **are encouraged** to develop over time the necessary data collection and/or data estimation procedures in view of the important policy needs in such data including assessing and monitoring of the environmental impact of such trade and related activities.

(but already in IMTS, Rev. 2 these items are recommended to be recorded separately)

# Possible issues for discussion

## Asymmetric inclusions and exclusions

- What are the strategies to collect statistics outside the economic territory of the country?
  - Conduct a survey on airlines and shipping companies?
  - Use of partner data?
  - What are best practices / would guidelines be helpful?
  - Who should do it?
- There are not only asymmetries in inclusions/exclusions

## Other inclusions and exclusions

- Any other issues that need to be raised and discussed?
  - Financial leasing
  - Goods on consignment
  - Satellites and their launchers
  - Goods in electronic commerce
  - Power lines, undersea cable
  - Used goods

# Thank you for your attention