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International Merchandise Trade Statistics, 7-11 May 2007, Lima**

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THE NEW REVISION OF THE STANDARD INTERNATIONAL TRADE CLASSIFICATION (SITC, REV. 4)

Feature article in the International Trade Statistics Newsletter
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United Nations Statistics Division (UNSD)



SPECIAL FEATURE:

THE NEW REVISION OF THE STANDARD INTERNATIONAL TRADE CLASSIFICATION

Especially at the early sessions of the United Nations Statistical Commission (UNSC), international merchandise trade statistics (IMTS) – also referred to as international trade or external trade – received much attention and exposure.

In 1947, UNSC recognized the need to resume collection and analysis of international trade and took steps toward the standardization of the classification of commodities entering into external trade. This resulted in the creation of the Standard International Trade Classification (SITC) adopted at its 5th session in 1950. At the same time UNSC requested that Governments report their international trade statistics to the United Nations in terms of SITC starting with the year 1949.

The best illustration of the importance given to SITC by UNSC is the fact that the annex of the report of the sixth session (1951) contained the complete description of SITC's original version. In 1960, SITC, Revised, was adopted by UNSC followed in 1973 by the draft version of SITC, Revision 2. The submission of this draft was accompanied by concurrent work of the Customs Co-operation Council [the predecessor of the World Customs Organization (WCO)] on developing a harmonized commodity description and coding system for use in international trade. The Harmonized System (HS) was adopted in 1988. SITC, Rev. 3 was introduced at the same time, where SITC headings were based on the HS headings.

By 1993, so many countries were using HS at their customs offices that UNSC recommended the HS as the classification for use in compilation and dissemination of IMTS. Over time the original HS was amended four times by WCO introducing a total of 844 non-original subheadings (17 %) in the subsequent HS editions (1 - in 1992, 267 - in 1996, 316 - in 2002 and 260 - in 2007).

SITC changed from a trade data collection tool to an analytical tool. Continuity of data series classified according to SITC, Rev.3, was based on appropriate correlation tables with each new edition of HS. In view of the accumulated changes in HS this correlation deteriorated over time and it was necessary to construct SITC, Rev.4 keeping the scope the same as of SITC, Rev.3 – i.e. covering all goods classifiable in HS except for monetary gold, gold coin and current coin. Further, SITC, Rev. 4 consists of the same number of sections, divisions and groups.

Changes are at the level of basic headings and some subgroups. In all, 235 basic headings of SITC, Rev.3 were no longer used in SITC, Rev.4 and 85 new basic headings were introduced. The net result is that SITC, Rev.4 contains 2970 basic headings. Complete descriptions of these (together with the correlation tables with HS07 and SITC, Rev.3) are now available on the website of UNSD. The publication will become available in hard copy in January 2007.

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DATABASES AND PUBLICATIONS: UN COMTRADE'S NEW PROCESSING SYSTEM

On January 1, 2006, a new system for processing of trade data in UN Comtrade was introduced. The new application is running on a server basis using the latest technology, replacing the former main-frame-based system.

Building on their existing cooperation, UNSD and OECD joined forces in the development of the new application and implemented it simultaneously at UNSD in New York and at OECD in Paris. All data released for the year 2005 was processed using the new software, following standards that were agreed under the UN-OECD Joint System. This will ensure higher data quality and further data harmonization between the two organizations.

Some new features of the new data processing system are:

1. Inclusion of a supplementary quantity field containing WCO recommended quantity units only, thus homogenizing quantity units across countries;
2. Where feasible, standardized quantity estimation method is now applied for the missing supplementary quantity unit and net weight;
3. Re-imports are published where applicable, in the same manner as re-exports;
4. Commodity information which could not be allocated to the correct 6-digit HS code, is now available in so-called memorandum items which refer to the correct HS Chapter.



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CEMAC member states are:

Cameroon, the Central African Republic, Chad, the Republic of the Congo, Equatorial Guinea, and Gabon.

COOPERATION WITH COUNTRIES AND AGENCIES: WORKSHOP ON IMTS COMPILATION IN DOUALA, JUNE 12 TO 15

With the overall purpose of improving the quality and availability of international merchandise trade statistics of African countries, the United Nations Statistics Division (UNSD) in cooperation with the Economic and Monetary Community of Central Africa (CEMAC) organized a workshop on the compilation of International Merchandise Trade Statistics in Douala from 12 until 15 June 2006.

In a written statement the Director of the National Statistical Office of Cameroon, Mr. Joseph Tedou, officially welcomed the participants and stressed the impor-

tance of the workshop. He invited all delegates to make the workshop a success by sharing each other's experience in this field. On Wednesday 14 June, the Director General of the Customs Administration of Cameroon honored the workshop with his presence. He also underlined the importance of good quality trade statistics and thanked the United Nations for inviting customs officers to such meetings. Participants in the workshop included representatives of national statistics services and customs offices of Angola,



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Burundi, Cameroon, Central African Republic, Chad, Comoros, Congo, Democratic Congo, Equatorial Guinea, Gabon and Rwanda.

Conclusions and Recommendations

- *Arrangements between Customs and Statistics.*

In most countries there is a good working relation between Customs and Statistics. However, in some countries, an improvement in the current situation is needed, especially in Chad and to some extent in the Comoros. Furthermore, most countries need to make arrangements to agree between agencies on the official trade statistics of the country. The National Committee on External Trade Statistics of Cameroon could serve as a model for the other countries in the region. Not only Customs and the NSO are presented in this committee but also all the other stakeholders in this field (Central Bank, Ministry of Trade and Industry, Ministry of Hydro-carburants). NSO is hosting these meetings on regular intervals.

- *Migration of databases from old to new system.*

Problems exist both for ASYCUDA and for EUROTRACE with migrating databases from old to new system: in case of ASYCUDA, from 2.7 to ++, and in case of EUROTRACE, from DOS to Windows. In case of ASYCUDA, it was advised (1) not to attempt to fully combine the 2.7 database with the ++ database, but (2) to extract those fields from the 2.7 database that are important to keep for historical reasons and that can be trans-coded (where necessary) to the new database. For Eurotrace, it should be pos-

sible to export data from the DOS version to a text file and, thereafter, import that file into the Windows version.

- *Problems to publish data.*

Most participating countries have problems in publishing their external trade statistics on a regular basis. It was stressed by the organizers that publishing trade statistics is important because (1) historical series of data are established, (2) publishing make data official and (3) publications proof quality and professionalism of the compiling agency.

- *Temporary Admission.*

Goods entering a country on Temporary Admission with the expectation of leaving the country again in the same state, are not subject to import duties. If desired, these goods can be brought into free circulation upon paying of duties. If these goods do not stay in the same state, but are transformed, then a new customs declaration with change of regime code will be necessary.

- *Trade Index numbers.*

Cameroon offered to explore the issue of Trade Index number calculations for the region of Central Africa in some depth. UNSD will contact Cameroon on this issue.

In general, the participants were of the opinion that international and regional agencies should underline more at the higher level of the hierarchy in the Statistical Office, the Customs Office or at ministerial level, that trade statistics are very important and need – therefore – sufficient funding.

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COOPERATION WITH COUNTRIES AND AGENCIES: WORLD CUSTOMS ORGANIZATION MEETING IN BRUSSELS, FROM JUNE 20 TO JULY 1



The World Customs Organization (WCO) held the 107th / 108th Sessions of the Customs

Co-operation Council at its Headquarters in Brussels from June 29 to July 1, 2006.

The sessions provided an opportunity for high-level debate on strategic issues and reviewing the work done by the different WCO Committees during the past year. Topical themes of panel discussion focused on the international trade supply chain and the effect of new technologies on training.

During the sessions, a number of recommendations were adopted which are highly relevant for the compilation of international merchandise trade statistics. These include rules of origin, valuation, the Harmonized System, trade facilitation, and enforcement of customs regulations.

One of the main objectives of the UN Statistics Division delegation was to promote awareness among many national

customs administrations regarding the importance of trade statistics, and to argue for better taking into account the needs of the statistical community with the ultimate goal of preserving high quality of trade data.

Prior to the Council meeting, the UNSD representative met with WCO staff to discuss issues of common concern, namely:

1. data exchange regarding world values of imports by HS commodities,
2. the use of the product index of the HS classification,
3. the high-level ad-hoc group on HS matters, which will meet in October 2006, and
4. WCO's contribution to the Supplement of the International Merchandise Trade Statistics (IMTS) – Compilers Manual, specifically in matters concerning the revised Kyoto convention.

■

COOPERATION WITH COUNTRIES AND AGENCIES: 5TH ANDEAN EXPERT MEETING ON STATISTICS OF INTERNATIONAL TRADE IN SERVICES IN LIMA, JULY 10- 12



As part of the EU-Andean Community on Trade Related Technical Assistance Cooperation Project (TRTA I Project), the Andean Community (CAN) organized the 5th Andean Governmental Expert Meeting on Statistics of International Trade in Services. The Meeting took place in Lima, Peru, from July 10 to 12, at the

CAN's Headquarters.

Besides the UN Statistics Division, other international organizations such as the International Monetary Fund and the Spanish National Institute of Statistics were invited to participate.

Methodological proposals by Andean countries on statistics in services were discussed in topics like rail, road and inland waterway transports; information

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Visit the website of
the World Customs
Organization:
www.wcoomd.org

Visit the website of
the Andean
Community:
www.comunidadandina.org

For references on methodology, visit unstats.un.org/unsd/trade/



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services; other business services; and audiovisual and related services. The TRTA Project also made proposals on postal and courier services, insurance, financial and government services.

Other topics included changes to the new Balance of Payment Manual, the work of the inter-agency Task Force of Statistics of International Trade in Services (SITS), as well as the consultation questionnaire on revision of the Statistics of International Trade in Services (SITS) manual.

In the meeting, Colombia announced

the creation and functioning of a National Committee on SITC, whose members include the National Statistical Office, the Central Bank, the Ministry of Trade, as well as the National Trade Promotion institute.

It was decided at the meeting that all the country presentations which have been made so far in the framework of the TRTA Project will be brought together into one Best Practices Guide, which would be used as guidelines for the Andean Community member countries.

YOU HAVE ASKED US: AGGREGATING TRADE FLOWS OF SEVERAL REPORTER AND/OR PARTNER COUNTRIES

Q: How do I get world exports to and from various groups of countries, i.e. how do I aggregate partners and reporters?

A: There is no reporter entity called "World" (although "World" is available as a partner), since this would require using estimated values for missing reporters, which so far is not done.

Currently, one can aggregate all available reporters (for any given year and classification) by creating a favorite Country Group (you could call it "World aggregate", for instance).

The easiest way to create your favorite Country Groups is starting from the pre-defined country groups, copying these to your own set of country groups, and then changing these groups as necessary.

When making the Query, use "My Favorite Country Groups" under Reporters to obtain your "World aggregate" data. Similarly, you can use "My favorite Country Groups" under Partners to find any other country groups of your choice.

The Country Groups as Partners will mostly be complete, unless a Reporter did not give the complete Partner breakdown to us.

The Country Groups as Reporters are aggregates of available Reporters (for the given year and classification). Therefore, one has to be very careful in drawing conclusions based on groups of Reporters, since you need to make sure which Reporters actually reported for the given year and classification.



**YOU HAVE ASKED US:
TRADE VOLUME DATA AT TOTALS LEVEL**

Q: How can I find the total merchandise trade in a volumetric unit like m3

A: The bilateral total trade data are available in US\$, however, the volume data do not appear at this level. Volume data, when reported by the country, would appear at the 4 and 6 digit levels only. ■

**UPCOMING EVENTS:
INTERNATIONAL SERVICE TRADE CONFERENCE
IN BEIJING, SEPTEMBER 26-27**

On September 26 to 27, the Ministry of Commerce of the People's Republic of China will be holding an International Service Trade Conference in Beijing.

The conference will examine the current situation, developments, and challenges facing this sector. It will provide an opportunity to analyze trends in international service trade development and

discuss Chinese service trade management and promotion policies.

Experts from around the world, including a representative of UN Statistics Division, are invited to contribute their research findings and discuss issues relevant to the service trade in China. ■

**UPCOMING EVENTS:
OECD TRADE STATISTICS MEETINGS
IN PARIS, SEPTEMBER 11-14**

The Organization for the Economic Cooperation and Development (OECD) will organize the International Merchandise Trade Statistics (IMTS) experts meeting, as well as the Task Force for statistics on international trade in services (TFSITS). The meetings are held back from 11 to 14 September 2006 in Paris.

The UN Statistics Division will be actively participating, presenting three papers at the IMTS meeting, and two papers at the TFSITS meeting.

The TFSITS meeting is especially important for the ongoing revision process of the international guidelines for trade in services statistics. ■

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EDITORIAL NOTE

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