

# **The SADC Programme on Harmonization of International Merchandise Trade Statistics (IMTS)**

**SADC Secretariat, Botswana**

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# Presentation Overview

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- Background
- Programme on Harmonisation of IMTS
- Integrated Data Statistics Database
- Conclusion

## Background

- SADC was established at the Summit of Heads of State and Government on 17 August 1992 in Windhoek, Namibia.
- SADC is currently made up of 15 Member States:
  - Angola, Botswana, DRC, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia, and Zimbabwe
- SADC Secretariat is located in Gaborone, Botswana
- SADC Mission:
  - *"To promote sustainable and equitable economic growth and socio-economic development through efficient productive systems, deeper co-operation and integration, good governance, and durable peace and security, so that the region emerges as a competitive and effective player in international relations and the world economy"*

## Background ...

- SADC Secretariat Vision: A reputable, efficient and response enabler of regional integration and sustainable development
- SADC Secretariat Mission: To provide strategic expertise and coordinate the harmonization of policies and strategies to accelerate regional integration and sustainable development

## Background ...

- **The SADC RISDP**

- The SADC Regional Indicative Strategic Development Plan (RISDP) adopted by summit in Arusha, Tanzania in 2003
- What is RISDP?

The SADC Regional Indicative Strategic Development Plan (RISDP) is a 15 year regional integration development framework, setting the priorities, policies and strategies for achieving the long-term goals of SADC. It is intended to guide member states, SADC Institutions, regional stakeholders, and international cooperating partners in the process of deepening regional integration to turn the Community's vision into reality.

- Statistics is fully acknowledged as one of the cross-cutting issues, including HIV and AIDS, and Gender

## Background ...

- SADC policies and programmes are guided by the Regional Indicative Strategic Development Plan (RISDP) and the Regional Indicative Strategy for the Organ on Defence and Security (SIPO)
- Trade in goods and services and enhancement of cross-border investment are major areas of co-operation among SADC Member States

# Background...

- Objectives of SADC Protocol on Trade, include to:
  - Further liberalize intra-regional trade in goods and services on the basis of fair, mutually equitable and beneficial trade arrangements
  - Ensure efficient production within SADC reflecting the current and dynamic comparative advantages of MS
  - Facilitate improvement of the climate for domestic, cross-border and foreign investment.
  - Enhance the economic development, diversification and industrialization of the Region.
  - Establish a Free Trade Area (FTA) in the SADC Region.
    - FTA established by 2008, Customs Union by 2010 and Monetary Union by 2015 and adoption of single SADC Currency by 2018

# Background ...

- **Measures enshrined in the Protocol to promote trade:**
  - Elimination of barriers to Intra-SADC Trade
  - Elimination of and/or Reduction in Export and Import Duties
  - Elimination of Non -Tariff Barriers
  - Elimination of Quantitative Export and Import restrictions



# Background ...

- International trade forms an important part of the world economy:
  - It must be measured accurately and reliably;
  - Relevant statistical data should be comparable and widely disseminated.
- International trade statistics (ITS) provide vital economic information needed to monitor macro- and micro-economic climate for:
  - Trade policy formulation and monitoring of trade agreements
  - Links to the System of National Accounts;
  - Links to Balance of Payment Statistics

# Background ...

- At the sub-regional level:
  - Foreign trade plays an important role in the economies of SADC Member States
  - Foreign trade statistics help Member States to monitor patterns and trends in Intra-SADC trade
  - Foreign trade statistics are also used by Member States in:
    - Policy formulation
    - Decision making
    - Monitoring and evaluation of projects and programs being implemented by Member States

# Background ...

- Increasing Demand for Trade Data

- The SADC Secretariat has recorded an increase in number of requests for trade data over last 2-3 years. These requests have ranged from:
  - Identification of major trading partners with SADC; through
  - Estimation of Intra-SADC trade; to
  - Identification of specific products/commodities for which Member States have comparative advantage;
- These requests require a regional analysis of detailed commodity trade data that are collected in a harmonised manner by the Member States to produce reliable regional trade statistics

# Background ...

- Rationale for Harmonisation of IMTS
  - For foreign trade statistics to be analysed and aggregated to produce regional trade statistics, they need to be:
    - Valid;
    - Reliable;
    - Comparable;
    - Disseminated on time.
  - Thus, at a sub-regional level, there is need to:
    - Ensure that foreign trade statistics are produced in a harmonised manner by the Member States;
    - Promote and document adoption of best practices by Member States in compiling IMTS

# Background ...

- Key Requirement of Trade Protocol include MS to:
  - Adopt Customs tariffs nomenclatures and statistical nomenclatures conforming to the HS, including all its headings and sub-headings
  - Publish foreign trade statistics in conformity with the six-digit codes of the Harmonised System.

# Programme on Harmonisation of IMTS

- Discussions on harmonization of IMTS in SADC can be traced back to June 2005
  - Maputo Workshop held to discuss the issue
- Discussions followed a realization that practices relating to compilation of IMTS varied significantly among Member States
- This realization was also echoed at the 11<sup>th</sup> SSC meeting in Luanda, Angola in June 2004
- The Maputo workshop represented the first attempt to respond to the need for harmonization of IMTS in the region

# Programme Objectives

- Increase the reliability and comparability IMTS across SADC Member States by:
  - Building consensus on concepts, definitions and best practices as they relate to the compilation of IMTS in the sub-region
  - Encouraging Member States to follow and adopt international guidelines for the compilation of IMTS
  - Providing guidance on specific issues relating to compilation of IMTS in the region

# Programme Objectives

- Increase access to and utilisation of regional trade statistics as a basis for trade negotiations and monitoring the regional integration process through the development of an Integrated Trade Statistics Database to:
  - Maintain a time series of accurate and reliable trade data in the region
  - Disseminate regional trade statistics to governments, policy makers and other key stakeholders in the region
  - Enable researchers and other users to design queries to download regional trade from the database for further analysis



# Activities undertaken

- 1<sup>st</sup> workshop on harmonisation of IMTS in Maputo, Mozambique in June 2005
- Short course on Foreign Trade Statistics
  - in Lusaka, Zambia in July 2006
- 2<sup>nd</sup> workshop on harmonisation of IMTS
  - in Lusaka, Zambia in April 2007
- Workshop on Trade Indices
  - In Johannesburg, South Africa in December 2007

## Activities undertaken ...

- 3<sup>rd</sup> workshop on harmonisation of IMTS
  - In Johannesburg, South Africa in November 2009
- Basic and Advanced Course in Eurotrace
  - in Johannesburg, South Africa in Feb 2010
- Trade Data Analysis
  - in Johannesburg, South Africa in Feb 2010

# Current Status of the Harmonisation Programme

- Member States have reported making some progress in the following aspects of the harmonization process:
  - Use of the Harmonised System (HS) as the primary product classification.
    - The majority of Member States are currently using HS 2007 for product classifications
  - Use of other data sources.
    - The majority of Member States are currently using other data sources to complement customs data

# Current Status of the Harmonisation Programme ...

- Use of CIF and FOB for imports and exports, respectively.
  - All Member States have continued using CIF (Cost, Freight and Insurance) and FOB (Free on Board) for valuing imports and exports, respectively
- Use of the General Trade System to record exports and imports.
  - Almost all Member States are currently using the General Trade System to compile IMTS
- Use of automated data capture and processing systems.
  - The majority of Member States are using Asycuda++ for the capture of customs data and Eurotrace for processing and dissemination of trade data

# Current Status of the Harmonisation Programme ...

- There have some challenges to the implementation of the harmonization programme due to the following:
  - Inadequate IT support for some Member States
    - Manual data capture for exports and imports
    - Inadequate capacity to store and maintain trade data using Eurotrace
  - The quality of customs data remains poor in a number of Member States
    - E.g. data relating to quantities
  - Huge backlog of data entry
    - Substantial delays in processing of trade data

# Current Status of the Harmonisation Programme ...

- Inadequate IT infrastructure at the SADC Secretariat for regional trade data
  - Access to regional trade data is limited
  - Time to process requests for regional trade data is long
- The SADC Secretariat is currently taking the necessary steps to address the problem above:
  - Have developed ToRs for a consultant to design and set up an integrated trade statistics database
  - Have already budgeted for the procurement of the necessary IT infrastructure for the regional trade database

# Conclusion

- Harmonisation of IMTS is a slow and time consuming process that requires a lot of resources (time, human and financial):
  - The SADC Secretariat will draw on recommendations from this workshop to refine the Programme on Harmonisation of IMTS in the sub-region
  - Representatives from SADC Member States will share resolutions and recommendations from this workshop with other staff in their units in preparation for implementation of the new guidelines



Thank you