

**Workshop on the updated and new recommendations
for International Merchandise Trade Statistics (IMTS 2010)
and their implementation
in countries of the Sub-Saharan Africa region**

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**Agenda item 11:
Valuation**



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A. Statistical value of imports and exports

- **It is recommended** that for all goods covered in international merchandise trade statistics, whether sold, exchanged or provided without payment, a statistical value is recorded following the specific rules as defined below. (para. 4.1 - Updated recommendation)
- **It is recommended** that countries adopt the WTO Agreement on Customs Valuation as the basis for valuation of their international merchandise trade for statistical purposes (whether a country is a WTO member or not). This recommendation for determining the statistical value applies to both imports and exports. (para. 4.4 - Unchanged)
- **It is recommended** that the customs value, when established in compliance with the WTO Agreement on Customs Valuation, should form the basis for the statistical value. (para. 4.12 - Unchanged)

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- ▶ The WTO Agreement on Customs Valuation adopts the transaction value (the price actually paid or payable for goods including some adjustments) as the customs value of imported goods, provided that certain conditions for a fair, uniform and neutral valuation are met. (para. 4.3)

In principle, under the Agreement, countries can choose two different approaches to the valuation of goods, namely FOB-type or CIF-type values. (para. 4.6)

- FOB-type values include the transaction value of the goods and the value of services performed to deliver goods to the border of the exporting country.
- CIF-type values include the transaction value of the goods, the value of services performed to deliver goods to the border of the exporting country and the value of the services performed to deliver the goods from the border of the exporting country to the border of the importing country.

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- To promote the comparability of international merchandise trade statistics and taking into account the commercial and data reporting practices of the majority of countries and analytical needs, **it is recommended that:**
 - (a) *The statistical value of exported goods* be an FOB-type value;
 - (b) *The statistical value of imported goods* be a CIF-type value; however, **countries are encouraged** to compile FOB-type value of imported goods as supplementary information; (para. 4.8 – Updated recommendation)
- Countries which compile only CIF-type values of imports **are encouraged** to compile separately data for freight and insurance, at the most detailed commodity and partner level possible. (para. 4.9 – Updated recommendation)
 - This might entail a significant additional burden and should be undertaken based on the national situation and needs.
 - However, **countries are encouraged** to explore additional methods which can facilitate the compilation of FOB-type values of imports (examples will be provided in the updated IMTS Compliers Manual).

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Obtaining CIF- and FOB-type values

- ❖ Customs administrations generally require the FOB- or CIF-type value to be placed on the customs declarations by traders or, if needed, calculate those values themselves based on the various documents submitted by traders: (para. 4.10)
 - **the contract of sale, which usually contain the terms of delivery of goods (which is an agreement who is responsible for the cost and risk of delivering the goods to the agreed place)**
 - **the invoice issued by the seller of the goods to the buyer. The price of the goods negotiated between traders and reflected in the invoice (also referred to as invoice price) depends on the terms of delivery.**
- ❖ Compilers have to make appropriate adjustments to the invoice price to obtain CIF- or FOB-type values of goods. (para. 4.10)

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In case customs value cannot be used

- Compilers should be aware that values placed on goods by customs authorities may not necessarily comply with statistical requirements. (para. 4.13)
- If customs values of economically significant shipments of goods are established with a clear deviation from those requirements, trade statistics compilers should use values derived from non-customs sources or estimated values, if deemed more accurate.
- In the case of exports, **compilers are encouraged** to contact exporters of major commodities and, if necessary, to conduct special studies to determine the statistical value on the basis of cost of production, including cost of materials and compensation of employees and other relevant information.

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Valuation of special categories of goods (para. 4.1 - Updated recommendation)

It is recommended that:

- (a) *Unissued banknotes and securities and coins not in circulation* be valued at the transaction value of the printed paper or stamped metal rather than at their face value (see para. 1.11 above);
- (b) *Media, whether or not recorded* be valued at their full transaction value (i.e. not at the value of the empty diskettes or CD-ROMs)
- (c) *Electricity, gas, oil and water* (para 1.24) be valued net of any delivery charges (besides the charges included according to FOB- or CIP type valuation) which might or might not appear separately on the invoice. **It is recommended** that countries obtain the transaction value of these goods directly from the buyer and seller. **It is recommended** that trading partners in such transactions value and record these flows in a uniform way to improve international comparability.

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Valuation of special categories of goods (continued)

It is recommended that:

- (d) *Goods under financial lease* (para 1.28). Goods which are part of a financial lease should be recorded using a value equivalent to the price of the goods if offered for sale
- (e) *Goods for processing with or without change of ownership* Goods for processing should always be valued at their full (gross) value
- (f) *Returned goods* (para 1.23), if identifiable, are to be valued as at the initial transaction.
- (g) *Goods bundled with services*. The customs/ statistical value applies to goods and the value of any services associated with them should be excluded, except for the delivery services which are included according to the FOB- and CIF-type valuation of goods. The only category of good where additional (but unidentified) services may be included in the value is in the case of media (whether or not recorded)

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International transaction in goods that may not require goods valuation by parties involved (para. 4.16)

- trade and barter agreements based on quantities without stated prices
 - food and other humanitarian aid
 - goods on consignment
 - goods for processing
 - migrants' effects
 - cross-border movements of unsold articles and gifts and donations made by private agencies or persons.
- ▶ In these cases, following the general recommendation, the value of the goods should be established in accordance with the WTO Agreement on Customs Valuation (including the use of transaction value of identical or similar goods, or a computed value)

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B. Currency conversion

Compilers are required to convert values into a single unit of account.

1. In accordance with the WTO Agreement on Customs Valuation it **is recommended** that:
 - (a) use rate of exchange published by the competent authorities
 - (b) use conversion rate in effect at the time of exportation or the time of importation **(para. 4.19 - Unchanged)**
2. In cases when both buying and selling (official/market) rates are available the rate to be used is the midpoint between the two. If a rate is not available for the date of exportation or importation, it is recommended that the average rate for the shortest period applicable be used. **(para. 4.20 - Unchanged)**
3. *Multiple official exchange rates and Parallel or black market exchange rates.* **It is recommended** that trade transactions be recorded using the actual rate applied. **(para. 4.21 - Unchanged)**

Thank you for your attention!