



Bridging IMTS 2010 & BPM6 and Use of customs procedure codes to identify BOP related-transactions

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Introduction

Institutional Coordination



- ❑ It's a Mandatory according to the NSO act 2013-The official compilers and produces of all statistics including International Merchandise Trade Statistics and the Balance of Payment data is the National Statistical Office (NSO) as opposed many African countries whereby the compilation of BOP is under the Central Bank.
- ❑ However there is a National Accounts and Balance of Payments technical committee comprising of the Reserve bank of Malawi, National Statistical Office, Min of Economic Planning and Development, Min Of Finance, Min of Industry and Trade that works hand in hand in other data collection needs compilation and also data provision.
- ❑ Other than the committee there is also strong bilateral working relationship with the Reserve of Malawi to providing BOP data to the NSO.

Introduction cont....

Implementation of IMTS2010



- ❑ Compilation of IMTS in Malawi is based on the UNSD IMTS 2010 manual. Thus, we mainly look at imports, exports, re-imports and re-exports.
- ❑ Data is submitted to NSO every month for the previous month by Malawi Revenue Authority (MRA). This is done through hard copies and soft copies (flash disks, CDs & e-mail).
- ❑ Some MRA offices capture electronic data in ASYCUDA++. Once this data reaches the National Statistical Office, it is loaded, processed and stored in the EUROTRACE PACKAGE.
- ❑ Trade data is made available in the following publications:
 - Monthly Statistical Bulletin (MSB), Quarterly Statistical Bulletin (QSB), Trade brief release and finally The Annual Statement of Trade Statistics

Introduction cont...

Implementation of BPM6



- ❑ Malawi started migrating to BPM6 in 2012 when the IMF asked reporting countries to submit their BOP data in BPM6 format.
- ❑ BPM5 data used for transformation to BPM6 by the Fund were also published in local publications and uploaded on the NSO website with accompanying notes on changes in presentation, methodology and compilation practices.
- ❑ Following this development, an exercise on compilational mapping of BPM5 to BPM6 was performed during Q4 of 2012, using the IMF's conversion matrix as a guide.

Introduction cont...

Implementation of BPM6 cont...



- ❑ Malawi submitted BPM6 format data for publication in the IMF's BOP Statistical Yearbook (BOPSY) and International Financial Statistics (IFS) during Q3 of 2013. These are expected to be uploaded on the NSO website with accompanying notes on changes in presentation, methodology and compilation practices by end May 2014.
- ❑ A more strengthened officialization of BPM6 is slated for June 2014 after implementation of the first set of methodological recommendations in the 2013 FPC & IP survey (which is already BPM6 compliant).
- ❑ Implementation of the next set of methodological recommendations is expected to be performed later in the year largely on account of BOP survey.

Bridging IMTS 2010 & BPM6



- ❑ Need to bridge or adjust IMTS data for use in BOP arises to respond to the conceptual differences that exist between the two, in terms of coverage, time of recording, valuation and classification of goods transaction.
- ❑ Broadly, IMTS2010 agrees to the principle of recording all goods and services that add (imports) or reduce (export) to the stock material resource of the country , while BOP is based on the principle of change of ownership between residents and non-residents

Bridging IMTS 2010 & BPM6 cont...



- Goods sent for or returned after processing without a change of ownership (minus in BOP)
- Goods sold abroad after processing in other economies (third economy)
- Returned goods: are recommended to be included in IMTS as exports and imports . The BPM6 recommends that in the case of returned goods, revised entries be made to exports and imports and transactions be voided, preferably for the period when the goods were initially recorded

Bridging IMTS 2010 & BPM6 cont...



- ❑ Migrants' effects
- ❑ Goods entering or leaving the economic territory of a country illegally:(this may include legal as well as illegal goods) are recommended to be excluded from IMTS. BPM6 includes in general merchandise illegal goods as well as smuggled goods that are otherwise legal
- ❑ Goods lost or destroyed after change of ownership (added BOP when there is change of ownership not in IMTS if have not left the economic territory)
- ❑ Goods lost or destroyed after change of ownership but before entering the importing country (are recommended to be excluded from the IMTS of the importing country. BPM6 includes such goods as imports (BPM6))

Bridging IMTS 2010 & BPM6 cont...



- Goods lost or destroyed before change of ownership
- Goods imported for construction projects by nonresident enterprises: for example, for use in a construction project), where these operations are not sufficiently substantial to constitute a branch of the enterprise, are not recorded as trade in goods in BPM6 but in IMTS are recorded as exports and imports.
- Goods which cross borders as a result of transactions between related parties are recommended to be included in IMTS, irrespective of whether a change of ownership occurs . BPM6 records a trade in goods transaction only if it can be determined that there is a change of ownership

Reconciling IMTS 2010 & BPM6 in Malawi



□ In Malawi we have the following items

- **Goods for processing with/without change of ownership**
 - In reality we have goods for processing BUT we have not started doing the adjustment because at first we could not recognize them using special CPCs, instead they were just being treated as general merchandise data in re-imports and re-exports, and these include good for processing with or without change of ownership.
- **Imports CIF & FOB**
 - In Malawi we use 13.1 % as overall CIF margin, constituted by 0.565% in insurance and the balance in freight. However the BOP section will need to make further consultations with freight forwarding agents to establish whether this position has changed.
 - The 13.1% was reached according to NSO study from the forms that was filled in all areas of FOB price, freight and insurance by importers.
 - Insurance: 0.565%, according consultation with freight forwarding agencies.

Bridging IMTS 2010 and BPM6 cont.....



■ Informal Trade

- Malawi has never had a study on informal trade
- However a Unit of Ministry of Agriculture called FEWS Net conducted informal cross border trade studies, these are to do with trade in Agricultural commodities only (Maize, Beans and Rice etc.) around borders between Malawi and Zambia, Mozambique and Tanzania.
- In the past decade these studies revealed the informal imports and exports accounted for about 9.8% and 7.1% of the formal basket respectively.

No data on

- Migrants effects
- Non monetary gold and others. And the other items

Identifying BOP related-transactions from IMTS using Specific CPCs



Goods for processing with or without change of ownership

- ❑ These goods at the moment are being treated as re-exports or re-imports as earlier on alluded to.

Example1, code 20000 are re-exports covering

- Temporary export for outward processing
- Temporary export for repair

Example2, code 30000 are re-exports covering

- Re-export after temporary admission for inward processing

Identifying BOP related-transactions from IMTS cont....



Destroyed Goods

☐ These code have a CPC 93000

- Destruction of goods before customs clearance
- Destruction of goods inward processing
- Destruction of goods under temp import procedure

Other

Example

- CPC 6100 are re-imports mainly constituting re-imports after temp export for process or repair.

Conclusion



Challenges

Forward

MRA Form12 non mandatory field on insurance and freight charges

Consultations with the MRA in the process to make such fields mandatory for traders to fill

Problems to access E-Forms data on services from the RBM format because of system challenges-migration from BPM5 to 6 –may take time

Bank officers need continuous training on management of foreign exchange statistical data base system. 2. updating of the system on a timely basis

Outdated informal trade estimates

Some studies are in progress once finalized we will assess usability of results

Not adjusting BOP data on transactions with conceptual differences with IMTS(e.g. Goods for processing with/without change of ownership)

With the discovery of the specific CPCs , NSO will make an assessment of the data and see how to incorporate ii into the BOP compilation

No Services transactions captured from IMTS (borders)

Will learn from the group



Thanks for your attention!!!