Using IMTS for BOP trade in goods

Adjustment to coverage, classification, valuation and timing

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IMTS – Primary Source for BOP trade in goods

• Most compilers use IMTS as the main source
• But some differences in concepts, due to main recording principle of Cross border vs. Change of ownership
• However, IMTS 2010 has eliminated some conceptual differences
  – Recording of mobile equipment that changes ownership while outside the country of residence of its original owner
  – Fish catch, minerals from the seabed and salved
  – Bunkers, stores, ballast and dunnage
• Additional adjustment required due to national practices
  – Adjustment due to the trade system used
  – Trade not included in IMTS
Adjustment

• Guidelines on IMTS to BPM6 adjustment are available in
  – IMTS 2010 Annex F
  – IMTS 2010 Compilers Manual Chapter XXIV
  – BPM6 Chapter 10
  – BPM6 Compilation Guide Chapter 5 and 11

• Type of adjustments
  – Coverage (excluding/including goods that have not/have changed ownership but recorded /recorded in IMTS)
  – Classification (goods to services)
  – Valuation (i.e., replacing transfer prices by market prices)
  – Timing (timing of crossing the border vs. timing of change of ownership)
Adjustment for Coverage (1/4)

• Goods without a change of ownership
  – Migrants’ personal effects (-)
  – Return goods (-)
  – Goods transferred from or to a buffer stock organization (-/+)
  – Goods which cross borders as a result of transactions between related parties (-)
  – Non-monetary gold transactions between residents and non-residents without physical movement (-/+)

• Goods for processing without a change of ownership (-)
  – IMTS encourages to identify these categories of goods (para. 1.21)

• Goods related to processing abroad without change of ownership
  – Goods acquired from other economies for processing abroad (+)
  – Goods sold abroad after processing in other economies (+)
Adjustment for Coverage (2/4)

• Goods lost or destroyed after having crossed one national boundary
  – Goods lost or destroyed before change of ownership (but has been recorded as exports) (-)
  – Goods lost or destroyed after change of ownership but before entering the importing country (+)

• Illegal and smuggled goods (that are otherwise legal)
  – Goods entering or leaving the economic territory of a country illegally (+), and IMTS encourages to identify these categories of goods (para. 1.59)

• Changes in stocks of goods that never cross the border of the owner’s economy
  – Net exports of goods under merchanting (+)
Adjustment for Coverage (3/4)

• Adjustments related to the use of special trade system
  – Addition of flows of goods that are not covered (+)
  – Deductions of flows that are covered in special trade system (-)

• Possible deductions related to non-compliance to IMTS 2010
  – Government goods consigned to armed forces and diplomatic representatives abroad (-)
  – Goods for temporary admission (-)
  – Transit Trade (-)
Adjustment for Coverage (4/4)

• Possible additions related to non-compliance to IMTS 2010
  – Non-monetary gold (+)
  – Trade on government account (+)
  – Electricity and water (in some cases gas and oil via pipelines) (+)
  – Informal cross border trade (+)
  – Goods not crossing both borders (mobile equipment used in international waters, fuels, provisions, stores, etc.) (+)
Adjustment for Classification

• Goods forming part of BOP services
  – Customized recordings on physical media (-)
  – Non-customized recordings on physical media with periodic license (-)

• Goods imported for construction
  – Goods imported for construction projects by non-resident enterprises, where construction projects are not sufficiently substantial to constitute a branch of the enterprise (-)

• Possible deductions related to non-compliance to IMTS 2010
  – Monetary gold (-)
  – Securities, bank notes, coin in circulation (-)
Adjustment for Valuation

- Conversion of imports from CIF to FOB (-)
- Replacement of estimates with actual values
  - IMTS or BOP compilers should make the necessary adjustments (i.e., aid goods)
- Replacement of transfer prices with market prices
  - Related to transactions between enterprises in a direct investment relationship
  - IMTS or BOP compilers should make the necessary adjustments
- Replacement of customs values with transactions values
  - If customs value for duty differ from the actual transaction price
- Corrections for inappropriate exchange rates used in IMTS
Adjustment for **Timing**

- Replacing IMTS with data from the books of enterprises
  - If the period in which a change in economic ownership does not coincide with transaction recorded in IMTS
  - Typically made only when significant amounts (-/+)

- Consignment trade adjustment
  - Goods shipped abroad on consignment should be deducted from exports recorded in IMTS and replaced with the actual sales of goods from stocks held abroad by resident (and vice-versa)

- Adjustments to correct IMTS recorded on the basis of processing dates
  - Case which IMTS are based on the date on which customs entries are processed
Recap - Adjustment

Coverage

Classification

Timing

Valuation
Thank you

Please send your comments to muryawan@un.org