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Contribution from OECD to the Inter-agency Consultation on the Future of
International Trade Statistics, Tuesday 26 February, United Nations, New
York

**Implementing IMTS2010 and MSITS2010 and towards a more integrated approach to
international trade and globalisation-related statistics: the role of the OECD**

Introduction

The successful drafting of IMTS2010 and MSITS2010 has come to an end. This was the
result of a sustained effort during several years by International Organisations and participating
countries. In particular the good co-operation amongst International Organisations through the
two Task Forces[i] and the world-wide consultations organised by UNSD have permitted having a
solid set of revised and updated recommendations, including due consideration given to cross-
cutting and development issues.

What comes next is the implementation phase in countries and to what extent
International Organisations could provide compilation guidance to countries in a coordinated,
helpful, and pro-active way.

But in addition to the two, inter-related, trade frameworks there are challenges imposed
by the way globalisation functions, namely through increasingly international production
networks and fragmentation of production processes (supply/value added chains). This requires
rather a value added- type approach to international trade than a customs value-type one. Clearly,
increasingly important actors are multinational enterprises (MNEs) which should be treated as
supplementary statistical unit to enterprises. Much development work is going on in this respect,
but much remains also to be done. Lastly, a realistic picture of economic activities should
encompass the international dimension at a micro-level (business and trade registers). In response
to this particular challenge, OECD - in close co-operation with Eurostat- has been engaged since
2003 in developing and promoting the linking of business statistics with trade statistics and highly

relevant results are now obtained from a number of participating countries and fed into a new OECD database, called TEC (Trade by Enterprise Characteristics).

I.   Implementing IMTS2010 andMSITS2010

a) IMTS 2010

Implementation through the Task Force on International Merchandise Trade Statistics (TFIMTS)

The Inter-agency Task Force on International merchandise Trade Statistics (TFIMTS), convened and chaired by WTO, has proven to be an effective forum for driving the revision process, also through direct co-operation with countries during the world-wide consultation rounds co-ordinated by UNSD. OECD continues to be committed to contribute to the agenda of this TF and the UNSD training programme. The number of more difficult issues to be dealt with in future (such as goods for processing) are well identified and will be discussed **23-24 March 2010 at the next TF meeting** hosted by UN ESCWA in Beirut.

Concerning implementation through the TF, it is expected that the TFIMTS will agree this March on
- The implementation plan and provisional time-table
- Technical assistance
- Research issues to be dealt with as a priority (such as complementarities and coordination issues with other statistical frameworks and the process of compilation guidance)

Implementation at OECD

Since more than 10 years, OECD convenes an annual trade and globalisation statistics meeting to share best practices amongst OECD countries and selected non-member countries. These meetings, organised by **Working Party on International Trade in Goods and Trade in Services Statistics (WPTGS)** and under the authority of the OECD Committee on Statistics (CSTAT), gather yearly some 130-140 experts from over 40 countries and not only cover merchandise trade and trade in services, but also trade and globalisation-related statistical issues.[ii] The next WPTGS meeting is scheduled for **4-6 October 2010 at OECD.**

The OECD WPTGS meetings, which bring together producers and users of trade statistics form a good platform for exchanging best practices and solutions across developed countries and also emerging economies (for instance, the enhanced engagement countries of OECD, namely Brazil, China, India, Indonesia and South Africa). The WPTGS is amongst the largest regular international trade statistics fora where concrete know-how and new developments are analyzed and discussed.

Concerning developing countries, OECD could consider ways to help also these countries implement IMTS 2010. There is a concrete opportunity to be grasped to make these

countries benefit from progress made by developed countries. A possibility could be to organise Seminars back-to-back to the next WPTGS meetings in October 2010 and in April 2011. However, this option is subject to available technical assistance funds from external sources (such as UN, World Bank, Paris21) to enable participation of developing countries.

With respect to UNSD training workshops, OECD welcomes the planned regional approach to have regional focus and relevance. As in the past, OECD will contribute to these as well as to the global virtual expert discussion groups.

OECDs merchandise trade statistics

Perhaps not well known outside the OECD area, all merchandise trade data of OECD countries are collected and processed by OECD and transferred to the UNSD/OECD Joint Trade Data Collection and Processing System to feed into COMTRADE. This massive data sharing with UNSD according to agreed common quality standards ensures harmonised data between both organisations while reducing the response burden for NSOs and Customs which now only need to transmit trade data to the OECD. Embedded in a Memorandum of Understanding between UNSD and OECD, the agreement on common standards and procedures has had a very significant effect on increasing data quality by a permanent and ongoing joint review.

In addition to OECD's general data warehouse – OECD.STAT –, which also contains data cubes for merchandise trade statistics, a specific Web Browser Client (WBC) has been developed for OECD's merchandise trade data. It allows internal and authorised external users from governments to have trade data at their fingertips with considerable flexibility and options. This OECD version is quasi identical with COMTRADE and permits a full range of queries, plus automatic "snapshots" of trading patterns (top trading partners, top commodities imported or exported, etc.). The WBC is regularly synchronised with COMTRADE.

Data are available in different commodity/product classifications: Harmonised System (HS), SITC, ISIC (OECD classification), and ICT goods (OECD classification).

Concerning country coverage, OECD is in the process of enlargement: Chile will become OECD's 31st member country this year and Israel, Slovenia, Estonia should follow shortly, joined later by the Russian Federation. These 5 new countries will be progressively added to OECDs statistical databases and products. According to the OECD/UNSD MoU, these countries will be transmitted to UNSD according to a jointly agreed timetable.

b) MSITS2010

Implementation through the Task Force on Statistics of International Trade in Services (TFSITS)

The TFSITS, convened and chaired by OECD, has been instrumental in developing the revised version of MSITS. Through a concerted and coordinated effort from International Organisations and participating country experts, the new manual **MSITS2010** is a major milestone in recommendations on data development. The resulting manual is balanced and forward-looking

and plays an important role for better assessing the role of services in the context of economic globalisation. It will be instrumental for trade agreements and consistently integrates, and clarifies boundaries of, related frameworks such as FDI (BD4), BOP (BPM6), EBOPS, SNA 2008, and Foreign Affiliates Statistics. This integration towards better linking of related frameworks is one of the key merits of MSITS2010.

The agenda of the next TFITS meeting 23-24 March 2010 in Beirut includes:

- Concordance review of MSITS2010 annexes and remaining editorial issues
- Organisation of the implementation and compilation guidance process, including a provisional timetable
- Compilation experience and plans in the ESCWA region
- Using SDMX for TIS data transmission to OECD - a pilot project
- Developing a new and integrated framework for goods and services trade by product – an OECD pilot study

Implementation at OECD

The implementation plan very much follows the model described under merchandise trade statistics, namely:

- Stocktaking of progress achieved so far since the March TFSITS meeting and roadmap for next steps to be presented at the following TFSITS meeting 7-8 October 2010 at OECD. In 2011, progress will be reported to the WPTGS meeting in April 2011 and the TFSITS meeting thereafter.
- As part of the WPTGS meeting 4-6 October 2010, summary of cross-cutting issues concerning both TFIMTS and TFSITS. The possibility for a dedicated Seminar for developing countries already described under IMTS2010 also applies to MSITS2010.

OECDs trade in services databases

OECD's work on trade in services statistics is based on the needs of trade policy analysis and trade negotiations for detailed, relevant and internationally comparable information on trade by type of service, by direction of trade flows and mode of delivery. Data are submitted directly to the OECD by the non-EU OECD member countries and are published after checking and validation. Data for the European Union (EU) countries are transmitted to the OECD by Eurostat.

In some cases, data for EU countries are adjusted or estimated by Eurostat in order to enable the calculation of EU totals, and these data are supplied to OECD as well. This work-sharing procedure ensures that data published by both organisations are largely the same, which should better satisfy users' requirements. OECD transmits trade in services data to UNSD for the Non-EU OECD countries. In analogy to merchandise trade, a more formal MoU between UNSD and OECD on data sharing is in preparation. In the end, this inter-agency sharing should lead to greater harmonization of data published by UNSD, OECD, Eurostat and WTO.

The following datasets of Trade in Services statistics are available:

• Trade in Services by Category of Service: The types of services are presented according to the services classification of the 1993 Fifth edition of the Balance of Payments Manual of the International Monetary Fund (BPM5) and its detailed extension, the Extended Balance of Payments Services (EBOPS) Classification.

• Trade in Services by Partner Country: The database on statistics of international trade in services broken down by partner country provides statistics on international trade in services by partner country for 28 reporting OECD countries as well as definitions and methodological notes. The data concern trade between residents and non-residents of countries and are reported within the framework of the Manual on Statistics of International Trade in Services.

• Trade in Services Extra Series: Additional national items and memorandum items.

II   Towards a more integrated approach to trade and globalisation statistics

The growing interconnection of different statistical domains and their related frameworks, coupled to identified "dissonances" between some of them, valuation considerations and the necessary better measurement of   multinationals – all these challenges stemming from globalisation require a fresh look at how statistics could better reflect today's functioning of economies. This task is an urgent one since, at present, both trade statistics and National Accounts are somewhat biased and do not adequately reflect existing economic relationships between countries (customs values versus value added, treatment of re-exports, changed treatment for goods for processing, stricter application of change of ownership principle, etc.) .

OECD has been addressing these issues for some years now and intends to do so also in 2010 and 2011. For instance, half of the time (=1 ½ days) of the yearly WPTGS meetings focus on these issues. Also the yearly Joint Session of the two Task Forces is addressing these.

The research agenda is, quite naturally, large, ambitious, and difficult. Development challenges include:

- How can the measurement issue related to "goods for processing" be resolved, taking into account the stricter application of change of ownership in BOP and SNA and the move from goods to services in trade statistics for goods sent abroad for processing? The fact that value chains do not necessarily imply a change of ownership and the risk of data gaps for merchandise trade statistics have been repeatedly stressed in expert meetings.

- Trade and value chains: customs records measure merchandise flows at gross customs values, but not the economic content in terms of value added. However, trade in intermediate inputs are part of fragmented supply chains and this "trade in tasks" would be better measured in value added terms, including an appreciation of the imported content of exports. Several database developments in this respect are under way at OECD.

- Trade and Input-Output/Supply-Uses matrices: linked to the above, this field of research is on the agenda of both OECD and WTO and progress reports will be made during 2010-2011.
- Another new, and quite promising, field of development is linking trade and business registers together, thus having identical statistical units, producing fully integrated business and trade statistics. This is a priority item at the WPTGS meetings and significant developments in countries have been presented and discussed. More details on the focus of this initiative are given below.

An example of integrated statistics: OECD Trade by Enterprise Characteristics (TEC) Database

The merging of external trade statistics and structural business statistics is of considerable interest to users in the context of globalisation analysis. Statistics on trade in goods focus on presenting trade flows between countries with a breakdown of products whilst structural business statistics highlight the structure and economic characteristics of businesses. By combining these two statistical domains through linking of the respective registers it is possible, on the one hand, to get more information on the economic structure and economic performance of traders and, on the other hand, to answer questions like which economic sectors contribute most to the volume of external trade and what the contribution of different enterprise size-groups to trade is. The focus in this comparison is on different SME size-classes and bigger enterprises.

The current TEC database – which will be freely accessible via OECD's data warehouse OECD.STAT soon – contains five subsets of data:
• TEC by size classes
• TEC by top enterprises
• TEC by partner zones and countries
• TEC by number of partner countries
• TEC by commodity groups (CPC)
For methodology and data extracts see:
http://www.olis.oecd.org/olis/2008doc.nsf/linkTo/std-ses-wptgs(2008)12
Contact: STD.TradeIndicators@oecd.org

III   Conclusion

This short note described planned activities of OECD in the implementation context and related Task Forces events during 2010-2011. Implementing IMTS2010 and MSITS2010 are core priorities. In addition, a broader view has been outlined on necessary integration aspects of trade statistics, not only between trade in goods and trade in services, but also between trade and business statistics and also trade and National Accounts. This is clearly a longer-term set of core activities, too.   OECD will be happy to share this work with countries and is looking forward to a fruitful exchange between countries, OECD and other participating International Organisations.

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[i] See the reports to UNSC on International Merchandise Trade (E/CN.3/2010/5) and International Trade in Services (E/CN.3/2010/6).
[ii] Papers and presentations of the last meeting in November 2009 at OECD can be found under:
www.oecd.org/std/its/wptgs2009