

REPORT ON THE MEETING OF THE TASK FORCE ON INTERNATIONAL MERCHANDISE TRADE STATISTICS Bangkok 10-11 March 2009

Ms Haishan Fu, Officer-in-charge of ESCAP's Statistics Division, welcomed the participants on behalf of ESCAP and opened the meeting.

1. Adoption of the Provisional Agenda

The agenda (Annex 1) was approved with minor changes in the agenda items and incorporating in "Other business" an item for the preparation of the Joint Session to be held on the third day (12 March).

2. Review of decisions of other international meetings with regard to merchandise trade

United Nations Statistical Commission (UNSC) and CCSA:

UNSD and WTO presented an oral report of the 40th session (26-29 February 2008) of the United Nations Statistical Commission (UNSC). WTO informed on the Committee for the Coordination of Statistical Activities (CCSA).

The item of most direct relevance to trade statisticians covered by the 40th UNSC was the adoption of the 2008 revision of the System of National Accounts (2008 SNA) which will affect the reporting standards for trade in SNA and Balance of Payments. To accommodate the request of several developing countries, a flexible implementation of the new recommendations has been adopted. One can therefore foresee several years of relative dissonance in the coverage and definitions of international trade data as reported by BOP and IMTS.

Two side meetings were of particular interest to our work: (i) Inter-agency consultation on the future of international trade statistics; (ii) High-Level Forum on "Globalization and Global Crisis: The Role of Official Statistics".

(i) Inter-agency consultation: the objective of this consultation was to prepare for the 41th UNSC next year, where international trade statistics will be one of the major agenda items for discussion, in particular the presentation of the new manuals on trade in merchandise (IMTS 2010) and trade in services (MSITS 2010). Many agencies that participated are also represented in the Task Force. In addition to preparing for next year's UNSC, the main substantive proposals on future priorities were: (i) to focus on the forthcoming compiler's manuals in order to conciliate existing interests (SNA and BOP statisticians, on one hand, trade and economic statisticians on the other hand), and preserve the stock of existing statistical information. The boundaries between goods and services being increasingly blurred, the preparation of the new compilation guides on trade in merchandise and trade in services should be coordinated in order to highlight and deal with cross-cutting issues; (ii) complementing custom data with survey information at business level is also an emerging topic; (iii) quality of the data, especially on South-South trade, remains an issue.

(ii) Globalization and Global Crisis: a series of presentations were made by senior officials from national or international organizations. In times of crisis, priorities are changing, and suggestions abound, ranging from investing more on social and environment statistics to putting more emphasis on short-term financial and labour statistics. The Canadian Chief Statistician urged to take heed that national statistical programmes were like super-tankers, very difficult to redirect and slow to raise to full speed. For this reason, he urged not to abandon the long-term priorities in order to run after an elusive short term target.

Main focus of CCSA was on the governance of the international statistical systems and on data quality. As a result of this meeting, WTO was requested to coordinate the preparation of a paper on the use of non-official data in imputations/estimations made by international organizations. The paper will be presented at the next CCSA session (September 2009). This item received comments from participants, where timeliness – a quality of private providers – was balanced by statistical quality – an asset of official statistics. It was recognised that unofficial sources of data, for example, compiled by chambers of commerce and industry federations – were freely available but under-utilized. As mentioned by EUROSTAT, there is an increased demand for short-term statistics and an earlier release of indicators, including trade figures as well as different kinds of business and consumer confidence surveys. Several participants of the TF showed interest in participating in the preparation of this paper. WTO will circulate before end-March a draft outline for comments.

OECD Working Party on International Trade in Goods and Trade in Services Statistics:

OECD informed the Task Force participants on a series of topics that include inter-agency cooperation, new release of the economic globalization indicators (incorporating the present crisis situation, to be published in September 2009) and the relationship between business statistics and trade. In particular, integrating business registers with trade registers should provide, when possible, important data on the nature of the firms participating in trade.

Progress on IMTS 2010:

UNSD reported on the production cycle of the IMTS revision. The Virtual Meeting of the Expert Group on International Merchandise Trade Statistics conducted on 5 November – 5 December 2008 was quite a success. Further two such consultations are planned in order to receive feedback on the first drafts of the various chapters, one in March and the other in May.

3. Technical assistance

Participants reported on their technical cooperation projects. UNSD informed the participants of their activities. ESCWA presented its 2006-2009 project on IMTS, implemented in cooperation with UNCTAD and UNSD. UNSD and ECLAC will hold the “Workshop for Developing Countries on the Revision of the Recommendations for International Merchandise Trade Statistics” from 31 March – 3 April 2009. In addition, UNSD is planning to sponsor the participation in the Eurotrace training courses conducted by Eurostat for a limited number of participants from African countries.

FAO presented its recent project in the Pacific region, whose object is to obtain good trade data for estimating food security. A substantial amount of IMTS data on Pacific countries has been obtained through it. EUROSTAT mentioned its TA activities within regional cooperation programmes for non-member countries in Europe, Africa, Asia, Latin America and the Caribbean. As in previous opportunities, the discussion mentioned the issue of evaluating the outcome of TA activities and of doing a proper follow-up.

4. Databases on international trade

a. Database developments in organizations

ECLAC informed on its process of improving their trade database (BADECEL): statistical information on the Caribbean countries and by SITC Rev 4 will be added. The trade database has direct access into the other economic, social and environmental indicators database, providing a comprehensive data warehouse to users. ECLAC published correlations tables from SITC Rev 4 and HS07 with the rest of international classifications. ECLAC informed also of the release of long-term series on national accounts, balance of payments, trade indices, consumer price indices and commodity prices of its members, starting in 1950.

ITC presented its new portal including data sets related to trade and market access statistics. New applications cover trade in services and sustainable development (carbondioxide emissions by mode of transport).

UNSD presented an update on COMTRADE and its cooperation arrangement with OECD on data sharing and processing. Future improvements include the implementation of data conversions from HS07 to earlier versions of HS and SITC.

ESCWA reported that the first stage of its trade database had been completed in cooperation with UNSD (<http://comtrade.escwa.org.lb/>).

FAO informed meeting participants of the current activities on the revision of the new FAOSTAT, implemented in 2006. Currently, FAOSTAT is returning back to the traditional FAO methodology on food and agriculture statistics, classification and aggregates. In this regard, all efforts have been oriented to improve the coverage, quality and timeliness of country data. The FAOSTAT website was gradually updated during the year but many modules of the old FAOSTAT dissemination system still need to be updated. During 2008, FAO continued to be part of the international trade data collection network, all trade data files independently collected by FAO have been shared with UNSD or/and other international organizations in order to reduce as much as possible the duplication of the work in this domain.

b. Common Data Set

WTO informed on the status of the CDS and the feed-back received from a letter which was sent to national statistical offices in March 2008, to draw their attention to the CDS and request their comments on identified discrepancies between reported and reconciled data. So far, the consultation did not produce the expected results of engaging the NSOs in discussing the gaps. WTO urged also the agencies to provide visibility to the CDS on their websites.

For future work, CDS will face the issue of diverging coverage between BPM6 and IMTS Rev.3. On the other hand, the CDS will be one of the few sources providing users with time consistent series of aggregates on international merchandise trade. To deal with the issue of the difference in coverage between BPM6 and IMTS 2010, CDS will include a general note explaining to users this conceptual difference and provide detailed meta-data at country level where necessary. The participants highlighted again the importance of explaining these conceptual differences between BPM6 and IMTS 2010 and MSITS 2010 in the respective compiler manuals.

Another line of work would be to produce regional aggregates, albeit there was some discussion about the opportunity of doing so. The decision was to include at least World Totals, to facilitate the calculation of shares.

c. Trade Indicators

OECD made a presentation on its trade-related Economic Globalisation Indicators publication and the methodological guidelines behind it. The document presents and discusses a series of indicators ranging from trade balance to market shares and trade elasticity. The participants welcomed the presentation as an important contribution to the closer integration of analytical dimensions in the production of trade statistics.

d. Trade and Business Statistics

OECD presented a progress report on the linking of trade and enterprise statistics. The report was accompanied by a note of the Wiesbaden Group on Business Registers. Linking trade to business statistics allows a finer disaggregation of trade-related activities by sector, size or geographical

nomenclature (Trade by Enterprise Characteristics). A corresponding theme has been attached to the OECD data base under the "Globalisation" heading.

Eurostat presented also a paper on the same subject, related to a series of pilot studies. Data collection for the fifth study (2006) is on-going. From next year onward, this annual collection will be supported by formal requirements stated in the revised version of the Intrastat and Extrastat regulations. Further development work will be conducted in the frame of the Modernisation of European Enterprise and Trade Statistics (MEETS) programme. One of the objectives of this 5-year programme is to identify new areas where micro-data linkages between trade and business statistics could be feasible and interesting.

The participants highlighted the importance of linking trade statistics to business statistics, for both statistical (i.e. compilation) and analytical purposes. It was highlighted as an objective for future developments in trade statistics and its closer incorporation with other economic dimensions in the national statistical systems. Participants noted also that linking both registers, not an easy task in an OECD context, would be very difficult for most developing countries (although there are experiences). This could nevertheless be an item to be mentioned in the compiler manual.

e. Metadata and dissemination

UNSD presented its plans to upgrade the current SDMX into version 2.0 and asked the Task Force for a closer cooperation on developing a common metadata vocabulary. Albeit participants recognised the usefulness of SDMX as a common standard, practical implications were still undefined.

5. Concepts, definitions and methodology

a. Revision of IMTS, Revision 2: towards IMTS Rev3

(i) UNSD introduced the item, presenting the activities realised during 2008. The 39th UNSC endorsed the revision and asked for its formal presentation in 2010. The tentative time table for 2009 included a second virtual meeting (25 March-24 April) on chapters 1 and 2 and another one in May-June for the other chapters. During July and August, UNSD would proceed to another round of world-wide consultation on the revised draft. In October, the outcome would be presented to an expert group meeting to prepare the final draft for its submission to the 41st UNSC to be held in February 2010.

This submission to UNSC will also contain plans for the implementation and development of compilation guidance. UNSD asked TF participants to submit suggestions on the implementation.

The Task Force participants highlighted once again the importance of the compilation guidance and the description of best practices in view of some confusion on the application of certain principles and definitions in BPM6 and IMTS Rev3 (goods for processing, change of ownership, financial leasing, etc.). It is therefore necessary to work closely on cross-cutting issues with the task force on trade in services, which will coordinate with the BOP meeting, to be held in October 2009. UNSD was requested to submit a tentative implementation plan to promote discussion among the participating agencies.

In the discussion, a series of other issues to be considered carefully included the fees for manufacturing services, the definition of related parties and some specific issues creating asymmetry in trade, such as refuelling of airplanes. Adding FOB-valued import aggregates to CIF values received a majority support, but the participants noted the complexity for compilers.

Adding country of consignment recording for imports would certainly be a positive development, as well as strengthening rules of origin for imports. On the latter point, it was noted that some developing countries were resisting the incorporation of more stringent norms on Rules of Origin, but that the proliferation of regional trade agreements based on them made the compilation of this information more widespread.

On the use of non-customs sources, participants mentioned that custom records should remain the main source of information. Nonetheless, the need to further disaggregate information to deal with some BOP and cross-cutting issues (goods for processing, change of ownership, processing fees, etc.) will require the use of non-custom data and enterprise surveys. In most international firms, relevant data are available in their data base (invoicing, shipping details) and this information could be obtained at low cost, provided confidentiality issues are solved. Once again, this pointed towards the need to associate more closely business registers with trade registers.

(ii) Eurostat presented a contribution on "Quality Assessment" based on its experience, for consideration under the relevant revision issues of the IMTS (#14 and #15).

The European code of practices could serve as a basis for the compiler's manual. The presentation highlighted a series of recommendations included in the supporting paper, as well as tangible outputs for benchmarking purposes and an assessment diagram. Those could provide a framework for quality assurance and a check-list of practical interest. The presentation included a recommendation for the standard structure of the metadata.

The participants welcomed the presentation, highlighting the importance of the quality issue. On metadata, the TF stressed that the compiler manual should not go too much into details, in order not to conflict against countries' national practices.

b. Trade indices

FAO presented its long-standing methodology for the calculation of trade index numbers of food and agriculture products. Six different indices are calculated, for value, volume and unit value of exports and imports of total agriculture products as well as of food products. The methodology requires complete information on trade quantity and value and one of the most challenging aspect is the imputation of missing data, in particular for net weight quantity. Under the same agenda item, ESCWA presented also the outcome of a workshop on data quality and external trade indices, organised in June 2008 in Cairo.

c. Harmonised System, Valuation Agreement and Rules of Origin

UNSD presented a note on the Harmonized System and SITC. UNSD recommended that SITC should only be revised at long intervals, due to its exclusive use for analytical purposes. Participants agreed with the recommendation.

WCO presented a note covering a series of related issues, and provided information on the upcoming 2012 revision. A total of 137 parties have signed the HS2007, but there is still non-compliance. Changes foreseen in 2012 HS will be minor compared to HS07 (deletion of low-trade items), except for the FAO proposal on food items.

On Rules of Origin, the presentation by WCO focused on the harmonization of non-preferential rules of origin. Albeit of difficult application, harmonized rules of origin are expected to bring several benefits in the area of trade facilitation, in addition to advancing in the internal consistency of trade statistics. Additional research is required to cover preferential treatments where countries may have different rules of origin for different PTAs.

Valuation, in particular the issue of transfer pricing, concluded the WCO presentation. The presentation signalled that several standards coexisted, in particular WTO Customs Valuation and OECD Guidelines on Transfer Pricing, and how important it was to have converging standards between customs, tax authorities and NSOs. The discussion on this point focused on the difficulty of identifying transactions between related parties. Albeit transfer pricing for transactions in the OECD are expected to follow the guidelines due to strict tax auditing, appliance to the tax rules might be laxer in developing countries, even when they apply the same guidelines. Identifying suspicious prices in customs, in transfer pricing as in other transactions, is always a complex issue and not always a priority compared to other customs attributions (e.g., enforcement).

6. Trade in Value Added

a. Value Added of Trade Flows

WTO presented a new project for measuring the value added content of trade flows. The objective is to adapt trade indicators to the reality created by globalization, in particular the international fragmentation of production chains through the geographical relocation of productive activities. Measuring the chain of value added takes into consideration the imported content of exports and the contribution of respective production sectors in the final products. The methodology requires using international input-output tables, that disaggregate geographically the imports of intermediate goods and track their allocations across productive sectors. WTO will work together with IDE-Jetro, a Japanese institute which pioneered international I-O matrices in the 1970s, to develop the methodology, and approached OECD to seek cooperation on an on-going project to produce harmonized I-O tables for OECD and non-OECD members.

b. Value Chain Linkages in agriculture and agro-industries

WTO presented a project initiated jointly by FAO, UNIDO and WTO, with the objective of linking their respective data to provide a more comprehensive view of production, trade and tariff information. The project is still in its feasibility phase, and the main obstacle identified so far are the compatibility between product-oriented (SITC and HS) and activity-based classifications (ISIC). The feasibility study will concentrate on selected products. It was recommended that once this feasibility study being finished, the formal project document,, agreed by the management of the three organizations, be presented to the TF.

7. Other business

a. As an item for information, a document on the Wiesbaden Group of Business register was circulated.

b. The decision on time and place of the next meeting was left for the Joint Meeting

c. On the issue of the organization and governance of the Task Force, and the need to have a closer participation of TF experts on both merchandise and services trade statistics, participants discussed various alternatives. One option was to move the joint meeting between the two task force meetings (2+1+2), in order to allow experts to participate in all sessions. But a full week event might not be realistic in view of time and resource constraints, while moving to a compact (1+1+1) format was felt premature in view of the substantive work that remains to be done in the respective TFs, especially in services. In addition, the preparation of the compiler guide might require more work in special sessions, leaving only the cross-cutting issues for the joint meetings. The participants opted therefore for retaining the present arrangement and wait for the completion of the compilers' manuals before revisiting the governance aspects.

d. Identification of cross-cutting issues for discussion with TFSITS.

On cross-cutting issues to be reviewed jointly by both TFs, it was highlighted that the focus for common work should be on the implementation aspects of the new manuals on trade in merchandise (IMTS 2010) and trade in services (MSITS 2010), in particular adopting a coordinated approach for the preparation of the forthcoming compiler's manuals. In this respect, providing a common approach to data quality was one topic of special concern. Quality frameworks should not only include compilers at national level, but also the data managed by international organizations. Many participants noted that a lot had been said already in relation to data quality, and urged the TF not to add to the confusion.

Annex 1

TASK FORCE ON INTERNATIONAL MERCHANDISE TRADE STATISTICS

Bangkok, 10-11 March 2009,

Provisional Agenda

- 1. Adoption of the Provisional Agenda**
- 2. Review of decisions of other international meetings with regard to merchandise trade**
(Statistical Commission, Inter-agency Committee for Coordination of Statistical Activities, the UN Expert Group on IMTS (virtual meeting), OECD Working Party on International Trade in Goods and Trade in Services Statistics and the Millennium Development Goals)
- 3. Technical assistance**
- 4. Databases on international trade**
 - (a) Database developments in organizations
 - (b) Common Data Set
 - (c) Metadata & Dissemination (data sharing and re-dissemination)
 - (c) Trade Indicators
 - (d) Trade and Business Statistics
- 5. Concepts, definitions and methodology**
 - (a) Revision of IMTS, Revision 2
 - Results of first worldwide consultation and Expert Group virtual meeting
 - review of draft IMTS, Rev.3 texts and further work
 - (b) Trade Indices
 - (c) Harmonized System, Valuation Agreement and Rules of Origin
- 6. Trade analysis**
 - (a) Relating trade statistics and national accounts: the use of input/output tables and merchandise trade statistics in measuring value added content of trade flows.
 - (b) Report on a joint FAO/UNIDO/WTO initiative to study value chain linkages
- 7. Other business**
 - (a) time and place of next meeting

Annex 2: List of participants

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Annex 3: List of available documents

<i>Item</i>	<i>Title</i>	<i>Source</i>
2	Review of decisions of other international meetings with regard to merchandise trade	OECD
3	Technical Assistance	ECLAC
3	Technical Assistance: UNSD Technical Assistance activities 2008 and 2009	UNSD
3	FAO project on the Assistance for the processing of regional trade statistics of agricultural commodities	FAO
3	a Database development in ESCWA	ESCWA
3	c Metadata & dissemination (data sharing and re-dissemination)	ESCWA
3	d Trade indicators	ESCWA
4	a Database developments in organizations: COMTRADE: status and technical issues	UNSD
4	a Database developments in organizations: Databases on International Trade Metadata and Dissemination	ECLAC
4	c Metadata & Dissemination	ECLAC
4	a ITC's Tools: latest developments	ITC
4	b The Inter-agency Common Data Set – Progress Report	WTO
4	a FAOSTAT trade database: Trade data collection and processing activities in 2008	FAO
4	b Trade indices	ESCWA
4	c Harmonized system, valuation agreement and rules of origin	ESCWA
4	b The Inter-agency Common Data Set – Progress Report	WTO
4	c Trade Indicators – OECD update	OECD
4	d Trade and Business Statistics – OECD Progress Report	OECD
4	d Trade and Business Statistics – Eurostat progress report	Eurostat
4	e Metadata and Dissemination: UNSD activities in SDMX for Merchandise Trade	UNSD
5	a Revision of IMTS, Revision2: Towards IMTS, Rev3 and beyond	UNSD
5	Concepts, Definitions and Methodology	ECLAC
5	a Quality Assessment and Metadata: the Eurostat experience	Eurostat
5	a Use of Non-Customs Data for the Compilation of FTS: the EU perspective	Eurostat
5	b Note on the FAO Methodology on the Calculation of the Trade Index numbers	FAO
5	c Harmonized System, Valuation Agreement and Rules of Origin: Harmonized System 2012 and SITC	UNSD
5	c The World Customs Organization and the Harmonized System	WCO
5	c The World Customs Organization and Valuation	WCO
5	c The World Customs Organization and Rules of Origin	WCO
6	a Value-added Content of Trade Flows	WTO
6	b Study on the classifications and value chain linkages of datasets between FAO, UNIDO and WTO	WTO
3	a Database development in ESCWA: Economic and Social Commission for Western Asia, UN-ESCWA – Division of Statistics – March 2009	ESCWA
5	b Trade indices: Economic and Social Commission for Western Asia, UN-ESCWA – Division of Statistics	ESCWA
9	Report on the results of the Self-Assessment of the External trade bulletin of the ESCWA Region (Statistical Committee – Eight session – Beirut, 14-16 October 2008)	ESCWA