

Institutional arrangements for the compilation of trade statistics

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Content

1. Institutional arrangements and national statistical systems: introductory remarks
2. Institutional arrangements for the compilation of IMTS
3. Institutional arrangements for the compilation of SITS
4. Way forward: integrated approach and improved institutional arrangements

1. Institutional arrangements and national statistical systems: introductory remarks

National institutions involved in the compilation of trade statistics

The institutional arrangements are understood as a set of agreements between the involved agencies on the division of the responsibilities in the collection, processing, compilation and dissemination of data.

Agencies typically involved in IMTS

National statistical office
Customs administration
Central bank
Ministry of trade/economy
Ministry of Finance/Tax authorities
Other specialized governmental bodies

Agencies typically involved in SITS

Central bank
National statistical office
Ministry of Finance/Tax authorities
Ministry of trade/economy
Customs administration
Other specialized governmental bodies

Decision of the Statistical Commission at its 41 session (23-26 February 2010)

“Requested that more attention is given to **strengthening institutional arrangements in countries** to ensure that proper national coordination mechanisms exist for the compilation of high quality international merchandise trade statistics”

“Also, **cooperation** with compilers of statistics on international trade in services, balance of payments and national accounts **should be ensured**”

“Urged that the national implementation programme (of SITS) be carried out as a coordinated effort of national statistical offices, central banks and other relevant Government agencies”

Institutional arrangements depend, among other factors, on what kind of national statistical system exists in a given country – **centralized and decentralized statistical systems**

Centralized and decentralized statistical systems

A national statistical service is referred to as **centralized** if the management and operations of the statistical programmes are predominantly the responsibility of a single autonomous government agency.

A national statistical service is commonly referred to as **decentralized** if the statistical programmes are managed and operated under the authority of several government departments. Under this arrangement, a particular agency is usually charged with the responsibility of coordinating the statistical activities of the various departments.

The advantage of a centralized national statistical service: It is usually better equipped than a decentralized system to plan and to implement the integration of economic statistics as centralization makes it easier to develop and implement uniform standards, definitions, classifications, and set up and maintain the production process framework. Countries with centralized systems have a greater ability to apply consistent designs to all statistical inputs because they have greater control over statistical designs.

However, that a **centralized system offers no guarantees for successful integration**. A centralized service may have a disadvantage if it does not have an appropriate organizational set-up, strong and able leadership. **The outputs of a decentralized service with a strong coordinating agency can be more efficient than that of a centralized system's institution** due to better arranged contacts with data suppliers and better awareness of user needs.

International Merchandise Trade Statistics

- **IMTS 2010 provides a number of recommendations on institutional arrangements relevant for IMTS;**
- **IMTS Compilers Manual will further address the issue**

Statistics on International Trade in Services

- **No specific UN document on this issue**
- **The IMF is working on BPM6 Compilers Manual**
- **Conclusions of UNSD regional workshops**

2. Institutional arrangements for the compilation of IMTS

Purpose of the institutional arrangements

IMTS 2010 provides a number of recommendations on institutional arrangements relevant for IMTS; updated IMTS Compilers Manual will further address the issue

The overarching purpose of the institutional arrangements is to ensure that national and international users have at their disposal high quality national trade statistics in a timely and convenient manner.

In order to achieve this goal, details of the responsibilities of the involved agencies should be elaborated, agreed upon and documented, so that the statistical process is carried out with a maximum possible efficiency.

It is recommended that countries consider the establishment of the institutional arrangements necessary to ensure the compilation of high quality trade statistics as a matter of high priority and periodically review their effectiveness

The role of national laws and regulations

The compilation of trade statistics is organized on the basis of the statistical and other applicable national laws and regulations of countries, which, to different degrees, specify the rights and responsibilities of the involved agencies.

The data sources for trade statistics (in terms of their contents and availability) are subject to their own laws and regulations. For example, customs records, the main data source for IMTS, are subject to customs laws and regulations.

The national agency responsible for the overall compilation and dissemination of IMTS should, whenever appropriate, actively participate in the discussion of respective national legislation or relevant administrative regulations in order to establish a solid foundation for the high quality and timeliness of trade statistics.

Institutional arrangements can vary from country to country

It is recognized that different institutional arrangements (depending on the structure of a country's government and other considerations) can result in acceptable trade statistics provided that the agency (s) responsible for compilation

follow internationally recognized methodological guidelines, utilize all available statistical sources and apply appropriate compilation procedures.

At the same time not all types of institutional arrangements can be equally effective.

Effective institutional arrangements

Are usually characterized by:

- (a) the designation of only one agency responsible for the dissemination of official trade statistics,
- (b) a clear definition of the rights and responsibilities of all agencies involved,
- (c) the establishment of formalized working arrangements between them including agreements on holding inter-agency working meetings as needed and on the access to micro data that those agencies collect.

The formal arrangements should be complemented by the informal agreements between the involved agencies and institutions as required.

National agency responsible for trade statistics

It is a good practice that the agency designated to be responsible for the dissemination of official trade statistics is given a necessary authority and responsibility **to monitor and coordinate various aspects of the whole statistical process.**

The existence of such an agency is also **essential from the user perspective** as it provides a clear designation of a single source of official data and of the contact point for any inquires. This raises the user confidence in data quality and promotes a wider and more effective data use.

The responsibilities of such an agency include:

- (a) Formulation of the methodological foundations of the country trade statistics in accordance with the internationally adopted statistical standards and the best national practices;
- (b) Development and the implementation of the appropriate inter-agency data compilation arrangements;
- (c) Dissemination of the official trade statistics to users both domestically and internationally, and
- (d) Consultations with the major trading partners on the data reconciliation and data exchange;

Rights and responsibilities of the involved agencies

The collective responsibilities of the agencies **cover all elements** of the statistical process and are distributed in a manner that leads to the most effective use of the available resources.

The definition of the rights and responsibilities of all involved agencies **should be unambiguous** in order to minimize the misunderstandings which might lead to a duplication of work or to an omission of something significant.

It is a good practice that the establishment of **formalized arrangements** between the agencies is documented through appropriate means such as done by signing the Memorandum of Understanding (MoU), which would, inter alia, include provisions for holding inter-agency working meetings and for the access to micro data that those agencies collect.

The formal arrangements should be complemented by the informal working agreements between the relevant units of the involved agencies to ensure the speedy implementation of the agreements.

Typical institutional arrangements for compilation of IMTS

The kinds of institutional arrangements, their governance and mechanism of cooperation depend on many factors.

The most typical institutional arrangement is when the national statistical office is designated as the agency responsible for the dissemination of official statistics and coordinates data collection and processing.

Responding to the UNSD questionnaire 78% of countries confirmed that the compilation and dissemination of IMTS are normally the responsibility of national statistical offices .

However, in the remaining countries the official international merchandise trade statistics are compiled and disseminated by other governmental agencies such as **statistical departments of the customs administrations** or **central banks**.

Statistical office as the responsible agency

In this case **the statistical office holds overall responsibility** for trade statistics including issuance of methodological guidelines, raw data editing and processing, database maintenance and dissemination of official statistics.

Customs administration holds the responsibility for collection of the basic records and for supplying the statistical office with these records on a regular basis; normally customs carry out some editing of records before passing them to the statistical office.

Central banks and other governmental agencies provide additional information on trade flows not covered by customs records. The statistical office further edits all input data and merges them into an integrated database.

The reliance by the statistical office on data from sources external to itself requires close cooperative relationships with all governmental departments and agencies involved. The statistical office and the customs agency - the largest data supplier - along with other source agencies, should establish a memorandum of understanding so that the roles and responsibilities of each party with regard to all aspects of the production and distribution of official statistics are clearly defined.

Customs administration as the responsible agency

All activities, from collection of basic records to dissemination of official trade statistics, are the responsibility of customs. The customs administration **should use data sources additional** to its own records and implement an appropriate quality assurance programme to ensure that the detailed trade statistics disseminated by customs are of necessary quality.

The statistical office and central bank normally make any additional adjustments necessary to publish aggregated trade data in accordance with the international recommendations for IMTS and SNA/BOP.

Two conflicting requirements that customs usually face are: (a) the need to diminish barriers to the flow of trade, which leads to the simplification and reduction of reporting requirements on traders; and (b) increased pressure from users (both government agencies and the business community) to supply more trade data of increased quality and detail within a shorter time frame. *To meet these requirements and to ensure that any necessary additional sources of data are being used and that compilation procedures comply with the recommended methodology, customs should closely cooperate with other agencies, particularly with the statistical office.*

3. Institutional arrangements for the compilation of SITS

Current arrangements

In most countries SITS is compiled by central banks in cooperation with national statistical offices and other relevant governmental agencies

In some countries balance of payments and SITS are compiled by national statistical offices in cooperation with central banks and other relevant governmental agencies

The institutional arrangements for SITS were discussed at several regional meetings conducted by UNSD in the recent years.

Regional Workshop on SITS for CIS Countries Kiev, Ukraine (2008)

The workshop:

Considers necessary to strengthen cooperation between national statistical offices and central banks to provide a systematic information exchange to ensure the completeness and other data quality elements, a joint work plans; other institutions shall also be actively involved in this cooperation (finance ministries, tax authorities, etc.).

Emphasizes that only one organization shall be officially responsible for the distribution of official SITS meanwhile usually several agencies of the government are involved in SITS in the country; what organization will be entrusted with such responsibility must be decided in each country individually, taking into account existing legislation and the characteristics of the organization of the national statistical system dealing with international trade.

Considers necessary to draw the attention of heads of the organizations/agencies that are responsible for SITS about the **inadequate funding of regular statistical surveys**, which adversely affects the quality of data collected and distributed.

Workshop on SITS in the Latin American and the Caribbean countries

Rio de Janeiro, Brazil, 1-4 December 2009

Concluded that enterprise surveys for SITS should preferably be developed as an integral part of a country's system of economic surveys programme to make use of the existing survey infrastructure and minimize cost to the compiling agency, and also to reduce the reporting burden on enterprises and households;

Agreed that in view of the multipurpose nature of SITS and FATS and involvement of many governmental agencies and, in some cases, private bodies in the data compilation, the establishment and maintenance of effective institutional arrangements is a matter of paramount importance for efficient national SITS and FATS programmes; such arrangements should clarify the division of labor between agencies and ensure the most cost effective data compilation (e.g., exclude duplication of work);

Concluded that the institutional arrangements should be formalized and agreed that it shall be determined which agency is responsible for the dissemination of official SITS and FATS once these become available;

Concluded that despite some progress in recent years the issue of building effective institutional arrangements still remains open; it is recommended, therefore, that countries undertake additional efforts in this direction and that ECLAC is encouraged to assist in the identification of good practices.

Workshop on SITS for the South-East Asian countries

Hanoi - Vietnam, 30 November - 3 December 2010

Noted the importance of the legal basis for the SITS compilation; and encouraged a closer cooperation among the relevant national agencies;

Discussed issues of improving cooperation of the NSO and the central bank on data collection

Urged TFSITS to soon complete the compilation guidance for the MSITS2010 manual, including good country practices, and to assist countries in the MSITS2010 implementation

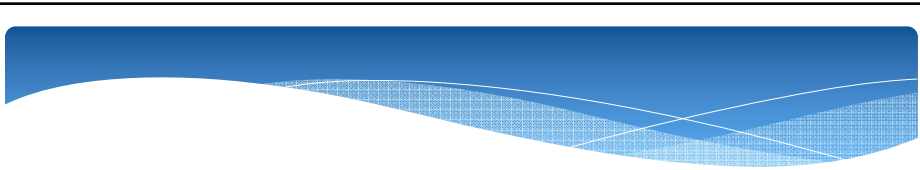


There is a clear need for a more detailed study of country practices; identification and documenting good practices

UNSD will make efforts to conduct such a study and disseminate its results to countries as soon as possible



4. Way forward: integrated approach and improved institutional arrangements



Promotion of an integrated approach to all economic statistics, including both international trade in goods and services, is seen by the UN Statistical Commission as the most appropriate strategy to ensure compilation of high quality data under conditions of limited resources and increasing user demands.

The Commission at its 42 session (February 2011) welcomed draft *GUIDELINES ON INTEGRATED ECONOMIC STATISTICS* which were prepared at its request by a group of experts. The document includes guidelines on institutional arrangements.

Guidelines consider strengthening institutional arrangements as one of the core elements of an integrated approach.

Production of economic statistics in an integrated way



Common concepts, definitions and classifications. The use of harmonized terminology, definitions, concepts, standards and classifications is necessary in a national statistical system so that the various data collections are comparable and can be related to each other

Business registers and frames. Business registers have a central role in integrated economic statistics in providing a central sampling frame for all business surveys.

Standardization of surveys. Integration should be comprehensive and encompass survey design, sample frame, and questionnaire design.

Administrative data. Administrative source data can be integrated for statistical purposes; concepts need to be matched with statistical records. The advantage of using administrative records and various government data is to promote a more efficient use of data collections, and reduce the burden of the respondents.

Data editing, linkage and integration. Documentation of the editing process and transparency are indispensable to ensure that the resulting data can be used by various statistical domains and will be widely accepted and understood by users.

Dissemination and communication. Integration may facilitate providing user-friendly presentations of data, explanations of concepts, ensure consistent format across publications, electronic sources and websites.

Integrated approach and institutional arrangements

Chapter 4 of *GUIDELINES ON INTEGRATED ECONOMIC STATISTICS* elaborates on the institutional arrangements issues. Selected important points contained in the Guidelines are provided below:

it is neither possible nor desirable to propagate a single institutional approach towards integrated economic statistics. There is no “right” institutional setting for integrating economic statistics, in the sense that the goal can be achieved in both centralized and decentralized statistical systems.

A widespread problem is lack of harmonization across different fields of statistics in a country, even within the same national organization. This is often related to the statistics production being organized in so-called stove-pipes, or independent production lines: each statistical output is managed from beginning to end within a separate division, with its own sampling frame, classifications, survey design and collection system.

“Stove-piping” makes consistent sampling frames, population boundaries, classifications difficult to achieve. It is also difficult to use the resulting statistics in other statistical fields, thus impairing the quality of official statistics. It also reduces efficiency in the production process.

Integrated approach and institutional arrangements

A strategic approach to planning that involves multi-level planning activities is an important tool for advancing the integration of economic statistics. The long-term objectives should be decided first. Once these are clear, plans that move towards these goals can be put in place.

Effective process management beginning with the identification of data sources, data collection, processing and ending with dissemination of outputs.

Codes of Practice can play an important role. The advantage of a code of practice is a clear set of rulings that functional departments and agencies can refer to in order to support moves towards integration, and higher officials can refer to in order to push for such moves, as required.

Integrated approach and institutional arrangements

Memorandum of Understanding. A Memorandum of Understanding is a legal document that outlines the terms and details of an agreement between agencies, including each party's requirements and responsibilities. An important benefit of these Memoranda of Understanding is early warning of changes to administrative procedures or statistical processes that could affect the quality data used for the production of statistics. These agreements make cooperation more predictable.

A strong system of advisory committees is important for the integration of economic statistics. These groups will support sound decision-making by ensuring that the interests of all stakeholders are taken into account in the development of official statistics. Users of statistics represented on advisory committees are more likely to be strong advocates for integration of economics statistics.

Cross-agency teams are a useful tool for building understanding of the way that the entire statistical system works. In a decentralized statistical system, communication between the staff of the different agencies responsible for producing statistics is important for integration of statistics. If they do not understand how their statistics are used by other agencies, they will tend to pursue the needs of their own agency at the expense of the requirements of other agencies.

Thank you very much for
your kind attention!