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**Regional Workshop on Country Practices in Compilation of
International Merchandise Trade Statistics, 7-11 May 2007, Lima**

Agenda item No. 8: Goods for processing

Presentation

Language: English

MEASUREMENT OF INWARD AND OUTWARD PROCESSING OF GOODS

Presentation by

Eurostat



**Statistics relating to the trading of goods by the
European Community and its Member States**

European Commission - Eurostat

**Measurement of inward and outward
processing of goods**

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Measurement of Processing

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Two approaches:

- Customs Procedure
- Nature of Transaction

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Customs procedures linked to processing

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1. Inward processing

- Suspension /drawback system

2. Outward processing

3. Special procedures

- Processing under Customs Control
- End use

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Statistical recording of processing according to Customs procedures

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Inward and outward processing records are available :

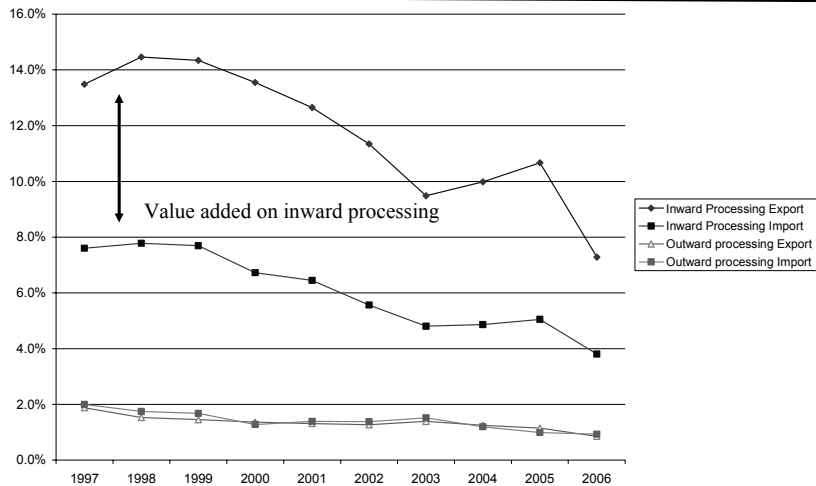
- for trade with Non-Member countries (trade collected from Customs declarations).
- for processing activities concerning non zero rated trade

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Development of Customs processing of the EU

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Customs processing concentrated on some HS chapters

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Inward processing :

- 24 (tobacco)
- 88 (aircraft)
- 89 (ships)

Outward processing :

- 88 (aircraft)
- 87(cars)
- 62 (textiles not crocheted)

**90% of all inward and outward processing activities take place within
18 HS chapters**

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The main processing partners of the EU

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	Inward Processing	
	Import	Export
USA	36.4%	40.3%
Japan	9.1%	5.6%
Switzerland	5.3%	5.0%
China	4.1%	4.4%
Canada	3.3%	3.5%
Russia	6.1%	3.7%

	Outward Processing	
	Export	Inward
USA	39.3%	46.1%
Japan	4.1%	5.4%
Switzerland	5.6%	3.1%
China	2.8%	2.9%
Ukraine	5.2%	4.5%
South Africa	3.3%	2.9%

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Statistical recording of processing according to the Nature of Transaction

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- Codes serve to determine the different characteristics
 - purchase/sale, work under contract, etc.
- For Balance of Payments and National Accounts purposes
- For the identification of trade excluded from statistics, but recorded on the Customs declaration (e.g. repair).

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Nature of transaction codes linked to processing

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			Code
Inward Processing	Import	Operations with a view to processing under contract	4
	Export	Operations following processing under contract	5
Outward Processing	Export	Operations with a view to processing under contract	4
	Import	Operations following processing under contract	5

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Coverage of processing through the Nature of Transaction

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A processing covers operations (transformation, construction, assembly enhancement, renovation, modification, conversion) with the objective of producing a new or a really improved item. This does not necessarily involve a change in the product classification.

- Only processing under contract is collected (no own processing). I.e. there is no transfer of ownership (now or in the future) of the goods.
- Not all Member States collect the nature of transaction for trade with non member countries.

Inward processing accounts for about 4 % of the total trade and outward processing for about 2 % when measured by means of Nature of transaction.

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Conclusion

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Neither the Customs procedure nor the Nature of Transaction are perfect instruments to measure movements of goods due to processing.

- Limited coverage
- Quality constraints