

A. Characteristics of trade in electricity, gas, oil and water

22.3. *Reasons for the potential lack of recording by customs.* International trade transactions in electricity, gas, oil and water are not always recorded by the customs authorities of some countries, which may relate to the fact that these goods do not pass through the regular entry and exit points within the purview of customs. Another reason might be that in many countries, the trade in gas and oil takes place through government authorities or special entities that are not obliged to submit customs declarations. Also, goods transmitted by fixed lines neither allow nor require the same physical custom inspections that are or can be performed on all other goods.

22.4. *Variety of international distribution arrangements.* There can be very different commercial or non-commercial distribution arrangements for goods delivered by pipeline or by fixed lines (electricity) in various countries. On the one hand, the transmission of the goods can be governed by a single contract between one producer or consortium of producers and one company or consortium of companies which are responsible for the further distribution in the importing country, with the pipeline/fixed line being owned by the parties of the contract. On the other hand, if trade of electricity, gas or oil is fully liberalized in and between countries, individual producers can deliver to individual consumers across a pipeline or fixed line that is not owned by any party of the contract. Obviously, data compilation will be affected by these different arrangements.

22.5. *Quantity and transaction value.* A continuous transmission of these goods has the consequence that the physical border crossing of a specific quantity is not necessarily connected to a specific transaction, as is the case for other goods. Hence, the association of quantities with specific transactions is known only by the trading partners and specified in the contract or invoice while the actual delivered quantities are known only from the actual readings of the transmission meters.

22.6. *Recommendation on valuation.* Electricity, gas, oil and water are to be valued net of any delivery charges not included according to FOB- or CIF-type valuation. Such charges may or may not appear separately on the invoice. In the absence of adequate customs records, it is recommended that countries obtain the transaction value of these goods directly from the buyers and sellers. However, if only the overall value including delivery charges is available, such charges should be identified (e.g., using other sources of information and estimation) and subtracted in order to obtain the statistical value of these goods. Delivery charges should be valued at market prices, but it is acknowledged that markets for such services often do not exist and prices for such services are either set administratively or based on some cost calculation. It is recommended that trading partners in such transactions should value and record these flows in a uniform manner so as to improve international comparability (IMTS, para. 4.15 (c)).

22.7. *Complexity of pipeline and electricity networks and frequent buying and selling transactions.* A special characteristic of goods delivered by pipelines or fixed power lines, particularly gas and electricity, is that many countries might be connected to the same distribution system, which can make it difficult to determine the partner country and to identify transit trade. Also, the complexity of the pipeline and power network system itself can make it difficult to keep track of the physical flows. Another special characteristic of trade in electricity, gas and oil is that those goods are often bought and sold without any physical movement of the good taking place (merchanted). The purely financial transactions can be very difficult or impossible to distinguish from trade transactions which affect the stock of material resources of the involved countries.