FAQ from IMTS e-learning course 2019

IMTS e-learning course organized by UNSD and UNCTAD in cooperation with WTO which was held from 25 March to 3 May 2019 and attended by around 700 participants from more than 100 countries. This page describes the compilation of questions and answers from the discussion forums during the course. The questions are not ordered in a particular subjects or topics.

Question 1:

Cut and polished diamonds are sent from country A to country B for certification on a regular basis. While sending the value of diamonds is included in exports and at the time getting back the diamonds after certification, the value is reported as imports. These high value transactions are notional only and unnecessarily inflate the exports as well as imports figures. Is this practice a proper one or not?

I would like to suggest not to include the value of diamonds and like high-value precious stones into exports and the subsequent reimports when the purpose of the crossing-border is neither for physical manufacturing or change of ownership, which is not necessarily be reflected in the trade-in-goods sector of BOP. For customs procedure, temporary admission might be a better choice than general trade.

As general principle, goods entering or leaving countries temporarily, without undergoing physical transformation, should be excluded in trade statistics. Another example is goods entering customs warehousing with intention for re-exports (without any commercial transactions).

Question 2:

Could you explain what is the sample on the temporary exports for outward processing and temporary exports in view to be returned unchanged? is it the goods that is transit in other countries (country of consignment)? I don't understand the temporary meaning. This flow will also be recorded as export or re-export?

Outward and inward processing is part of the Revised Kyoto Convention Customs Procedure Codes. Read about them in detail at: http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/conventions/pf_revised_kyoto_conv/kyoto_new/spanf.aspx

The main idea is that

- goods imported as inward processing would be intended for exportation (after processing is applied in a country), and
- goods exported as outward processing would be intended for (re)-importation (after processing is undertaken abroad).

That's why Customs would consider those goods as "temporary" because goods may not stay long inside (or outside) of the country and duties may be not (fully) paid. In IMTS, those flows should be included in trade statistics as exports and imports. Whereas "temporary exports" refer to goods identified in the Kyoto and Istanbul Conventions: Such goods include display equipment for trade fairs and exhibitions; art exhibits, commercial samples and pedagogic material; animals for breeding, show or racing; packaging, means of transport, containers and equipment connected with transport; and equipment for the working of lands adjacent to the border by persons resident abroad. Another example is goods for repair and goods under operating lease. See IMTS 2010 § 1.43.

Question 3:

What are differences between "inward/outward processing" and "temporary admission"?

Temporary Admission

“Temporary admission” means the customs procedure under which certain goods can be brought into a customs territory conditionally relieved totally or partially from payment of import duties and taxes; such goods must be imported for a specific purpose and must be intended for re-exportation within a specified period and without having undergone any change except normal depreciation due to the use made of them.

Inward/Outward Processing

WTO members may further relieve goods, totally or partially, from the payment of import duties if the goods are meant for inward processing or for outward processing. “Inward processing” is the process whereby goods enter the market in order to undergo some processing and be re-exported thereafter, “outward processing” refers to the process whereby goods are exported in order to undergo a specific production process and be subsequently re-imported.

See more at:
http://www.wcoomd.org/en/about-us/legal-instruments/~/media/2D53E23AA1A64EF68B9AC708C6281DC8.ashx

Question 4:

In what case should the exported goods belong to domestic exports? (For example, one company imports the Copper ores by ordering a foreign company, enriches it with various precious metals, emits the preferred concentrate and sends the export to the same company. Which Is this operation: Domestic export or reexport?)
The criteria on domestic or foreign goods are usually based on how much value added into those goods. Other criteria are change in sub-heading of HS. In your case of copper ores, you must analyze value-added and change in HS subheading. Because there is no international agreement on “rule of origin”, therefore the amount of “value-added” is defined by national authority.

If I understand your example correctly, the imported good changed physically (substantial transformation) before it was sent back to the company abroad. Another criterion would be how much value-added by foreign company. If substantial, it would therefore record this transaction as export of domestic goods rather than re-export. (See §2.18 In IMTS Concepts and Definitions, [link](https://unstats.un.org/unsd/trade/eg-imts/IMTS%202010%20(English).pdf).

See example of national legislation or rule of origin: [link](https://www.tid.gov.hk/english/import_export/cert/cert_rules.html)

**Question 5:**

In external trade, when the type of transport does not correspond to the territorial character of the sender's country (for example, goods import from Armenia in Georgia by sea transport, when Armenia does not have Sea) should be corrected? or there are other criteria here for determine mode of transport?

IMTS 2010 recommends recording mode of transport when crossing the border (other option would be dominant mode of transport). If the recorded mode of transport is implausible the statistics compiler should correct that value, based on the best available information. In your example, did you consider the possibility that the goods were transported part of the way over land and the other part over the sea?

**Question 6:**

Do you know various software is used for data processing of Foreign Trade Statistics? If we could have any specific or basic idea of any or some of those it would be helpful for us.

There is no off-the-shelf software for trade statistics, however, Eurotrace is mostly used by countries. It was developed and is maintained by Eurostat and available for free use [here](https://joinup.ec.europa.eu/solution/eurotrace?f%5B0%5D=solution_content_bundle%3Aasset_release).

Another is PC Trade which was developed and maintained by Statistics New Zealand and in use by some Pacific SIDS: [link](https://sustainabledevelopment.un.org/partnership/?p=7921).

**Question 7:**

How do we properly take into consideration the CIF and FOB when you have a situation of invoices of different commodity items at the final destination (C) with A as place of dispatch and B as border of the importing country in practice. Let us use this example:

Invoice of item 1 (200kg) is $ 2000

- Invoice of item 2 (100kg) is $ 5000
- Total invoice value is $ 7000
- Total freight costs from the border of exporting country to the destination are $ 1000

How do we get CIF value of this important transaction?

Invoice value may be CIF or FOB with or without breakdown of goods price and terms of delivery.

In your example, if items 1 and 2 have the same commodity codes then it would be straight calculation: CIF = 7000 + 1000 = 8000

If they are not, then compilers should estimate CIF value for each item – such as using simple weighting ratio based on value (or weight - if available). The decision is based on determinants of freight/insurance cost à depends on products. See the final calculation below.

<table>
<thead>
<tr>
<th>Item</th>
<th>Weight</th>
<th>Invoice Value</th>
<th>Freight/Insurance Ratio weighted by Invoice Value</th>
<th>Freight/Insurance Ratio weighted by Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item 1</td>
<td>200 kg</td>
<td>$2000</td>
<td>$1000* 2/7 = $286</td>
<td>$1000 * 2/3 = $667</td>
</tr>
<tr>
<td>Item 2</td>
<td>100 kg</td>
<td>$5000</td>
<td>$1000* 5/7 = $714</td>
<td>$1000 * 1/3 = $333</td>
</tr>
</tbody>
</table>

**Question 8:**

What is net mass?

Net mass or net weight is the mass of the goods without any packaging. A company imports 1 000 bottles of wine. Each bottle of wine weighs 1.25 kg and each empty bottle weighs 0.50 kg. The total net weight is 1000 x 0.75 = 750 kg

**Question 9:**

How are Ships and Aircraft treated in IMTS?
In IMTS 2010 Compilers Manual, there is a dedicated chapter for Ships and Aircraft (Chapter XXIII page 237). You can download the manual from https://unstats.un.org/unsd/trade/default.asp. In general, ships and aircraft should be included in trade statistics. How? it depends on your data source. If they are recorded in customs declarations, then it should be straightforward. However, some of mobile equipment may never cross the border, therefore, there is no customs declaration (example of satellite). In this case, compilers should use other data sources and include the transactions in trade statistics.

Note on repair of ships/aircraft:

In general repair is excluded in IMTS because it is part of trade in services. However, you must be aware differences between repair (excluded in IMTS) and processing (included in IMTS) operations, see https://unstats.un.org/wiki/display/I2CG/B.

++Transactions+and+activities+that+are+not+goods+for+processing

**Question 10:**

*What are differences between country of origin and country of consignment in case of imports?*

The country of origin of a good is determined by rules of origin established by each country. Generally, rules of origin consist of two basic criteria:

1. The criterion of goods "wholly produced" (obtained) in a given country, where only one country enters into consideration in attributing origin;
2. The criterion of "substantial transformation", where two or more countries have taken part in the production of the goods.

**Country of consignment.** The country of consignment (in the case of imports) is the country from which goods were dispatched to the importing country, without any commercial transactions or other operations that change the legal status of the goods taking place in any intermediate country. If, before arriving in the importing country, goods enter one or more further countries and are subject to such transactions or operations, that last intermediate country where such transactions or operations took place should be taken as the country of consignment.

In brief: country of origin is where the production takes place; and country of consignment is where the goods change ownership due to commercial transactions.

**Question 11:**

*If a good was exported from country A to be packaged in country B. Would it be treated as an outright export for country B when country B sells it to country C? Also, how would it be classified when country B sends it back to country A?*

Export vs. Re-exports depends on country of origin (of those goods). Changing country of origin may be complex (refer to rules of origin); however, simple packing activity does not change the origin. Therefore, in your example, the goods have origin of country A. Therefore: Exports from B to C would be considered as “Re-exports” = Exports of foreign goods (because it is originated from A not B). However, when goods are returned by country B, in country A it would be considered as "re-imports" which is imports of "own"-goods.

**Question 12:**

*How do you record and treat goods sold at duty free shops? (that is the sale of some items like digital cameras, etc. which are above national thresholds for reporting under travel services).*

Yes, duty free trade can be substantial in some countries; it should be either reported as travel services if below threshold or trade in goods if above threshold. It does not need to be captured in customs declaration (depending upon national law and threshold) however it should be compiled/estimated and added to trade statistics (e.g. scanner data can be used).

Nevertheless, you should contact BOP compilers to ensure uniform methodology in recording goods sold at duty free shops.

**Question 13:**

*We would like to start analyzing mirror data especially for the top trade partners. Is there any recommended starting point, for example, should we start requesting data from the respective country or downloading from UNSD data base?*

UNSD knowledge-base contains some example/guidance on analyzing bilateral asymmetries: https://unstats.un.org/unsd/tradekb/Knowledgebase/50657/Bilateral-asymmetries

In addition, UNSD recently released step-by-step guidelines on analyzing and reducing bilateral asymmetries.

- Starting with data from UN Comtrade should be a good starting point since you will identify major asymmetries that you can focus on.
- Then having arrangements/collaborations including to confirm and exchange data with respective countries is very important.

**Question 14:**

*Could you please share how different countries maintain confidentiality on military goods? Is that totally omitted or aggregated at higher level?*
The level of detail in the disseminated data depends on country and military goods in question. You can see in [https://comtrade.un.org/data](https://comtrade.un.org/data) that there are data by many countries on military goods (including 2, 4, and even 6-digit codes). Certain military goods may be sensitive information and consultations with national authorities are required to determine the level of detail where in doubt. Totally omitting the goods is not encouraged. It is recommended to use passive confidentiality as much as possible; and aggregating to the next level of detail or partner attribution is a recommended as solution.

**Question 15:**

*I would like to know how different countries classify the software (that is to include in IMTS or not)? Is it depending on carrying medium for all countries?*

IMTS 2010, BPM6 and MSITS 2010 have a uniformed methodology regarding software (see § 1.18 of IMTS 2010 and table III.1 of MSITS 2010). It depends on three factors: level of customization, type of licenses and medium used.

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customized software of all types</td>
<td>Services</td>
</tr>
<tr>
<td>Non-customized software and electronically delivered</td>
<td>Services</td>
</tr>
<tr>
<td>Non-customized software on physical media with periodic license fee</td>
<td>Services</td>
</tr>
<tr>
<td>Non-customized software on physical media with right to perpetual use</td>
<td>Goods</td>
</tr>
</tbody>
</table>

**Question 16:**

*Please kindly help me know in the categorization of mode of transport, the difference between the land (category 3) and road (category 3.2)? Under what situation can these two be possible?*

In fact, "road" is not different to but a subcategory of land. In IMTS 2010, goods transported by land are differentiated into goods transported by railway and on the road (mostly trucks or cars).

**Question 17:**

*Please can you define in the simplest way the meaning of 'metadata' please?*

Metadata can in fact be defined with few words: It is data about data. For an example, someone gives you information that total imports of Malawi from Rwanda in 2017 is $158,364. That is a data. The metadata would be that Malawi compiles imports in CIF valuation and partner country attribution is country of origin.

We usually distinguish between "reference metadata", that describe the contents and quality of statistical data, and "structural metadata" that act as identifiers for statistical data. Example of metadata would be list of data sources used in the compilation of IMTS. UNSD compiles reference metadata regularly and it is accessible at [https://comtrade.un.org/survey/Reports](https://comtrade.un.org/survey/Reports).

**Question 18:**

*I would want to know the different between value, volume and net mass."

"Value" refers to the utility of a good. This is usually measured by its monetary value, mostly its price in US$ or another currency.

"Volume" refers to physical quantity of a good. It can be measured in kg, liters, pounds, pieces, and the like. For aggregations of goods these measures are not very meaningful - it does not always make sense to compare apples with pears. In that case, volumes are therefore often expressed as their value divided by a price index.

"Net mass" usually means the weight without packaging material.

**Question 19:**

*We are facing with higher export value for frozen fish during the period of October to December. Can I use seasonal adjustment (SA) for such data?*

The question whether data should be seasonally adjusted depends on the purpose of the analysis. SA is done in order to measure the trend in a time series independently of the seasonal fluctuations. The export value of frozen fish is likely to be affected by seasonal factors. You can always test this - using simple t-tests run on dummy variables set for specific months or with more advanced techniques implemented in standard seasonal adjustment software. The good practice is to compile both data with and without seasonal adjustment.

**Question 20:**

*For seasonally adjusting the trade data, is R one of the statistical software that could be used? Also, you mentioned X12 ARIMA in your video, which countries have already implemented this software and currently using it for seasonally adjusting their trade data?*
There are nowadays a large number of seasonal adjustment applications available. Many of them are open source. Others form part of established statistical packages, such as EViews. X12 ARIMA and (its successor) X13 ARIMA SEATS, developed by the US Census Bureau, are widely recognized. Eurostat recommends JDemetra+. Both of them can be used via R. Unfortunately, I do not have information about which countries have implemented X12 ARIMA.

**Question 21:**

*Can anyone explain to me what is meant by Digital Trade please.*

By digital trade we usually mean all types of digitally-enabled transactions of trade in goods and services. Typical examples include the delivery of a book (as hardcopy) ordered via an online platform, in the case of which a good is physically transmitted, as well as streaming of videos through the internet, in the case of which also the delivery is digital. The definition is being developed by Task Force on International Trade Statistics leaded by OECD and WTO.

**Question 22:**

*IMTS2010 advises to use CIF for imports and FOB for exports compilation, then how should we treat other terms of deliveries?*

With the general trade system, we focus on the terms of delivery for export as F.O.B, while import as CIF. Is it necessary to concentrate only on these transactions when downloading from Asycuda World, or it is also necessary to consider other terms of delivery as part of the dataset? There are others like C&F, DDP, FCA, DDU or EXW, CIN. My query is that sometimes these terms of deliveries fall into the procedure codes used for exports and imports from customs data. Do we just filter and ignore them?

IMTS 2010 uses the terminology of CIF-type and FOB-type valuation. It means that other terms of delivery may be acceptable if CIF and/or FOB are not applicable. The term “free carrier” (FCA) at port of export can substitute for it; if neither FOB nor FCA is applicable (e.g., exports by railroad or pipeline), the term “Delivered at frontier” (DAF) of the exporting country may be used. Since the invoice prices of the goods delivered under the FOB, FCA and DAF terms reflect the costs of delivery of goods to the border of the exporting country, they are similar and are referred to as FOB-type values. See more at IMTS 2010 §4.11.

**Question 23:**

*Does customs territory refer to economic territory?*

Customs territory may not cover the whole economic territory. For example, a free zone may be under the control of Free Zone Authority which may have different sets of rules regarding exports/imports. Nevertheless, for the compilation of IMTS, it is recommended that statistical territory is equal to economic territory.

**Question 24:**

*How long is it prudent to take to publish the foreign trade statistics as preliminary data?*

*After the publication of the preliminary results, how long is it prudent to take to disseminate definitive results?*

IMTS 2010 §10.7 encourages countries to issue their first releases of data as follows:

(a) Monthly totals of exports and imports within 45 days after the end of the month, at least by major trading partners and basic commodity breakdown;

(b) Quarterly data within 60 days after the end of the quarter;

(c) Annual data within 90 days after the end of the year.

Nevertheless, this depends on capacity of countries to compile IMTS. Some countries may be able to release preliminary data within days after the end of reference period. Note that preliminary data may contain estimates would be based on limited data content and would be replaced by more accurate at later date.

Regarding when to release the “definitive” data, it depends on your data revision policy and national legislation on how far back traders can amend their data in customs declaration (in some countries, it can be up to 5 years). It is recommended that countries regularly revise data to reflect more accurate information. See reasons on data revision at IMTS 2010 §10.11.

**Question 25:**

*Regarding Chapter IX 49: Cross Country data comparability: Can you elaborate more on this? is this sometimes known also as "Mirror data"?*

The cross-country data comparability refers to degree of which data from different countries are comparable. It can be achieved by applying the same concepts and definitions (IMTS 2010). The “mirror data” refers to the use of data reported by trading partner country to impute data gaps of specific countries. Furthermore, mirror data is a useful in reconciliation study. See more at

**Question 26:**
In Kenya we do compile unit value price indices and quantum indices on an annual basis; and we are planning to have a combination of both unit value prices (for homogenous commodities) and specific export-import prices (for heterogenous commodities) on a quarterly and annual basis. Is there anyone who can share the methodology or the framework for producing hybrid indices?

Some countries compile external trade indices based on hybrid method. In 2015, UNSD conducted survey on external trade indices; and the result indicates that there are several countries using hybrid method. The result show that majority of countries use unit-value data for the compilation of external trade indices. See graph below.

7. Which basic data sources do you use in the calculation of the external trade indices?

List of countries which indicated the use of hybrid-method in the compilation of external trade in indices based on Global Survey on External Trade Indices in 2015.

Sweden, Switzerland, France, Russian Federation, Macao, Kuwait, Hungary, Hong Kong, Dominica, Belgium, Azerbaijan, Costa Rica, Madagascar, Lithuania, Australia, Latvia, Norway