



TRAINFORTRADE

Strengthening knowledge and skills through innovative approaches for sustainable economic development

Module 1

Conceptual Framework

Participants Manual

Training Course on International Merchandise Trade Statistics (IMTS)



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Forward

E-learning course on international merchandise trade statistics

International trade in goods are an increasingly important part of global commerce. International Merchandise Trade Statistics (IMTS) play a vital part in monitoring, analysing and projecting macroeconomic developments in individual economies and the world economy. IMTS are well developed and international standards have been defined in the IMTS 2010 to harmonize standards and practices. However, many measurement issues and comparability problems remain. Increasingly the important phenomenon of globalization, entailing the internationalization of production and sales and new forms of delivering goods and services to customers across countries, new developments in information and communication technologies and the growing importance of e-commerce requires new approaches and poses new methodological challenges.

The objective of this e-learning course on IMTS is to provide more easily accessible and rather complete training material for those involved in the collection, compilation, analysis and dissemination of IMTS.

The main goals are to enhance statisticians' ability to apply the most recent internationally agreed recommendations on IMTS, define best possible data sources, set up adequate collection systems, and enhance statistics compilation processes. Furthermore, the course would communicate the importance of quality, metadata, timely dissemination, and links to economic analysis and national policy objectives. The training would guide trainees on how to better use the internationally available guidance, especially the IMTS Concepts and Definitions 2010 and the related Compilers Manual.

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- UNCTAD, Division on Technology and Logistics, Knowledge Development Branch, Human Resources Development Section/TrainForTrade;
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- UN Statistics Division.

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1. INTRODUCTION

International trade is defined, in the Balance of Payments as in the System of National Accounts, as the whole set of international transactions in items that are outcomes of production activities. The term “international merchandise trade statistics” (IMTS) refers to a specialized multipurpose domain of official statistics concerned with the provision of data on the movements of goods between countries and areas. The continued interest in international merchandise trade is due to its crucial role in economic development because such trade binds producers and consumers located in different countries into a global economic system. In this context, the availability of timely and high quality trade statistics becomes a precondition for in depth analysis of production, consumption, employment, income and overall welfare at both the country and global levels.

Trade statistics are compiled to serve the needs of many users, including Governments; the business community; compilers of other economic statistics, such as balance of payments and national accounts; various regional, supranational and international organizations; researchers; and the public at large. Different users need different data, ranging from data sets by country and commodity at varying levels of detail to aggregated figures. The uses include:

- a. Development of national, regional and international trade policy, including trade negotiations, monitoring trade agreements and settling trade disputes;
- b. Establishing general economic policy, including policies on sustainable development, fiscal, monetary, structural and sectoral matters, as well as addressing issues relating to environmental and health concerns;
- c. Market analysis to find supply sources or foreign markets and, in combination with structural business statistics, to determine economic characteristics of traders;
- d. Establishing supply balances to monitor commodity markets, in particular in such areas as agriculture and energy;
- e. Infrastructure planning (harbours, airports, roads, etc.);
- f. Compilation of transport statistics;
- g. Compilation of the import component of the various price indexes (e.g., cost of living indexes); and
- h. Input into, and forecasting in the framework of, the system of national accounts and balance of payments statistics.

Trade statistics for trade policy

During the last decade, international trade has been characterized by a progressive shift in the use of trade policy instruments. Tariffs have remained substantially stable during the last few years with tariff protection remaining a critical factor only in certain sectors in limited number of markets. On the other hand, the use of regulatory measures and other non-tariff measures such as antidumping has become more widespread. The recent years have also been characterized by movements in the exchange rates. Overall, tariffs have remained substantially stable during the last years. As of 2015, developed countries import restrictiveness is at an average of about 1.2 percent. However, import restrictiveness remained higher in many developing countries, especially in South Asia and Sub-Saharan African Countries. Although low on average, tariffs remain relatively high in some sectors. Moreover, tariff peaks are present in important sectors, including some of key interest to low income countries such as agriculture, apparel, textiles and leather products. Tariffs also remain substantial for most South-South trade.

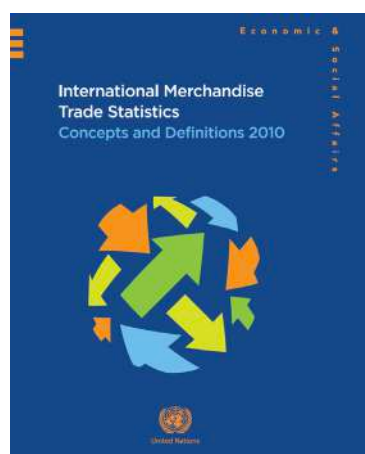
International trade is increasingly subject to and influenced by a wide array of policies and instruments reaching beyond tariffs. Technical measures and requirements regulate about two-thirds of world trade, while various forms of sanitary and phytosanitary measures (SPS) are applied to almost the totality of agricultural trade. The past few years have also seen a general increase in the use of trade defence measures within the WTO framework. Despite the effects of the economic crisis, the process of deeper economic integration has remained strong at a regional and bilateral level, with an increasing number of preferential trade agreements (PTAs) being negotiated and implemented. PTAs increasingly address not only goods but also services and increasingly deal with rules beyond reciprocal tariff concessions to cover a wide range of behind the border issues. About half of world trade has occurred under some form of PTAs.

The economic turbulence of recent years has been reflected in exchange rate markets, both for developing and developed countries' currencies. Exchange rate movements are playing an important role in shaping international trade in the last few years as they have influenced countries' external competitiveness. as

2. IMTS 2010 MANUALS AND RECOMMENDATIONS

Structure of IMTS 2010

Figure 1: IMTS 2010



IMTS 2010 consists of an introduction, 11 chapters and six annexes, as follows:

Introduction

Chapters

- I. Scope and time of recording
- II. Trade system
- III. Commodity classifications
- IV. Valuation
- V. Quantity measurement
- VI. Partner country
- VII. Mode of transport
- VIII. Data compilation strategies
- IX. Data quality and metadata
- X. Dissemination
- XI. Supplementary topics

Annexes

- A. Basic national accounts and balance of payments concepts and definitions
- B. Definition of selected customs terms
- C. Rules of origin
- D. Rules on customs valuation as set out in the WTO Agreement on Customs Valuation
- E. Terms of goods delivery
- F. Conceptual differences between IMTS 2010 and BPM6

Summary of the revised recommendations

Recommendations and encouragements

For the purposes of IMTS 2010, the term “recommended” refers to a standard with which countries should comply, while the term “encouraged” indicates a desirable practice that is not part of the standard. A summary of the main IMTS 2010 recommendations and encouragements, with an indication of whether they are updated or new is set out in Table 1 (in order of appearance). With respect to issues that might be relevant to compilers and users of foreign merchandise trade statistics but are not explicitly covered in the IMTS 2010, countries are encouraged to develop their own treatments and clearly document them in their metadata.

Table 1: Number of elements in respective status

Total	60
Unchanged	13
New Recommendations	23
Updated Recommendations	15
New Encouragements	5
Undated Encouragements	4

Table 2: Summary of key IMTS 2010 recommendations and encouragements and their relationship with IMTS, Rev.2

IMTS 2010 recommendations and encouragements	Relationship with IMTS, Rev.2
Scope and time of recording (chap. I)	
A. General guidelines	
1. As a general guideline, record all goods which add to or subtract from the stock of material resources of a country by entering (imports) or leaving (exports) its economic territory (para. 1.2)	Unchanged
2. Trade below customs and statistical thresholds: Estimate and include if economically significant (para. 1.3)	New encouragement
3. Change of ownership: Use as criteria for recording of certain goods only in exceptional cases when the general guideline is not applicable or not sufficient (para. 1.4)	New recommendation
4. Time of recording: As a general guideline, record goods at the time when they enter or leave the economic territory of a country (para. 1.8). In the case of customs based data-collection systems, this time can be frequently approximated by the date of lodgement of the customs declaration (para. 2.22)	Unchanged
B. Specific guidelines	
5. Specific guidelines: Include certain categories of goods, include and separately identify (code) some which are of special interest for users, and exclude others (paras. 1.9-1.55)	Updated recommendation
6. Exclude but record separately: Exclude certain categories of goods but record them separately for use in balance of payments and national accounts and other purposes (paras. 1.9 and 1.56-1.60)	Updated recommendation
7. Media, whether or not recorded: Include at its full transaction value, except for media used for carrying customized software or software written for a specific client or originals of any nature, which should be excluded (para. 1.18)	Updated recommendation
8. Goods for processing with or without change of ownership: Include at their full (gross) value (paras. 1.19-1.20)	Updated recommendation
9. Goods for processing as well as goods resulting from such processing where no change of ownership takes place: Include and explicitly identify (preferably by special coding) in your trade statistics (para. 1.21)	New encouragement
10. Goods which cross borders as a result of transactions between related parties: Include and separately identify (code) (para. 1.22)	New encouragement
11. Fish catch, minerals from the seabed and salvage; Bunkers, stores, ballast and dunnage: Include all transactions, not only those taking place inside and but also those taking place outside the economic territory where economically or environmentally significant (paras. 1.31-1.32)	Updated recommendation
12. Goods simply being transported through a country and Goods temporarily admitted or dispatched: Exclude (paras. 1.41-1.44)	Updated recommendation
Trade system (chap. II)	
13. Use of the Revised Kyoto Convention: ^a Use, as far as possible, the definitions of the customs terms contained in the annexes to the Revised Kyoto Convention (para. 2.3)	Unchanged
14. Elements of the statistical territory: Make clear which elements exist and are included in the statistical territory (para. 2.3)	New recommendation
15. Reimports and re-exports: Include and identify (code) separately for analytical purposes (paras. 2.16 and 2.18)	New recommendation
16. Customs procedure codes: Make information about the customs procedure applied to individual transactions part of the data set for trade statistics (paras. 2.19 and 8.6)	New recommendation
17. Trade system: Use the general trade system for compilation of both import and export statistics (para. 2.20); if the special trade system is used, compile or estimate, as applicable, goods imported into and exported from premises for customs warehousing, premises for inward processing, industrial free zones or commercial free zones to allow estimation of data on a general trade system basis (para. 2.28)	Unchanged

^a World Customs Organization, International Convention on the Simplification and Harmonization of Customs Procedures (as amended) (Revised Kyoto Convention), Brussels, 2006.

Table 2: Summary of key IMTS 2010 recommendations and encouragements and their relationship with IMTS, Rev. 2 (continued)

IMTS 2010 recommendations and encouragements		Relationship with IMTS, Rev.2
Commodity classifications (chap. III)		
18. Harmonized System (HS): Use HS for the collection, compilation and dissemination of international merchandise trade statistics (para. 3.11)		Unchanged
19. Standard International Trade Classification (SITC): Use SITC for the dissemination and the analysis of trade statistics according to user requirements (para. 3.19)		New recommendation
Valuation (chap. IV)		
20. Statistical value: Record a statistical value for all goods covered in trade statistics, whether sold, exchanged or provided without payment (para. 4.1)		Updated recommendation
21. WTO Agreement on Valuation: ^b Adopt the WTO Agreement on Customs Valuation as the basis for valuation of international merchandise trade for statistical purposes (para. 4.4).		Unchanged
22. Statistical value of exported and imported goods: Use free on board (FOB -type) valuation for exports (border of the exporting country) and cost, insurance and freight (CIF -type) valuation for imports (border of the importing country); countries are encouraged to compile the FOB -type value of imported goods as supplementary information (para. 4.8).		Updated recommendation
23. Compilation of data on freight and insurance: Countries which compile only CIF -type values of imports are encouraged to compile separate data for freight and insurance, at the most detailed commodity and partner level possible (para. 4.9)		Updated encouragement
24. Valuation of special categories of goods: Follow additional recommendations (para. 4.15)		Updated recommendation
25. Exchange rate for conversion: Where conversion of currency is necessary, use the rate of exchange that is duly published by the competent national authorities of the country, reflecting the current value of such currency in commercial transactions in terms of the currency of the reporting country, and which is in effect at the time of importation or exportation (para. 4.19)		Unchanged
26. Exchange rate for conversion: If a rate is not available for the time of exportation or importation, use the average rate for the shortest period applicable (para. 4.20)		Unchanged
27. Multiple official exchange rates: Where multiple official exchange rates are in effect, use the actual rate applicable to specific transactions (para. 4.21)		Unchanged
Quantity measurement (chap. V)		
28. Compilation and reporting of quantity information: Collect or estimate, validate and report quantity information in WCO standard units of quantity ^c and in net weight on all trade transactions (para. 5.5)		Updated recommendation
29. Quantity conversion factors: Provide conversion factors to the recommended standard units in the metadata if units of quantity other than the WCO standard units are used or if units of quantity different from the one recommended for the specific commodity (HS six -digit subheading) are used (para. 5.5 (d))		Updated recommendation
Partner country (chap. VI)		
30. Country of origin: Follow the relevant provisions of the Revised Kyoto Convention for determining country of origin (para. 6.7)		Unchanged
31. Attribution of partner country: For imports, record the country of origin; for exports, record the country of last known destination (para. 6.25)		Unchanged
32. Country of consignment: For imports, record the country of consignment as the second partner country attribution alongside country of origin; for exports, the additional compilation of the country of consignment is encouraged (para. 6.26)		Updated recommendation
33. Calculation of trade balances: Use imports by country of origin and exports by country of last known destination (para. 6.27)		New recommendation
34. Economic territory of the trading partners: Use the economic territory of the trading partners as the basis upon which the statistics on trade by partner are compiled (para. 6.28)		Updated recommendation

^b See World Trade Organization, The Results of the Uruguay Round of Multilateral Trade Negotiations: The Legal Texts, Geneva, 1995; Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994, Part I, "Rules on customs valuation" (WTO Agreement on Customs Valuation); the Rules are reproduced in annex D below.

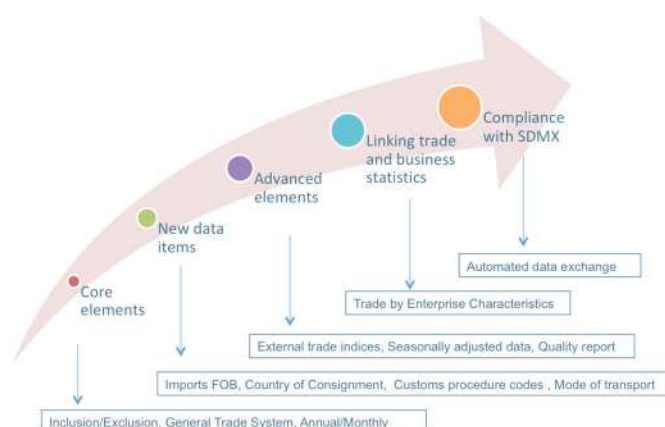
^c See World Customs Organization, Explanatory Notes to the Harmonized Commodity Description and Coding System, second edition, Brussels, 1996, annex II.

Table 2: Summary of key IMTS 2010 recommendations and encouragements and their relationship with IMTS, Rev.2 (continued)

IMTS 2010 recommendations and encouragements	Relationship with IMTS, Rev.2
Mode of transport (chap. VII)	
35. Compilation of mode of transport: Compile and disseminate international merchandise trade statistics by mode of transport at the most detailed commodity level (as a new data dimension) (para. 7.1)	New recommendation
36. Recording of mode of transport: Record as mode of transport the means of transport used when goods enter or leave the economic territory (para. 7.1)	New recommendation
37. Classification: Clearly indicate the contents of the categories used; countries are encouraged to follow the suggested classification for the compilation and reporting of trade statistics by mode of transport (paras. 7.2-7.3)	New recommendation
Data compilation strategies (chap. VIII)	
38. Use of customs records: Use customs records as the main and normally preferred data source (para. 8.2)	New recommendation
39. Allocation of customs procedures: Closely cooperate with customs experts in order to correctly allocate customs procedure codes and associated trade transactions according to the general or the special trade system (para. 8.4)	New recommendation
40. Use of non customs records: Supplement customs based data with information obtained from other sources, as necessary, to ensure full coverage of international merchandise trade statistics. Use non-customs sources as substitutes for available customs records only if they provide a cost effective way to improve the quality of trade statistics (para. 8.9)	Updated recommendation
41. Integrated approach to data collection: In the case of the use of non-customs data sources, such as enterprise surveys, use an integrated approach to data collection and make use of business registers and enterprise identification numbers in order to obtain the required information with minimal costs and burden on enterprises (para. 8.11)	New recommendation
42. Institutional arrangements: Consider as a matter of high priority the establishment of the institutional arrangements necessary to ensure the compilation of high-quality trade statistics and periodically review their effectiveness (para. 8.17)	New recommendation
Data quality and metadata (chap. IX)	
43. Systematic approach to data quality: Follow a systematic approach to data quality and develop standards and related good practices covering the institutional arrangements, the statistical processes and outputs (the entire trade statistics programme) (para. 9.4)	New recommendation
44. Standard for quality reports: Develop a standard for regular quality reports that cover the full range of statistical processes and outputs and are based on principles and standards (para. 9.5)	New recommendation
45. Frequency of quality reports: Complete or update quality reports of international merchandise trade statistics at least every five years, or more frequently if significant methodological changes or changes in the data sources occur (para. 9.6)	New recommendation
46. Contents of quality reports: Base quality reports on a set of quantitative and qualitative indicators for international merchandise trade statistics and on a checklist covering data collection, processing and dissemination in order to allow for an assessment of strengths and weaknesses in the statistical process and to identify possible quality improvement actions (para. 9.7)	New recommendation
47. Dimensions of data quality: Take the following dimensions into account when developing a quality assessment framework: prerequisites of quality, relevance, credibility, accuracy, timeliness, methodological soundness, coherence and accessibility (para. 9.10)	New recommendation
48. Quality indicators: Ensure that the defined quality indicators satisfy the following criteria: (a) they cover all dimensions of quality; (b) they are based on the consistent application of a sound methodology; (c) the indicators are easy to interpret by both internal and external users (para. 9.15)	New recommendation

Table 2: Summary of key IMTS 2010 recommendations and encouragements and their relationship with IMTS, Rev.2 (continued)

IMTS 2010 recommendations and encouragements	Relationship with IMTS, Rev.2
49. Cross-country data comparability: Countries are encouraged to periodically conduct bilateral and multilateral reconciliation studies or implement data exchanges [para. 9.18]	Updated encouragement
50. Metadata categories: Cover at least the categories of metadata provided in para. 9.23 [para. 9.23]	New recommendation
51. Metadata as high priority: View the development of metadata as a high priority and consider their dissemination an integral part of the dissemination of international merchandise trade statistics [para. 9.25]	New recommendation
Dissemination (chap. X)	
52. Confidentiality rules: Use passive confidentiality as much as possible, unless the use of active confidentiality is already the established, desired and accepted practice [para. 10.3]	New recommendation
53. Reporting of confidential information: Report information deemed confidential in full detail at the next higher level of commodity and/or partner aggregation that adequately protects confidentiality [para. 10.3]	Unchanged
54. Data dissemination timetable: Announce in advance the precise dates at which the statistics will be released and revised [para. 10.5]	Updated recommendation
55. Publication of provisional estimates: Explore the possibility of publishing provisional estimates soon after the end of the reference period [para. 10.8]	New encouragement
56. Revision policy: Develop a revision policy that is synchronized with the release calendar [para. 10.11]	Updated encouragement
57. Data dissemination: Treat all users equally and disseminate data without preference to any national or international user group. Choose the dissemination format that best suits user needs [para. 10.13]	New recommendation
Supplementary topics (chap. XI)	
58. External trade indices: Produce and publish volume (quantum) indices and either price or unit value indices for total imports and exports on a monthly, quarterly and annual basis. Calculate and publish such indices for commodity groups of particular importance to countries on at least a quarterly and annual basis [para. 11.1]	Unchanged
59. Seasonally adjusted data: Compile and publish, where appropriate, seasonally adjusted monthly and quarterly international merchandise trade data on a regular basis; provide information on the adjustment methods, data quality, etc. in the metadata [paras. 11.3, 11.4]	Updated encouragement
60. Linking business and trade statistics: Integrate the trade register with the business register and take steps towards an integrated system of economic statistics for data compilation and analysis [para. 11.6]	New encouragement

Chart 1: Gradual implementation plan (countries)

3. SCOPE AND TIME OF RECORDING

1. As a general guideline, record all goods which add to or subtract from the stock of material resources of a country by entering (imports) or leaving (exports) its economic territory (para. 1.2)
2. Trade below customs and statistical thresholds: Estimate and include if economically significant (para. 1.3)
3. Change of ownership: Use as criteria for recording of certain goods only in exceptional cases when the general guideline is not applicable or not sufficient (para. 1.4)
4. Time of recording: As a general guideline, record goods at the time when they enter or leave the economic territory of a country (para. 1.8). In the case of customs-based data collection systems, this time can be frequently approximated by the date of lodgement of the customs declaration (para. 2.22)

As a general guideline, it is recommended that IMTS record all goods which add to or subtract from the stock of material resources of a country by entering (imports) or leaving (exports) its economic territory.

Estimation of trade below customs and statistical thresholds

There are flows of goods which comply with the general and the specific guidelines on the scope but are below the applicable customs or statistical thresholds for direct recording. Countries are encouraged to estimate and include such flows in their foreign merchandise trade statistics following the present IMTS 2010 recommendations if they are economically significant as determined by the statistical authorities of the compiling country.

Change of ownership

It is recommended to use the criterion of change of ownership to determine whether certain goods should be recorded only in exceptional cases when the general guideline is not applicable or not sufficient. Change of ownership of the goods entering (leaving) an economic territory is defined in accordance with 2008 SNA17 and BPM618 as change of economic ownership and represents an example of adding to (subtracting from) stocks of material resources of a country, subject to the applicable exclusions.

For the purpose of IMTS 2010 and in reference to the 2008 SNA, goods are defined as physical, produced objects for which a demand exists, over which ownership rights can be established and whose ownership can be transferred from one institutional unit to another by engaging in transactions on markets, plus certain types of so-called knowledge-capturing products stored on physical media that can cross borders physically.

The term “scope” is used in IMTS 2010 to refer to goods recommended for recording (the recommended coverage). The term “coverage” has a broader meaning and can refer to both the recommended coverage as well as the actual coverage, which refers to the trade flows actually recorded by countries.

It is recognized that some countries make a distinction between the statistical and customs thresholds and adopt rules for their application. Categories of goods where the criterion of change of ownership can be applicable for the recording of international merchandise trade transactions are ships and aircraft, satellites and their launchers, power lines, pipelines and undersea communications cables and mobile equipment that changes ownership while outside the residence of its original owner.

Material resources of a country

For IMTS 2010 purposes, the material resources of a country are those located on its economic territory, whether owned by residents or non-residents.

Economic territory

IMTS 2010 adopts the BPM6 definition of economic territory as the (not necessarily contiguous) area under the effective economic control of a single Government. The economic territory of a country has the dimensions of physical location and legal jurisdiction. Therefore, for IMTS 2010 purposes, any installation or apparatus, mobile or not, located outside the geographical territory of a country, owned by the country resident(s) and remaining under

the country's jurisdiction, is treated as if it were a part of its economic territory. This applies, for example, to drilling rigs, ships, aircraft, space stations, etc.

Time of recording

As a general guideline, it is recommended that goods be recorded at the time when they enter or leave the economic territory of a country.

Specific guidelines

With respect to certain categories of goods, the specific guidelines clarify whether those goods should be: (a) Included in international merchandise trade statistics; (b) Excluded from international merchandise trade statistics; (c) Excluded from international merchandise trade statistics but separately recorded to assist in the derivation of the totals of international merchandise trade for balance of payments and national accounts purposes or for other statistical needs. For some categories of goods listed above that are of special interest for users, it is recommended that they should not only be included under the appropriate headings of the commodity classification but also be separately identified (coded) for analytical purposes.

Goods recommended for inclusion

- Non-monetary gold;
- Banknotes and securities, and coins not in circulation;
- Goods traded in accordance with barter agreements;
- Goods traded on Government account;
- Humanitarian aid, including emergency aid;
- Goods for military use;
- Goods acquired by all categories of travellers, including non-resident workers, to a significant scale as defined by national law;
- Goods on consignment;
- Media, whether or not recorded;
- Goods for processing with or without change of ownership;
- Goods which cross borders as a result of transactions between related parties;
- Returned goods;
- Electricity, gas, oil and water;
- Goods dispatched or received through postal or courier services;
- Migrants' effects;
- Goods transferred from or to a buffer stock organization;
- Goods under financial lease;
- Ships and aircraft;
- Goods delivered to or dispatched from offshore installations located in the economic territory of a compiling country (from or to the economic territory of another country);
- Fish catch, minerals from the seabed and salvage;
- Bunkers, stores, ballast and dunnage;
- Satellites and their launchers;
- Goods in electronic commerce;

- Gifts and donations;
- Power lines, pipelines and undersea communications cables;
- Used goods;
- Waste and scrap;
- Mobile equipment that changes ownership while outside the country of residence of its original owner and
- Goods received or sent abroad by international organizations.

Goods recommended for exclusion

- Goods simply being transported through a country;
- Goods simply being transported include goods under “in transit” or “in transshipment” customs procedures;
- Goods temporarily admitted or dispatched;
- Monetary gold;
- Issued banknotes and securities and coins in circulation;
- Goods consigned to and from the territorial enclaves;
- Non-financial assets, ownership of which has been transferred from residents to non-residents without crossing borders;
- Goods treated as part of trade in services;
 - » Goods acquired by all categories of travellers, including non-resident workers and carried across the border in amounts or values not exceeding limits established by national law (if amounts or values of such goods exceed legal limits, however, they should be included in international merchandise trade statistics);
 - » Newspapers and periodicals sent under direct subscription;
 - » Goods supplied by and to enclaves of foreign Governments, such as embassies, military bases, etc., and international organizations located in the economic territory of a host country are excluded since they are included in BPM6 under services and
 - » Media used for carrying software customized or written for a specific client or originals of any nature, where identified.
- Goods under merchanting;
- Goods under operating lease;
- Goods lost or destroyed after leaving the economic territory of the exporting country but before entering the economic territory of the intended importing country are to be excluded from imports of the intended importing country;
- Satellites (and their launchers as applicable) moved to and launched from another country without change of ownership;
- Goods functioning as means of transport and
- Content delivered electronically.

Goods recommended for exclusion but to be separately recorded

- Goods for repair or maintenance;
- Waste and scrap;
- Goods entering or leaving the economic territory of a country illegally and
- Goods lost or destroyed after leaving the exporting country but before entering the importing country and after ownership has been acquired by the importer.

4: TRADE SYSTEM

1. Use of the Revised Kyoto Convention: Use, as far as possible, the definitions of the customs terms contained in the annexes to the Revised Kyoto Convention (para. 2.3)
2. Elements of the statistical territory: Make clear which elements exist and are included in the statistical territory (para. 2.3)
3. Reimports and re-exports: Include and identify (code) separately for analytical purposes (paras. 2.16 and 2.18)
4. Customs procedure codes: Make information about the customs procedure applied to individual transactions part of the data set for trade statistics (paras. 2.19 and 8.6)
5. Trade system: Use the general trade system for compilation of both import and export statistics (para. 2.20); if the special trade system is used, compile or estimate, as applicable, goods imported into and exported from premises for customs warehousing, premises for inward processing, industrial free zones or commercial free zones to allow estimation of data on a general trade system basis (para. 2.28)

The 2010 IMTS outlines the measurement of trade flows on the basis of:

1. The general trade system and
2. The special trade system.

The general trade system is in use when the statistical territory coincides with the economic territory. Under the general trade system, the time of recording should be the time when goods enter or leave the economic territory of the compiling country. For merchandise trade statistics collected through a customs-based data collection system, the time of recording is approximated by the date of lodgement of the customs declaration (that is the date when customs accept the declaration for processing). If such dates differ considerably from the date when goods cross the border of the economic territory (e.g., if goods are cleared well in advance or after their arrival) or non-customs data sources are used (e.g., enterprise surveys) more appropriate dates should be identified and used (e.g., the date of arrival/departure of the goods carrier as indicated in the transportation documents). It is the responsibility of countries' statistical authorities to identify (or estimate) the best proxy date of the general guideline on time of recording by taking into account the peculiarity of national rules on administrative procedures and the need in consistency in the application of the selected method.

The special trade system is in use when the statistical territory does not coincide with the economic territory; thus, some goods that enter or leave the economic territory are not covered in imports or exports statistics and, on the other hand, other goods that are traded within the economic territory are covered in imports or exports statistics. There are various definitions of special trade that countries may apply but traditionally the strict and the relaxed definitions are differentiated.

The strict definition of the special trade system is in use when the statistical territory comprises only the area within which goods "may be disposed of without customs restriction". Consequently, in such a case, imports include only goods entering the free circulation area of a compiling country and exports include only goods leaving the free circulation area of a compiling country. Under the strict definition, goods imported for inward processing and goods which enter or leave an industrial or commercial free zone or customs warehouses and have not been cleared through customs for free circulation area would not be recorded in imports statistics. Also, under this definition, goods that leave the free circulation area and enter one of the abovementioned zones will be included in exports of goods.

The relaxed definition of the special trade system is in use when:

- a. goods that enter a country for or leave it after inward processing, and
- b. goods that enter or leave an industrial free zone are also recorded and included in IMTS together with goods entering and leaving the free circulation area.

However, goods that enter or leave a commercial free zone, and goods that are entering or leaving customs warehouses are not recorded if they have not been cleared through customs for free circulation area.

Chart 2 and Chart 3 illustrate the import and export flows entering and leaving different zones of an economic territory.

Chart 2: Main trade flows

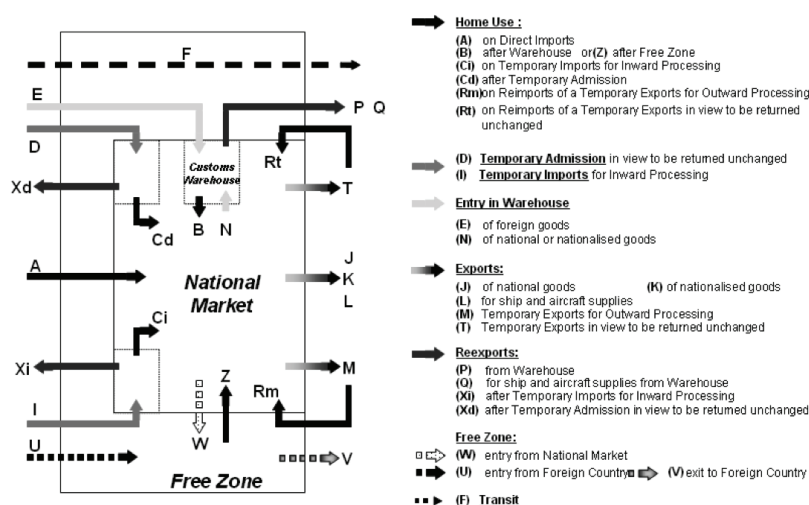
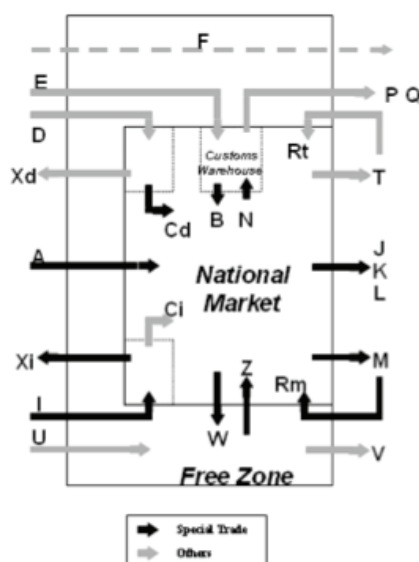
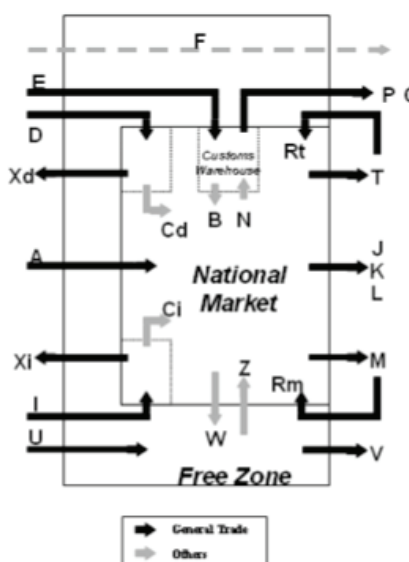
MAIN TRADE FLOWS : Overall view of movements

Chart 3: Overall view of special trade and general trade

Overall view of Special Trade**Overall view of General Trade**

The IMTS 2010 recommends that the general trade system be used for compilation of both import and export statistics. The BPM6 stresses that measurements for balance of payments compilation should be the basis of a change of economic ownership rather than on the general trade system (goods entering or leaving an economy) or the special trade system (goods cleared by customs). The general trade system appears to be a better proxy for measuring change of ownership because it provides broader coverage and the date of change of ownership may be closer to the date goods cross the national frontier (shipment date) than to the date goods clear through customs. Some countries that use the special trade system should make coverage adjustments in the balance of payments for goods that cross the border and are not included in IMTS or goods that do not cross the border but are included in IMTS.

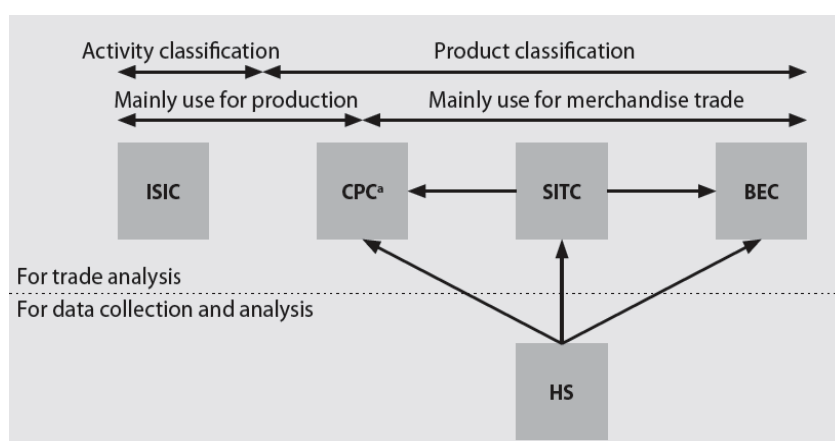
5. COMMODITY CLASSIFICATIONS

1. Harmonized System (HS): Use HS for the collection, compilation and dissemination of international merchandise trade statistics (para. 3.11)
2. Standard International Trade Classification (SITC): Use SITC for the dissemination and the analysis of trade statistics according to user requirements (para. 3.19)

The 2010 IMTS outlines the various classifications that are used to classify international trade and goods. These include the Standard International Trade Classification (SITC) and the Harmonized Commodity Description and Coding System (HS). The 2010 IMTS also presents the relationships of these classifications to other classifications such as classification by Broad Economic Category (BEC).

SITC is mainly used for trade analysis. Its commodity groupings reflect the materials used in production, the processing stage, market practices and uses of the products, the importance of the commodities in terms of world trade, and technological changes. The HS is an international nomenclature for the classification of products that allows classification of traded goods on a common basis for customs purposes. BEC is intended to categorize trade statistics into large economic classes of commodities and to supplement the summary data compiled on the basis of the sections of the Standard SITC.

Chart 4: Relationship between different classifications



ISIC:	International Standard Industrial Classification of All Economic Activities
CPC:	Central Product Classification
SITC:	Standard International Trade Classification
BEC:	Broad Economic Classification
HS:	Harmonized Commodity Description and Coding System (Harmonized System)

6. VALUATION

1. Statistical value: Record a statistical value for all goods covered in trade statistics, whether sold, exchanged or provided without payment (para. 4.1)
2. WTO Agreement on Valuation:¹ Adopt the WTO Agreement on Customs Valuation as the basis for valuation of international merchandise trade for statistical purposes (para. 4.4).
3. Statistical value of exported and imported goods: Use free on board (FOB-type) valuation for exports (border of the exporting country) and cost, insurance and freight (CIF-type) valuation for imports (border of the importing country); countries are encouraged to compile FOB-type value of imported goods as supplementary information (para. 4.8).
4. Compilation of data on freight and insurance: Countries which compile only CIF-type values of imports are encouraged to compile separate data for freight and insurance, at the most detailed commodity and partner level possible (para. 4.9)
5. Valuation of special categories of goods: Follow additional recommendations (para. 4.15)
6. Exchange rate for conversion: Where conversion of currency is necessary, use the rate of exchange that is duly published by the competent national authorities of the country, reflecting the current value of such currency in commercial transactions in terms of the currency of the reporting country, and which is in effect at the time of importation or exportation (para. 4.19)
7. Exchange rate for conversion: If a rate is not available for the time of exportation or importation, use the average rate for the shortest period applicable (para. 4.20)
8. Multiple official exchange rates: Where multiple official exchange rates are in effect, use the actual rate applicable to specific transactions (para. 4.21)

IMTS guidelines provide an explanation of the difference between the transactions value, which is the price actually paid by the importer, and the value declared for customs purposes, which is typically the value recorded in IMTS. The guidelines also trace the development of customs valuations. Most countries have adopted, for purposes of valuing imports, the recommendations in the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994 (GATT) (WTO Agreement on Customs Valuation)². This agreement essentially accepts the importer transaction values. However, customs officials can, under certain conditions, adjust such values if they think importer valuation is based on avoidance (for example, by false invoicing or use of artificial transfer prices) of some part of the import duty. The recommendations in the agreement also define the valuation to be adopted for imports for which no accompanying movements of cash or credit take place. From examination of available evidence, it appears that, in practice, the customs valuation for total recorded imports exceeds, under Article VII of GATT, the transactions valuation by a small margin. As such, the customs value may be considered a reasonable proxy for the transactions value when the WTO basis of valuation is used. However, the balance of payments statistics compiler may have to investigate the actual situation to determine whether a valuation adjustment should and can be made.

A specific valuation issue concerns the point of valuation, namely, whether goods are valued at the importer's border—that is, at the cost, insurance, and freight (c.i.f.) value at the importer's border—or at the free on board (f.o.b.)³ value at the exporter's border. The 2010 IMTS recommends the adoption of the c.i.f. valuation for imports whereas, for balance of payments compilation purposes, the f.o.b. valuation is required. In view of this requirement, the 2010 IMTS recommends that supplementary data be collected for imports valued on an f.o.b. basis. Sampling import entries is suggested as a possible means by which this data could be gathered. The guidelines recommend that exports be recorded on an f.o.b. basis, a practice that is consistent with balance of payments requirements.

Neither the f.o.b. nor the c.i.f. basis may represent the contract price, which depends upon delivery arrangements

¹ See World Customs Organization, *Explanatory Notes to the Harmonized Commodity Description and Coding System*, second edition, Brussels, 1996, annex II.

² The Results of the Uruguay Round of Multilateral Trade Negotiations: The Legal Texts, World Trade Organization, Geneva, 1995: Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994, Part I, "Rules on Customs Valuation."

³ The FOB applies only when goods are dispatched from the exporting country by sea or inland waterway. When other means of transport are used for exports and FOB is not applicable, "Free Carrier" (FCA) at port of export can substitute for it. If neither FOB nor FCA are applicable (e.g., exports by railroad or pipeline), "delivered at frontier" (DAF) of the exporting country may be used.

made by the importer and the exporter. Therefore, many bases of valuation are possible in practice, and the f.o.b./c.i.f. bases may require some degree of estimation by compilers. Some countries do not adhere strictly to the f.o.b. or the c.i.f. basis. In the IMTS procedures adopted by the European Union for the measurement of intra-union trade flows, information is collected on the basis of contract price, and adjustments are made to place the statistics on the valuation basis required by international standards.

An additional valuation issue concerns currency conversion. The 2010 IMTS states: “[a] where the conversion of currency is necessary for the determination of the customs value, the rate of exchange to be used shall be that duly published by the competent authorities of the country of importation concerned and shall reflect as effectively as possible, in respect of the period covered by each such document of publication, the current value of such currency in commercial transactions in terms of the currency of the country of importation; [b] The conversion rate to be used shall be that in effect at the time of exportation or the time of importation, as provided by each Member.”

An equivalent approach to conversion should apply for both imports and exports. In cases when both buying and selling [official/market] rates are available, the rate to be used is the midpoint between the two, so that any service charge (i.e., the spread between the midpoint and those rates) is excluded. If a rate is not available for the date of exportation or importation, it is recommended that the average rate for the shortest period applicable be used. An assessment of the exchange rates prescribed by customs law or regulation and their conformity to balance of payments recording principles should be made by the balance of payments compiler. This assessment should be accompanied by an investigation of actual practice. Adjustments should be made if inappropriate conversion of import and export values from foreign currencies to the unit of account causes significant errors in balance of payments accounts.

How do these valuation principles compare with balance of payments compilation requirements? For balance of payments purposes, the point of valuation required for both exports and imports is f.o.b. When a c.i.f. or other valuation is provided, the balance of payments compiler should estimate the freight and insurance components separately to arrive at an f.o.b. valuation. The balance of payments compiler essentially requires a market price for valuing trade. The transactions price is usually a good proxy for market price; in exceptional cases of transfer pricing for transactions between affiliated enterprises, other market equivalent values could be substituted. An exchange of information with counterpart economies may be useful in this respect.

7. QUANTITY MEASUREMENT

Compilation and reporting of quantity information: collect or estimate, validate and report quantity information in WCO standard units of quantity and in net weight on all trade transactions (para. 5.5)

Quantity conversion factors: Provide conversion factors to the recommended standard units in the metadata if units of quantity other than the WCO standard units are used or if units of quantity different from the one recommended for the specific commodity (HS six-digit subheading) are used (para. 5.5 (d))

The guidelines explain various quantity measures required for IMTS. While the balance of payments compiler essentially compiles data in current values, quantity measures should be of interest and should be considered for inclusion in any analysis accompanying balance of payments statistics. Some quantity measures of goods will also be essential for the balance of payments compiler charged with making projections of balance of payments goods series.

The standard units of quantity recommended by the World Customs Organization (WCO). In 1995, WCO adopted a recommendation on the use of standard units of quantity to facilitate the collection, comparison and analysis of international statistics based on the Harmonized System.¹⁰¹ The WCO standard units of quantity are:

Weight	kilograms (kg)
	carat (carat)
Length	metres (m)
Area	square metres (m ²)
Volume	cubic metres (m ³)
	litres (l)
Electrical power	1,000 kilowatt-hours (1,000 kWh)
Number (units)	pieces/items (u)
	pairs (2u)
	dozens (12u)
	thousands of pieces/items (1,000u)
	packs (u {set/pack})

8. PARTNER COUNTRY

1. Country of origin: Follow the relevant provisions of the Revised Kyoto Convention for determining country of origin (para. 6.7)
2. Attribution of partner country: For imports, record the country of origin; for exports, record the country of last known destination (para. 6.25)
3. Country of consignment: For imports, record the country of consignment as the second partner country attribution alongside country of origin; for exports, the additional compilation of the country of consignment is encouraged (para. 6.26)
4. Calculation of trade balances: Use imports by country of origin and exports by country of last known destination (para. 6.27)
5. Economic territory of the trading partners: Use the economic territory of the trading partners as the basis upon which the statistics on trade by partner are compiled (para. 6.28)

Trade statistics by partner country, both for the total value of trade in goods and for the value and quantity of trade in individual commodities, are of significant analytical value. They are used for many purposes, including the analysis of economic trends and regional trade patterns; the calculation of trade shares; market analysis; business decisions; trade policy monitoring and negotiations; the compilation of national accounts; balance of payments; and checking the accuracy and reliability of trade data. Trade by partner statistics are frequently used by analysts to estimate imports and exports of a country that does not report trade data (or does so only after substantial delay). Where a country's reported data are considered questionable by a user or when the user is seeking indications of any under- or over-reporting of imports or exports, a country's trade data, both at the aggregate level and at the level with detailed commodity breakdowns, are frequently compared with the data of its partners, although the limitations of such comparison should be recognized. In this context, further harmonization of the partner attribution applied by countries will contribute to better international comparability of trade data.

It is recommended that:

- a. In the case of imports, the country of origin be recorded and
- b. In the case of exports, the country of last known destination be recorded

9. MODE OF TRANSPORT

1. Compilation of mode of transport: Compile and disseminate international merchandise trade statistics by mode of transport at the most detailed commodity level (as a new data dimension) (para. 7.1)
2. Recording of mode of transport: Record as mode of transport the means of transport used when goods enter or leave the economic territory (para. 7.1)
3. Classification: Clearly indicate the contents of the categories used; countries are encouraged to follow the suggested classification for the compilation and reporting of trade statistics by mode of transport (paras. 7.2-7.3)

Compilation of mode of transport. The availability of trade data by mode of transport is very important for many purposes, including the monitoring of international transport routes, the formulation of transportation policy, the assessment of the impact of trade on the environment, etc. It is recommended that countries compile and disseminate IMTS by mode of transport at the most detailed commodity level (as a separate data dimension) in order to provide information on transportation arrangements and for other analytical purposes. It is further recommended that the mode of transport that should be recorded is the means of transport used when goods enter or leave the economic territory of a country. Diversions from this recommendation, which can, for example, be related to the application of the special trade system, should be indicated in the country's metadata.

Classification. To allow international comparability to the best possible extent, countries are encouraged to use the main categories (1-digit) and, if countries wish to do so, the detailed (2- or 3-digit) categories of the following classification for the compilation and reporting of the trade statistics by the mode of transport.

1. Air
2. Water
 - 2.1 Sea
 - 2.2 Inland waterway
3. Land
 - 3.1 Railway
 - 3.2 Road
4. Not elsewhere classified
 - 4.1 Pipelines and cables
 - 4.1.1 Pipelines
 - 4.1.2 Cables
 - 4.2 Postal consignments, mail or courier shipments
 - 4.3 Self-propelled goods
 - 4.4 Other

10. DATA COMPILATION STRATEGIES

1. Use of customs records: Use customs records as the main and normally preferred data source (para. 8.2)
2. Allocation of customs procedures: Closely cooperate with customs experts in order to correctly allocate customs procedure codes and associated trade transactions according to the general or the special trade system (para. 8.4)
3. Use of non customs records: Supplement customs-based data with information obtained from other sources, as necessary, to ensure full coverage of international merchandise trade statistics. Use non-customs sources as substitutes for available customs records only if they provide a cost effective way to improve the quality of trade statistics (para. 8.9)
4. Integrated approach to data collection: In the case of the use of non-customs data sources, such as enterprise surveys, use an integrated approach to data collection and make use of business registers and enterprise identification numbers in order to obtain the required information with minimal costs and burden on enterprises (para. 8.11)
5. Institutional arrangements: Consider as a matter of high priority the establishment of the institutional arrangements necessary to ensure the compilation of high quality trade statistics and periodically review their effectiveness (para. 8.17)

The collection of data on international merchandise trade through customs administrations has a long history, although the primary purpose of customs activity has not been for the collection of statistical data. In a growing number of cases, the full coverage of IMTS cannot be achieved by use of customs records only and countries are encouraged to review their current data compilation practices and to develop a long-term strategy for dealing with the emerging issues in order to ensure uninterrupted availability of high quality and timely trade statistics.

IMTS 2010 recommends the use of customs records as the main and normally preferred data source, but recognizes that full coverage cannot be achieved through the use of custom records only, either because the relevant transactions are not or are no longer subject to customs controls or surveillance, or because record-keeping may not be adequate from a statistical point of view. It is recommended that, in such cases, customs-based data be supplemented with information obtained from other sources, as necessary, to ensure full coverage of IMTS.

The full coverage of international merchandise trade flows cannot be achieved by the use of customs records only, either because the relevant transactions are not or no longer subject to customs controls or customs surveillance (e.g., within customs unions or when customs authorities move to system-based rather than transaction-based customs control) or because record-keeping may not be adequate from a statistical point of view. It is recommended that in such cases, customs-based data be supplemented with information obtained from other sources, as necessary, to ensure full coverage of IMTS. It is recommended to use non-customs sources as substitutes for available customs records only if they provide a cost effective way to improve the quality of trade statistics. A description of the non-customs sources used, including how they were used, as well as an assessment of their quality, should be provided in the metadata.

There are various non-customs sources of data. Foreign shipping manifests can be used for cross-checking and supplementing information gathered from customs declarations. Many countries utilize enterprise surveys as a means to collect data on transactions, which may not be captured by customs authorities (e.g., trade in electricity, water, gas, oil and goods for military use). The member States of the European Union have developed, for the purposes of intra-Union merchandise trade statistics, a data collection system (Intrastat) that relies on monthly reporting by enterprises; additional information is supplied via the fiscal authorities through the value-added tax collection system. Surveys are also used to capture so called shuttle trade and border trade. Currency exchange records and records of monetary authorities often provide timely information about international transactions, including merchandise flows. Aircraft and ship registers may be utilized to capture trade in aircrafts and ships in case customs records are incomplete or non-existent. Parcel post and letter post records are used to ensure that the merchandise flows via parcel and postal services are adequately covered. Reports from commodity boards may supplement and help to cross-check customs recording of trade in certain goods.

As transactions in certain categories of goods may not appear in customs records relevant non-customs data sources for the compilation of those categories of goods should be sought out. These types of goods are as follows:

- Goods delivered through postal or courier services;
- Electricity transmitted through fixed power lines;
- Petroleum, gas and water delivered through pipelines;
- Petroleum and gas produced outside the customs territory and shipped directly by vessel;
- Border trade (i.e., trade between residents of adjacent areas of bordering countries as stipulated by national legislation);
- Sales and purchases made by aircraft and ships in foreign ports;
- Sales and purchases of aircraft, ships and other mobile equipment;
- Transactions on the high seas and
- Military goods.

In the case of the use of non-customs data sources, such as enterprise surveys, it is recommended that countries take an integrated approach to data collection and make use of business registers and enterprise identification numbers in order to obtain the required information with minimal costs and burden on enterprises. The integrated approach to data collection is of particular importance for the fulfilment of additional information requirements, such as for goods for processing (including obtaining information on change of ownership), intrafirm trade, etc., which often cannot be satisfied by the use of customs declarations only.

11. DATA QUALITY AND METADATA

1. Systematic approach to data quality: Follow a systematic approach to data quality and develop standards and related good practices covering the institutional arrangements, the statistical processes and outputs (the entire trade statistics programme) (para. 9.4)
2. Standard for quality reports: Develop a standard for regular quality reports that cover the full range of statistical processes and outputs and are based on principles and standards (para. 9.5)
3. Frequency of quality reports: Complete or update quality reports of international merchandise trade statistics at least every five years, or more frequently if significant methodological changes or changes in the data sources occur (para. 9.6)
4. Contents of quality reports: Base quality reports on a set of quantitative and qualitative indicators for international merchandise trade statistics and on a checklist covering data collection, processing and dissemination in order to allow for an assessment of strengths and weaknesses in the statistical process and to identify possible quality improvement actions (para. 9.7)
5. Dimensions of data quality: Take the following dimensions into account when developing a quality assessment framework: prerequisites of quality, relevance, credibility, accuracy, timeliness, methodological soundness, coherence and accessibility (para. 9.10)
6. Quality indicators: Ensure that the defined quality indicators satisfy the following criteria: (a) they cover all dimensions of quality; (b) they are based on the consistent application of a sound methodology; (c) the indicators are easy to interpret by both internal and external users (para. 9.15)
7. Cross-country data comparability: Countries are encouraged to periodically conduct bilateral and multilateral reconciliation studies or implement data exchanges (para. 9.18)
8. Metadata categories: Cover at least the categories of metadata provided in para. 9.23 (para. 9.23)
9. Metadata as high priority: View the development of metadata as a high priority and consider their dissemination an integral part of the dissemination of international merchandise trade statistics (para. 9.25)

Data on IMTS are the end product of a complex process comprising many stages, from the collection and processing of basic records to the compilation and dissemination of official statistics. Recommendations on how to approach the issue of data quality in a systematic and comprehensive.

The objective of quality measurement of IMTS can be twofold: to provide producers with the appropriate information to monitor and further enhance data quality and to provide users with sufficient information to judge whether the data are adequate for their intended use (to judge their “fitness for use”). Quality is a multidimensional concept that is difficult to measure.

Table 3: Quality dimension, quality measure and indicator

Quality dimension	Quality measure and indicator
Relevance	<ol style="list-style-type: none"> 1. Gaps between key user interests and compiled international, merchandise trade statistics in terms of concepts, coverage and detail. 2. Results of users' satisfaction surveys and meetings with user groups.
Accuracy	<ol style="list-style-type: none"> 3. Application of reporting thresholds. 4. Under coverage (percentage of non-reporting due to thresholds, percentage of non-reporting due to non-response). 5. Characteristics and frequency of revisions (e.g., as percentage of total value). 6. Application of confidentiality and its impact. 7. Use of data validation techniques and their impact. 8. In the case of sample surveys-based international merchandise trade estimates, the accuracy can be measured using the following indicators: 9. Sampling errors. 10. Non-sampling errors: <ol style="list-style-type: none"> (a) Unit response rate; (b) Item response rate. 11. Number and average size of revisions of international merchandise trade data.
Timeliness	Time lag between the end of the reference period and the date of the first release (or the release of final results) of international merchandise trade data.
Methodological Soundness	Number and degrees of divergences from the relevant international statistical standards in concepts and measurement procedures that are used in the collection and compilation of international merchandise trade statistics (preferably in terms of the amount of data affected).
Coherence	<ol style="list-style-type: none"> 1. Use of common concepts, classifications, data sources and methods. 2. Availability of appropriate bridging tables.
Accessibility	<ol style="list-style-type: none"> 1. Number and types of means used for dissemination of international merchandise trade statistics. 2. Degree to which all detailed data sets are made available, as a percentage of total international merchandise trade statistics data sets produced. 3. Dissemination of complete metadata used.

12. DISSEMINATION

1. Confidentiality rules: Use passive confidentiality as much as possible, unless the use of active confidentiality is already the established, desired and accepted practice (para. 10.3)
2. Reporting of confidential information: Report information deemed confidential in full detail at the next higher level of commodity and/or partner aggregation that adequately protects confidentiality (para. 10.3)
3. Data dissemination timetable: Announce in advance the precise dates at which the statistics will be released and revised (para. 10.5)
4. Publication of provisional estimates: Explore the possibility of publishing provisional estimates soon after the end of the reference period (para. 10.8)
5. Revision policy: Develop a revision policy that is synchronized with the release calendar (para. 10.11)
6. Data dissemination: Treat all users equally and disseminate data without preference to any national or international user group. Choose the dissemination format that best suits user needs (para. 10.13)

Data and metadata dissemination

Trade statistics should comply with the United Nations Fundamental Principles of Official Statistics and be made available on an impartial basis by official statistical agencies to honour the entitlement of citizens to public information. The dissemination of data and metadata, therefore, should be treated as an integral part of the national programme of trade statistics and carried out with great care and attention to the needs of users, while at the same time ensuring adequate confidentiality of data providers.

Confidentiality rules for IMTS

The customs and other documentation upon which trade statistics are based is often designed for use for non-statistical purposes, such as clearing goods into and out of the country, and contains detailed information about individual transactions. Such information, even when aggregated by commodity and partner may, potentially, disclose some information about individual traders. For trade statistics, it is common practice that trade data are made confidential only when the trader so requests and the statistical authority finds the request justified based on confidentiality rules. This approach to confidentiality is called “passive confidentiality” as opposed to “active confidentiality”, which aims to systematically prevent the identification of any statistical unit in the disseminated data, thereby disclosing individual information. In view of the high demand for detailed trade statistics and the burden and potential difficulties of applying active confidentiality to trade statistics, it is recommended that passive confidentiality be applied as much as possible unless the use of active confidentiality is already the established, desired and accepted practice.

Data dissemination timetable

In producing statistical information, there is usually a trade-off between the timeliness with which the information is prepared and the accuracy and level of detail of the published data. Developing and adhering to an appropriate data compilation and release schedule is therefore crucial for maintaining good relations between the producers of IMTS and the user community. It is recommended that countries announce in advance the precise dates at which those statistics will be released and revised. This advance release calendar should be posted before the beginning of each year on the website of the national agency responsible for the dissemination of official trade statistics.

Timeliness

Timeliness is the length of time between the event (the end of the reference period) and the availability of statistical information about that event. The timeliness of the release of monthly, quarterly and annual international merchandise trade data varies greatly from country to country, mainly reflecting different perspectives on the timeliness reliability accuracy trade-off but also reflecting differences in available resources and the efficiency and effectiveness of the statistical production process. Since processing customs declarations in most countries is automated and the records relevant to statistics are edited and consolidated on a monthly basis, countries are encouraged 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 and
- c. Annual data within 90 days after the end of the year.

Revision policy

Countries are encouraged to develop a revision policy that is well designed, carefully managed, transparent and well-coordinated with other areas of statistics, and hence allows users to cope with revisions in a systematic manner. The absence of coordination and planning of revisions is considered a quality problem by users. Essential features of a well-established revision policy are a predetermined release and revision schedule, reasonable stability from year to year, openness, information on reasons and effects, easy access of users to sufficiently long-time series of revised data, and adequate documentation of revisions in the statistical publications and databases. A sound revision policy is recognized as an important aspect of good governance in statistics, because it will not only help the national users of the data but also promote international consistency.

Data dissemination

A key to the usefulness of trade statistics is its broad dissemination. It is recommended that all users are treated equally and data are disseminated without preference to any national or international user group. Data can be disseminated both electronically and in paper publications. It is recommended that countries choose the dissemination format that best suits their user needs. For example, press releases of IMTS should be disseminated in ways that facilitate re-dissemination by mass media; more comprehensive or detailed statistics need to be disseminated in electronic and/or paper formats. It is further recommended that IMTS be accessed through the electronic dissemination databases maintained by the responsible agency. Regular data dissemination should satisfy most if not all user needs. It is advisable that countries ensure that users are clearly made aware of the procedures and options for obtaining required data.

Dissemination of metadata

Provision of adequate metadata and quality assessment of IMTS are as important to users as the provision of data itself. Countries are encouraged to follow the recommendations on data quality and metadata for IMTS, and to develop and disseminate metadata in accordance with the recommendations provided. Countries may wish to consider developing different levels of detail of metadata so as to facilitate its access and use.

International reporting

Countries are encouraged to cooperate with international, supranational and regional organizations to identify and apply the most efficient ways of international dissemination of their trade statistics and related metadata. In this context, countries may wish to review the Statistical Data and Metadata Exchange (SDMX)¹³⁵ format for possible use in the exchange and sharing of their data.

13. SUPPLEMENTARY TOPICS

1. External trade indices: Produce and publish volume (quantum) indices and either price or unit value indices for total imports and exports on a monthly, quarterly and annual basis. Calculate and publish such indices for commodity groups of particular importance to countries on at least a quarterly and annual basis (para. 11.1)
2. Seasonally adjusted data: Compile and publish, where appropriate, seasonally adjusted monthly and quarterly international merchandise trade data on a regular basis; provide information on the adjustment methods, data quality, etc. in the metadata (paras. 11.3-11.4)
3. Linking business and trade statistics: Integrate the trade register with the business register and take steps towards an integrated system of economics statistics for data compilation and analysis (para. 11.6)

External trade indices

Need for external trade indices. Many users need more information than trade values by country or by commodity, and require information on prices and volumes as well. The information on the development of prices and volumes is generally presented in the form of indices. It is recommended that all countries produce and publish, on a monthly, quarterly and annual basis, both volume (quantum) indices and either price or unit-value indices for their total imports and exports. Countries are also encouraged to calculate and publish such indices for commodity groups of particular importance to countries at least quarterly and annually.

Price and unit value indices. Two kinds of indices may be produced to reflect prices for imports and exports: unit-value indices that are based primarily on customs documents and export/import price indices that are based on survey data. Both approaches have strengths and weaknesses. Although price indices are generally preferred on methodological grounds, in practice countries may not have the resources available to compile that information. Many countries compile only unit-value indices, while others compile and use both price and unit-value indices in a complementary manner.

Seasonally adjusted data

Need for seasonally adjusted data. Monthly and quarterly data on IMTS are an important tool for economic policymaking, business cycle analysis, modelling and forecasting. However, they are often characterized by seasonal fluctuations and other calendar or trading day effects, which mask other characteristics of the data that are of interest to analysts. Seasonal adjustment is a process of estimating and removing seasonal or calendar influences from a time series in order to achieve a better knowledge of the underlying behaviour. Countries are encouraged to compile and publish, where appropriate, seasonally adjusted monthly and quarterly international merchandise trade data on a regular basis.

Seasonal adjustment method. Because national circumstances vary from one country to another, no preferred seasonal adjustment method is recommended. If seasonally adjusted data is published, it is recommended that information on the adjustment methods, data quality, etc. be provided by countries in their metadata.

Linking trade and business statistics

Need for linking business and trade statistics. Linking and integrating trade and business statistics is important for data compilation and analytical purposes. A major development in economics statistics in recent years has been the establishment and use of national business registers that allow not only the conduct of business surveys but also the linkage of information from different data sources, potentially leading to significant efficiency and quality gains in data collection. Also, the integration of data from different sources provides new information for many analytical purposes that would not otherwise exist. One application is the analysis of trade by enterprise characteristics, which, for example, allows the impact of globalization on businesses to be examined.

Countries are encouraged to integrate their trade register with their business register and to take steps towards establishing an integrated system of economics statistics for data compilation and analysis. Further examples of the applications of linking trade and business statistics will be provided in the updated version of IMTS Compilers

Manual.

Differences in figures published in trade statistics and the BPM6 Goods and Services Account

The figures for imports and exports of “Total goods” in the BPM6 Goods and Services Account are expected, at least for some countries, to be significantly different from the figures for total imports and exports published in trade statistics, probably often reflecting the role of goods for processing without change of ownership, transactions between related parties and merchanting in countries. Similar differences are expected for the sub-item “re-exports”. In addition, figures published for non-monetary gold in the BPM6 Goods and Services Account may be very different from those published in IMTS because BPM6 includes and excludes transactions of non-monetary gold based on the residence of the buyer and seller.

The 2010 IMTS states that IMTS record all goods which add to or subtract from the stock of material resources of a country by entering (imports) or leaving (exports) its economic territory. The material resources of a country are those located on its economic territory whether owned by residents or by non-residents. The 2010 IMTS follows the BPM6 and 2008 SNA in defining economic territory as the area under the effective economic control of a single government. It follows therefore, that the coverage of imports and exports as defined in the 2010 IMTS would differ from the coverage of merchandise credits and debits in the BPM6 as the former would include goods not owned by residents and exclude some goods owned by residents. The following table summarizes the main areas of divergence between 2010 IMTS and BPM6 and the corresponding adjustments that should be made.

Table 4: Reconciliation between 2010 IMTS and BPM6

Item	2010 IMTS	BPM6
Goods for processing	All goods for processing are recorded when they enter or leave the economic territory, irrespective of whether a change in ownership takes place.	Goods for processing without change in ownership are excluded. If the goods are sold to a third economy after the processing, the value of the goods (including the value of processing) is recorded in BPM6 as an export of the economy of the owner and an import of the third economy. The value of processing is recorded as an export of services of the processing economy and an import of services of the economy of the owner.
Migrants' personal effects	Physical movements of migrants' effects are recommended to be included in IMTS	These are excluded from BOP because there is no change in ownership.
Returned goods	Exported/imported goods that are subsequently returned are included in imports/exports and identified as reimports/reexports at the time when they are returned.	Revised entries should be made to exports and imports, and the transactions should be voided, preferably for the period when the goods were initially recorded.
Goods imported for projects by non-resident construction enterprise	The IMTS records all goods imported for construction projects by non-resident enterprises.	Where construction projects are not sufficiently substantial to constitute a branch of the enterprise, goods imported for construction projects by non-resident enterprises are excluded from trade in goods in the balance of payments. (They are a component of the value of construction services.)
Goods which cross borders as a result of shipments to a related party	These are included in IMTS, irrespective of whether a change of ownership occurs.	BPM6 records a trade in goods transactions only if it can be determined that there is a change of ownership.

Table 4: Reconciliation between 2010 IMTS and BPM6 (continued)

Item	2010 IMTS	BPM6
Goods transferred from or to a buffer stock organization	These are included in IMTS.	BPM6 excludes goods temporarily exported or imported, such as goods for storage, if no change of ownership takes place.
Goods lost or destroyed in transit	<p>Goods lost or destroyed after leaving the exporting country but before entering the importing country and after the ownership has been acquired by the importer are excluded from IMTS of the importing country but separately recorded.</p> <p>When goods are lost or destroyed after leaving the exporting country but before entering the importing country when ownership has not been acquired, an export would be recorded in IMTS.</p>	<p>When ownership has already been transferred, the goods transactions are to be included in the balance of payments.</p> <p>No goods transaction will be recorded if ownership of the goods did not change.</p>
Goods under merchanting	These are excluded from IMTS.	BPM6 records goods under merchanting separately as a negative export when acquired by a resident from a non-resident, and as an export when sold by a resident to a non-resident.
Goods entering/leaving the economic territory illegally	These are recommended to be excluded from IMTS but to be recorded separately.	These are included in general merchandise (as well as smuggled goods that are otherwise legal).
Non-monetary gold	Transactions in non-monetary gold, between residents and non-residents that enter or leave the economic territory are included in IMTS.	Transactions in non-monetary gold between residents and non-residents are recorded even when there is no physical movement.

Table 4: Reconciliation between 2010 IMTS and BPM6 (continued)

Item	2010 IMTS	BPM6
Media	Recorded and non-recorded media are included in IMTS. The exceptions are media used for carrying customized software or software written for a specific client or originals of any nature. In practice, however, the exclusion of the latter may not be possible since they fall under the same classification heading.	The BPM6 includes in general merchandise only non-customized packaged software and video and audio recordings, on physical media such as disks and other devices, with a license for perpetual use.
High value capital goods	Goods are recorded at the time when they enter or leave the economic territory of a country.	Goods are recorded according to the time that the economic ownership is conveyed from the seller to the buyer. The time of ownership change could be a progressive change based on stage payments or in full on delivery.
Valuation of imports	IMTS recommends a CIF-type valuation for imports.	BPM6 requires a FOB-type valuation for imports.

On the other hand, it is noted that the 2010 IMTS and BPM6 now have consistent treatment of the following items where conceptual differences previously existed. Mobile equipment that changes ownership while outside the country of residence of its original owner is now recommended to be included in IMTS, parallel to the treatment in BPM6. Fish catch, minerals from the seabed and salvage sold from national vessels in foreign ports or from national vessels on the high seas to foreign vessels are also now included in IMTS, similar to BPM6. Goods procured in port by carriers are also included both in IMTS and BPM6.

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