



UNITED NATIONS
DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS
STATISTICS DIVISION

Expert Group on International Merchandise Trade Statistics
First meeting
New York, 3-6 December 2007

Country Presentation
Canada

Item 6: Goods for Processing



Statistics Canada



Processing

The Canadian Perspective



Statistics Canada New Requirements



Proposal: Identify import and export flows of processed goods and goods for processing;

Covers: processing, assembly, labelling, packing, etc.

Applies to: manufacturing services on inputs owned by others;

Excludes: 'Goods on own account'



Statistics Canada General Situation



Merchandise import/export trade data based on Customs administrative data;

Statistics Canada separate from Canada Customs – influence Vs control;

Canada has **NO** Free Trade Zones;

'Minor' processing permitted in Customs Bonded warehouses:

(e.g. labeling, marking, re-packing);

Various duty and tax deferral/rebate programs;

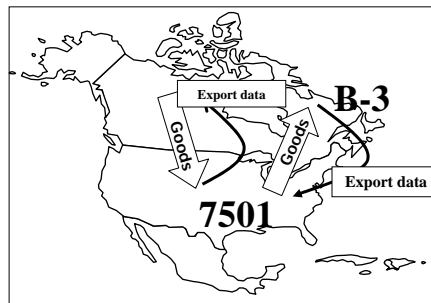
Generally, low duties but Goods and Services Tax (GST=VAT type tax) considerations;

BoP data derived from Customs based series;

Data exchange considerations...



EXPORTS to the U.S.* Primary Data Sources Data Exchange



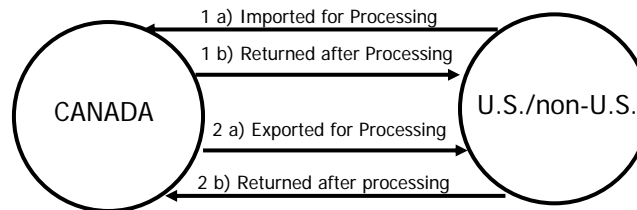
* U.S. includes Puerto Rico and Virgin Islands

Import data replaces corresponding exports

Reliance on data collection methods of partner



Statistics Canada Basic Processing Flows



Requirements:

- Identify: Gross Values
- Distinguish: no ownership change Vs 'Goods on Own Account'
- Initially attempt using existing information



Statistics Canada Possible Sources



Flow 1 a) - Imported for processing:

Source: Customs Import Declaration

Consideration: Uncertain ability to distinguish ownership Vs non-ownership change (i.e. 'Goods on Own Account')

All imports will probably appear as 'General Goods'

Flow 1 b) - Returned after processing:

Source: Customs Export Declarations:

Currently, no indicators on non-U.S. declarations;

No known indicators on U.S. import declarations.



Statistics Canada Possible Sources



Flow 2 a) - Exported for processing:

Source: Customs Export Declarations:
Currently, no indicators on non-U.S. declarations;
No known indicators on U.S. import declarations;
Possible derivation from CA import declarations.

Flow 2 b) - Returned after processing:

Source: Customs Import Declaration
Consideration: Uncertain ability to distinguish ownership Vs non-ownership change (i.e. 'Goods on Own Account')



Statistics Canada Canada Imports



Various duty/tax remission programs in lieu of Free Trade Zones;

Import entries may show (i.e. returned after processing):

- 1) Original value of goods exported for processing;
- 2) Value added (separate declaration line).

Considerations:

Based on previously unused data element;

Unedited data;

Data element not currently well understood;

Considerable research required to determine feasibility of use;

Could be used to estimate original export flow (i.e. line 1)?

Timing consideration?



Statistics Canada



Concerns:

Unknown data elements: considerable further research needed;

Possible changes to import/export declarations required – long-term (and difficult);

Changes to data collection/processing/dissemination systems required;

Statistics Canada assessing feasibility;

Magnitude of processing activities unknown – difficult to judge reliability of data.

Question:

CA/U.S. Auto Trade: Components exchanged between parent/subsidiaries during manufacture – treatment?



Statistics Canada Concluding Remarks



- Current uncertainty on implementation in Canadian situation;
- Further consideration on proposed approach needed;
- Unknown if current available information is sufficient;
- Possibly, additional data required;
- (Possible additional surveys?);
- Cost and response burden considerations;
- Communication to data users: possible major change to BoP series;
- Historical continuity;
- Possible need to produce concurrently 'old' and 'new' series;
- Overall practicality.