TRADE STATISTICS BRANCH

INTERNATIONAL MERCHANDISE TRADE

1950
59.2

1960
129.8

1970
WORLD EXPORTS
(in billion USD)
316.8

1980
WORLD EXPORTS
(in billion USD)
2,042.5

1990
WORLD EXPORTS
(in billion USD)
3,576.6

2000
WORLD EXPORTS
(in billion USD)
7,823.8

2005
WORLD EXPORTS
(in billion USD)
12,616.8

Historical overview

Especially in the early sessions of the United Nations Statistical Commission, International Merchandise Trade Statistics (IMTS) – also referred to as international trade or external trade – received much attention and exposure. At its first official session (1947) the Commission recognized the need to resume collection and analysis of international trade statistics and established soon a Committee on Statistical Classification which created the Standard International Trade Classification (SITC) (adopted in 1950). At the same time the Commission requested that Governments report their international trade statistics to the United Nations in terms of SITC starting with the year 1949. Furthermore, the Commission recommended to improve the methods used in the recording of transactions in international trade regarding (1) Valuation, (2) System of trade, (3) Country of origin and destination, (4) Coverage (treatment of gold, trade on government account, foreign relief, gifts, fishery, frontier trade, repair trade, diplomatic supplies), and (5) Treatment of unrecorded transactions. The next year (1951) the Commission agreed on the principle that the customs area, as defined by the countries themselves, should constitute the basis for trade-by-countries statistics.

As further indication of the importance the Commission attached to international trade statistics, it discussed and adopted a number of key methodological recommendations in 1953, which are still valid today, namely:

- Coverage of international trade statistics was defined as "all goods, which add to, or subtract from, the resources of a country as a result of their movements into or out of the country";
- For imports valuation was defined as the transaction value, that is to say, the value at which the goods were purchased by the importer plus the cost of transportation and insurance to the frontier of the importing country;
- For exports valuation was defined as the transaction value, that is to say, the value at which the goods were sold by the exporter including the cost of transportation and insurance to bring the goods on to the transporting vehicle at the frontier of the exporting country.

It recommended as well the use of a theoretical or notional transaction value in cases where the relationship between importer and exporter is such that there is no real transaction value involved, and to estimate FOB imports at aggregate level for BOP purposes.

From International Trade Statistics Centre to UN Comtrade database

Building quietly upon this solid foundation, the field of international trade statistics received less attention from the Commission in the years to follow. From 1957 until 2006, the developments can be distinguished in three areas, which are (1) data compilation, (2) classifications and (3) updating of methodology. Data compilation comprises collection, processing, dissemination, quality and timeliness of data, as well as data harmonization and lessen-

ing of response burden. During the sixties the United Nations Statistics Division created and developed a centre for the collection and publication of international data on external trade. This centre received quarterly trade-by-commodity-by-country statistics from each government on the basis of the 1,312 commodity items of SITC, Revised, and utilized an electronic computer to convert the data into US dollars and metric units of quantity, to identify them by standard commodity and country codes, to verify their accuracy and to store the data on magnetic tape. In return, the centre provided Member States, specialized agencies and other organizations, at their request, with statistical information in the form of publications, tabulations, punched cards or magnetic tape, it being understood that special operations would be undertaken at the expense of the requester. Centralization of processing of external trade data aims at reducing burden to Governments regarding requests of statistical information made by international organizations. In 1965, the centre got its first mainframe computer, an IBM 7044/1401 computer system which allowed to process trade data of ninety-two reporting countries, most of which was received in magnetic tape or punched card format. More than <u>forty</u> years later, at the 37th session in 2006, the Task Force of IMTS reports the scope and use (on the Internet) of what is now known as the UN Comtrade database and the further lessening of response burden by Governments due to the close collaboration between the UN and OECD.

Classifications: from SITC, Revised, to HS-2007, SITC, Revision 4, and CPC 2.0

The common language in trade statistics has been determined throughout its history by the commodity classifications. The best illustration of the importance of such classification is given by the fact that most of the report of the sixth session of the Commission in 1951 consisted of the complete description of the original version of the SITC. In 1960, SITC, Revised, was adopted by the Commission followed in 1973 by the draft version of SITC, Revision 2. The submission of this draft is accompanied by concurrent work of the Customs Co-operation Council on developing a harmonized commodity description and coding system for use in international trade, to be developed from the BTN and the SITC. This work will result in the creation (by the Customs Co-operation Council) of the first version of the Harmonized System (HS) during the eighties and the adoption of SITC, Revision 3, in 1985. The HS is so widely used by the Customs administrations around the globe that the Commission recommends its use as the principal tool for collection of trade data in 1993. The HS has become the universal language of trade data, which is the reason why SITC, Revision 4, was created in 2006 completely in line with HS-2007. Also the Central Product Classification stays as close as possible to definitions used in the latest version of HS.

Methodological developments

As mentioned, the foundation of standards in IMTS was laid well over fifty years ago when the Commission recommended that coverage was determined by cross-border trade and valuation was FOB for exports and CIF for imports. The original concepts and Definitions of IMTS were published and approved by the Commission in 1954. Almost 30 years later, in 1981, it approved the first revision in the document "International trade statistics: concepts and definitions" (ST/ESA/STAT/SER. M/52/Rev.1), which incorporated the concepts laid down in the CCC Kyoto Convention to distinguish special and general trade systems, as well as to define country of origin. With the appearance of the 1993

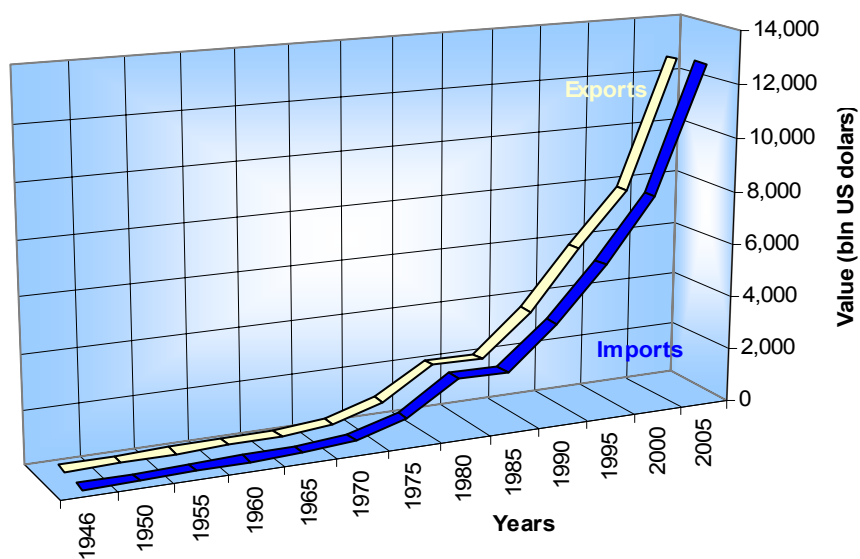# INTERNATIONAL MERCHANDISE TRADE

System of National Accounts (SNA93) and the 1995 Balance of Payments Manual (BPM5) trade statisticians were requested to bring concepts closer to those frameworks. Balancing between its cross-border foundation, the customs regulations, requirements by WTO and the change-of ownership principle of the SNA, a second revision of the Concepts and Definitions of IMTS was approved by the Commission in 1997 and released in 1998. All these key elements were taken aboard with a certain tendency skewed towards customs regulations, since these constitute the principle data source of the detailed international trade statistics. Practical guidance for data compilers was provided in the 2004 Compilers Manual to IMTS, Revision 2.

Currently, the Trade Statistics Branch of UNSD is in the process of adding a Supplement to the Compilers Manual. This Supplement consists of two parts; part one gives an overview of the outcome of the 2006 National Compilation and Dissemination Practices questionnaire which has been sent to all data compiling offices around the world in July 2006, and part two contains about 8 chapters in which a number of issues are discussed that are at this moment of great importance for the recommendations of international merchandise trade statistics. These issues include (1) Kyoto 2000 and its implications for data compilation; (2) Boundary between IMTS and SITS, including compilation of data on goods for processing; (3) Globalization issues, linking trade and structural business statistics; (4) INTRASTAT – use of non-Customs data sources; (5) Feasibility of recording transactions between residents and nonresidents and recording of change of ownership; (6) Experience in compilation of FOB imports; (7) Lessening country reporting burden to international organizations; (8) Other issues (e.g., origin of used goods including antiques; goods exported under financial lease but sent back in a less than a year).

World Trade 1946-2005

INTERNATIONAL MERCHANDISE TRADE

National Practices in Compilation of External Trade Index Numbers

At its twenty-ninth session, in 1997, the Statistical Commission decided that one of the priority activities in the area of international merchandise trade statistics should be the collection of technical information on the index numbers of international trade statistics. Following that decision, UNSD conducted a survey to collect information on national practices in the compilation and dissemination. UNSD received responses on compilation practices from a total of 76 countries and one customs union. Ninety-five per cent of the respondents use customs records, sometimes supplemented by other sources such as price surveys or the reports of various governmental agencies or commercial organizations. Only 5 per cent of the respondents use price surveys as the sole source of data. Unit value indices, price indices and volume index numbers are calculated by applying Laspeyres, Paasche or Fisher formulae. The combination most frequently used (25 per cent of the respondents) is a Paasche unit value or price index number and a Laspeyres volume index number.

UNSD will integrate the issue of calculation of External Trade Index Numbers into its workshops starting with a workshop in Latin America in 2007.

Technical Cooperation in International Merchandise Trade Statistics

The Trade Branch of UNSD is very active in technical cooperation with many data compilers from national statistical offices and customs administrations around the world. Regional workshops focus on Compilation guidance and explanation of international recommendations.

Workshops on Compilation of IMTS were conducted recently in the following regions:

- For **Eastern Africa**: Addis Ababa, Ethiopia, 8 – 11 November 2004
- For **Western Africa**: Abuja, Nigeria, 30 August – 2 September 2005
- For **Central Africa**: Douala, Cameroon, 12 – 15 June 2006
- For **South and South-East Asia**: Bangkok, Thailand, 12 – 15 December 2006

More Regional workshops on Compilation of IMTS and Calculation of Trade indices are planned for 2007:

- For **Western Asia**: Beirut, Lebanon, May 2007
- For **Latin America**: Santiago, Chile, May 2007
- For **Western Asia and Northern Africa**: Cairo, Egypt, October 2007
- For **Southern Africa**: Addis Ababa, Ethiopia, November 2007

The schedule for 2007 is more intensive because of a working agreement between UN/ESCWA and UNSD on an IMTS project for the Middle East countries. This project runs from 2006 – 2009.