

Concept and Definitions

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IMTS 2010, Chapter I: Scope and time of recording

- A. General guidelines
- B. Specific guidelines clarify the treatment of certain categories of goods that are recommended to be:
 1. Included in IMTS (of which some are recommended to be separately identified)
 2. Excluded from IMTS
 3. Excluded but be separately recorded

A. General guidelines

- As a **general guideline**, **it is recommended** that international merchandise trade statistics 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)
- **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 if they are economically significant as determined by the statistical authorities of the compiling country. (para. 1.3 – new encouragement)

A. General guidelines

- **Application of criterion of change of ownership.** The criterion of change of ownership is to be used to determine whether certain goods should be recorded **only if the general guideline is not applicable or not sufficient** (para. 1.4 – new recommendation)
 - Ownership is defined in accordance with 2008SNA and BPM6 as change of economic ownership.
 - Can apply, for example, to:
 - Ships and aircraft,
 - Satellites and their launchers,
 - Mobile equipment that changes ownership while outside the residence of its original owner

(Transactions in these goods might not be properly, if at all, be captured in the recording of cross border movements of goods)

A. General guidelines: Definitions

- **Goods (following 2008 SNA):**
 - 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 which can cross borders physically. (para. 1.5)
- **Material resources of a country.** For the IMTS 2010 purposes the material resources of a country are those located on its economic territory whether owned by residents or by non-residents. (para. 1.6)
- **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 (para. 1.7)

Coverage of IMTS

Customs procedures under the Revised Kyoto Convention covering goods (crossing an international border) to be included in trade statistics.

- (a) Clearance for home use ;
- (b) Outright exportation ;
- (c) Re-importation in the same state ;
- (d) Customs warehouses ;
- (e) Temporary admission for inward processing ;

Coverage of IMTS (cont.)

Customs procedures **included in trade statistics**

- (f) Temporary exportation for outward processing ;**
- (g) Free zones ;**
- (h) Processing of goods for home use ;**
- (i) Customs formalities in respect of postal traffic ;**

Coverage of IMTS

Customs procedures to be excluded in trade statistics.

- (a) Temporary storage of goods ;
- (b) Commercial means of transport ;
- (c) Customs treatment of stores ;(some)
- (d) Customs transit ;
- (e) Trans-shipment ;
- (f) Temporary admission subject to re-exportation in the same state ; (exhibitions and fairs)
- (g) Carriage of goods coastwise.

B. Specific guidelines – goods included

- ***Non-monetary gold*** (as defined in BPM6, see Box 1.1)
IMTS compilers are encouraged to consult with BOP compilers or monetary authorities to ensure appropriate and consistent treatment ([para. 1.10](#))
- ***Banknotes and securities, and coins not in circulation (either unissued or taken out of circulation)***
Regarded as goods rather than as financial items ([para. 1.11](#))
- ***Goods traded in accordance with barter agreements***
Goods exchanged between countries without any means of payment ([para. 1.12](#))
- ***Goods traded on government account***
Regular commercial transactions of governments ([para. 1.13](#))
- ***Humanitarian aid, including emergency aid*** ([para. 1.14](#))

B. Specific guidelines – goods included

- **Goods for military use.** (para. 1.15)
- **Goods acquired by all categories of travellers**, including non-resident workers, to a significant scale as defined by national law are to be included. Includes what is called “shuttle trade”. (para. 1.16)
- **Goods on consignment.** These are goods intended for sale but not actually sold when they cross the border (valuation issue) (para. 1.17)
- **Media, whether or not recorded** are included at 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, in principle (if identifiable), be excluded (in close cooperation with bop compilers). (para. 1.18 – Updated recommendation)

B. Specific guidelines – goods included

- ***Goods for processing with or without change of ownership*** are goods sent abroad or brought into a country under a specific arrangement between the involved parties and for specific operations as defined by the statistical authorities of the compiling country. (para. 1.19 – newly added definition)
 - It is **recommended** that goods for processing, and goods resulting from such processing (compensating products in customs terminology) are to be **included at their full (gross) value**. (para. 1.20 – Updated recommendation)
 - Countries are **encouraged** to **explicitly identify** in their trade statistics (preferably by special coding) goods for processing and goods resulting from such processing **where no change of ownership takes place** (despite the problems involved) (para. 1.21 – New encouragement)

B. Specific guidelines – goods included

- ***Goods which cross borders as a result of transactions between related parties*** (para. 1.22 – new encouragement)
 - Countries are **encouraged** to use the **definition of related parties** as provided in Article 15(4) of the WTO Valuation Agreement
 - These goods should be included following all recommendations contained in this publication. Countries are further **encouraged** to **separately identify (code) such goods and types of the relationships** in order to be able to review their valuation and to provide information on these transactions to users.

B. Specific guidelines – goods included

- **Returned goods.** (para. 1.23)
- **Electricity, gas, oil and water.** Countries are encouraged to establish appropriate procedures for obtaining as accurate as possible records of this trade (coordinate with trading partners). (para. 1.24)
- **Goods dispatched or received through postal or courier services** (to be recorded at full commodity detail if of high value) (para. 1.25)
- **Migrants' effects** (para. 1.26)
- **Goods transferred from or to a buffer stock organization.** A buffer stock organization is one that maintains a stock of certain commodities and sells or buys them in order to influence supply and demand on the world market. (para. 1.27)
- **Goods under financial lease** (para. 1.28)

B. Specific guidelines – goods included

- ***Ships and aircrafts***. In the absence of customs documents, use non-customs data sources, such as registry additions and deletions or enterprise surveys as appropriate. (para. 1.29)
- ***Goods delivered to or dispatched from offshore installations*** located in the economic territory of a compiling country (para. 1.30)
- ***Fish catch, minerals from the seabed and salvage***. (independent of whether transactions are taking place inside or outside the own economic territory). Countries are **encouraged** to develop over time necessary data collection and/or estimation procedures. (para. 1.31 – updated recommendation)
- ***Bunkers, stores, ballast and dunnage*** (independent of whether transactions are taking place inside or outside the own economic territory). Countries are **encouraged** to develop over time necessary data collection and/or estimation procedures. (para. 1.32 – updated recommendation)

B. Specific guidelines – goods included

- **Satellites and their launchers.** (equivalent to the treatment of ships and aircraft) ([para. 1.33](#))
- **Goods in electronic commerce.** (e.g. goods ordered and paid for via the Internet). ([para. 1.34](#))
- **Gifts and donations.** Such goods should be included following all applicable recommendations contained in the present publication. ([para. 1.35](#))
- **Power lines, pipelines and undersea communications cables.** ([para. 1.36](#))
- **Used goods.** ([para. 1.37](#))
- **Waste and scrap** (if their commercial value is positive). ([para. 1.38](#))

B. Specific guidelines – goods included

- ***Mobile equipment that changes ownership while outside the country of residence of its original owner.*** For example, equipment which was initially sent for temporary use and for a specific purpose, such as for construction work, fire-fighting, offshore drilling or disaster relief, from one country to another (para. 1.39)
- ***Goods received or sent abroad by international organizations*** are included in imports of the countries (other than the host country) receiving goods from such organizations and in exports of countries (other than the host country) sending goods to those organizations (para. 1.40)

B. Specific guidelines – goods excluded

- ***Goods simply being transported through a country.*** Goods are considered as simply being transported through a country if they
 - i. enter and leave the compiling country solely for the purpose of being transported to another country,
 - ii. are not subject to halts not inherent to the transportation and
 - iii. can be identified both at the time of entering and leaving the country
(para. 1.41-1.42 – Updated recommendation)
- These include goods under "in transit" or "in trans-shipment" customs procedures, but are not limited to them.
- It is **recommended** to exclude goods not under "in transit" or "in trans-shipment" customs procedures only if reliable criteria are established.

B. Specific guidelines – goods excluded

- ***Goods temporarily admitted or dispatched.*** It is **recommended** that goods are considered as temporarily admitted/dispatched if at the time of admission/dispatch it is known that their intended stay in the receiving country is temporary (as defined by the statistical authority of a country) and after their stay they can be withdrawn/returned in the same state (except for normal wear and tear). (para. 1.43-1.44 – Updated recommendation)
 - This category includes, but is not limited to, goods identified in the Kyoto and Istanbul Conventions as goods covered by the "temporary admission subject to re-exportation in the same state" customs procedure.
 - To ensure data consistency it is **recommended** that the statistical authorities treat goods movements as temporarily admission/dispatch only if reliable criteria are established.

B. Specific guidelines – goods excluded

- **Monetary gold** (para. 1.45)
- **Issued banknotes and securities and coins in circulation** (para. 1.46)
- **Goods consigned to and from the territorial enclaves** (para. 1.47)
- **Non-financial assets, ownership of which has been transferred from residents to non-residents, without crossing borders** (para. 1.48)
- **Goods treated as part of trade in services** (para. 1.49) This category comprises:
 1. **Goods acquired by all categories of travellers**, including non-resident workers, for their own use and carried across the border in amounts or values not exceeding those established by national law
 2. **Newspapers and periodicals sent under direct subscription**
 3. **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,
 4. **Media carrying software customized or written for a specific client or originals of any nature, where identified**

B. Specific guidelines – goods **excluded** but recommended to be recorded separately

- **Goods for repair or maintenance** (para. 1.57)
- **Waste and scrap** (having no commercial value) (para. 1.58)
- **Goods entering or leaving the economic territory of a country illegally** (para. 1.59)
 - This includes, for example, smuggling, trade in stolen vehicles and shipments of narcotic substances, the use or possession of which is illegal in one or both of the compiling countries.
 - This may include legal as well as illegal goods.
- **Goods lost or destroyed** after leaving the exporting country but before entering the importing country and after ownership has been acquired by the importer (para. 1.60)

Additional guidance in IMTS 2010 - CM

Compilation of data on trade in selected categories of goods

- Chapter 19 – Scope of IMTS
- Chapter 20 – Goods for processing
- Chapter 21 – Goods which cross borders as a result of transactions between related parties
- Chapter 22 – Electricity, gas, oil and water
- Chapter 23 – Ships and aircraft
- Chapter 24 – Other special categories of goods and compilation for National Accounts and Balance of Payments purposes

Statistical territory and trade system

IMTS 2010, Chapter II: Trade system

- A. An overview of basic terms
- B. General trade system
- C. Special trade system

Trade system: Basic terms

- ***Economic territory***
 - The area under the effective control of a single government
- ***Statistical territory***
 - Territory with respect to which trade data are being compiled
- ***Customs territory***
 - Territory in which the Customs law of a state applies

IMTS 2010:

“...The definition of the statistical territory may or may not coincide with the economic territory or its customs territory...”

Trade system: IMTS recommendations

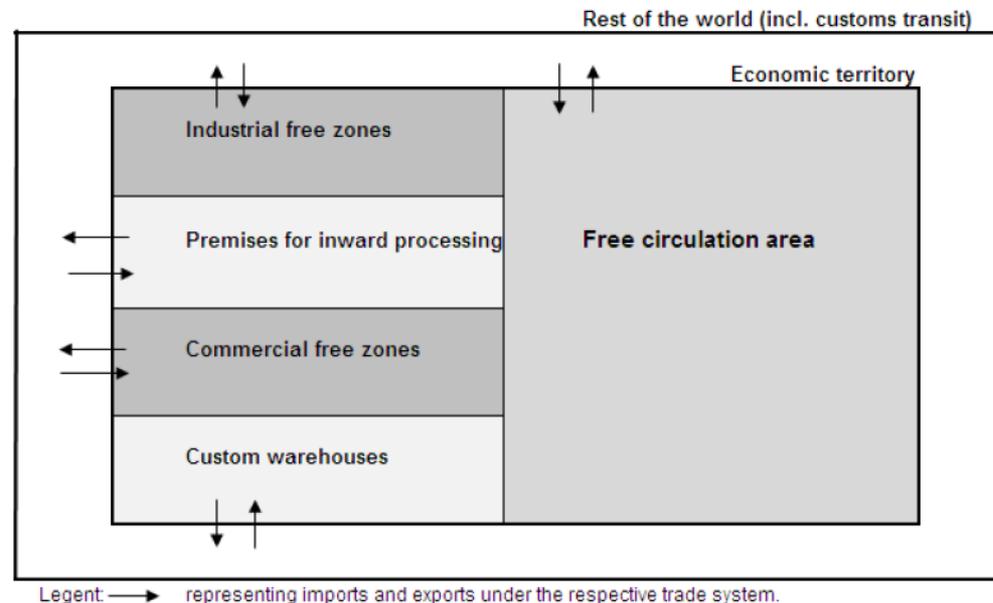
- Provide a **detailed description of their statistical territory** and make it publicly available ([para. 2.1](#))
- Use the **definitions of the customs terms** as contained in the annexes of the Revised Kyoto Convention ([para. 2.3 – Unchanged](#))
- Make clear whether or not the following **territorial elements** exist and are included in the statistical territory ([para. 2.3 – New recommendation](#))
 - *Islands*
 - *Territorial waters and continental shelf*
 - *Offshore and outer space installations and apparatus*
 - *Commercial free zones; Industrial free zones*
 - *Customs warehouses*
 - *Premises for inward processing*
 - *Territorial enclaves and exclaves*
- Domestic and foreign goods: Define **domestic goods** as goods originating in the *economic territory* of a country ([para. 2.11](#))

General Trade System

- Definition:

The General Trade System is in use when the statistical territory coincides with the economic territory
(para. 2.13)

Graph 2.1: Territorial elements and potential imports and exports under the general trade system



Trade flows in the general trade system

- General Imports:
 - Imports of foreign goods
 - Re-imports of domestic goods
- Re-imports are imports of domestic goods which were previously recorded as exports.
- General Exports:
 - Exports of domestic goods
 - Re-exports of foreign goods
- Re-exports are exports of foreign goods which were previously recorded as imports.

Trade system: IMTS recommendations

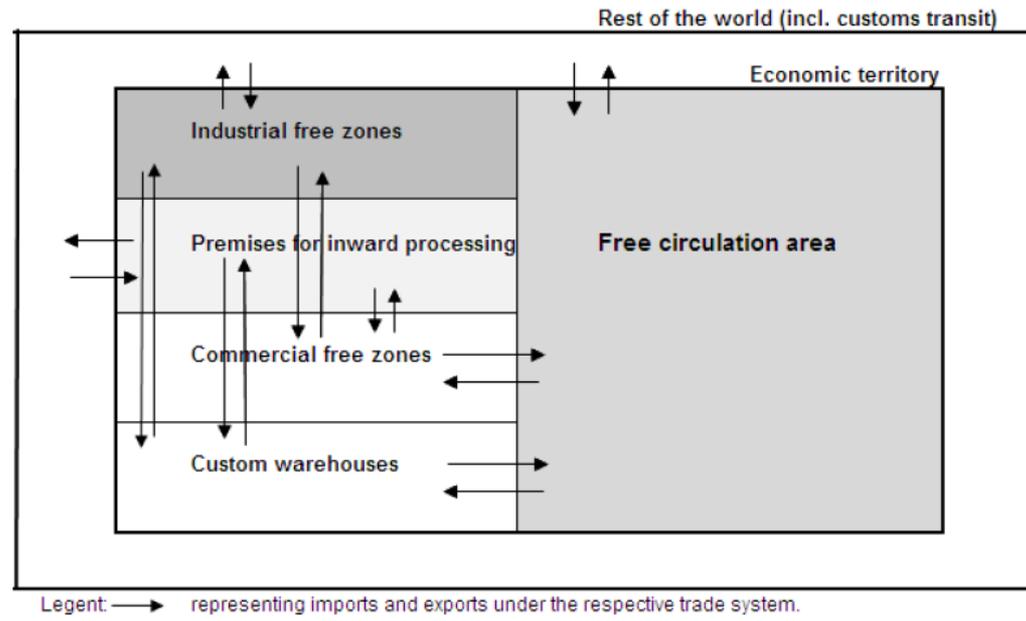
- Use all applicable territorial elements when applying general trade system (para. 2.13)
 - *General trade system is in use when statistical territory coincides with the economic territory*
- Not only **include re-imports in total imports**, but also identify (code) them separately for analytical purposes (para. 2.16 – New recommendation)
- Not only **include re-exports in total exports**, but also identify (code) them separately for analytical purposes (para. 2.18 – New recommendation)
- **Add customs procedure codes to dataset** for trade statistics (even if the responsible agency is not customs) (para. 2.19 – New recommendation)
- Use **general trade system** for both imports and exports (para. 2.20)

Special Trade System

- Definition:

The Special Trade System is in use when the statistical territory comprises only a particular part of the economic territory (para. 2.23)

Graph 2.2: Territorial elements and potential imports and exports under the special trade system in its relaxed definition



Limitations of special trade system

- Narrows the coverage of the statistics, as not all goods are covered
 - Reduces relevance
- Not uniform application across countries
 - Creates serious incomparability
- Warning!!!
 - Misunderstanding of trade system concept often results in incorrect interpretation of which system is used by country (e.g., a country claims that general trade system is used, but upon further review, in fact, it is special trade system)

Additional guidance in IMTS 2010 - CM

Chapter 6: Statistical territory and organization of data collection

- A. Statistical territory
- B. Detailed description of the elements of the statistical territory
- C. Organization of the data collection in respect to different territorial elements

IMTS 2010-CM: Statistical territory

- In countries where data collection is based on customs records, the main element of the statistical territory is usually the **free circulation area** (where goods may be disposed of without Customs restriction)
- Some elements of the statistical territory can be defined on the enterprise level in terms of **specific operations** (e.g., inward processing, customs warehousing, etc.)

IMTS 2010-CM: Statistical territory

- Territorial waters
 - Water area over which the sovereignty of a coastal state extends and is internationally recognized (same meaning as “territorial sea” in the 1982 UN Convention on the Law of the Sea)
 - *Good practice:*
 - Use terminology and definitions provided by the Convention as much as possible
 - Provide national definition in a country’s trade statistics metadata
 - Make clear if a zone contiguous to territorial sea are included in statistical territory
 - Consult with national legal authorities and SNA/BOP compilers for details and clarifications

IMTS 2010-CM: Statistical territory

- Free zones
 - Parts of the territory of a state where goods are generally regarded, insofar as import duties and taxes are concerned, as being outside of the customs territory
 - May not be delineated geographically, but in terms of different tax, subsidy or customs treatment
- Commercial free zones for IMTS purposes:
 - Free zones where admitted goods are allowed to undergo “operations necessary for their preservation and usual forms of handling to improve their packaging or marketable quality or to prepare them for shipment”
- Industrial free zones for IMTS purposes:
 - Free zones where goods are allowed to undergo “processing or manufacturing operations” as specified by the competent authority

IMTS 2010-CM: Statistical territory

- Customs warehouses
 - Designated places where goods can be stored under the “customs warehousing procedure”
 - Usually imported goods stored under customs control without payment of import duties and taxes
 - Can also be domestic goods intended for export
 - Operations that may change the essential character of the goods are not normally allowed
 - May be exported without the payment of duty, or withdrawn for consumption upon payment of duty at the applicable rate at the time of withdrawal

IMTS 2010-CM: Statistical territory

- Premises for inward processing
 - Goods brought into the customs territory conditionally relieved from payment of import duties and taxes, on the basis that such goods are intended for manufacturing, processing or repair and subsequent exportation
 - Not limited to goods imported directly from abroad – may be granted for goods already placed under another customs procedure
 - Inward processing is not necessarily carried out in premises especially approved by Customs – can be carried out in any suitable premises (functional instead of geographic definition)

IMTS 2010-CM: Statistical territory

- Overseas territories
 - Some countries exercise political and administrative control over certain territories outside their own national boundary
 - Such territories may be considered as separate statistical territories, or as part of the statistical territory of the mainland country.
 - *For example:*
 - French Overseas Departments and Territories (Guadeloupe, Martinique, French Guiana, Réunion) are treated as part of the French statistical territory
 - Most British overseas territories are treated as separate statistical territories (e.g., Anguilla, Bermuda, Cayman Islands, Montserrat, etc.)

IMTS 2010-CM: Statistical territory

- Special case: duty free shops
 - Duty free shops at airports and border are part of the economic territory of a country
 - The same applies to aircrafts and ships if the economic owner is resident of the country
 - Goods acquired from abroad for sale at duty free shops should be included in imports
 - The statistical treatment of goods sold at such shops is more complicated as they may be sold to both residents and not residents, and for use in the compiling country as well as in other countries
 - Trade compilers are advised to cooperate with the BOP and NA compilers in order to adopt a consistent statistical treatment

IMTS 2010-CM: Statistical territory

- The organization of data collection in respect to different territorial elements requires careful selection of the most appropriate data sources and depends on national circumstances and priorities
- Countries using special trade system are encouraged to develop plans to introduce the general trade system
- Additional data sources may be needed! E.g.:
 - Surveys of free zone operators
 - Enterprise surveys
 - Customs records
 - Records of other regulatory bodies
- Surveys can be costly and put a significant burden on respondents – therefore, preference should be given to the use of administrative records of customs or other entities that monitor the trade related to free zones for security or other reasons

Quantity measurement

Quantity measurement

Importance of Quantity Information

“...provides an additional dimension for the measurement of international movement of goods and which allows the verification of trade values and the construction of trade index number”

“...used for the compilation of transportation statistics, the calculation of food balances as well as for environmental and energy statistics.”

- 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 ([para. 5.3](#))
- The standard units of quantity are specified for each HS 6-digit subheading ([para. 5.4](#))

Quantity measurement

- The standard units of quantity recommended by the World Customs Organization (WCO) are: [\(para. 5.3\)](#)

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

Recommendations

- IMTS2010 Recommendations
 - Collect or estimate, validate and report quantity information in **WCO standard units of quantity** and in **net weight** on all trade transactions (5.5)
 - Apply the same quantity units within one sub-heading (6-digit HS) (5.6) *Note: if not, explain*
 - Identify **estimated quantities**, as deemed necessary and provide information of methodology used (5.7)

Gross vs. net weight

- Definitions
 - **Gross weight** includes packaging but excludes the carrier's equipment
 - **Net weight** does not include any packing
- Each of these measurements meets different needs
 - **Gross weight** is, e.g., appropriate for the analysis of transportation
 - **Net weight** is, e.g., necessary for the analysis of the nutritional or caloric content of imported food items

Specific guidelines regarding the definition of net weight

- IMTS 2010 recommendation to use net weight also applies when the packaging is very elaborate or expensive
- There may be cases where the packaging itself is also a good, e.g.:
 - A silver caddy containing tea
 - An ornamental ceramic bowl containing sweets
 - Packing materials or packing containers clearly suitable for repetitive use, such as metal drums or containers of iron or steel for compressed or liquefied gas

Conversion from non-standard to standard units of quantity

- Converting reported units of quantity to standard HS units of quantity may entail:
 - *Mathematical conversion*
 - For instance, to convert from pounds (lb) to kilograms (kg)
 - Good practice: Establish a comprehensive list of mathematical conversion factors, covering all relevant country-specific and commodity-specific units of measurement
 - *Approximate conversion*
 - For instance, using specific gravity to convert from volume in litres (l) into kilograms (kg)
 - This type of conversion is less accurate, as it is based on empirical rather than mathematical principles (even for seemingly homogeneous commodities)
 - Good practice: Use country- and commodity-specific conversion factors rather than broad-based conversions

Challenges in compilation of quantities

- **Frequent issues with quantity data:**
 - Missing quantity data
 - Incorrect quantity data
 - Supplementary quantity not expressed in the recommended quantity units
- **Possible causes :**
 - When a shipment contains several different commodities, its quantity is often given as the gross weight of the shipment
 - Use not-recommended quantity units in commercial practice
 - Emphasis of customs on value data (especially of imports)
- **Improving the compilation of quantity data:** It is essential to devote sufficient attention to the correct declaration of quantity information when training traders how to fill customs declarations

Estimation of quantities

- In the absence of collected quantity information, it is a good practice to:
 - Estimate and impute quantity data
 - Reflect the estimation and imputation methods in the metadata
- Some good practices include:
 - Develop and implement methodology to identify erroneous data and replace it with estimates based, e.g., on historical unit values
 - If available, use supplementary quantities to estimate net weight based on specific conversion factors
- Caution: Estimation carried out automatically should be thoroughly checked, at least in cases of high values

Additional guidance in IMTS 2010 - CM

Chapter 15: Quantity measurement

- A. An overview of the WCO standard units of quantity
- B. Weight concept
- C. Compilation of quantity data from customs sources
- D. Compilation of quantity data from non-customs sources
- E. Conversion factors from non-standard to standard units of quantity
- F. Quality issues
- G. Estimation and imputation of quantity data

Partner countries

IMTS 2010 Chapter IV: Partner country

- A. General
- B. Types of partner country attribution
- C. Comparison of several alternative methods
- D. Recommendations

Importance of trade by partner country

“... used for a number of purposes, including analysis of economic trends, national accounts, balance of payments, regional trade patterns, trade shares, market analysis and business decisions, and trade policy and negotiations, as well as for checking the accuracy and reliability of trade data.”

Additional guidance in IMTS 2010 - CM

Chapter 16: Partner country

A. Introduction

B. Country of origin and its use in import statistics

1. Kyoto Convention
2. The status of the WCO work on the harmonized rules of origin
3. Country experiences in definition of goods origin and challenges in their application

C. Country of last known destination and its use in export statistics

1. Concept of country of last known destination
2. Country experiences in the approximation of country of last known destination

D. Country of consignment

E. Definitions of partner country in trade between members of a customs union

F. Partner country coding for statistical purposes

Types of partner country attribution

- Imports
 - Country of purchase
 - Country of consignment
 - Country of shipment
 - Country of origin
- Exports
 - Country of sale
 - Country of consignment / destination
 - Country of shipment
 - Country of last known destination
 - Country of consumption

Partner country

- IMTS2010 Recommendations

- Country of origin for imports and country of last known destination for exports ([para. 6.25](#))
- Country of consignment as second partner attribution for imports ([para. 6.26](#))
- For trade balances calculation, in the context of the analysis IMTS, use imports by country of origin and exports by country of last known destination ([para. 6.27](#))

- IMTS2010 Encouragements

- Country of consignment as second partner attribution for exports ([para. 6.26](#))

Partner country

- IMTS2010 Recommendations
 - Use **economic territory of trading partners** as basis upon which the statistics on trade by partner are compiled. (6.28) See UN publication “*Statistical territories of the World for use in IMTS*”.
 - Report the data with complete and most detailed **partner breakdown**, when reporting to regional or international organization (6.30)
 - In the case a different partner attribution is used for certain types of imports, e.g., used goods, provide the partner attribution in country **metadata**
- IMTS2010 Encouragements
 - Use **UN Standard country or area codes** (6.28) available from <http://unstats.un.org/unsd/methods/m49/m49.htm>

Rules of origin

- Established by each country, they are generally based on these criteria:
 - “Wholly produced”
 - “Substantial transformation”
- IMTS2010 Recommendations
 - Follow the relevant provisions of the Revised Kyoto Convention in international merchandise trade statistics for determining country of origin. (6.7) See: *Revised Kyoto Convention, Specific Annex K / Chapter 1*

Rules of origin

- There are no internationally accepted detailed rules of origin – other than Annex K of the Revised Kyoto Convention
 - National rules of origin vary significantly as they reflect national trade policy priorities
 - Compilers need to be familiar with the country's rules of origin and know how they are applied
- Good practices
 - Base national definitions of the wholly produced (obtained) goods on the RKC ([IMTS 2010-CM, para. 16.7](#))
 - Elaborate a national definition of substantial transformation and make it available to users in trade statistics metadata ([IMTS 2010-CM, para. 16.22](#))

Rules of origin

- For a list of goods that should be taken as being “produced wholly in a given country”, see IMTS-2010 CM, para. 16.8
- Substantial transformation when two or more countries have taken part in the production of the goods:
 - The country of origin is where the last substantial manufacturing or processing deemed sufficient to give the commodity its essential character has been carried out
 - Any manufacturing process which results in the reclassification of a product in another HS subheading can be treated as substantial transformation
 - The substantial transformation criterion may also be expressed in an ad-valorem percentage rule (e.g., in COMESA, value addition to the product must exceed 35%) and/or manufacturing or processing operations

Country of last known destination

- Compilers are advised to cooperate with customs in developing and disseminating to exporters clear instructions regarding the reporting of country of last known destination
- However, customs are not normally engaged in systematic verification of the correctness of this information
- In absence of reliable customs records, non-customs sources may be used (e.g., contracts of sale, shipping and other commercial documents, enterprise surveys, etc.)
- Countries might adjust partner information, if there is evidence that, to a large extent, a country of transit has been indicated by a declarant as the country of destination
 - *Care should be taken to avoid double counting and adjust for mark-ups in the partner country values!*

Country of consignment

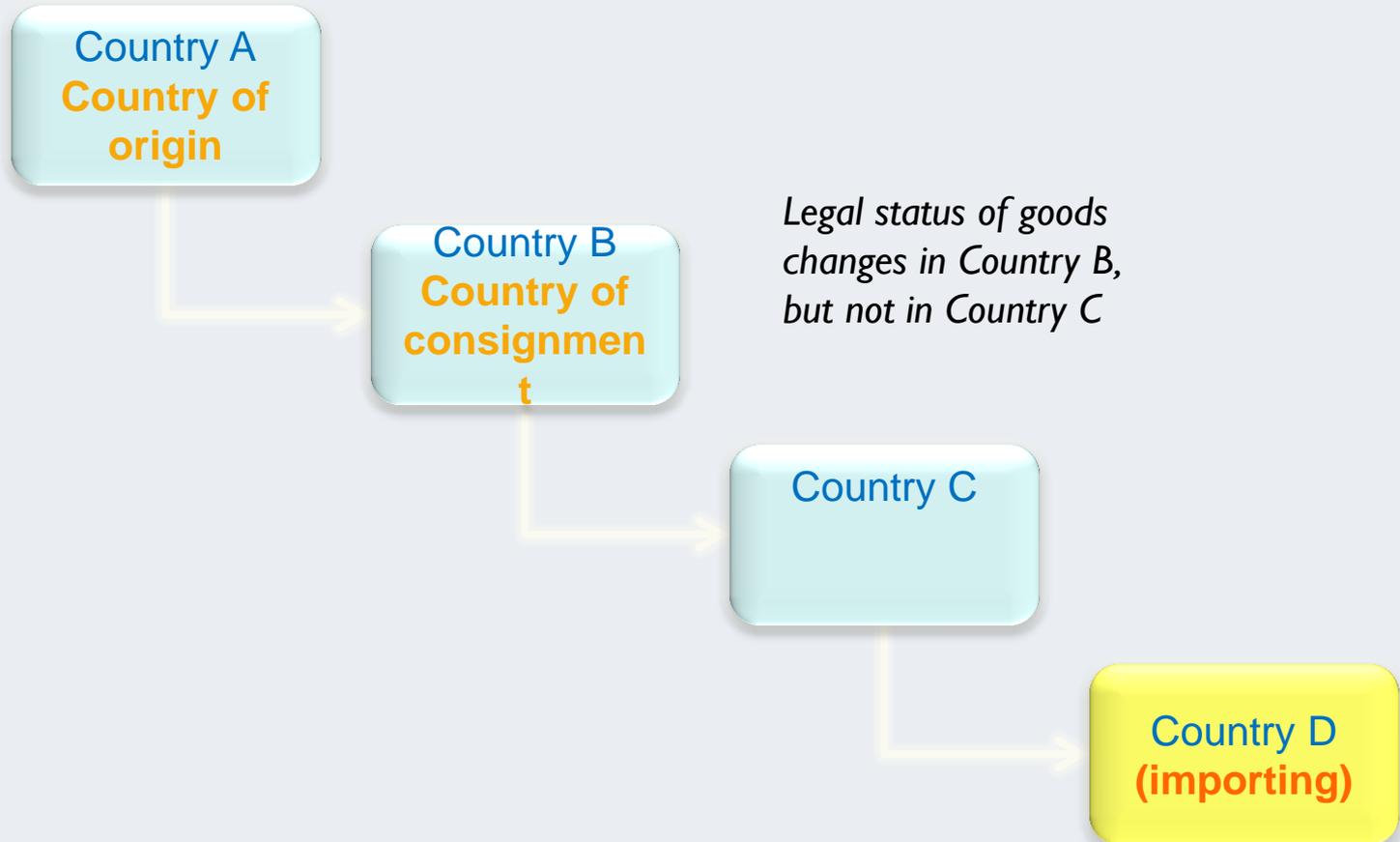
- Its determination depends on a clear and practical definition of commercial transactions or other operations that change the legal status of the goods in intermediate countries
- For example:
 - Change of ownership
 - Substantial transformation
 - Any halts not inherent in goods transport (EU practice)
- Good practice: Advice customs authorities on the increased importance of information on country of consignment and cooperate with them in finding ways to ensure better availability of this information in customs records

Country of consignment for imports

- For imports, country of consignment is not automatically identified as the country from which the goods were shipped
- If both country of origin and country of consignment are known, then both fields are filled with the appropriate country names/codes (which can be the same or different)
- If the country of origin is not used, then “country of origin” field must be left blank while the “country of consignment” field is filled
 - This may be the case for special categories of goods where country of consignment is the sole partner attribution (e.g., antiques, used cars, aircrafts or vessels)

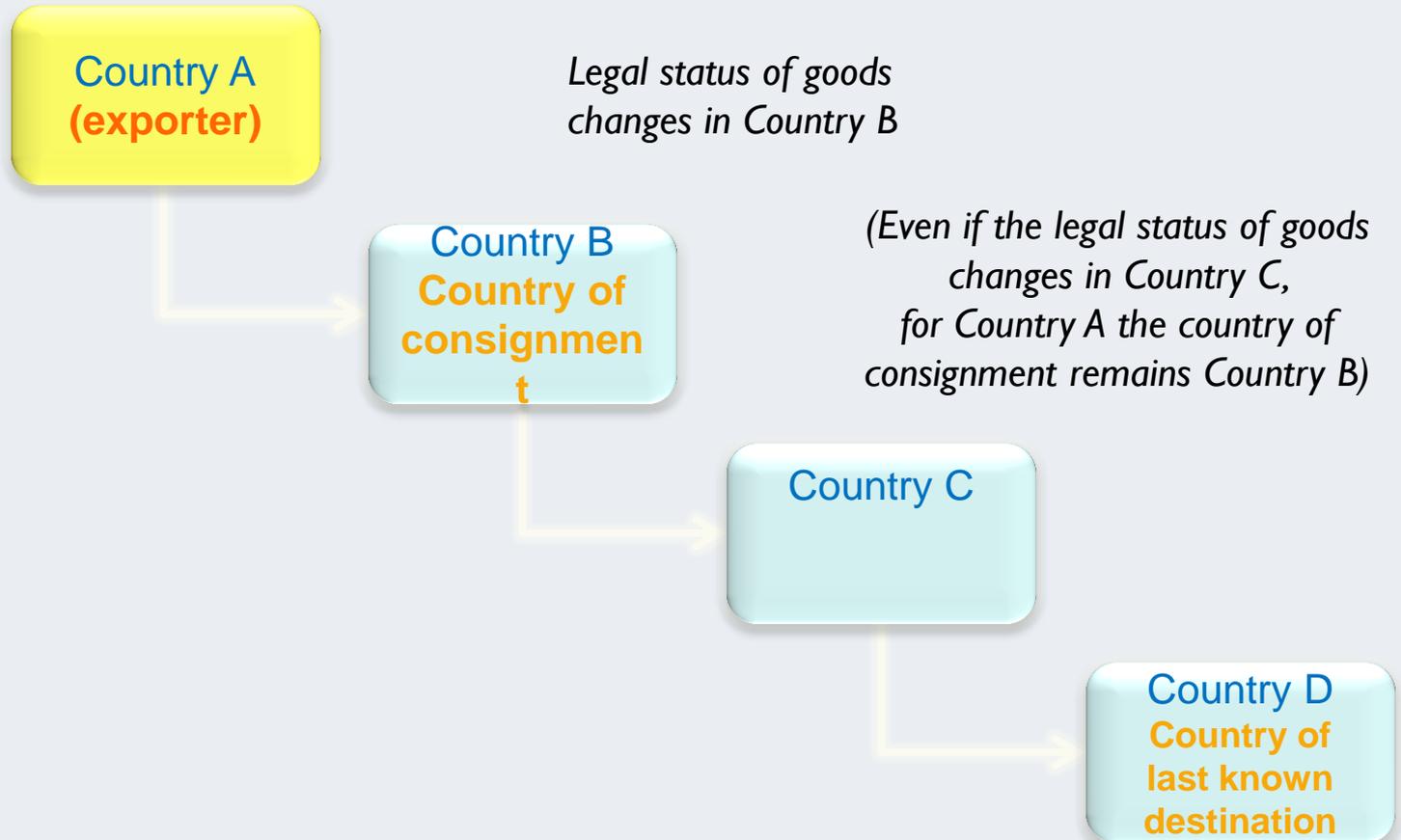
Recording of country of consignment

- Imports (para. 6.4)



Recording of country of consignment

- Exports (para. 6.11)



Special trading partners

- Trade with itself
 - Only possible in case of re-imports (as country of origin is the reporting country itself)
 - Neither recommended nor common practice to record trade to itself as the country of last known destination
- Trade with its own Free Zones
 - It is acceptable, but this implies that the country ***does not use general trade system***

Mode of transport and customs procedure codes

Trade by mode of transport

Importance of trade data by mode of transport

- *For monitoring international transport routes*
- *To formulate transportation policies, including the planning of port and transportation infrastructure*
- *To assess the impact of trade on the environment*
- *Etc.*

Trade by mode of transport

- IMTS2010 Recommendations
 - Compile and disseminate IMTS by **mode of transport** at the most detailed **commodity level** (as a new data dimension) (7.1)
 - The mode of transport which should be recorded is the **means of transport used when goods enter or leave the economic territory** of a country (7.1)
- IMTS2010 Encouragements
 - Use the following **classification of modes of transport** (next slide)
 - Use the main categories (1-digit) of the classification and, if countries wish to do so, the detailed (2- or 3-digit) categories

Mode of transport classification

1. **Air**
2. **Water**
 - 2.1 Sea
 - 2.2 Inland waterway
3. **Land**
 - 3.1 Land
 - 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

Trade by mode of transport

- IMTS 2010 Recommendations
 - Indicate clearly the contents of the categories used (7.3)
 - Taking into account their national requirements and circumstances countries might want to compile mode of transport not only according to the means of transport when crossing the border, but, in addition, according to other criteria such as the ***predominant mode of transport*** (e.g., mode of transport which accounts for the majority of the transportation costs or the longest part of the route by distance). (7.4)
 - If countries record multiple mode of transports, provide detailed information in the metadata (7.4)

Additional guidance in IMTS 2010 - CM

Chapter 17: Mode of transport

- A. Basic concepts and data sources: an overview
 - 1. Basic concepts
 - 2. Description of particular modes of transport
 - 3. Other considerations
- B. Compilation of MoT trade statistics: countries experiences
- C. Dissemination of MoT statistics: countries experiences

Customs procedure code

- IMTS2010 Recommendations

- Include in the dataset for trade statistics as far as possible ***information about the customs procedure applied to individual transactions (or the nature of transaction)***, in order to facilitate the identification of re-exports and reimports, but also of other types of trade, such as goods for processing, trade between related parties, goods on consignment *etc.*
- If the customs is not the agency compiling trade statistics, include this information regularly in the dataset provided by customs to the agency responsible for the compilation of trade statistics of a country.

Customs procedure code as a new field for international reporting

- ***Customs procedure code (or applicable transaction code):***
Code of the customs procedure applied to individual transactions by customs; any applied procedure or transaction code if customs procedure codes are not available or if additional codes are used

Importance of information on customs procedure applied to individual transactions

“Indicate whether certain transaction should be included or excluded in trade statistics; for example, the ASYCUDA system uses customs procedure codes for determining the trade type (system) and flow.”

“Contain information about the purpose of the transaction needed for analytical purposes.”

Customs procedure code

- **Possible limitations:**
 - **Comparability:** Countries usually developed their own, often extensive set of customs procedures that suit their administrative needs and might apply multiple procedures to the same transaction.
 - **Relevance:** The information on the application of customs procedures might not automatically, or for all countries, result in any consistent and, therefore, useable statistical information
- **Minimum goals for the future:**
 - **Timeline:** The development of the information on customs procedures into relevant and internationally comparable data is expected to require several years
 - **Minimum goals for the near future:** All countries able to identify re-exports, re-imports, and goods for processing in their trade data, and they make this information available to all users

Customs procedure code

- ***Example: Customs regime codes used in China's IMTS***

Code	Description
10	Ordinary Trade
11	Aid or Donation Between Governments or by International Organizations
12	Other Donation
13	Compensation Trade
14	Processing and Assembling (Inward Processing, type I)
15	Processing with Imported Materials(Inward Processing, type II)
16	Goods on Consignment
19	Border Trade
20	Equipment for Processing trade
22	Contracting Projects
23	Goods on Lease
25	Equipment or Materials Imported as Investment by Foreign-Invested Enterprises
27	Outward Processing
30	Barter Trade
31	Duty-free Commodities on Payment of Foreign Currency
33	Customs Warehousing Trade
34	Entrepot Trade by Bonded Area
35	Equipment Imported into Export Processing Zone
39	Other

Customs procedure code

- **Example: COMESA – Harmonized CPCs – Example EX 1 Exportation**

ASY++ code		Trade type	Standard description
1000	000	2	Exportation of goods from open market
1000	105	2	Exportation of goods by the government or government organisations
1000	110	2	Exportation of goods by diplomatic missions / foreign embassies/ diplomatic personnel
1000	115	2	Exportation of goods under customs/trade agreements entered into by the government
1000	120	2	Exportation of goods where industrial drawback of duty is to be claimed
1040	130	2	Exportation of goods after entry for home use under national Manufacturing Schemes
1052	000	2	Exportation of compensating products after temporary imports for inward processing
1071	000	S	Exportation in bond of locally manufactured goods subject to excise duty (export in bond)
1078	000	2	Exportation of manufactured /processed goods from an Export Processing Zone / International Free Trade Zone

Additional guidance in IMTS 2010 - CM

Chapter 18: Customs procedure code

A. Customs procedure code as a new data field

B. IMTS 2010 recommendations

C. Importance of compilation and international reporting

D. Custom procedures applied by countries

Annex 18.A: Harmonization of customs procedures and codes in
COMESA

Annex 18.B: List of nature of transaction codes for Extrastat

Summary UN recommendations

Coverage and time of recording

1. Take advantage of customs administration Sources . Use additional sources where customs administration sources are not available.
2. 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

Summary UN recommendations

Coverage and time of recording

3. Goods are to be included at the time when they enter or leave the economic territory of a country; the time of recording should be the date of lodgement of the customs declaration
4. Specific goods are to be included, others are to be included and separately recorded, and others are to be excluded

Summary UN recommendations

Coverage and time of recording

5. Specific goods are to be excluded from detailed international merchandise trade statistics but recorded separately so that the detailed data may be adjusted to derive totals of international merchandise trade for national accounts and balance of payments purposes.

Summary UN recommendations

Trade System

6. Use the general trade system of data recording, and where the special system of trade is used, compile statistics on goods imported into and exported from premises for customs warehousing, premises for inward processing, industrial free zones or commercial free zones, as appropriate, to allow estimation of data on a general trade system basis

Summary UN recommendations

Commodity Classification

7. Use the Harmonized System (HS) as the primary commodity classification for the collection, compilation and dissemination of international merchandise trade statistics

Summary UN recommendations

Valuation

8. Use a cost, insurance and freight (CIF-type) valuation for imports (border of importing country) and a free on board (FOB-type) valuation for exports (border of exporting country)
9. Countries which use CIF-type values of imports to collect separately data for freight and insurance, at the most detailed partner/commodity level possible, to derive FOB-type values

Summary UN recommendations

Valuation

10. Where conversion of currency is necessary, use the rate of exchange duly published by the competent national authorities of the country
11. Where multiple official exchange rates are in effect, use the actual rate applicable to specific transactions

Summary UN recommendations

Quantity Measurement

12. Use the standard units of quantity recommended by WCO; also provide weight in cases where the standard unit is other than weight; the weight figures should be on a net weight basis; where non-standard units are used, provide conversion factors to the standard units

Summary UN recommendations

Quantity Measurement

- Weight: kilograms (kg), carat (carat)
- Length: metres (m)
- Area: square metres (m²)
- Volume: cubic metres (m³), 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))

Summary UN recommendations

Partner Country

13. For attribution of partner country: adopt country of origin for imports (country of consignment as additional information), and country of last known destination for exports
14. The statistical territory of each country, as defined by the country itself, should constitute the territory for which the trading partners of each country compile their statistics of trade by countries

Summary UN recommendations

Reporting and dissemination

15. For dissemination of international merchandise trade statistics to follow specified practices relating to sources and methods, release schedules, regular reporting of data to the user community, revising data when additional information is available, reference period, kinds of data published and reported internationally, confidentiality, bilateral and multilateral reconciliations and data exchanges, and index numbers

General trade and special trade

- The UN Recommends the General trade system.
- General trade method takes into account all goods entering and leaving the statistical territory, with the exception of pure transit. In particular, imports to customs warehouses and exports that have been in customs warehouses are included under general trade.

Thank you for your attention!