



UNITED NATIONS
ECONOMIC
AND
SOCIAL COUNCIL



Distr.
GENERAL

E/CN.3/142
6 October 1952

ORIGINAL: ENGLISH

STATISTICAL COMMISSION
Seventh session
Item 3 of the provisional agenda

DOCUMENTS
INDEX UNIT

MASTER

10 OCT 1952



PRINCIPLES FOR STATISTICS OF EXTERNAL TRADE

(Report of the Group of Experts on definitions for external trade
statistics)

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INTRODUCTION

1. The Statistical Commission at its sixth session requested the Secretary-General "to re-examine the main concepts, definitions and practices in use in the field of trade statistics having particular reference to the provisions of the International Convention in this matter, and, taking account of the views and practices of Member States, to take appropriate action for the preparation of a report to the Commission at its next session."
2. In making its request for a re-examination in this field, the Statistical Commission was of the opinion that an effort should be made to formulate recommendations to extend, and where necessary, to replace those contained in the International Convention relating to Economic Statistics.^{1/} The Group have interpreted its terms of reference accordingly and concentrated their attention on the more important aspects of external trade statistics covered by the Convention, namely:
 - (1) The kinds of transactions and categories of goods whose movement is to be covered.
 - (2) The definition of the trading partner of a country.
 - (3) The method of valuation of goods for recording in trade statistics.
 - (4) The measurement of trade in terms of physical quantities.
3. The Group did not discuss the problems inherent in commodity classification but noted with gratification the growing use and influence of the Standard International Trade Classification, to which they attach great importance as a well-considered system of classification and as an important means of ensuring comparability.
4. In considering the subjects taken as the agenda of its meetings the Group have been influenced by a variety of considerations.

First, the Group have set before themselves as an objective a system of international trade statistics of the maximum usefulness to countries for their own purposes. The Group have tried to give expression to a system which would allow accuracy of recording within the chosen definitions, definitions which would produce a broadly logical framework, and a system of

^{1/} See League of Nations document C. 606(2) M 184(2). 1928.II., Geneva, November 1929.

statistics which would serve the wide variety of purposes for which these figures are essential data.

Secondly, the objective has been to make recommendations which would promote comparability among the trade statistics of the nations, not merely the narrow though useful comparability between the figures of trading partners, but the wider comparability which follows from the general acceptance of agreed definitions and standards. This comparability is not only useful to the analysis of the world's economic problems, it is of the greatest usefulness to individual countries themselves in analyses which must relate the trade of a country to its domestic interests and to the economy and trade of other countries or regions or to aspects of world trade.

5. For these reasons, the Group have considered it best to make definite and unique recommendations on subjects on which the Convention was more equivocal. The objectives sought by the Group could not be achieved by recommendations which would not promote uniformity, just as the Convention did not achieve, to the degree hoped, the uniformity which was then desired. The Group recognize that the more clear cut the recommendations the greater is the potential trouble and expense on countries in accepting them. This is the cost of the objectives which countries as well as the Group will wish to see achieved. The Group consider that though these costs may be burdensome on individual countries they are a relatively small price to pay for valuable and enduring benefits.

6. These benefits are only fully achieved if all countries work to common standards. In order therefore, to encourage the greatest measure of acceptance the Group have regarded their recommended standards as of a dual nature. First, and preferably, the Group would wish the recommended standards to be fully assimilated into the national statistical systems of countries. For countries for which this is not possible - because of a variety of obstacles - legal, institutional, administrative and financial - the Group recommend as an alternative that countries should provide information supplementary to that obtainable from the existing national system, which will permit the necessary adjustment to be made to obtain conformity with the recommended standards.

I. COVERAGE OF THE STATISTICS

7. The profound influence which external trade exercises on the economy of a country make the statistics of external trade a source of information of great importance. The Group felt that the coverage of the statistics should therefore be sufficiently wide to maximize the usefulness of the information. Account had to be taken of the multiplicity of uses of the statistics and of the varying nature of the economic problems for the analysis of which the trade statistics provide basic information. The Group considered it important that pre-occupation with one class of uses of the statistics (such as their use, in some countries, as part of the accounting machinery of the customs authorities) should not be allowed to impair the value of the statistics for other purposes. Moreover transactions which might safely be omitted from the statistics at one period might at another period constitute a serious omission. These considerations made it essential that all merchandise entering or leaving a country from or to another country should in principle be included in the statistics, that is to say, no category of merchandise can safely be permanently excluded on the basis of a sound theoretic principle, with the probable exception of goods passing through the territory for purposes of transport only.^{2/}

8. Beginning with this principle of comprehensiveness of the statistics it is necessary (a) to define what is meant by merchandise, (b) to define the frontier across which the movements take place and (c) to classify the categories of movements into which the goods should be grouped.

(a) Merchandise

9. The broad criterion to be used to determine whether goods should be regarded as merchandise whose movement is to be recorded in trade statistics should be that all goods the movement of which into, or out of, a country adds to, or subtracts

^{2/} This class of goods is defined in the International Convention as "direct transit trade" and is subject to special considerations which are discussed later in this paper.

from, the resources of the country should be recorded. This means that the term merchandise is not confined only to goods which are the subject of a commercial transaction but covers all goods which meet the above criterion.

10. On this basis the following goods would be excluded from the statistics:

- (1) Goods consigned by a government to its armed forces and diplomatic representatives abroad.
- (2) Tourists' and travelers' effects (including vehicles), animals for racing and breeding, goods for exhibition or study, returnable samples, returnable containers, goods shipped only for temporary storage, etc., the movement of all of which is reasonably expected to be reversed within a limited time.
- (3) Vehicles merely engaged in the carriage of goods or passengers between countries.

11. In addition to these categories the Group considered that the following should be excluded from the merchandise account although they should be recorded separately:

- (4) Gold, unrefined, partly worked, and bullion and specie.
- (5) Paper and other currency, excepting that traded as merchandise.
- (b) The frontier and statistical boundary

12. The Group consider that the movements to be recorded should be those between the territory of the country compiling the statistics and other territories.^{3/}

13. A wider economic boundary than that implicit in the definition could be drawn to bring within the trade statistics additional movements of goods of economic significance, such as bunkers, etc.

14. The statistical territory might be taken to embrace the national ships and to be consistent, aircraft and other vehicles. Purchases in other countries (or from foreign ships on the high seas) of fuel and stores for these vehicles, or sales of these commodities (or of fish) in other countries or to other ships would then be included in the statistics of trade. And so, too, would all sales and purchases of the vehicles themselves to and from other countries.

^{3/} This is equivalent to the concept of the statistical territory defined in the International Convention.

15. For a number of reasons, however, the Group do not recommend this extension. In the first place it is, as the following examples make clear, difficult to record transactions outside the national territory:

- (i) Bunker sales are frequently known and published, bunker purchases abroad are much more difficult to ascertain from the operators of ships and aircraft;
- (ii) It is difficult to believe that records of either sales or purchases could be obtained from operators of road transport vehicles or from those selling to them.

These difficulties would make inevitable serious incomparabilities between the statistics of trading partners if the definition of the territory were expanded in this way. Secondly, an extension of the idea of statistical territory to include ships and vehicles should, in logic, be carried further to include nationals abroad because their purchases and sales are in principle not different from those made abroad for national ships and vehicles. But this further extension would vastly increase the difficulties of recording.

16. There are, therefore, certain categories of goods which, although they are merchandise according to the definition above, should not be included in the statistics because they do not at the time of the transaction move across the border of one or both of the statistical territories involved. These are as follows:

- (1) Bunkers, stores, ballast and dunnage supplied to foreign vehicles (including ships and aircraft).
- (2) Bunkers, stores and ballast, and dunnage sold from foreign vehicles in the national territory.
- (3) Bunkers, stores, and ballast, and dunnage acquired abroad for national vehicles.
- (4) Bunkers, stores, and ballast, and dunnage sold off national vehicles in foreign ports and territories or to foreign vehicles.
- (5) Fish and salvage sold abroad or to foreign vessels off national vessels.
- (6) Fish and salvage landed from foreign vessels in national ports.
- (7) Repairs to vehicles.

17. The Group consider that, although these categories of goods are, accordingly, to be excluded from the statistics by definition, it is important for many countries to have accurate information on some or all of these movements. It is, therefore, recommended that countries should, wherever possible and where of economic importance, collect and publish additional data on all of those kinds of merchandise, and particularly on bunkers and fish transactions.

18. The Group consider that this definition has much to commend it on grounds of logic and expediency and it has the great value of ensuring comparability in the figures of trading countries. The Group recognize however that the result will be to take a good proportion of the international transactions in fish and fuel out of the trade statistics and that the proposed treatment of these transactions will cut across the practice of a number of countries. It is therefore recommended that the Statistical Office give further consideration to possible methods by which these transactions might be separately recorded. At present fish landed from, and fuel supplied to, foreign vessels in a country's ports are frequently included in the country's statistics while fish landed and fuel purchased, by domestic vessels in foreign ports are usually excluded.

19. Serious problems arise also as to the treatment of ships and aircraft which are manufactured in one country for the account of another country or are sold by one country to another without necessarily moving from the one country to the other. The definition given above would operate to exclude transactions involving transfers of ships and aircraft which occur outside the statistical territory. The Group however wished to emphasize the fact that no economic distinction can be made between new and used vehicles and for this reason the attention of countries is drawn to the necessity of maintaining a record of all ships and aircraft entering and leaving their registers whether the vehicles are new or used.

20. A particular problem is posed by the sale and purchase within a country of goods which on entering the territory have not been included in the statistics because they were at that time consigned to foreign armed forces stationed in the country. It is clear that the subsequent transfer of such goods from the foreign forces to nationals of the country changes the resources of the country. However since these transactions take place entirely within the country they are by

/definition

definition excluded from the external trade statistics although it will clearly be necessary to record these and similar transactions in the accounts maintained for purposes of the balance of payments.

(c) Categories of movements

21. It is emphasized that the determining criteria for the inclusion or exclusion of any transaction should be that a movement of merchandise take place into or out of a country, from or to another country. It is not necessary for example that there should be a commercial transaction underlying the movement of goods or that the goods move through an established customs station. The following categories of goods are, therefore, in principle, included, namely: parcel post, goods on lease, restitutions and reparations; water sold and purchased; electricity and gas; imports and exports by the government itself whether or not the goods constitute a grant or loan; shipments to or from persons or bodies holding a special concession in the country compiling the statistics. These categories of goods are cited as examples only.

22. It is considered that, while the coverage of the external trade statistics should, in principle, be completely comprehensive as discussed above, countries may find that the efficient disposal of the resources available for statistical purposes may require that certain categories of goods be excluded by countries for whom their inclusion would have little economic significance (see chapter V). Some examples of goods which are traditionally and rightly excluded in many countries on these grounds are as follows:

- (1) Migrants' effects.
- (2) Personal purchases made by travellers.
- (3) Border traffic of a kind not normally subject to complete customs control.
- (4) Commercial samples of little value.

These examples are clearly not exhaustive - certain of the categories of goods mentioned in paragraph 21 (for example, electricity and gas) may be of such little importance that they can in practice be excluded.

The flow of goods

23. With the exceptions and reservations discussed above, the principles of coverage recommended by the Group lead to the need for recording and bringing within the trade statistics all goods entering or leaving the territory of the recording country, from or to, other countries. The Group considered how these principles are related to the current practices of countries.

24. Two systems of recording trade statistics are used - the special and the general; and countries record on one or other of these bases, and, occasionally, on both. The relation between these systems can be illustrated by analysing the flow of goods into the categories given in the following table.

25. The table uses the term "customs storage warehouse". It is recognized that in some cases these warehouses may not exist as such but may merely be piers, sheds or warehouses in which goods are held under customs control. Goods in "customs storage warehouse" should not be confused with unclaimed goods unloaded from a carrier and awaiting either customs clearances or entry into warehouse nor with those awaiting direct transit to another country. The table also uses the term "customs manufacturing warehouse". Both terms should be understood to relate to the holding of goods under customs control after entry into the territory, but before either being put at the free disposal of the owner or his agent within the territory or before leaving the territory. The table also uses the term "entered directly". This includes goods moved under customs control to another port or interior point where they are cleared through customs.

TABLE I

MOVEMENTS OF MERCHANDISE IN EXTERNAL TRADE

Key: S : Included in special imports
 G : Included in general imports
 S' : Included in special exports
 G' : Included in general exports

A. Merchandise moving inward

1.	Entered directly			
	(a)	For consumption	S	G
	(b)	For transformation	S	G
2.	Entered into customs storage warehouse			G
3.	Entered into customs manufacturing warehouse		S	G
4.	Withdrawn from customs storage warehouse	For consumption	S	
5.	Withdrawn from customs manufacturing warehouse	For consumption	<u>2/</u>	<u>a/</u>

B. Merchandise moving outward

6.	Withdrawn from customs storage warehouse	For re-export		G'
7.	Withdrawn from customs manufacturing warehouse	For re-export	S'	G'
8.	Exports of national goods			
	(a)	Domestic produce	S'	G'
	(b)	Foreign goods re-exported after admission specifically for transformation other than in customs manufacturing warehouse	S'	G'
9.	Exports of nationalized goods	Foreign goods imported under 1 or 4 re-exported without transformation	S'	G'

a/ Since in both special and general trade these goods are recorded as imports on entry, they are not subsequently recorded when withdrawn for consumption.

/The outward flow

The outward flow of merchandise

26. It will be seen from the Table that the total of merchandise passing out of a territory is made up of items 6, 7, 8 and 9. This is the outward trade to be recorded.

27. Since "special" exports consist of items 7 plus 8 plus 9, item 6 must be added to special exports to obtain the total of outgoing merchandise. Item 6 consists of goods which have remained in warehouse since entering the territory and which have not therefore been included in "special" imports; and they are not included in special exports when they leave the territory. In the general system, this aggregate of goods leaving the territory is equivalent to "domestic exports" (items 7 and 8) plus "re-exports" (items 6 and 9).

28. The Group consider that the aggregate of goods leaving the territory or the constituents thereof should be recorded by all countries. The Group, therefore, recommend so that this main objective can be achieved, that countries on the special system should at least record the merchandise moving outward under item 6 on a quarterly basis, analysing it according to the countries to which it is sent and in sufficient commodity detail to allow all outward moving merchandise to be analysed according to the groups of the Standard International Trade Classification (SITC).

Exports and re-exports

29. The Group considered whether a recommendation should be made that countries should compile their statistics in such a way that items 7 and 8, on the one hand, and items 6 and 9, on the other, can be obtained separately. This would provide information on domestic exports and re-exports according to the definition of re-exports given in the International Convention relating to Economic Statistics which the Group accept. Items 6 and 9 together give re-exports: the sum of items 7 and 8 would represent all other exports. This distinction is made under the general system, but such a recommendation would mean that countries under the special system would need to distinguish within their total exports merchandise moving as described by item 9. The Group consider that despite the impossibility of defining precisely what degree of processing is required to enable goods to qualify as domestic exports, there is a significant economic difference between

exports and re-exports as defined here. The Group, therefore, recommend that countries should attempt to distinguish between the two classes where re-exports so defined are significant in their trade. They expect that countries will, themselves, recognize the value of distinguishing in the outward flow of goods the components which have and have not a counterpart in the gross product of national industry.

The inward flow of merchandise

30. Similarly, the principle enunciated by the Group leads to the recommendation that countries should record for the purpose of international comparability, subject to the exceptions and qualifications noted above, all goods entering their territories from abroad.

31. For all territories, this aggregate is given by items 1 plus 2 plus 3 of Table I. In the general system, this aggregate is equivalent to "total imports", i.e. so-called retained imports together with imports which later in time will be recorded as "re-exports" (in the sense that term is used by those countries). In the special system, however, goods whose movement is described by item 2, i.e. those which on arrival are taken into customs warehouses, are not entered as "imported" at that time. Some of these goods are entered as imports when withdrawn from warehouse and put at the free disposal of the user within the territory (item 4) and some are never entered as "special imports" because they are withdrawn from warehouse only to be sent out of the territory (item 6).

32. For the purpose of recording the most comparable aggregate of goods entering the territories, the Group recommend that all countries should, if possible, record and publish quarterly the sum or the constituent parts of items 1 plus 2 plus 3 at least according to the groups of the SITC with country definition. The Group hope that countries on the special system will find it possible to follow this recommendation by obtaining the necessary particulars about the goods under item 2, recording them as at the time of arrival in the country. If, however, to obtain the information presents real administrative difficulty and expense, the Group consider that a substantial step to comparability would be taken if countries on the special system would not only (as they do at present) record the goods under item 2 at the time they enter into "consumption" (item 4) but also

record the goods sent out of the territory under item 6, with an analysis according to the country from which they were received and in a form which will allow them to be aggregated with goods under items 1 and 3. Goods under item 4 are a part of special imports and are so recorded, so that the recommendation involves, as did the recommendation on exports, the recording of goods under item 6 by the country from which they are received (as well as for exports, according to the country to which they are sent). The aggregate of items 1 plus 3 plus 4 plus 6 will only approximate to the real desideratum (items 1 plus 2 plus 3), as the time at which a given flow of goods leave the warehouses will, of course, differ from the time at which they enter the territory. The Group consider that it will be helpful if from time to time countries adopting this more approximate method can give information which would throw light upon the time lags between entry into customs warehouses and withdrawals for consumption and re-export.

Special imports and retained imports

33. The Group have not made any recommendations about the basis on which should be compiled and published information concerning inward moving goods which are used by the economy for consumption and processing. Countries on the special system compile statistics of special imports (item 1 plus item 3 plus item 4) which for many countries approximate closely to the aggregate of inward moving goods consumed and processed and measure directly the flows at the time they enter the economy. They overstate this aggregate to the extent that there is an influx of goods which later leave the country under item 9.

34. Countries on the general system usually prepare and publish figures of retained imports, i.e. item 1 plus 2 plus 3 minus items 6 and 9. This also approximates to the required aggregate though retained imports for short periods of time will deviate from the required quantity, because of time lags in re-exports.

35. The Group, however, consider that for practical purposes both sets of data, namely special imports under one system and retained imports on the other system, are likely to serve most of the needs for data on imports consumed and processed.

Direct transit trade

36. In addition to the flow of goods shown in Table I, goods may move between countries in what is commonly called direct transit trade. That is, goods may be consigned from one country A to another country B, and be routed through country C.^{14/} Their movement through country C is ancillary to the physical, as opposed to the commercial or economic, movement of goods from A to B, although the goods may be stored in C or a bulk shipment may be broken in C. Goods moving in this way are commonly treated on a different basis by customs administrations than is trade proper, and it is customary and, in the opinion of the Group, correct and expedient to exclude these goods from recorded external trade. Customs procedures are notably less rigorous in relation to this trade and less information and less reliable values are ascertained.

37. Nevertheless, the Group recognize that the distinction made by countries between direct transit and other trade is in fact one determined largely by customs procedure and not immediately by the economic characteristics of the trade. For example, a change of ownership, in the example given above, may on occasion take place in country C. In order to improve comparability of statistics of trading partners, one or other of which may attribute goods to the country of transit, and in order to provide a good picture of the movement of goods entering into world trade, the Group consider that it would be of value if countries would record and tabulate statistics of this direct trade transit preferably by commodity with one table further analysing the movements by country from which sent and the other analysing the movements by countries to which sent. Some countries at the present time publish statistics of their direct transit trade and find them of considerable value for the purpose of providing information about the part played by the individual country in world trade as a whole.

38. Certain countries have free ports and free zones within their territories. Where possible, the Group recommend that the movement of goods through free ports should be recorded by the relevant countries in the way recommended for the

^{14/} Direct transit trade does not normally include goods remaining on board a vessel while in the port of a country.

movement of goods through customs warehouses and customs manufacturing warehouses in countries on the special system. If for any reason this proves impossible or too costly, the trade of free ports should be separately recorded and published as transit trade, except that goods moving under items 3 and 7 should be recorded separately in the full detail recommended for external trade statistics.

II. VALUATION

The different bases of valuation

39. The problem of obtaining international comparability in the valuation of commodities in external trade presents peculiar difficulties. Some of these difficulties arise from the fact that value is a phenomenon of the market, and the recorded value of a commodity will differ according to the market on which the record is based. A commodity at the time of import may have one value in the market existing between exporters in one country and importers in another (the transaction value), and a quite different value in the market of the importing country (resale value). In the same way, a commodity at the time of export may have a "transaction value" which is different from the value in the market of the exporting country (domestic value). Where the exporting country is contiguous with the importing country, with the result that, apart from administrative delays, the time of export coincides with the time of import, then three values are possible depending on the market basis: (1) the domestic value; (2) the transaction value; and (3) the resale value. Where the countries are not contiguous, only two of these three values can occur simultaneously for a given parcel of goods since the time of export differs from the time of import. It is obvious that, at the time of export, the resale value of the commodity in the importing country is unforeseeable; it is also obvious that, at the time of import, the domestic value in the exporting country may not be appropriate for purposes of economic analysis in the importing country.

40. If it is granted that the purpose of external trade statistics is to provide information on the quantity and value of the commodities moving into and out of the country, and if no considerations other than those of an economic or commercial nature were involved, then it is likely that the economic statistician

/would

would everywhere select the transaction value from the values described above in compiling these data. On these assumptions, moreover, it would appear more important that a country's statistics should reveal the total cost of each commodity entering a country, rather than what the commodity would sell for in the internal market either of the country itself, or of the country from which it was imported. In the same way, it would appear to be more important to record the value of each commodity dispatched by a country to a foreign destination, rather than the amount that it could have been sold for domestically in the exporting country or the amount that it will resell for at its destination. That is to say, that with no extra-statistical considerations involved, the external trade statistician would, by the nature of his task, wish to compile his data on the basis of the transaction value. (It may be noted that the transaction value of a commodity imported is the same as the transaction value of that commodity on export, apart from differences due to insurance, freight and similar charges; and that, in general, because the transaction value is a firmly based figure it can readily be adjusted to serve other purposes.) In practice, however, the external trade statistician does not have any such choice. In most countries there is no system of valuation of commodities for purposes of trade statistics as such. The statistician, therefore, "makes do" with values placed on merchandise for customs and related administrative purposes.

41. The values (customs values) required by customs laws and procedures are designed for revenue purposes rather than for those of economic statistics, although there is no necessary antagonism between the two purposes. Strictly speaking, the term "value" in the customs context is a legal concept rather than an economic fact. Frequently, the intention of the concept of value embodied in the customs law is to obtain for each commodity a value having economic significance, and rules are laid down as to the market on which the value is to be based. The transaction value may even be specifically required by the customs law. Frequently, however, the customs concept results in values which have no relation to the transaction value. Occasionally, too, the customs law does not contain any general concept of value, but actually lists the prices at which given commodities are to be valued (tariff, official or arbitrary values). In

some cases changes in these price lists are essentially a mechanism for changing rates of duty. However, it can be said that the tendency in many countries is to avoid this practice.

42. The utility to a country of its external trade statistics has, as a consequence, been seriously reduced by the use of values other than transaction values. Moreover, comparability of the trade statistics of different countries has been limited by incomparability of customs concepts and practices in this matter.

43. In general, the concept of value embodied in the customs law is the basis on which importers are required to declare the value of their goods. The "declared values" are therefore usually the values declared by importers in accordance with customs rules, and these values may approximate to one of the three kinds of economic values referred to in paragraph 39 above (or to the artificial values discussed immediately above).

Recommendations of the Convention

44. The provisions of the Convention on this subject are contained in Annex I, Part I, Paragraphs II and III, and read as follows:

"II. There shall be maintained or established the system of valuations known as 'declared values', that is to say, values declared by importers or exporters (or their duly recognized agents) in respect of each individual transaction. Further, with a view to obtaining accuracy in statistics of external trade, such values shall be subjected to verification and systematic checking.

"III. (a) For this purpose values at the frontier (land or sea frontier as the case may be) shall be employed; that is to say, in the case of imports, the value at the place of dispatch plus the cost of transport and insurance from that place to the frontier of the country of import, and, in the case of exports, the value free on board or free on rail or road vehicle at the frontier of the country of export.

"In the case of imports, import duties, internal taxes and similar charges imposed in the country of import shall be excluded from the values. In the case of exports, export duties, internal taxes and similar charges imposed in the country of exports shall be included in so far as they in fact remain charged on the goods exported.

"(b) When in any country ad valorem duties are imposed on imports or exports, the values ascertained in conformity with the methods prescribed in the fiscal legislation of such country for the assessment of these duties may be used for the purposes of the statistics of imports or exports, even though they may differ from the values as defined in paragraph (a) above. Similarly, in any such country, the values ascertained by the application of the same methods may be employed in respect of goods exempt from duty or subject to specific duties. When this course is followed in any country, its statistics must show clearly the method of valuation adopted and should give at least an annual, and if possible a detailed, estimate of the values on the basis of the method of valuation described in paragraph (a) above."

Importance of transaction values

45. It will be observed that the Convention distinguishes between "declared values" and "customs values". From what has been written above, it may be concluded that the term "declared values" is an inappropriate one since the value which the customs law requires importers to declare is frequently, if not usually, the value as determined by the customs law, which may be very different from any market value. That this is merely an ambiguity of terminology appears clear from Paragraph III. The intention of this paragraph can, without difficulty, be interpreted as leading to what has been described above as the "transaction value"; and, in what follows, this interpretation will be assumed.

46. It will be seen that, in the Convention, the signatories undertook to use one of two methods. The first, the Group have interpreted as leading to the "transaction value" (including insurance and freight in the case of imports); the second leads to the value prescribed in the fiscal legislation of the country. Countries using the fiscal basis were to give at least an annual, and if possible, a detailed estimate of the transaction values. It is not known whether any country actually provided these estimates, unless the periodic adjustments of merchandise values contained in balance of payments estimates may be considered as meeting the requirements of the Convention. It is clear that, if countries had provided the detailed estimates of transaction values which the Convention may be interpreted as requiring, international comparability would have advanced greatly in the period that has elapsed since the Convention was signed. The fact that the Convention might have been interpreted as requiring alterations in basic fiscal legislation may have operated against its implementation in many countries.

/It can be

It can be emphasized, however, that countries need not be required to discard national systems in order to achieve comparability. For purposes of international reporting, countries may be asked to record the transaction value as an additional item where it markedly differs from the customs value. Since the transaction value is usually known at the time of import and export, being contained in the documents supporting the customs declaration, no important practical difficulties would be involved. This procedure would provide information essential to the country itself, apart from its contribution to international comparability.

47. Starting from the general considerations set forth in the previous paragraphs, the Group agreed that the transaction value is the appropriate one for trade statistics. They further noted that in many countries the customs valuation approximates to the transaction value. But a number of countries base values on arbitrary price lists or on resale values or values in the exporting country. The former produce values meaningless for economic purposes; the two latter tend to be administratively determined and therefore differ considerably from transaction values. Those countries which do not compile their trade statistics on the basis of transaction values are urged to do so.

Definition of transaction values

48. The Group recommend that the following rewording of the definition of transaction value given in the Convention be adopted as standard:

"In the case of imports the 'transaction value' shall in general be the value at which the goods were sold plus the cost of transportation and insurance, where not already included, to the frontier of the country of import (including unloading charges at the frontier, if any); and, in the case of export the 'transaction value' shall be the value free on board or free on rail or road vehicle at the frontier of the country of export.

"In the case of imports, import duties, internal taxes and similar charges imposed in the country of import shall be excluded from the transaction value. In the case of exports, export duties, internal taxes and similar charges imposed in the country of export shall be included insofar as they in fact remain charged on the goods exported."

The Group recommend that transaction values so defined shall be used by countries for the purpose of their statistics of external trade or that countries be requested to provide quarterly statistics on the basis of these values according to the commodity groups of the SITC with country analysis.

49. The Group felt that countries whose system of valuation for statistical purposes conformed essentially to the definition of transaction value need not be asked to make adjustments for small differences.

Imports: c.i.f. and f.o.b. values

50. The definition just given leads to c.i.f. valuation for imports and f.o.b. for exports. The Group considered the question of the rival merits of f.o.b. and c.i.f. valuations for imports from the point of view of the use of the data for balance of payments calculations (and for economic analysis).

51. Free on board values for imports are not in all cases to be preferred for balance of payments estimates to c.i.f. values. Where, for example, the imports of a country are largely carried by its national shipping and insured by national insurers, it will be sensible to exclude these earnings from the balance of payments estimates if f.o.b. values for imports are available. If only c.i.f. values are available it will be necessary to estimate the shipping earnings and insurance element, either to deduct it from the import bill or to enter it as a credit. In either case the c.i.f. value will introduce a source of error into the accounts. The position is, however, quite different when a country uses the shipping and insurance services of other countries. Here the total c.i.f. value will represent a total of out-goings, and the f.o.b. value only a part. If c.i.f. values are available, there may be error in the distribution of the total between the merchandise account on the one hand and the shipping and insurance account on the other, but the sum of the items will be secure. If f.o.b. values only are available, the merchandise account will be covered, but the shipping account must be estimated. Moreover, it will often be true that an importing country will pay for shipping and insurance services not directly to the country ultimately providing them but to the country supplying the merchandise imports, that country in turn purchasing the services.

52. In the case of land transport, and where f.o.b. and c.i.f. differ, it will be more difficult to obtain f.o.b. than c.i.f. valuations, for f.o.b. values require the making of a distinction between freight charges incurred inside and outside the exporting country and, in the case of sea transport, where that distinction is easier to make, freight documents are often made out c.i.f.

53. An f.o.b. valuation includes inland freight in the exporting country but excludes onward freight to the importing country even when accruing to the exporting country - a dichotomy which appears to be without economic meaning for the importer. Moreover, it may be noted that the attempt to maintain a distinction between charges for merchandise and charges for insurance and freight can never be successful since the merchandise account inevitably contains many transport and other service charges.

54. One important analytical use of trade statistics is to create a matrix of world trade, showing for particular commodities or groups of commodities the flow of trade between countries, distinguishing the sources of exports and the destination of imports. It is sometimes argued that this type of analysis requires that imports and exports should be on a common basis of valuation, namely f.o.b. in order that the value figures may be immediately comparable. Insofar as the data for individual countries are unavailable, there is unquestionably an advantage in an ability to estimate the (f.o.b.) imports of country A from the (f.o.b.) exports of country B. But when data are available, there is a decisive advantage in imports and exports being on different systems of valuation; for two matrices can then be constructed, and the differences between them allows an independent analysis of a substantial element in distribution costs. Matrices are normally constructed on either an export or an import basis, not a combination of the two, and the differences in value for the exporting and importing country under both f.o.b. and c.i.f. definitions create no difficulties. It was in addition considered that much of this type of matrix analysis is carried out on a commodity basis and that for this use, physical unit figures may be more useful.

55. For most purposes of economic analysis, c.i.f. values are preferred to f.o.b. For example, the c.i.f. value figures are comparable with the domestic prices of the importing country whereas f.o.b. figures are not.

Recommendation on bases of valuations

56. Weighing these various arguments and considerations the Group recommend that the basis of valuation of imports should be the c.i.f. transaction value; and they recommended that the basis of valuation for exports should be the f.o.b. transaction value.

Valuation problems

57. The Group considered various kinds of transactions to which their recommendations might be difficult to apply.

58. The Group recognized that goods moving under governmental transactions or under private quasi-barter trade may be bought and sold at prices which differ markedly from those of the same goods bought under more competitive conditions. These kinds of reciprocal arrangements can distort the aggregate of trade. Nevertheless, the Group considered that these prices are the transaction prices and must be accepted as such. It would be impossible to adjust the many variations in contract prices which lie between fully competitive purchase and sale and inter-governmental and other barter or quasi-barter transactions at nominal prices.

59. Goods whose movement in external trade is not accompanied by an opposite movement of currency or credit have no actual transaction value; in these cases, the "theoretical transaction value" should be used, i.e. the value which would attach to the merchandise in question if it were the subject of a commercial transaction. Kinds of trade which may require theoretical transaction values to be estimated are:

- (a) trade and barter agreements based on quantities without stated prices,
- (b) goods sent on consignment,
- (c) re-imports or re-exports of unsold articles,
- (d) goods moved under concession,
- (e) gifts made by private agencies or persons,^{5/}
- (f) the personal and household goods of migrants,
- (g) goods moving between affiliated businesses,

^{5/} Free gifts between persons often cannot be separated from other categories of shipments such as parcel post (which in itself gives rise to special problems); they should, in such cases, be valued by the method used for the categories of which they form a part.

- (h) articles sold to cover customs charges,
- (i) confiscated contraband,
- (j) leased goods.

60. Exports and imports under inter-governmental or governmental aid programmes, mutual or unilateral, should, in the absence of actual transaction values, be valued as follows. All supplies should, if possible, be valued by means of theoretical transaction values. Military goods should, where necessary, be valued at nominal value or nominal value less depreciation or, if these values are not known by the importing country, at the cost of similar goods in that country.

61. Goods entering bonded warehouses and which are still the property of the exporter can be treated as imports on consignment. Re-exports from bonded storage warehouse (like other re-exports) should, of course, be given their transaction value at the time of re-export, not their transaction value as imports.

62. In valuing goods moving in the improvement and repair trade, the principal object is to obtain a measure of the value added by the improvement or repair, and if there are difficulties in valuing the merchandise no more than the value added need be recorded. Where recording is possible on import and export, the dual valuation of the goods can best be done by using the definition given in the Convention, slightly amended, as follows:

"For goods moving in the improvement and repair trade the full value of each category of goods shall be shown both on arrival in and on dispatch from the territory. By the full value of the goods is meant, in the first instance, their transaction value (actual or theoretical) in their unimproved or unrepaired state, and, in the second, this value plus the value of work and material added."

Currency conversion

63. In general, a country collects in terms of its own national currency the figures for the value of its imports and exports so one or both sets of currency figures must be converted before comparison can be made with the trade figures of another country. If value is to be shown for groups of countries taken together, national values must be converted to a common currency. The factors by which these conversions are made are called currency conversion factors.

64. Ordinarily, this process of conversion presents no problems and no significant error is made by converting national value figures into another currency by means of the par rate. If the par rate fluctuates during a statistical period, average currency conversion factors for the period, obtained by weighting each rate by the total amount of the (a) imports, and (b) exports moving at that rate, are in general adequate for most conversions.

65. A similar problem of conversion arises in expressing a country's trade in terms of the national currency since transaction values expressed in foreign currencies must be converted. Here, too, conversion at par rates is generally adequate. But in many countries exchange rates differing significantly from one another are used at the same time for different commodities and even for varying origins and destinations of the same commodity. Sometimes such a multiplicity of exchange rates is laid down by regulations; sometimes it is produced indirectly by fiscal devices such as those listed below.

(a) Where the free market exchange rate between the currency of the reporting country and its trading partner differs from the official rate, exporters in the reporting country may not be forced to change all of their foreign currency at the official rate, and importers in the reporting country may procure some of their foreign currency requirements in the free market.

(b) Some governments require that exporters accept "exchange certificates" in part payment for the foreign currency they surrender, the balance being paid in national currency, and correspondingly require that importers surrender exchange certificates as well as national currency in order to obtain foreign currency.

66. The result of these measures is that care must be taken if the true transaction value in the national currency is to be recorded, i.e. the national currency equivalent of the amount paid by the importer or received by the exporter.

67. Even when these figures are obtained and recorded, they have, of course, only a limited meaning either to the domestic user or for international purposes.

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It is impossible to know what rates of exchange should be used for converting the national currency statistics to obtain the foreign exchange credits and debits in merchandise trade and the true external values.

68. The Group concluded that where these multiple exchange situations arise, two sets of value figures become necessary, no less for the recording country than for international purposes; namely,

- (i) the true f.o.b. and c.i.f. transaction values expressed in the national currency, each transaction having been converted from the foreign currency at the appropriate rate of exchange,
- (ii) the foreign exchange values of transactions, converted into the national currency at pre-determined, published, and unique rates for each foreign currency.

The statistics based upon the first set of values will show the impact of external trade upon the domestic economy: the second will show the effect of trade upon the country's external position and allow its own trade statistics to be related to those of other countries.

69. Accordingly, the Group recommend that countries with multiple exchange rates collect and publish the two sets of value figures outlined above, preferably in their own statistical publications, but at least quarterly with a commodity analysis according to the groups of the SITC sub-divided by countries of provenance and destination.

III. ANALYSIS OF TRADE BY COUNTRY

Definition

70. No method of defining the countries from which imports are received and the countries to which exports are sent was prescribed by the Convention. In Article 3 it is stated that the parties undertook, as far as the means of investigation at their disposal permit, to prepare for the purposes of experiment, the statistical tables specified in Annex I, part III, viz:

- (1) Tables of imports to show for each of a number of selected articles
 - (a) the countries of origin or production
 - (b) the countries of consignment or provenance
 - (c) the countries of purchase
- (2) Tables of exports to show for each of a number of selected articles
 - (a) the countries of consumption
 - (b) the countries of consignment or destination
 - (c) the countries of sale

It appears from the Convention that this experiment was to provide information to form the basis of a supplementary agreement among the parties concerning the country definitions best suited for international comparability. No such supplementary agreement was ever reached.

Comparability

71. There is little doubt that differences in definitions in this matter appear at present to be a most serious cause of incomparability in the reported data of the different countries and of confusion in world trade statistics. A considerable part of this incomparability however is, in reality, due to the differences in coverage discussed above (e.g. warehouse trade, "nationalized exports", etc.). This part of the incomparability will be eliminated or substantially reduced by the recommended definitions of coverage. Nevertheless, a certain amount of incomparability will remain due to differences in country definitions.

72. It was a matter for consideration by the Group whether this element of incomparability is of such a magnitude as to warrant asking countries to make additional compilations on alternative definitions when they may, for national

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purposes, find it necessary to compile information on the basis of their existing definitions. The Group considered the further problem of the incomparability which would be caused by the lack of comparable information about the countries traded with, even if countries were to use the same definitions. Based on the information available to it, country A may show certain exports to country B as either country of consignment or consumption. The goods may, however, move through country B in direct transit to country C thereby escaping recording as either an import or export in country B, with resulting discrepancies between the statistics of A and B. If the information is available, A should, of course, record the export as to country C.

Country of purchase and sale

73. The Group first considered the analysis of trade by countries of purchase and sale. In order to see how this form of analysis would record certain relatively common types of transactions the Group considered various kinds of hypothetical transactions, e.g.

Country A produces goods which are sold to a resident of B, who in turn sells them to a resident in C; they are shipped directly from A to C.

On a purchase-sale basis of recording trade, the statistics of A would show the export to B and the statistics of C would show the import from B. However, the transaction would entirely escape recording in the statistics of B since the goods did not touch at B. In other less common situations the transactions might escape recording by both the country which purchased the goods and the country which sold them. No comparability of trade statistics between trading partners may be expected if statistics were compiled on a purchase-sale basis. Even if a country were successful in measuring all the purchases and sales made by its residents, including those for which goods did not touch its borders, the resulting statistics would not be trade statistics in the sense they are discussed here, namely a record of the movement of goods from one country to another.

74. Even for goods moving across its borders, the compilation of its statistics on a purchase-sale basis confronts a country with certain problems if information useful for balance of payments purposes is to be compiled. The definition of the Convention, which for this basis of recording determines the country by the "place

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of business" of the purchaser or seller, calls for information from the importer or exporter which for most transactions can be supplied. There will be problems when the goods are sent from or to an agent in a country other than the one which is the "place of business" of the seller or purchaser. The problems of obtaining correct information become even greater, however, when, as needed for balance of payments purposes, the determination of the country must be based on the "place of residence" of the seller or purchaser. Added to the problem of identifying the true seller or purchaser is the problem of determining "residence" of the buyer or seller in the balance of payments sense. It can be concluded that for a country with many buyers and sellers at home and in its partner countries the compilation of its trade statistics on a purchase-sale basis would be at best a very expensive operation requiring a substantial effort to determine the residence of the buyer and seller for each external trade transaction. On the basis of these considerations, the Group agreed that it could not recommend analysis of trade statistics on the basis of countries of purchase and sale. It was recognized that some countries may find a use for supplementary information of this kind in analysis of its balance of payments by geographic areas, but countries should consider whether the composition of the trade and the nature of its movement is such that reasonably accurate information can be obtained without undue effort. This may be the case, for example, where a country principally exports to or imports from a relatively few buyers or sellers so that accurate information on "residence" in the balance of payments sense can be obtained.

Country of production of consignment

75. The Group next considered the remaining alternatives: for imports - countries of origin or production as against countries of consignment; for exports - countries of consumption as against countries of consignment.

76. The Group discussed their rival merits, it being understood that country of consignment means, in the case of imports, the country from which the goods were first shipped to the reporting country without any commercial transaction intervening between that country and the country of import. In the case of exports, the country of consignment means the last country to which the goods were shipped by the exporting country without, as far as is known, any commercial transaction intervening. Bulk may be broken in both cases between the reporting

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country and the countries to which or from which the goods were sent. Even though an exporter is aware that goods being sent under a commercial transaction to a merchant in another country will subsequently be resold and dispatched to a third country, the ultimate destination will not be recorded by the exporting country as the country of consignment. Nevertheless, the records of the three countries involved will reveal the movements of the goods. The ultimate destination will be recorded by the country from which the goods will be re-dispatched on the subsequent sale, so that the trade statistician will record both movements under both transactions.

Country of production

77. Analysis of imports by countries of production has the advantages that it (a) shows directly the relationship between the producing and importing country and (b) arises naturally out of information available to customs wherever import quotas or differential duties depend on the country of production. There are, however, difficulties in determining country of production so serious that the Group cannot recommend it for universal use. It was recognized that importing countries can usually obtain reasonably accurate information about country of production for finished goods requiring the marking of the country of production, for commodities requiring a carefully administered certificate of origin, and for raw materials produced in only a few areas and not normally transformed by, or mixed with materials from, other countries before importation. However, this information is frequently not available for many types of products. For example, when a country buys goods like wheat or rubber, the seller may deliver a consignment which he has collected from several national sources; in other cases, the origin may be unknown both to the supplier and to the importer. Again, brokers may be loath to disclose the national origin of the goods they sell lest their services be dispensed with in subsequent transactions. For all such shipments it is difficult if not impossible to obtain accurate figures by country of production. Moreover, much of the logical appeal of recording by countries of production is lost because goods are often produced by successive processing and handling in various countries. For example, a country of production definition may attribute the export to a country that merely dressed furs produced in another country.

78. Goods produced in this way raise difficult problems of the interpretation of country of "production", interpretations which vary in practice from country to country, depending on legal or other non-statistical considerations, and which may in fact vary from one transaction to another within a country.

Country of consumption

79. For exports, it appears well nigh impossible accurately to record country of consumption, since it is frequently undetermined at the time of export, or, if determined, unknown to the exporter. And, if known, the exporter may be unwilling to supply the information.

Country of consignment

80. The Group concluded that statistics compiled on a production-consumption basis are unlikely to be accurate, will mask intermediate transactions and will not produce comparability of trade statistics among trading partners. Turning to the recording of trade on the basis of country of consignment, it appeared to the Group that this method offered the greatest possibility of attaining accurate statistics and reasonable comparability. In general, this method of compiling trade by country statistics will promote the recording of the same transactions by exporting and importing countries. Transactions can, of course, occur where this comparability is not achieved. It will not, for example, be achieved when goods are exported to countries compiling statistics solely on the special trade system or to free ports subsequently to be re-dispatched abroad and from bonded warehouse or other form of customs control. The recommendations on coverage made in this report will tend to prevent non-comparability in the recording of these transactions. Goods may also be dispatched in transit through a second country to optional destinations, and here again comparability clearly may not be achieved. In such cases, however, the goods should, under the definition of consignment, not be recorded to the country of transit but to one or other of the optional destinations thereby limiting the amount of non-comparability. Again, comparability will not be achieved if a cargo shipped to one country is diverted on the high seas to another destination, or is resold and sent in direct transit to a third country before entering the import statistics of the country to which consigned. There appears to be no way of avoiding this sort of difficulty; but on balance the relatively limited extent

of such possible errors appear to warrant some confidence that the use of the consignment basis will assure reasonable comparability of trade statistics and accuracy in the recording of world trade.

81. Analysis of imports by countries of consignment has the important advantage that the importer and the customs authorities can for almost all transactions determine at the time of import whence the goods were consigned, thus increasing the accuracy of the statistics. Moreover, for many commercial purposes knowledge of country of consignment is no less valuable than knowledge of country of production. If the trade of a country is analysed according to the country to which goods are sent or from which they are received, the countries with which trade is shown may properly be regarded as the trading partner of the country considered, in that the trade between them gives rise to bilateral commercial relations. For the above reasons, therefore, the Group recommend that countries, where possible, should adopt the country of consignment basis for their trade statistics. Where there are legal or other impediments to this being done, the Group recommend that supplementary information be collected by country of consignment and quarterly statistics be made available on this basis according to the commodity groups of the SITC.

82. The Group recognized that some countries might find it desirable to collect import statistics by country of production to serve national needs, and that where accurate information was obtained such statistics for a number of consuming countries would be very valuable as direct measures of the flow of goods from producing to consuming areas. In other, less frequent, cases countries may wish to record exports by country of consumption.

Country classification

83. The Group recognized the desirability of having each country use a country classification reflecting descriptions of their own custom areas by the countries of the world. The construction of a summary of each country's definition of its own customs area is in process in the United Nations Statistical Office at the request of the Statistical Commission and its widespread use after completion should assist international comparability of trade statistics to an important degree.

IV. QUANTITY DATA

84. The Group agreed that in addition to their substantial importance as a basic measure of the international movements of goods, physical units of quantity derive an added usefulness because of their independence from the valuation difficulties discussed elsewhere in this report. By avoiding the valuation problems of multiple exchange rates and of changes in exchange rates, quantity figures provide a reliable measure of a large part of trade. Quantity figures can also provide a measure of the movement of goods between trading partners which, in contrast to the value measure, is not so subject to differences of measurement between the exporting and importing country.
85. The Group first of all considered the following provisions of the Convention in regard to units of measure:

"The unit or units of measure in which quantities of each commodity are stated - weight, length, area, capacity, etc. - shall be precisely defined.

"When the quantity of goods of any kind is expressed in any unit or units of measure other than weight, an estimate of the average weight of each unit, or multiple of units, shall be shown in the annual returns.

"In the case of weights, precise definitions shall be given of the meaning of terms such as 'gross weight', 'net weight' and 'legal net weight', with due regard to the varying significance of the same term when applied to different classes of goods."

The Group noted that the second paragraph of the provision permitted countries to use units suited to domestic purposes while at the same time making it possible to convert these units to units of weight for purposes of international comparability. Because of the substantial divergences in the units of quantity used by countries, such a provision offers the greatest possibility of obtaining uniform quantity information at low cost.

86. The Group proposed that the United Nations Statistical Office examine the types of quantity figures used by countries in reporting their trade and select the unit most suitable for each SITC group. The unit selected for an SITC group would be applicable to the SITC items within the group for

international reporting. Countries would then be requested to report their trade in SITC groups in terms of these selected units of quantity. It is apparent that for the great majority of SITC groups, a weight figure will be the one most suitable. Countries should, in the opinion of the Group, be requested to present the weight figures on a net basis excluding all containers enclosing the commodity specified, as this is the figure most useful for trade statisticians and the only basis on which different shipments of the same commodity can be accurately compared.

87. While net weight will be the unit requested for the great bulk of the SITC groups, there will be a number of groups such as those for wood, lumber, certain types of machines, petroleum products, gas, etc. where some other unit may be more universally used by countries to measure their trade and in which, therefore, countries could with less effort supply the requested data. The Group would not wish their recommendation to impede the progress which has been and is being made to collect trade figures in terms of quantities and particularly in terms of weight.

88. The Group recognized that despite these efforts toward simplified reporting on a comparable basis, many countries would still face difficulties in reporting their trade in terms of the units selected for each SITC group and item. Countries should therefore be free to convert from their national units to those recommended by the use of estimates.

V. CONFORMITY WITH RECOMMENDED DEFINITIONS

89. The objectives set out in the introduction to this report can only be achieved if countries conform with the recommended definitions and standards. Conformity is, however, necessarily a matter of degree in such a field of work as statistics. Without disproportionate expense and burden on traders, it is impossible for countries to adhere completely to any set of standards.

90. It would therefore be unrealistic and unnecessary to request countries to work toward precise conformity with the proposed international standards. National practices may produce results which are substantially identical with those here recommended. Even in the case of countries making changes to

conform with the standards, it may be proper to adopt practices which deviate deliberately from the ideal standards, because the error introduced or the detail of trade unrecorded or unavailable may be incommensurate with the cost of attaining complete congruence with the true desiderata.

91. However, countries should not deviate from the international standards when the deviations bring about results which differ to any substantial extent from the results that would be obtained in accordance with the recommendations. The Group therefore recommended that countries be requested to refer deviations from the standards to the United Nations Statistical Office for advice as to the appropriate action to assure reasonable international comparability of external trade statistics in terms of aggregate trade and of trade analysed by country and by commodity.

92. It was recognized that to ensure reasonable comparability countries might have to investigate the probable effect of deviations on the statistics. For example it might be necessary for countries to investigate the volume and commodity and country composition of the trade in certain categories of shipments in order to determine whether a particular practice would or would not conform reasonably closely to the standard coverage definitions. Countries might furthermore have to investigate the extent of deviations from the standard definitions of value, country, physical units of quantity, etc. Investigations of this kind are necessary if reasonable comparability of trade statistics is to be achieved. The investigations would, in addition, be valuable for national purposes by providing countries with information which they may not have at present on the accuracy of their statistics. The Group also consider that any deviations from the standards should be kept under review so that they may be altered with changing circumstances.

VI. EXPLANATION BY COUNTRIES OF THEIR DEFINITIONS AND PRACTICES

93. The Group finally attach great importance to the publication by countries of a current and up-to-date explanation of the definitions to which they actually work in the recording of trade statistics and of the extent to which any deviations from the recommended standards affect the commodity and country

composition of the trade as measured in the statistics. Particularly, the Group recommend that countries provide a full description of their definitions, practices, and exceptions on the following subjects:

- (1) Categories of goods excluded but recommended for inclusion in the standard definitions.
- (2) Categories of goods included but recommended for exclusion in the standard definitions.
- (3) The boundary of the statistical territory.
- (4) Special treatment in regard to commodity or other information on certain categories of merchandise, e.g. parcel post, border traffic, etc.
- (5) Definition of countries to which trade is attributed.
- (6) Definition of valuation.
- (7) Method of converting values in foreign currency to domestic currency.
- (8) Method of treatment of direct transit trade.
- (9) Periods of time to which the trade statistics relate.
- (10) Other matters which would materially assist in the understanding of the statistics.

The Group wish to place upon record their appreciation of the willing and able assistance given to them by members of the United Nations Secretariat.
