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DEFINITIONS FOR EXTERNAL TRADE STATISTICS

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Definitions for External Trade Statistics

Differences between the "International Convention relating to Economic Statistics" of 1928 and the "Principles for Statistics of External Trade" (Report of the Group of Experts on definitions for external trade statistics; E/CN.3/142))

A. Publication of trade statistics

1. Convention in article 2 (p.4) provides that countries shall compile and publish "annual and monthly returns of the quantity and value of imports and exports". The year referred to is the calendar year (Annex I, part I, para. X p.21).

2. Experts' Report is nowhere so specific about the compilation and publication of trade statistics. It mentions the pattern of reporting only incidentally in connexion with the reporting of certain supplementary figures (paras. 28, 32, 48).

B. The territory to which the trade statistics apply

1. Convention defines this territory as the customs territory together with customs bonded and other warehouses and depots under customs control and all free ports and free zones belonging to that country and provides that, in the case of countries forming a customs union, trade statistics for the whole union may be published and that separate statistics may be published for non-contiguous parts of the same customs territory (Annex I, part I, para. V).

2. Experts' Report makes a similar provision (para. 12) but does not mention customs unions or the treatment of non-contiguous parts of the same customs territory.

C. Coverage of trade statistics

1. Convention permits reporting according to the general or special trade system. If the former is used, exports and re-exports are to be shown separately, if the latter, a summary of warehouse trade shall be published (Annex I, part I, para. I). The Convention permits the exclusion of non-commercial transactions (Annex I, Part I, para IX).

2. Experts' Report recommends that countries either use the general trade system, distinguishing exports and re-exports or provide data by which special trade figures can be adjusted to approximate this result (paras. 28 - 30). It recommends

the inclusion of non-commercial transactions (para. 99).

3. Both the Convention and the Report make specific recommendations about certain special classes of goods such as bunkers, tourists' effects. These are summarized in a table in annex 1 to this paper. Both the Convention and the Report recommend the exclusion of direct transit trade from the body of the statistics and recommend supplementary tabulations (Convention, Annex I, part I, para. I; Report, paras. 36-38).

D. Valuation

1. Convention distinguishes between "declared values" and "customs values". It permits values to be reported in terms of the latter (values prescribed by the country for the assessment of duty) provided an annual estimate of values based on "declared values" is made. Import and export values are to be on a c.i.f. and f.o.b. basis respectively. (Annex I, Part I, paras II, III).

2. Experts' Report recommends the use of "transaction value" which the Experts consider to be what the Convention meant by "declared value" (para. 45), and which is defined in paragraph 48. The Report recommends the c.i.f. valuation for imports and f.o.b. for exports (para. 56). Countries not using transaction values for their external trade statistics are requested to provide quarterly statistics on the basis of these values according to the groups of the SITC with country analysis (para. 48).

3. The Report recommends that transaction values be used even for transactions not taking place at market prices (paras. 57 and 58) and describes how to approximate transaction values in the case of goods whose movement is not accompanied by an opposite movement of currency. It recommends that countries using multiple exchange rates show two value figures for each relevant entry in their trade statistics, one of use in studying the internal economy of the country, the other in studying its external economic relations (paras. 63-69). These subjects are not discussed in the Convention. The Convention (Annex I, Part I, para. I (a)) and the Report (para. 62) recommend the same methods of valuing goods moving in the improvement and repair trade.

E. Units of quantity

1. Convention provides that measurement of quantity shall be based on weight and that, when quantity is stated in other units, approximate factors for conversion to weight shall be published annually. The use of "gross" "net" and other basis for determining weight is permitted. (Annex I, Part I, para. IV).

2. Experts' Report makes essentially the same proposal, strengthening it by specifying that the "net" weight shall be used for quantities expressed in terms of weight (para. 86) and weakening it by proposing that the United Nations Statistical Office investigate whether, for certain groups of the SITC, other units might be more in accord with the practice of countries than units of weight (paras. 86, 87).

F. Analysis of trade by country

1. Convention in Part II of Annex I lists the statistical territories to be shown in returns of trade by countries (Annex I, part I, para. VI) and provides that any signatory may request the Secretary-General of the League of Nations to modify the list to take account of changes. The Convention provides that goods on optional bills of lading or shipped "for orders" be shown separately (Annex I, Part I, para VI). No method of defining the countries from which imports are received and the countries to which exports are sent was prescribed by the Convention (see Report, para. 70).

2. Experts' Report recognizes the desirability of having each country use a country classification reflecting descriptions of their own customs areas by the countries of the world and notes that the Statistical Office is preparing a summary of such definitions to replace the list annexed to the Convention which is now out of date (para. 83). The Report recommends that the country from which imports are received be defined as the country of "consignment" i.e. 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, and that the country to which exports are sent also be defined as the country of consignment, i.e. the last country to which the goods were shipped by the exporting country without, as far as is known, any commercial transaction intervening. The Report mentions the difficulties raised by shipments such as shipments "for orders" (para. 80) but makes no special recommendation about them.

G. Gold

1. Convention recommends separate tabulation of trade in (1) gold coin (2) gold in bars (in the form acceptable in inter-bank transactions), and (3) other gold (Annex I, Part I, para. VII).

2. Experts' Report recommended that (a) gold, unrefined, partly worked and bullion and specie and (b) paper and other currency, except that traded as merchandise, be omitted from the merchandise account and recorded separately (para. 11).

H. Classes of goods of negligible importance

1. Convention permits the exclusion from the statistics of goods imported or exported in insignificant quantities which may be regarded as of negligible importance in comparison with the total trade in these particular goods (Annex I, part I, para. IX) and provides that, in showing trade by countries, those countries with which trade is unimportant may be grouped under the heading "Other countries". (Annex I, part I, para VI).

2. Experts' Report in paragraph 22 ~~makes~~ a similar suggestion about the treatment of negligible classes of goods and in paragraphs 89-92 recognizes that it may be proper for a country to adopt practices which deviate deliberately from the ideal standards, because the ~~error~~ introduced in the detail of the trade unrecorded or unavailable may be incommensurate with the cost of eliminating it.

I. Explanation by countries of their definitions and practices

1. Convention provides that countries not using "declared values" shall describe their method of valuation (Annex I, part I, para. III b) and that countries shall define the units of quantity they use (Annex I, part I, para. IV).

2. Experts' Report suggests a series of questions on whose treatment countries should give up to date descriptions (para. 93).

ANNEX I

Treatment of certain Special Classes of Goods in the Convention and Report

	Treatment		Reference	
	Conv.	Report	Conv. <u>1/</u> Para.	Report Para.
IMPORTS				
1. Fish landed from domestic vessels <u>2/</u>	E	E	IX	C
2. Fish landed from foreign vessels <u>2/</u>	N	E,S*	-	16,17
3. Bunkers, stores, ballast and dunnage sold from foreign vehicles in national territory	N	E,S*	-	16,17
4. Bunkers, stores, ballast, dunnage acquired abroad by domestic vehicles	N	E,S*	-	16,17
5. Ships and aircraft purchased abroad	N	S	-	19
6. Goods involving no commercial transaction	E*	I	IX	9
7. Goods consigned by a foreign country to its embassies or armed forces in the reporting country	E*	E	C	10
8. Foreign military surplus located inside reporting country	N	E	-	20
9. Migrants' personal effects	E*	E*	C	22
10. Tourists' purchases abroad	E*	E*	C	22
11. Border traffic not normally subject to customs control	E*	E*	C	22
12. Foreign vehicles merely engaged in carriage between countries	E	E	C	10
13. Repairs to domestic vehicles while abroad	E	E	C	16
14. Temporary imports (samples, tourists effects)	E*	E	C	10

KEY

- C : Treatment determined by context.
- E : Exclusion from merchandise trade mandatory.
- E* : Exclusion from merchandise trade permitted even where magnitude is significant.
- I : Inclusion in merchandise trade mandatory.
- N : Not specifically mentioned.
- S : Separate tabulation mandatory.
- S* : Separate tabulation suggested.

- 1/ Reference is to paragraph number in Annex I, Part I.
- 2/ The Report includes salvage with fish.

ANNEX I (continued)

Treatment of certain Special Classes of Goods in the Convention and Report

	Treatment		Reference	
	Conv.	Report	Conv.1/ Para.	Report Para.
EXPORTS				
1. Fish sold abroad by domestic vessels <u>2/</u>	N	E,S*	-	16,17
2. Bunkers supplied to domestic vessels	S	E	VIII	C
3. Bunkers, stores, ballast, dunnage sold off domestic vehicles in foreign ports	N	E,S*	-	16,17
4. Bunkers supplied to foreign vessels	S	E,S*	VIII	16,17
5. Stores supplied to domestic vessels	E	E	IX	C
6. Stores supplied to foreign vessels	E*	E	IX	16
7. Dunnage and ballast supplied to foreign vessels	E*	E	C	16
8. Ships and aircraft sold abroad	N	S	-	19
9. Goods involving no commercial transaction	E*	I	IX	9
10. Goods consigned by the reporting country to its armed forces or embassies abroad	E*	E	C	10
11. Military surplus sold abroad after use abroad	N	E	-	20
12. Migrants' personal effects	E*	E*	C	22
13. Tourists' purchases	E*	E*	C	22
14. Border traffic not normally subject to control	E*	E*	C	22
15. Domestic vehicles carrying goods or persons abroad	E	E	C	10
16. Repairs to foreign vehicles	E	E	C	16
17. Temporary exports (samples, tourists' effects)	E*	E	C	10

KEY

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E : Exclusion from merchandise trade mandatory.
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significant.
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- 1/ Reference is to paragraph number in Annex I, Part I.
2/ The Report includes salvage with fish.