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**Items for discussion and decision: business and trade statistics**

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**The research agenda and the revision process  
for the revision of the manuals on international trade statistics**

Prepared by the Task Team on International Trade Statistics

The research agenda and the revision process  
for the revision of the manuals on international trade statistics  
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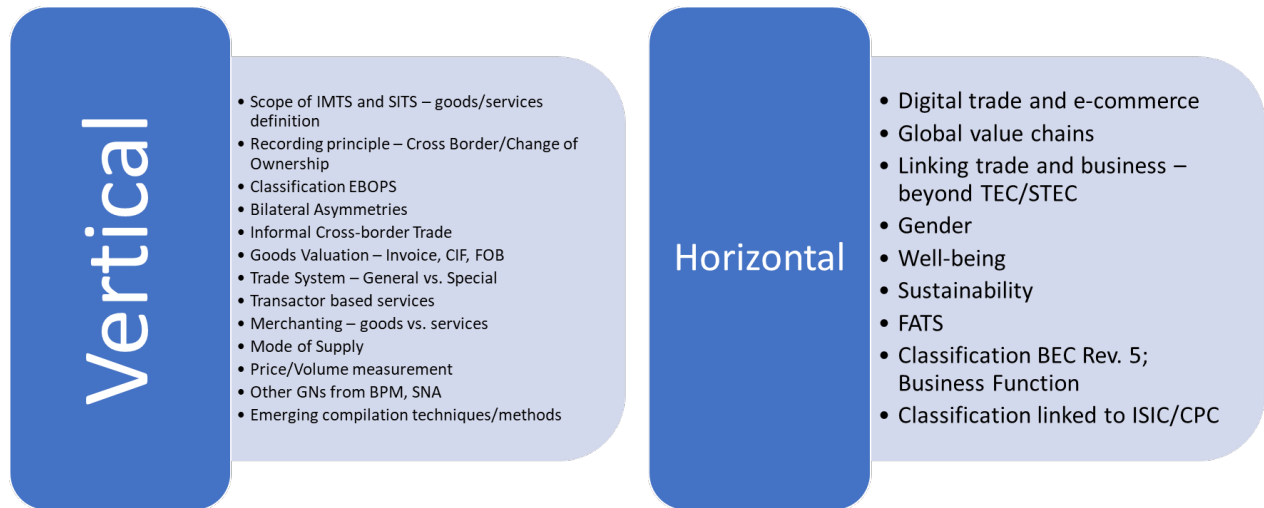
## **I. Introduction**

1. This is a background document to agenda item 3(p) of the discussions of the UN Statistical Commission, providing additional details on the research agenda, processes for the revision of the international trade statistics manuals, and the Task Team on International Trade Statistics of the United Nations Committee of Experts on Business and Trade Statistics (UNCEBTS).
2. The United Nations Statistical Commission, at its 52nd session, welcomed the creation of a Task Team on International Trade Statistics (TT-ITS) under the UN Committee of Experts on Business and Trade Statistics (UNCEBTS) on joint research agenda between business and international trade statistics to revise the trade-related standards, namely International Merchandise Trade Statistics: Concepts and Definitions 2010 (IMTS 2010) and the Manual on Statistics of International Trade in Services 2010 (MSITS 2010) and their companion guides.
3. The Commission recommended that the new task team also work on the development of new trade-related business indicators, on guidance for the integration of international trade-related characteristics of businesses in the statistical business registers, and the promotion of the e-learning training programme on international trade statistics.
4. The Commission also requested the UNCEBTS to actively coordinate the integration of the work programmes and working methods with other groups on International Trade Statistics as recommended by the Friends of the Chair group on economic statistics to avoid duplication of work and advance the active collaboration between countries and agencies.

## **II. Research agenda for the revision of trade manuals**

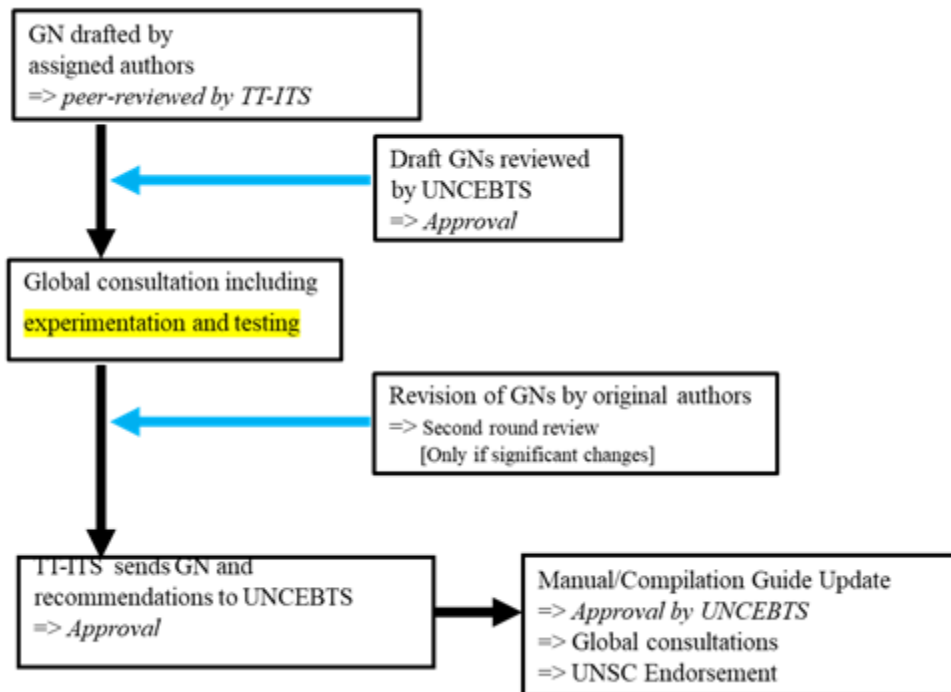
5. A list of research items for revision of the IMTS 2010 and MSITS 2010 has been compiled through several processes, including global consultations from mid-November to mid-December 2021. The research agenda incorporates topical issues and themes, including digitalization, globalization, gender, wellbeing, and sustainability.
6. To facilitate coordination and integration of the update of the international trade statistics manuals, research topics are categorized into the horizontal and vertical dimensions whereby the vertical integration of international trade statistics pertains to the upstream harmonization of international trade statistics with macroeconomic statistical frameworks, including BPM and SNA, and the downstream integration with the various data sources, including customs', administrative, and survey data.
7. Horizontal integration links trade with business statistics on globalization, digitalization, wellbeing and sustainability, exhaustive business registers, among others. It requires collaboration between the various Task Teams (TTs) of UNCEBTS, including the TTs on globalization, digitalization, wellbeing and sustainability, business dynamics, demography and entrepreneurship, exhaustive business registers and capacity building, as well as other groups like Wiesbaden Group and the Voorburg Group. The horizontal integration would respond to emerging users' needs notably regarding the linkage between trade and gender, wellbeing, sustainability, globalization, and digitalization. The figure below shows the topics categorized by the need for vertical/horizontal integration.

**Figure 1: Topics categorized by the need for vertical/horizontal integration.**



8. Annotation of the research topics and issues is given in Annex I. The revision process will be the focus on the development of Guidance Notes on identified issues. The figure below shows the schematic for the life cycle of the Guidance Notes.

**Figure 2: Schematic for the life cycle of the Guidance Notes**



### **III. Data Programme**

9. The integration of trade and business statistics is very important in the context of integrating trade statistics with sustainable development data needs. For example, linking trade and business statistics provides important information, including a) kind of businesses behind trade flows of goods b) the contribution of a particular activity sector to trade, c) the share of small and medium-sized enterprises to total trade; and d) the share of enterprises that trade with a certain partner country and the amount of trade value they account for. These issues are important for achieving the 2030 Agenda and leaving no one behind.

10. An integrated approach to business and trade statistics means that their compilation is, to the largest extent possible, integrated and harmonized with economic, socio-demographic, environment, and multi-domain statistics. Many countries have established programs to collect Merchandise Trade by Enterprise Characteristics (TEC) and Services Trade by Enterprise Characteristics (STEC) which link trade and business statistics.

11. The Trade Task Team will provide strategic leadership and promote the global trade data programs. Significant roles, responsibilities, and goals include:

- a. improving the availability, quality, and comparability of integrated international trade statistics.
- b. promoting the development of national statistical systems that enable the production and dissemination of trade data of high granularity and frequency: IMTS, SITS, TEC, STEC, and trade-related business indicators.
- c. promote joint international data collections, harmonization, exchanges, and dissemination so as to reduce countries' response burden, improve data consistency and user confidence.

### **IV. Capacity Building**

12. Decision 7(f) of the 52nd session of the Commission also recommended that the Task Team promote an e-learning training programme on international trade statistics. The existing e-learning training has been developed and is delivered jointly by UN Statistics Division, UNCTAD, and the World Trade Organization with the close collaboration of the Inter-Agency Task Force on Statistics of International Trade. These activities align with the Cape Town Global Action Plan for Sustainable Development Data (CTGAP); in particular, Strategic Area 6, which seeks to better mobilize resources and coordinate efforts for statistical capacity development for the implementation of the 2030 Agenda for Sustainable Development.

13. To enhance capacity building in the area of integrated trade and business statistics, TT-ITS would provide strategic leadership and play an important advisory role in the development and implementation of capacity building and technical assistance activities in trade statistics. Specific goals of the work programme include:

- a. recommending topics that need special focus in capacity building and technical assistance by international organizations and countries.
- b. promoting coordination and collaboration in capacity building and technical assistance activities
- c. reviewing and endorsing e-learning training programmes on international trade statistics.
- d. reviewing and endorsing software and data tools that are specifically developed for the international community for international trade data processing and dissemination.

## **V. Organization and modalities of work**

14. The Task Team is comprised of statisticians contributing to the development and implementation of new standards and methods, data programmes, and capacity building activities. It will also work on promoting coordination, collaboration and integration of work programmes across the task teams of the UNCEBTS and among different groups and international agencies to avoid duplication of work. Terms of Reference for the Task Team have been developed and the general terms are described in Annex II, whereas specific terms for the revision of the trade-related standards are described in Annex III.

## **Annex I: Annotated research topics**

### ***(v.1) Scope of IMTS and SITS– definition of goods, services and bundled products (goods and services)***

The Current Account Task Team (CATT) on the process of updating BPM6 is considering the topic of separation between goods and services.

Paragraph 1.49 of IMTS Concepts and Definitions (2010) lists goods that are included in trade in services statistics. These include goods acquired by all categories of travelers; newspapers and periodicals sent under direct subscription; 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; media used for carrying software customized or written for a specific client or originals of any nature.

The criteria used here is the characteristics and/or the medium of storage/delivery. Also, in case of goods acquired by travelers, threshold is used to define inclusion or exclusion criteria.

#### *The treatment of knowledge capturing products*

Knowledge-capturing products "concern the provision, storage, communication and dissemination of information, advice and entertainment in such a way that the consuming unit can access the knowledge repeatedly". There are increasingly more international transactions involving products with significant knowledge-based content, for example, e-book, software, and artistic originals. These products are not consistently measured — for example, e-books as compared to printed books.

#### *The treatment of bundled products*

Also, there are increasingly more international transactions involving bundled products. The bundle many consists of both goods and services components (individually belonging to various categories in classifications). There is a need to ensure consistency with the Central Product Classification (CPC, a complete product classification covering goods and services) framework.

Status: Only part of the issue i.e. relating to s.1 and s.8 are being considered by CATT.

#### *Crypto Assets and Digital valuables*

The rise in both popularity and value of digital valuables such as crypto assets, NFT arts, and virtual real estate warrant their measurement in official statistics. Trade in digital valuables is a new but important phenomenon where clear concepts, definitions, and standards are needed.

As a starting point, the IMF has deemed digital valuables to be used as a store of value or in barter to purchase goods and services<sup>1</sup>. Further research is needed to set up trade boundaries in the transactions using these new assets.

### ***(v.2) Impact of the BPM updates (goods and services)***

All Guidance Notes of Current Account Task Team are expected to be finalized early this year. The Task Team has started to analyse the impact of the BPM updates to IMTS and MSITS including the need for

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<sup>1</sup> <https://www.imf.org/external/pubs/ft/bop/2019/pdf/Clarification0422.pdf>



concept clarification and more granularity. The following list describes the GN topics including the status. Please note that some BPM topics may be elevated into dedicated Trade Guidance Notes.

Issue No.	Research Topic	Status and Date as of Oct 2021
C.1	Recording transactor-based components of services (travel, construction and government goods under services)	GN discussed at October 2020 BOPCOM. Pending decision on C4 (bundling of services) at the October 2021 BOPCOM/AEG meeting. Reflect the outcomes of C4 and C7 (and any other relevant GNs) and finalize.
C.2	Goods and services account by (trading) enterprise characteristics	GN discussed at October 2020 BOPCOM and approved. Contact DITT to ensure a harmonized recording of investment income and finalize.
C.3	International Trade classified by currency (including for trade linked to long-term trade credits and advances)	GN discussed at June 2021 BOPCOM. Approved, under finalization.
C.4/G.5	Merchanting and factoryless producers; clarifying negative exports in merchanting; Merchanting of services	Joint GN with GZTT. Currently under public review to be discussed at the joint October 2021 AEG/ BOPCOM
C.5.1	Statistical impact of the change in treatment of operating leases in business accounting	GN discussed at October 2020 BOPCOM.
C.5.2	Economic ownership in the context of financial and operating lease transactions pertaining, in particular, to aircrafts	Approved, will be finalized together with C.5.2. Currently under written consultation (BOPCOM). Subsequently will combine with C.5.1 into one GN
C.6	Trade in services classification	GN discussed at June 2021 BOPCOM. Approved, under finalization.
C.7	Treatment of travel packages, health-related travel, and taxes and fees on passenger tickets	GN was put on hold at February 2021 BOPCOM pending decision on C4 (bundling of services). Will be discussed at February 2022 BOPCOM. GN will be discussed at the February 2022 BOPCOM.
C.8	Recording penalties and fines	GN discussed at February 2021 BOPCOM and revised

		Under consultation with AEG to clarify if penalties & fines should impact earnings of DIES.
C.9	Valuation of Trade under long term contracts	GN deleted from CATT research agenda
C.11	Valuation of imports and exports (CIF/FOB adjustment)	GN discussed at October 2020 BOPCOM and AEG Follow-up world survey (Stage 1) and testing on selected countries (Stage 2) Will be presented at October 2021 AEG/ BOPCOM

### *(v.3) Bilateral trade asymmetry (goods and services)*

Bilateral asymmetries in trade data (both in goods and services) are a well-known issue in IMTS. Bilateral trade asymmetries exist when, for example, the reported exports from country A to country B do not match the reported imports of country B from country A.

Three main and well-known reasons for asymmetries in bilateral merchandise trade are:

- (i) the application of different criteria of partner attribution in import and export statistics.
- (ii) the use of CIF-type values in import statistics and FOB-type values in export statistics.
- (iii) application of different trade systems in data compilation.

Also, it was suggested in the Global Consultation on Research Topics that standard methodology on passenger and freight transport services are needed in order to reduce bilateral asymmetry.

The research will aim to explore possible changes to the core concepts to reduce bilateral asymmetry. Further, to identify methods for analysing bilateral asymmetries and produce guidance for countries on reducing/eliminating bilateral asymmetries with partner countries.

### *(v.4) Informal cross border trade (goods and services)*

IMTS 2010 recommends that "goods acquired by all categories of travellers, including non-resident workers, to a significant scale as defined by national law are to be included". This phenomenon is referred to as informal cross border trade, shuttle trade or small-scale border trade.

But in many countries, the volume of informal cross border trade is significant even if the individual transactions fall below the determined threshold. It is important to note that this trade also includes, at least in theory, illegal trade. The current definition is that illegal activities are excluded from IMTS. Currently, many countries conduct surveys to estimate informal cross border trade. But information is often incomplete if not non-existent.

The aim of the research topic is to explore ways to estimate informal cross border trade and produce relevant guidelines. The research should be coordinated with IETT's work on Informal Economy, and the similar initiatives undertaken by regional organizations such as AUC.

#### *(v.5) Recording principle – change of ownership instead of cross-border for selected commodities (goods)*

A key conceptual difference between IMTS and SITS, as well as BOP statistics, is that SITS and BOP are based on the change of ownership principle while IMTS coverage is mainly based on the cross-border principle except for selected IMTS commodities that are recorded based on the change of ownership. The cross-border principle has its own rationale and usefulness, but also drawbacks. From a policy-making perspective, cross-border principle allows measurement of resource use, transportation, economic activities, and so on.

At the same time, with economic globalization, cross-border trade has become an increasingly inaccurate indicator of attribution of trade values, especially with coverage challenges for transactions that are included in IMTS based on change of ownership. Considering that trade values based on the change of ownership between residents and non-residents is of great interest to the balance of payments compilers and other applications, it should be explored or clarified how IMTS coverage of and conversion to change of ownership basis can be strengthened and facilitate the comparability of various trade statistics. Ultimately, the desirability and feasibility of better integration of the change of ownership information in IMTS as a complementary measure may need to be explored.

#### *Impact on valuation of goods for processing*

Goods for processing are goods that are sent abroad or brought into a country under a specific arrangement between the involved parties (which may or may not include the change of ownership) and for specific operations as defined by the statistical authorities of the compiling country<sup>2</sup>. IMTS 2010 recommends that goods for processing and goods resulting from such processing (compensating products in customs terminology), are to be included in the merchandise exports and imports of the countries at their full (gross) value.

However, this recommendation sometimes contributes to inflated total exports/imports value if the goods for processing are high value, for example, heavy construction equipment, ships, and aircrafts for repair/maintenance, etc. To address this and to ensure better harmonization with BOP standards, it should be explored whether goods for processing should be included at their net, and not at gross value. The possibility of net valuation will also have to be considered together with issue m.6 i.e. valuation utilizing invoice value (in addition to CIF, FOB).

#### *(v.6) Trade system – improved coverage by implementing general trade system exclusively (goods)*

IMTS 2010 recommends the use of General Trade System. In a General Trade System, compiling country's statistical territory and customs territory are the same and hence the coverage of IMTS is complete. However, many countries find it difficult to implement General Trade System and therefore opt for Special Trade System where the customs territory is only a subsection of the statistical territory.

Use of Special Trade System creates many well-known issues in IMTS including bilateral trade asymmetries. Even between two trading partners both using Special Trade System, data may be inconsistent

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<sup>2</sup> IMTS 2010.

since there is provision for strict and relaxed definitions of Special Trade System. It should be explored if a move towards the exclusive use of General Trade Systems in support of the improved coverage of the IMTS and the consistency with other standards like the SNA and BPM.

Furthermore, the present flexibility in the application of IMTS 2010 recommendations may also give rise to inconsistencies. For example, as discussed in (4.c), not all countries estimate informal cross-border trade. Moreover, countries apply various value/quantity threshold for the measurement of the migrant effect. Therefore, it should be explored to introduce an exhaustive measurement of trade statistics consistent with other standards.

#### *(v.7) Valuation – utilizing invoice value in addition to CIF, FOB (goods)*

The Joint Globalization Task Team (GZTT) on the process of updating the 2008 SNA and BPM6 is considering the topic of trade valuation. One of the recommendations of the GZTT is to change the valuation of imports and exports of goods from CIF/FOB to transaction values in the next set of international standards. While the Advisory Expert Group on National Accounts (AEG) and BOPCOM agreed that invoice (transaction) values are conceptually sound, concerns were expressed about the practical feasibility of adopting this approach in balance of payments and national accounts compilation.

Country consultation and testing are being done to assess (i) the extent of the difficulties in obtaining trade data at observed invoice (transaction) values from customs data, (ii) if this change can be implemented in practice, and (iii) whether the benefits of changing outweigh the disruption (and cost) to the statistical system<sup>3</sup>.

The GZTT launched a survey for the GN G.1 on the Valuation of imports and exports of goods in the international standards. The time for responding to it was until April 12, 2021. Follow up with feasibility test among NA and BOP communities was conducted in September 2021. The results will be presented in the BOPCOM October 2021 meeting. This will have an impact on IMTS in terms of requirement of collecting new data using transaction valuation.

#### *(v.8) Price and volume measurement (goods and services)*

Volume or quantity is an important dimension of international trade statistics that is indispensable for various policy and analytical purposes including for the planning of transport infrastructure, the compilation of energy, agricultural and other commodity balances, the assessment of the impact of international trade on environment, and the verification of trade values and the construction of trade index numbers. IMTS2010 recommends that countries collect or estimate, validate and report quantity information in the WCO standard units of quantity and in net weight on all trade transactions.

However, in practice, quantity information often lacks accuracy and conformity to standards. Use of non-standards quantity units are common, and so is recording of inaccurate, often arbitrary quantity. This often shows up as outliers in unit values. Among other reasons, customs administrations, which are the source of trade data, do not have a strong incentive to record quantity units accurately.

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<sup>3</sup> [https://unstats.un.org/unsd/nationalaccount/radocs/GZTT\\_Valuation\\_Imports\\_Exports\\_CIF\\_FOB.pdf](https://unstats.un.org/unsd/nationalaccount/radocs/GZTT_Valuation_Imports_Exports_CIF_FOB.pdf)

The problem is even more pronounced in trade in services because assigning a volume to intangible services is more complex.

Also, calculation of Trade Indices on a regular basis is a priority for many member states. However, this work is rather resource intensive. Alternative methods on the calculation of trade indices (goods) need to be considered. The objective of the research is to identify new methods for the calculation of Trade Indices, which are feasible for compilation by countries with limited resources. Alternative approaches include the use of the multilateral indices method, which method does not require a fixed basket but compares all like-for-like products to measure price changes. This approach is more suitable to account for underlying quality changes due to the use of unit value. The research will focus on automation (as much as possible) of data treatment, cleaning, preparation and finally, calculation of indices to facilitate its use by member states.

#### *(v.9) Factoryless goods producers and merchanting (goods)*

The MSITS 2010 uses the term service subcontracting to refer to merchanting, which "entails the purchase and sale of services without any significant transformation of the service between the purchase and the sale (for example, in business, transport, construction or computing)". More precisely, service merchanting is considered "the value of services exported and imported in the economy of the service arranger is recorded on a gross basis".

SNA2008 and BPM6 also consider these topics as part of the globalization process. Nevertheless, it is still a challenge to properly define the concept and its boundaries.

Status: The AEG discussed these issues at its 9th meeting. On the balance of payments revisions, the work was initiated as a joint GN to be produced by the GZTT and CATT and to be submitted by October 2021.

#### *(v.10) Measurement of modes of supply (services)*

Allocating international services trade to the different modes of supply is difficult as a service can often be produced, distributed, marketed, sold and/or delivered through one mode or another or a combination of modes. Globalizations has also enhanced many possibilities. Modes of supply are essentially defined based on the location of the service supplier and consumer, the nationality of the supplier, and/or the way the service is provided. Even if these factors are known, it may be difficult in certain cases to determine (i) the allocation of the trade by origin and destination and (ii) which individual mode(s) was (were) involved for the supply of a particular service.

This ambiguity is particularly noticeable between modes 1 and 2 when under both modes the supplier is not physically present within the territory of the consumer. The distinction between both modes hinges upon whether the service is supplied within the territory of the consumer from the territory of the supplier or whether the service is supplied to the consumer outside his/her resident country. For example, the supply of financial or insurance services often does not require the physical presence of the consumer. Electronic means associated with the globalization of financial markets have made it possible to "deliver" a financial service almost anywhere in the world. Once the physical presence of the consumer ceases to be an unequivocal benchmark for determining the place to or from which a service is supplied electronically, it becomes difficult to clearly determine whether mode 1 and/or 2 are involved.

Different methodological practices in compiling MoS present challenges for international comparability<sup>4</sup>. In addition, depending on the point of view adopted (importer or exporter), the way compilers allocate transactions to modes of supply may differ, particularly when there is a combination of modes involved (e.g. service supplier and consumer are located in two different countries and commercial presence of the supplier in a third country is acting as an intermediary). This results in asymmetries with respect to the recording of corresponding transactions.

Status: Eurostat's Mode of Supply Task Force (MoS TF) is working on measurement issues, drafting the MoS Compiler's Guide. Consultations with other groups e.g. ITSS WG, BoP WG, FATS WG will be done in June 2021 and first edition of the Compilers' Guide is expected December 2021.

#### *(v.11) SITS classifications EBOPS (services)*

Guidance Note 6 for the revision process of the BPM6 (the Current Account Task Team) proposes a few, moderate changes in the services classification that could enhance the analytical use of the information and improve the correspondence between the BOP service categories and the CPC classification while limiting any additional reporting burden and breaks in time series. The existing BPM6/EBOPS 2010 services classification, when adopted in full, provides detailed and comprehensive information on international trade in services flows.

However, many countries are unable to compile the full EBOPS 2010 classification, which limits the usefulness of existing international trade in services statistics for analysis and policymaking. In addition, the growing fragmentation of production processes and the rise of digitalization require additional information. GN C.6 recommends a restructuring of the BPM6 services classification to provide further detail in the main (first level) BPM service categories and to improve the correspondence between the BOP services classification and the CPC. In addition, it highlights the need to review the implications of the rising digitalization of transactions on the classification of international trade in services. It may be necessary to add supplementary items in EBOPS.

#### *(h.1) Digital trade including conceptual framework, price and volume measurement (goods and services)*

The IMTS 2010 does not consider new emerging topics such as e-commerce and digital trade. The first one is most commonly used, but the second one needs a better and consensual definition among the International Organisation, NSO, etc.

The challenge for Statisticians will be not only well defined the concept of digital trade but how to measure it. Since current manual such as SNA2008 and BPM6 are not considering this way of measuring. Nevertheless, it already exists prices on the market for ICT goods and services, which could be helpful as a starting point.

Additionally, the Task Team in Globalization and Digitalization could support updating the IMTS from their experience and knowledge to advance on this topic by referring to the Handbook on Measuring Digital Trade compiled by the OECD, IMF and WTO in 2020.

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<sup>4</sup> <https://ec.europa.eu/eurostat/documents/3888793/10282481/KS-TC-19-007-EN-N.pdf/730bfc0b-8c13-db03-a903-1dbb0c69013f?t=1575368316000>

## *(h.2) Global Value Chains (goods and services)*

Global Value Chains (GVC) have become a dominant international trade issue during these three last decades. Thus, it is essential to consider this topic as part of the IMTS update and align with the new version of the SNA and BPM.

The global value chains (GVC) are part of the globalization process. It contains the value-added activities across the world required to create a good or service from design to production and marketing. This fragmented production aims at each stage, and each location to add value to the final product. This new way of production is done mainly by multinational enterprises. Hence the importance of having well developed national SBR linked to Global Group Registers.

A good reference for this research topic should be the Guidelines on Accounting for Global Value Chains, 2018 (additionally, ideas and opinions are suggested by the Task Team on Globalization).

## *(h.3) Linking trade and business statistics (goods and services)*

There is an increasing interest for the international community to link trade and business statistics. Both IMTS 2010 and MSITS2010 recognized the importance of this development. By doing this, it is possible to obtain the Trade by Enterprise Characteristics (TEC) and Services Trade by Enterprise Characteristics (STEC). In particular, the IMTS recommends: " to integrate trade register with business register and to take steps towards establishing an integrated system of economics statistics for data compilation and analysis".

The advantage of linking trade and business statistics is to access information on businesses' demography and dynamics, which could complement the trade data, enriching businesses' analysis on trade. It also opens the possibility of compiling trade broken down by sub-nationals.

Some developed and developing countries have already created this source of data. Nevertheless, some countries still need to establish a robust Statistical Business Register (SBR) to identify the related statistical units. One of the objectives of the UNCEBTS is that countries could produce their own TEC statistics by using the SBR.

The progress made by the Task Team on Business Dynamics, Demography, and Entrepreneurship will be welcome/helpful in this regard. Moreover, the manual published by UN Guidelines on Statistical Business Registers (2020), should be considered. The Current Account Task Team has developed the Guidance Notes on the topic as well.

Status: The GN C.2 is under finalization. It is expected that TEC and STEC statistics will be introduced in revised BPM6.

## *(h.4) Impact of Trade on environment and sustainability (goods and services)*

Trade intersects with the environment and climate change in a multitude of ways<sup>5</sup>. For example, emission from agriculture and transportation, and natural resources used in manufacturing, mining and agriculture have significant environmental footprint. On the other hand, trade is also directly related to many

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<sup>5</sup> [https://www.wto.org/english/tratop\\_e/envir\\_e/wrk\\_committee\\_e.htm](https://www.wto.org/english/tratop_e/envir_e/wrk_committee_e.htm)

sustainable development goals, including poverty reduction, food security, decent work, responsible consumption and production, life below water and on land, among others.

However, the current level of details and structure of trade data does not allow in-depth analyses of these relationships. Improvements to trade classifications should be explored or development of new classifications, and the inclusion of additional details in trade data can facilitate these analyses. For example, the impact of trade on the environment, sustainability and the society can be done through microdata linking (using SBRs and tools like BEC revision 5, statistical classification of products by activity — CPA, and also their correspondence to EBOPS or HS).

#### *(h.5) Impact of Trade on wellbeing, labor, and productivity (goods and services)*

International Trade as an engine for inclusive economic growth and poverty reduction, as well as an important means to achieve the Sustainable Development Goals (SDGs) has linkages to people's wellbeing directly or indirectly. Examples include trade and health, and trade and income distribution<sup>6,7</sup>. Linkages of Trade and wellbeing are less developed and require some consideration, in collaboration with other groups, including the Task Teams on wellbeing and sustainability.

#### *(h.6) Foreign Affiliates Trade Statistics (FATS) (goods and services)*

A more general issue relates to a wider consideration of reconciling BPM-based direct investment and FATS/AMNE statistics. There is consideration to have better linkages between FDI and FATS statistics in GN D.9 by the Direct Investment Task Team (DITT).

Multinational enterprises (MNEs) pose growing challenges for the compilation of macroeconomic statistics, especially in how to attribute their activities to specific economies. Both direct investment (DI) and Activities of MNEs (AMNE) statistics provide valuable insights into the operations and financing of MNEs. However, there are many differences between the two sets of statistics, including in their populations, definitions, classifications, and variables covered, that can make it difficult to use them together.

Thus, the reconciliation of the two sets of statistics could provide comprehensive and consistent data on the financing and operations of MNEs. Such consistency will address some of the measurement challenges posed by MNEs and support analyses and policymaking, as well as to act as a data integrity check for the identification of errors and/or omissions in DI data. In addition, the Globalization Task Team is discussing how to address the challenges posed by MNEs for macroeconomic statistics, including the possibility of separately identifying foreign-controlled corporations, domestic MNEs, and other corporations in the Institutional Sector Accounts.

#### *(h.7) Classifications: BEC rev.5, Business Functions (goods and services)*

This fifth revision of the BEC (BEC Rev.5) is the outcome of a review process that spanned several years and involved contributions from many classification experts and data users around the world. The structure

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<sup>6</sup> <https://apps.who.int/iris/handle/10665/183934>

<sup>7</sup> [https://unctad.org/system/files/official-document/osgdp20121\\_en.pdf](https://unctad.org/system/files/official-document/osgdp20121_en.pdf)



is very detailed and includes both services and goods, and more clearly distinguishes the end-use of products. Experimental correspondence tables between BEC Rev.5 and HS/ CPC/ EBOPS /ISIC have been developed based on the principle of the predominant use of goods. There is a need to pilot and implement trade data conversion and dissemination. Furthermore, guidance needs to be provided on possible alternative or secondary use of the classification on the principle of supply of a product.

The work on the Classification of Business Functions (CBF) is ongoing including the global consultation on the draft structure. The CBF is intended to facilitate the specific analysis of outsourcing and GVCs and to support integration of international trade, businesses and globalization. It is expected that CBF to be finalized in 2022.

#### *(h.8) Impact of ISIC and CPC revisions (goods and services)*

ISIC and CPC are under revision with the timeline of completion in 2022. Task Team on ISIC will finalize the first draft of revised structure in the fourth quarter of 2022 and Task Team on CPC will start global consultation on a set of identified issues in the fourth quarter of 2021. It is expected that new industrial activities would be added in ISIC with corresponding products breakdown in CPC. It is important to analyze the impact of such revisions to the IMTS and SITS.

#### *(x.1) Trade flow, nature of transactions and customs procedure codes (goods)*

A customs procedure is a treatment applied by the customs to goods which are subject to customs control. The customs procedure is the basis for the correct identification of the flows of goods for inclusion or exclusion under general or special trade. Customs usually apply a system of codes that allows flows of goods to be identified and prevents double recording of the goods which have undergone several customs procedures.

IMTS 2010 recommends that statisticians closely cooperate with customs experts in order to correctly allocate customs procedure codes and associated trade transactions according to the general or the special trade system. The annexes to the Revised Kyoto Convention identify a broad set of customs procedures and provide standards and recommended practices regarding those activities.

However, a comprehensive, internationally agreed set of "statistical" customs procedure codes are needed to ensure better harmonization of trade data across countries. There are some regional initiatives to this end. The aim of this research agenda will be to develop a standard set of detailed customs procedure codes through collaboration enabling in-depth analysis of inward/outward processing, warehousing, and re-exports activities.

#### *(x.2) Valuation of Trade under long term contracts (goods)*

The production of bulk commodities usually requires significant upfront capital investment. In order to guarantee a return on the investment, trade in these commodities frequently involves long-term contracts with either fixed prices or index-linked prices supported by a floor. Over time, the contract prices can deviate markedly from the spot price for the commodities. Because of this deviation, the clarification is needed to review the principle of market-price valuation in IMTS. This topic is listed as of medium importance in the Compendium of Research Issues Version 1.1 for the BPM6 Update (i.e. topic C.9).

Status: Dropped in CATT

### *(x.3) Alternative data sources – high-frequency data sources (goods and services)*

Customs data are the primary source of IMTS, but non-customs sources have long been in use to supplement, increase coverage of or validate trade data. Some of the traditional non-customs data sources are parcel and letter post records, aircraft and ship registers, enterprise surveys, foreign shipping manifests, data exchanges between countries, etc. By nature, certain kinds of transactions (such as electricity, gas, purchases of aircraft or ships) do not pass-through customs, and therefore information about them needs to be obtained from other data sources maintained by other agencies.

Advancement in technology in recent years has created more opportunities to use non-customs data sources to improve not only the coverage and accuracy but also the timeliness of IMTS. Digital tracking of parcels, vessel tracking data available from AIS, and data owned by e-commerce platforms can produce trade indicators in real-time that may supplement or even proxy more traditional indicators. In addition to these, the "Pre-loading Advance Cargo Information (PLACI)" initiative by WCO and ICAO will increasingly make data on trade by air available even before the merchandise has been loaded on the aircraft.

### *(x.5) SDMX-IMTS (goods)*

SDMX 3.0 project has two objectives i.e. addressing a broadening set of needs and improving the usability of the standard. The 2021-2015 roadmap groups the objectives into four pillars: (i) strengthen implementation, (ii) simplification to facilitate use, (iii) modernization of statistical processes and IT structures by leveraging SDMX, and (iv) improved communication with the broader community.

SDMX-IMTS has been released to the SDMX Global registries in 2019, and it currently complies with SDMX 2.1 technical specification. It will have to incorporate the improvements from the SDMX 3.0 specification and revise the Data Structure Definition (DSD) accordingly.

### *(x.6) Clarification on cultural products resulting from creative industries*

In recent years, services are getting more interconnected with merchandise trade. Prominently, cultural services are among the services categories that are increasingly becoming important. UNESCO Institute for Statistics (UIS) has been working on this domain. They have succeeded in publishing data on cultural goods using COMTRADE as a source at the HS2007 level and according to the 2009 UNESCO Framework for Cultural Statistics (FSC)<sup>8</sup>. However, in cultural services, the process has been more complicated due to low response rates and the limited coverage of crucial cultural components.

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<sup>8</sup> <http://data.uis.unesco.org/>

The 2010 MSITS definition regarding cultural services is according to the 2009 UNESCO Framework for cultural statistics using EBOPS 2010<sup>9</sup>. In this regard, UNESCO has been collaborating with UNSD, WTO, UNCTAD, and OECD.

The challenge for cultural products is to improve the description of cultural services in BPM and MSITS, which could redress the low response rates. Nevertheless, there has been some improvement in some items, for instance, audio-visual services.

Status: UNESCO has been working on trade in cultural goods since the 80's. Regarding cultural services, they have been collaborating with other international organisations on this issue.

#### *(x.6) Revision of the standard international trade classification (SITC)*

The latest revision of SITC was in 2007 by the alignment with HS 2007. There is no strict revision cycle of SITC, however the main consideration is to follow major revision in HS taking into account the number of splits and merges between HS amendments. Nevertheless, SITC may be seen as an alternate aggregation of HS, therefore, revising SITC regularly may not be relevant.

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<sup>9</sup> [http://uis.unesco.org/sites/default/files/documents/international-flows-of-selected-cultural-goods-and-services-1994-2003-en\\_1.pdf](http://uis.unesco.org/sites/default/files/documents/international-flows-of-selected-cultural-goods-and-services-1994-2003-en_1.pdf)

## **Annex II: Terms of Reference for the Task Team on International Trade Statistics (TT-ITS)**

### **Mandate**

1. In its 52nd session, the United Nations Statistical Commission welcomed the creation of a Trade Task Team (TT-ITS) under the auspices of the United Nations Committee of Experts on Business and Trade Statistics (UNCEBTS). The aim of the Task Team is to provide strategic vision, direction and coordination for the methodological development and implementation of the recommendations on international trade statistics in national, regional and international statistical systems; revise and update the recommendations on the compilation of international trade statistics and other methodological documents on international trade statistics; promote the development of databases on international trade statistics; promote the implementation of the recommendations on the compilations of international trade statistics, including e-learning training programmes on international trade statistics; and promote the use of international trade statistics in policy formulation.
2. The TT-ITS will coordinate the integration of their work programmes and working methods with the Inter-Agency Task Force on International Trade Statistics (IATF-ITS) to avoid duplication of work and advance the collaboration between countries and agencies.
3. The TT-ITS will pursue the vertical integration of international trade statistics to deal with the upstream harmonization of international trade statistics with macroeconomic statistical frameworks such as the the System of National Accounts (SNA) and the Balance of Payment (BPM), and the downstream integration with the various data sources, including customs, administrative and survey data.
4. The TT-ITS will take advantage of the complementary knowledge and experience in sources, methods, and compilation practices on the upstream harmonization of national and international agencies and ensure that these practices meet current user requirements for integrated and consistent statistics that are coherent with the BPM and SNA.
5. The TT-ITS will pursue horizontal integration that requires collaboration between the various Task Teams of UNCEBTS as well as other expert groups like the Wiesbaden Group and the Voorburg Group. The horizontal integration will benefit from the experience in UNCEBTS and its enterprise-centric approach, using SBR as the central coordinating tool for compilation purposes.
6. To enhance capacity building in the area of integrated trade and business statistics, the Task Team will provide strategic leadership and play an important advisory role in the development and implementation of capacity building and technical assistance activities in trade statistics. It will also provide strategic leadership and promote global trade data programmes. It will undertake the following activities:
  - (i) Promote capacity building programmes for countries, development of data tools and data collaboration in International Trade Statistics.
  - (ii) Proactively promote technical assistance programmes for countries in order to better strengthen their capacity of data compilation.
  - (iii) Promote and support improving the availability, quality, and comparability of integrated international trade statistics.
  - (iv) Promote the development of national statistical systems that enable the production and dissemination of trade data of high granularity and frequency based on IMTS, SITS, TEC, STEC, and trade-related business indicators.

- (v) Promote joint international data collections, exchanges and dissemination to reduce countries' response burden, improve data consistency and user confidence.
- (vi) Develop and promote the use of a maturity model for SITS and possibly for IMTS that can be used to measure the capacity development of countries in the area of trade statistics compilation.
- (vii) Promote coordination, collaboration and integration of work programmes capacity building and technical assistance activities among different groups and international agencies.
- (viii) Recommend emerging topics that need special focus in capacity building and technical assistance by international organizations and countries.
- (ix) Promote and endorse e-learning training programmes on international trade statistics; particularly the linkage among trade statistics , business statistics and sustainable development.
- (x) Promote and endorse software and data tools that are specifically developed by the international community for international trade data processing and dissemination.

7. As global trade data programmes and the maintenance of data tools are ongoing efforts of the TT it is expected that specific and broad deliverables in this respect will include:

- (i) Enhancing the comparability of trade data in international databases for IMTS, SITS, TEC, STEC, and trade-related business indicators (requiring monitoring, evaluation, and periodical feedback)
- (ii) Establishing a sustainable governance structure for vital trade data tools (by 2022)
- (iii) Established funding mechanisms to support the maintenance of trade data tools (by 2023)

#### **Composition of the TT-ITS**

8. The composition of the TT reflects the global community representing both trade in goods and trade in services experts of countries from all regions in the world as well as representatives from international organizations.

9. The UNCEBTS Bureau invites and subsequently endorses nominations of two members to serve as co-leads of the Task Team. The period for which co-leads would be invited to serve on the TT would depend on the particular issues that the TT need to consider, but would be at least for 3 years.

## **Organization of work**

10. One of the co-leads will focus on the vertical integration while the other will focus on the horizontal integration.

11. The TT-ITS will use e-mail and monthly conference calls for communication. Physical meetings are considered as an option towards the end of each year if issues require additional review and discussions.

12. The TT-ITS will collaborate with the UNCEBTS TT on Capacity Building to jointly develop mechanisms and modalities for the organization of work on capacity building and technical assistance activities taking into account the existing initiative and programme.

13. Furthermore, other mechanisms for promoting, advancing, and coordinating activities on global trade data programmes, including on data tools will be developed in consultation with all relevant groups, the UNCEBTS and international agencies.

### **Annex III: Terms of Reference for the Revision of the Trade-related Standards**

#### **Mandate**

14. At its 52<sup>nd</sup> session the Statistical Commission endorsed the revision of the International Merchandise Trade Statistics: Concepts and Definitions 2010 (IMTS 2010) and the Manual on Statistics of International Trade in Services 2010 (MSITS 2010), to ensure consistency with the update of other statistical standards, such as the System of National Accounts (SNA) and the Balance of Payments and International Investment Position Manual (BPM6). In addition, the Commission recommended that the Committee take this work forward with the representation and active participation of countries from different regions and international agencies.

15. Ms. Cristina Neves of INE Portugal and Mr. Houssein Ouljour of Office des Changes Morocco were selected as co-leads of the TT to lead the work on the update of the International Trade Statistics manuals

#### **Scope of work**

16. The Task Team on International Trade Statistics will be responsible for the revision of IMTS manual and MSITS. It will also contribute to the development and implementation of data programmes and capacity building activities.

17. For the for the revision of IMTS manual and MSITS, the Task Team will undertake the following activities:

- (i) Analyze the issues regarding vertical and horizontal integration, including the integration of IMTS, SITS and collaboration among respective communities and other task teams working on trade-related topics.
- (ii) Identify research topics, issues, and their prioritization for the revision of IMTS manual and MSITS.
- (iii) Determine the timelines for the update of trade manuals taking into account the overlap of research with the updating of the SNA and BPM and the interest of countries and agencies to contribute to the additional research issues for the update of the international trade manuals.
- (iv) Identify sub teams for each research topic and draft Guidance Notes. GNs need to be in Manual style format.
- (v) Coordinate with other task teams on trade-related topics, including on the research agenda, outreach, experimentation and testing program and on-going capacity building activities on international trade.
- (vi) Engage and liaise with relevant working bodies and programmes including Inter-Agency Task Force on ITS, Partnership on Measuring ICT for Development, UNWTO Committee on Statistics and TSA, City Groups to advance further the work of the task team in methodology and revision of the manuals.

#### **Timelines and deliverables**

18. The Task Team will be responsible for the update of IMTS Concepts and Definitions, and Manual on Statistics of Trade in Services.

19. For this purpose, the TT-ITS will facilitate the development of Guidance Notes (GN) on identified and prioritized topics. Sub-task teams will be assigned to develop GNs on specific topics. In addition to experts from the Trade TT; other experts, including from other UNCBETS task teams; interested country experts; and other relevant expert groups such as IATF-ITS may contribute to the drafting of specific GNs.

20. Considering the timelines for the updates of the SNA, BPM and related statistical standards, the timing of the update of the IMTS manual and MSITS should be expected as follows:

- (i) Development of Guidance Notes, country consultation on research topics, and testing taking in to account the progress made by the update of BPM and SNA: 2021-2022
- (ii) Drafting IMTS 2025 and MSITS 2025 including country consultation on the new text: 2023-2024
- (iii) Adoption of IMTS 2025 and MSITS 2025 by United Nations Statistical Commission: 2025
- (iv) Undertake capacity building activities including the development of the compilation guides for IMTS 2025 and MSITS 2025: 2026-onwards

21. Regarding capacity building activities, deliverables of the Task Team will include a maturity model and enhanced capacities for countries to produce and disseminate trade data of high granularity and frequency based on IMTS, SITS, TEC, STEC, and trade-related business indicators.

22. During the revision process of the manuals, it expected that capacity building activities would facilitate the experimentation of the recommendations of the GN by countries.

**List of countries, institutions and organizations that have confirmed, expressed interest or are taking part in the Task Team so far.**

<b>Country</b>	<b>Organization</b>
Canada	Statistics Canada
China	National Bureau of Statistics of China; General Administration of Customs of the People's Republic of China
Costa Rica	Central Bank of Costa Rica
Finland	Statistics Finland
Germany	Federal Statistical Office of Germany(Destatis); Deutsche Bundesbank
Indonesia	Indonesia BPS
Israel	Central Bureau of Statistics (CBS)
Italy	National Statistics Institute (ISTAT); Bank of Italy
Jamaica	Bank of Jamaica
Malaysia	Department of Statistics
Mauritania	National Statistics Agency
Mexico	National Institute of Statistics and Geography (INEGI)
Morocco	Office des Changes
Nigeria	National Bureau of Statistics
Portugal	Statistics Portugal
South Africa	South Africa Revenue Service (SARS)
State of Palestine	Central Bureau is Statistics
Tunisia	INS Tunisia
Turkey	Turkish Statistical Institute
United Kingdom	UK Statistics Authority
United States	Bureau of Economic Analysis; U.S. Census Bureau



<b>International Organization</b>
ASEAN
AUC
CARICOM
Eurostat
FAO
GCC Stat
IMF
ITC
OECD
UNCTAD
UNESCO
UNIDO
UNSD
WTO
WCO