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## **National Accounts - International Trade Statistics**

**2nd International Trade Statistics meeting - 20-22 November 2000: Final Minutes**

**Paper prepared by Andreas Lindner - OECD, France**

*3rd OECD MEETING ON INTERNATIONAL TRADE STATISTICS  
Château de la Muette, Paris  
5-7 December 2001  
Beginning at 9:30 a.m. on the first day*

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## **2ND INTERNATIONAL TRADE STATISTICS MEETING**

**20-22 November 2000**

### **Final Minutes**

#### **Chairs:**

**Monday morning and Wednesday morning: Mr. Paul McCarthy, Head of National Accounts Division and Acting Head of the Statistics Directorate**

**Monday afternoon and Tuesday: Mr. Andreas Lindner, Head of the Trade, Industry and Agriculture Section, National Accounts Division**

**Monday, 20th November**

#### **Welcome and opening**

1. Mr. Paul McCarthy, Head of the National Accounts Division and Acting Head of the Statistics Directorate, welcomed the participants and opened the meeting. He explained that this meeting is a follow up to the first meeting held 18 months ago and presented a welcomed opportunity to examine a number of identified methodological and statistical issues relating to merchandise trade. In fulfilling OECDs mandate as international forum provider to discuss statistical issues for Member countries, it is hoped that this meeting will be enriching and intellectually rewarding.

2. He pointed out that the meeting complemented the work of the Trade Task Force, allowing a rounder discussion of the issues together with member countries' delegates. As a matter of fact, this meeting covers a wide range of statistical issues and developments and attracted some 40 participants from both government institutions and also some private organisations.

3. Finally he informed the meeting that normally the Chief Statistician would have opened the meeting but that Mr Charles Kincannon had retired since the last meeting and that Mr Enrico Giovannini, currently central director of ISTAT, would be taking up the position of OECDs new Chief Statistician as of January 2001.

4. Mr. Lindner introduced the organisation of this meeting and explained the structure of agenda items. He said that it was anticipated to come to a close of this meeting after 2 ½ days instead of 3 full days because 3 papers would not be presented.

### **Adoption of the agenda (STD/NA/ITS/A(2000)01)**

The draft agenda was adopted (See **Annex 2**).

### **Minutes of the first Trade Statistics meeting of 8-9 June 1999 (STD/NA/ITS(2000)01)**

5. There were no other comments relating to the minutes, which were circulated and adopted last year. The minutes are attached in **Annex 3**.

### **Recent developments**

#### ***Meeting of the international Trade Task force in Vienna (21-23 March 2000). Report by WTO (STD/NA/ITS(2000)02)***

6. The delegate from **WTO** briefly summarised the objective of the TF which was created in 1993 to strengthen co-operation amongst international agencies concerning methodologies applied, processing techniques used and dissemination of trade merchandise statistics. So far, ten agencies work in the TF, of which five participate also in the Electronic Discussion Group.

7. The Minutes report of the Vienna meeting presented progress made in co-operation amongst organisations involved, improvements made with respect to consistency of trade data, and a reduction in duplication thanks to successful co-operation. Concerning data sources, UNSD used yearly total trade aggregated figures and exchange rates from IMF. UNSD and OECD have engaged in a data sharing agreement and a memorandum of understanding has been agreed upon between the two organisations (see below).

8. The TF proved to be a successful mechanism for the exchange of views between statisticians.

9. The EDG, jointly managed by the WTO and the OECD, considerably facilitated communication on merchandise trade statistics and has been used in full for the first time to prepare the Vienna meeting. The next meeting will take place in Beirut in March 2001.

10. The **UNSD** presented supplementary information on the production of the compiler manual which contains revised concept and definitions and gives countries specific advice on how to compile merchandise trade statistics. Meeting participants were informed that an expert meeting with national experts and TF members will be held at UN Headquarters in December. The final version of the manual is expected to be distributed during the 2<sup>nd</sup> quarter 2001.

#### ***Implementation of the UNSD-OECD data sharing agreement***

##### **Report by UNSD and OECD (STD/NA/ITS(2000)03)**

11. The representative of **UNSD** reported that this initiative had two objectives, namely to:

- reduce the reporting burden of Member countries and to avoid duplication in the collection of detailed data by commodity and partner country, and to
- ensure that in both databases the same set of data was maintained.

12. Since 1998, both organisations work together and check timing and content of data in both organisations. Thirteen countries were selected for which data were identical in both organisations and which sent their data about at the same time to both organisations. To reduce reporting burden, these 13 countries were asked by means of a joint UNSD - OECD letter to henceforth send one data set to OECD, which then transmits it to UNSD.

13. For UNSD, it was a very positive experience and OECD swiftly transmitted the data to the UN. The longer-term objective is that also the processing will be done in only one organisation. UNSD will look forward to extend it to other Members.

14. **OECD** informed the group that a copy of the letter sent to the 13 countries was given as annex to document (STD/NA/ITS (2000) 03). Given the lack or decrease in resources in both organisations, it seems logical to have such an inter-agency agreement and also to begin with “easier” countries. As already said, the long-term objective is to have one set of consistent coherent trade data for all OECD countries; the next step of work will be to check processing practices. Both organisations are fully aware that differences in published figures represent a source of misunderstandings and frustration in user communities and need to be eliminated as much as possible. Both organisations are optimistic as to the future of this co-operative joint venture.

15. The delegate from **Eurostat** expressed his satisfaction with this agreement and reminded the group of Eurostat’s desire to see also only one set of data published for the EU countries. Eurostat considers the compilation of EU 15 data as aggregation of 15 national concepts to be inferior in quality to the EU harmonised concept due to both methodological and technical reasons. Eurostat was ready to provide EU 15 and/or Euro zone data to OECD in the required time frame and format. It is very important to use harmonised data and to use the official EU 15 total figures.

16. In response to Eurostat, **OECD**, **UNSD** and **WTO** stressed the importance of the dual track strategy in place, that is using **Eurostat**’s figures in particular for aggregates and groupings while continuing to rely on individual country information for the sake of trade analysis. In addition, the respective country coverage of **OECD** and **Eurostat** is changing and will continue to change, which makes it all the more necessary to take a global view and to maintain some flexibility.

17. **OECD** thanked **Eurostat** for the offer to provide aggregate level monthly data. Because of the nature of such data, OECD would need guarantees with respect to timeliness and detail and it was agreed to bilaterally follow up on this in December.

18. **Eurostat** welcomed the progress made with respect to data harmonisation since the last meeting.

#### *Update on OECDs monthly and yearly data*

##### Report by OECD (STD/NA/ITS(2000)04)

19. The Secretariat informed participants that Mr. David Morgan has replaced Ms La Rosa for work on monthly trade statistics.

20. For yearly data, the situation has generally improved since last year. However, some countries were later than the year before. The Secretariat is working together with these countries to improve this situation which becomes all the more important since late deliver may affect UNSD, too. OECD would like to encourage data providers to send data as soon as possible and re-iterated that the Secretariat accepts provisional figures before receiving final data. Illustrated by graphs it was shown that improvements were mainly due to a modernisation of the way to process data (electronic transmission) and that countries

increasingly abandoned magnetic tapes for the benefit of more modern media, such as e-mail and CD-ROM.

21. Concerning OECDs publication /data dissemination pattern, it could be demonstrated that the catching up exercise was successful and that a stable and consistent production pattern has been established.

22. Concerning monthly data, OECD informed the group that 80% of value data was available within 4 months and about half was available before 2 months. A similar picture exists for trade indices. General improvements occurred in the mode of delivery: 75% of value data has been received by e-mail. A generally increased availability of indices on country Web-sites has led to faster updating and, consequently, dependence on paper publication decreased. Future developments for OECD's monthly statistics will be an improved seasonal adjustment method X12 and the increased use of graphs in the monthly publication.

23. In conclusion, **OECD** has achieved what was announced last year. In addition, the Secretariat gave a demonstration of an internally developed database management tool to keep track of the status and key characteristics of the trade database.

24. The **UK** delegate stated that in the future the UK would be in a position to provide provisional and final data as of August each year. The **WTO** as important user of UNSD and OECD data voiced concern about time lags between national data availability and transmission to international organisations. The Secretariat responded that a particular effort will be made in 2001 to remind countries of timely data delivery and to immediately react to late deliveries

25. **Eurostat** offered to co-operate with OECD by sending data for Greece, which uses community definitions and to review together the situation for other EU countries. OECD thanked Eurostat for this offer.

### *OECDs new Tariff and Trade database (T&T)*

#### Report by **OECD**

26. The Secretariat reported on progress made since the last meeting. The product has been successfully designed and tested and should be available on the market before Christmas.

27. T&T is a useful tool for trade negotiators since it combines tariffs with trade flow data and offers a range of pre-set calculations, ratios and rankings. For the time being it covers only **OECD** countries with the rest of the world. It is planned to update the data and also to extend the T&T database to Non-**OECD** reporting countries.

28. The T&T project involved three **OECD** Directorates (Trade, Statistics, Information Technologies & Networking). It contains already 6 million data points and uses a specially developed software interface to query the system and to run different scenarios on impacts of trade tariffs.

29. In response to the question from **UNCTAD** what the source of tariff data was, the Secretariat confirmed that the source was UNCTAD. The EU Commission wanted to know whether trade data for EU15 were national aggregates or from **Eurostat**. **OECD** replied that detailed data were taken from **OECDs** ITS database (= national sources). **EUROSTAT** wanted to know which **OECD** forum served for discussing EU matters. In response, **OECD** pointed out that the trade committee of **OECD** in which the EU participates has initiated the T&T project.

30. The Secretariat explained in response to a remark made by the **Swiss** delegate that fixed tariffs of 1996 were used. **WTO** and **UNCTAD** expressed interest in the software and analytical capabilities of the tool. **WTO** reported on an ongoing project to build up a world-wide database on tariffs.

### *The Agricultural Market Access Database (AMAD)*

Report by **OECD** (STD/NA/ITS(2000)23)

31. A representative from **OECD**'s Food, Agriculture and Fisheries Directorate provided information about "The Agricultural Market Access Database" (AMAD). AMAD resulted from the Uruguay Round Agreement on Agriculture in order to provide a common data set on tariffs on agriculture products amongst countries. This database contains total trade for the world, tariffs (bound tariffs not included), tariff rate quotas and other variables such as supply utilisation accounts and world reference prices. The main sources of data are **UNSD**, **WTO**, **UNCTAD** and the **EU** commission. AMAD, which is a co-operative joint venture amongst several national and international agencies, was placed in September 2000 on the web and will be updated on April 2001. The Secretariat invited delegates to give their feedback about this product.

32. **WTO** reported on the existence of a similar database within **WTO** that used the same process. It will be available around February/March 2001, but the committee will have to decide if this product should be disseminated or not.

### *Online access to OECD International trade statistics - an update*

Report by **OECD/Ivation** (STD/NA/ITS(2000)6)

33. Representatives from **OECD**'s Information Technology and Network Services (ITN) reported on technical process of the "Web Data Server". This tool was developed for online access of **OECD** statistics.

34. The challenge was to combine different areas of data sources in a single tool. Trade data played a major role in the development process of **WDS** due to the considerable volume of data and the multi-dimensional nature of the data structure. He made a presentation of the **WDS** version that will become available at the beginning of 2001 on **OLIS**, free of charge or on Internet via "Source**OECD**". **OECD** and **Ivation** developed a user-friendly data access and invited users to provide feedback.

35. The future plans consist of creating virtual tables to enable comparisons across countries. By this way, users could customise their own view, maps, and graphical views.

36. A representative from **IVATION** reported on his experience that trade data represented an important commercial interest and considered that the use of software that enabled easily transposed views can considerably expand the market. **IVATION** had developed the site of the **US** Bureau of Census' Foreign Trade division (<http://www.usatradeonline.gov>) on Internet, featuring the most current **US** monthly trade data for 18000 export commodities and 24000 import commodities at the full 10-digit **US** commodity classification level, all available for on-line reporting. The system is successful as measured by more subscribers than expected, leading to a concern about the eventual limitaiton with respect to the number of simultaneous accesses.

37. The Secretariat emphasised that nowadays data storage was not a problem anymore. The delegate of **WCO** stated that the **WDS** is an impressive tool and suggested adding notes to support the search engine due to the large number of **HS** codes and then creating a link between expanding notes and

titles. **UNSD** suggested that the search engine should be based not only on headings but also on more detailed explanatory notes. He also pointed out the need to make accessible to all a database of WCO containing the list of HS commodities together with explanatory notes. **OECD** remarked that a large set of individual country-specific information is already included in the WDS, but also stressed that the improvement of WDS will focus on the search engine and adding textual information which represents a huge development.

#### **Roundtable discussion: recent development in OECD Member countries and international agencies**

38. The above presentation concluded the session on recent developments. The secretariat invited country delegates to provide an oral update on recent developments in his or her country/ agency.

- For **Belgium**, no substantial improvements compared with last year have been initiated. The improvements made concern electronic access/dissemination procedures along the lines outlined above.
- The **Czech Republic** has used Internet for data dissemination. As far as the methodology is concerned, external trade statistics are now fully comparable with those of the EU and EFTA member countries.
- **Finland** worked on improving electronic data dissemination.
- The delegate from **Denmark** indicated that Danish statistics would be made available for free on Internet in 2001.
- **Germany** uses now Web-based data collection procedures, using declarations made via Internet by 3000 firms.
- **Italy** is working on seasonally adjusted flow data and has initiated an approach similar to **OECD** regarding electronic data dissemination. Indeed, Italy stressed the crucial importance of providing correct statistical information on the web by specifying a maximum of characteristics relating to the data. Nevertheless, due to confidentiality problems, the availability of data on the web is limited. Also **OECD** stressed the lack of metadata information available on Internet.
- **Sweden** explained that detailed trade data by activity classified by company activity could be accessed through Internet free of charge.
- The **Swiss** delegate informed the group that trade indices are now available through the Internet ([www.zoll.admin.ch](http://www.zoll.admin.ch) under "Aussenhandel" and "Aussenhandelsindizes") and that Switzerland will henceforth email the required trade indices to OECD.
- The **United Kingdom** uses on-line services to give customers access using the Ivation software. They developed electronic access and a catalogue of data, which is available on Internet with a user-friendly tool.
- In **Ireland** work is underway on maintaining and improving the quality of data, in particular on the quality of unit value indices, and on improving the timeliness of Intrastat data and data availability on Internet.
- **Poland** disseminates data by e-mail, and is trying to improve timeliness and quality of data on their Internet site. Work is underway to prepare for Intrastat requirements.
- **Mexico** reported that an integral control custom system has been created but some problems on partner country attribution still exist. Mexico is working together with the United States and Canada on merchandise international trade reconciliation leading to an improvement of data quality.
- The **Slovak Republic** collects data in electronic form. In 2001, they would like to improve data dissemination on a dedicated Website.

- **Norway** pointed out that Internet was the main publication channel. They would like to establish a proper database that will be accessible by external users for subscription or free. They also worked on the suppression of confidential data on detailed 8-digit level and to make them available. A desktop tool using Access has been developed by Statistics Sweden for use by Nordic countries.
- **UNCTAD** will release a new version of the TRAINS database by the end of February 2001.
- **WCO** explained that they are both a user and producer of trade data. Work has been done on statistical thresholds (increase from 20 0000 \$ to 50 0000 \$) and explanatory notes relating to the Harmonised System 2002 will be put on a dedicated Website in 2001 against payment.
- **EUROSTAT** reported on key elements of the work program 2001-2005 that will be discussed within the European Council and European Parliament:
  - Change of legislation, simplification of SLIM, introduction of a nomenclature for SMEs
  - Work on Intrastat asymmetries on a monthly basis
  - Reconciling and consolidating data of Candidate countries and intensified data co-operation with Russia, China, Canada and republics of the former Soviet Union
  - Eurotrace 2000: prototype will be available in 2001
  - Development of new facilities under Comext like the possibility to compute on the fly, creation of a common interface to access NewCronos and CD-ROMs
  - Internal project on a more careful treatment of confidential trade data
  - New standard for data dissemination, named "Stadium"
- **UNSD** has developed and maintains the COMTRADE database that contains almost all countries of the world by partner country and by HS 6-digit. Today, some 120 countries are available, representing about 95% of world trade. The database is maintained on a mainframe, including online access for users around the world (governments, research institutes). Most users were satisfied with the mainframe system. UNSD may work on Internet access.
- **WTO** published an annual international report in printed form and on CD-ROM, which is available without charge on the WTO Website. It contains some 170 tables by country and by commodity. An important analytical tool is the Integrated Data Base (IDB), which provides up-to-date imports and tariff data together with meta data for policy analysis. The WTO is preparing now for the new round of tariff negotiations.
- **Canada** explained that, since 1998, trade data are also collected through Internet in order to speed up customs declarations and data quality. This model has been well received by companies.

39. **OECD** would like to point out about the growing importance of Internet as a new possibility on data dissemination.

### **Classification / methodological issues**

#### **a) *Adding ISIC Revision 3 to OECD's ITS***

Report by **OECD (STD/NA/ITS(2000)07)**

40. The Secretariat presented work carried out relating to the conversion table between the Harmonised System and the ISIC International Standard Industrial Classification of all Economic Activities Revision 3. Several **OECD** directorates have requested such a conversion to an activity-based

nomenclature. Some reservations can be expressed as to the statistical validity of a conversion procedure from a product-based classification to an activity-based classification. Nevertheless, the lack of detailed industry statistics broken down by partner and by type of industry makes it necessary to use estimates derived from commodity-based data to calculate trade data by type of industry. **OECD** also stressed that it would like to open the debate regarding the problems stemming from the growing importance of confidential trade within total trade. Since this leads to an underestimation of certain industries, **OECD** Member countries were asked about their policy in this respect and their ability to provide **OECD** trade data at HS chapters.

**This issue will be raised at the next OECD trade statistics meeting to give countries an opportunity to prepare for it.**

### *Work of the classification Task Force*

#### Report by **UNSD**

41. **UNSD** reported on the work carried out by the Task Force on the Central Product Classification (CPC). The Task Force investigated about the use of CPC in National offices. The feedback received about the usefulness of the CPC for classifying trade data has led to conclude that CPC would not present an analytically interesting option to classify trade data flows. The delegate of **UNSD** would be interested in knowing to what extent **OECD** Member countries are already using or would be interested in using the CPC.

42. The delegate of **EUROSTAT** mentioned that **EUROSTAT** has developed a classification close to the CPC, namely the European Communities classification of Products by Activity (CPA). Some problems of aggregations were detected and a correlation table with NACE (General industrial classification of economic activities within the European Communities) was built. **EUROSTAT** expressed doubts as to the analytical use of CPC.

### *External trade statistics in the light of the new UN concepts and definition*

#### Report by **Poland**

43. The delegate of **Poland** reported on the second revision of the merchandise trade statistics compiler manual. She explained that no radical changes in data collection procedures had been established, but that nevertheless some efforts have been made to better harmonise National Accounts and BoP data. As some problems persist to correctly cover data for free zones, a new data system is needed which would cover the economic territory. Some estimates have been made to complete trade data compiled by customs. She mentioned that the application of the general trade system would provide a more comprehensive view of trade flows rather than using the special trade system which narrows coverage.. An important effort is underway to obtain FOB values from CIF values, what could be useful for BoP or national accounts.

44. The delegate of the **United Kingdom** offered his help in comparing alternative ways of calculating CIF/FOB adjustments.

45. **UNSD** confirmed the fact that Poland had some difficulties to collect all information on goods from free zones. He referred to some countries in Asia and Africa in which recent legislation failed to take into account the statistical needs of free zones. A legal framework would be needed for the statistical treatment of free zones.

*HS2002 amendments (WCO)*Report by **WCO (STD/NA/ITS(2000)10)**

46. The delegate from **WCO** explained that the Harmonised System nomenclature was developed by WCO in the 70's and 80's as a multi-purpose commodity classification system to facilitate international trade. The need for the inclusion of new products implied that WCO sets new amendments, which were accepted in 1999 and will be implemented in January 2002. The 370 sets of amendments lead to a slight increase in 6-digit codes while the 4-digit headings remained stable. The general principles to these amendments were to take account of technological progress and trade patterns, and to introduce separate subheadings identifying certain categories of commodities to facilitate their monitoring. Because of the general principle with respect to the use of code numbers the contents of which had changed, the continuity of the code numbers numbering had been disrupted, leading to gaps in certain areas. In addition, the revision of the explanatory notes would be finished by the end of November 2000. A correlation table between HS1996 and HS 2002 will be available before the end of 2000.

47. Following a question from the **Icelandic** delegate relating to the introduction or not of Internet commerce related products classification, the delegate of **WCO** explained that deliveries through the Internet were not included in the Harmonised System. The question whether e-commerce deliveries should be regarded as goods or as services was for other bodies to decide. **OECD** reminded that the subject on e-commerce will be discussed later on the meeting (document STD/NA/ITS (2000) 25).

48. Following a request of **WTO**, **WCO** mentioned that the explanatory notes will be available in Word and correlation tables and the list of deleted code numbers will be made available, too. **UNSD** mentioned that they will proceed to develop the HS2002/SITC rev3 correlation table and **OECD** proposed to add this correlation table to the EDG for sharing amongst all Members of the Task Force.

*Manual on Statistics of international Trade in Services (MSITS)*Report by **OECD**

49. **OECD** presented an overview of the draft manual on statistics of international trade in services. This manual was produced by an interagency task force with the help of consultants in consultations with National Statistical Offices and central banks. He explained that it was difficult to define intangible services and that no universal definition of services exists. The manual is, thus, a compromise between users and compilers. The manual was needed because of the growing importance of trade activities. A reference was made to the forthcoming December meeting at UN headquarter on the Compiler's manual on merchandise trade and it was made clear that only goods and services together can describe the full reality. It is expected that the MSITS will be a support for international trade negotiations and help to monitor trade agreements in services.

50. **EUROSTAT** noted that the trade manual on services recommended identifying separately data on freight and insurance. A dialogue could be established with the aim of linking together data on trade in goods and services and BoP. In this case, a common chapter describing the links could be written. In response to a question from **UNSD**, **OECD** explained that in most countries trade in services data were collected by the respective Central Bank. Furthermore, strong relations exist with other parts of national administrations, and other sources could be tourism statistics, and in some exceptions, survey information from statistical offices.

## Trade analysis

### a) *Mirror statistics*

#### ➤ *Merchandise trade reconciliation*

Report by **Canada (STD/NA/ITS(2000)11)**

51. The delegate of **Canada** introduced a paper on trade reconciliation. He explained that this investigation represented four years of work and expressed the hope that the results might benefit official statistics.

52. The objectives of this work were to have a better understanding of the causes for discrepancies in mirror statistics. In the more medium term such an investigation could also lead to a harmonisation of the conceptual framework. Five criteria for conducting this study were identified: simplicity of the objectives, simplicity of geography and transportation, willingness to co-operate of the counterpart, technical preparedness of the counterpart and intrinsic importance of the results. Following these criteria, it was judged easiest to make a comparison on USA, Canada and Mexico that belong to the free trade zone area NAFTA. The study focused on the major reasons for foreign trade data discrepancies, namely coverage of goods, system of trade, time of recording, non-reporting of exports, classification, valuation, partner attribution and other. As a result of this study some adjustments could be elaborated although it was difficult to establish full reconciliation across countries. Such a task would necessitate extensive co-operation with partner countries and require considerable resources. Nevertheless, such an investigation conducted to a better understanding of data limitations and shortcomings.

53. Following a question from **OECD** concerning the timing of this work, Canada explained that it was difficult to do it on a regular basis because there was no regular process. They had benchmark adjustments to facilitate reconciliation. He added that no reconciliation with the US needs to be done because Canadian exports to the United States are compiled using United States import statistics.

54. The **UNSD** wanted to know if Canada had changed its routine methods as a result of reconciliation. Canada replied that there was no easy answer to this question, but, for example, Canada tried to encourage the USA to compile country of origin data for re-exports as a consequence of this study.

55. Following a suggestion from **ITC**, Canada confirmed that they would make the results available on Internet. **OECD** encouraged the sharing of information and could see a possibility for setting up another Electronic Discussion Group, open to meeting participants.

56. **EUROSTAT** found this paper interesting which tried to describe the general problems of data reconciliation. **Eurostat** has gained considerable experience in the field of trade data reconciliation with China, Russia, India and candidate countries. It might be useful to elaborate a manual explaining the key rules for trade reconciliation. Two approaches exist, one is to work "top-down" i.e. check the differences on total level first and then to go into details and the other is "bottom-up" i.e. to try to describe underlying methodologies and to detect differences between them. **Eurostat** proposed to share ideas on this subject. Another delegate from **EUROSTAT** proposed to put this issue on the agenda of the next **OECD** meeting. He mentioned that **EUROSTAT** tried to develop a statistical model using time series analysis to achieve a reconciliation of EU trade because of discrepancies caused by Intrastat. The main goal of the work was to produce an extra monetary union trade balance with no asymmetry.

57. Following a question from **ECLAC** regarding the source of data, Canada specified that data were based on customs declarations, with perhaps some exception for some products such as petroleum products.

➤ *Mirror statistics*

Report by **CEPII** ( **STD/NA/ITS(2000)12**)

58. The delegate from **CEPII** introduced the CEPII, a centre for studies on the world economy, which has developed a database, called CHELEM-International Trade, which contains Harmonised Accounts on Trade and the World Economy. The database consists of harmonised matrices on seventy product categories and eighty countries and country zones.

59. She introduced a paper on mirror statistics that described the different causes of and linkages between discrepancies.

60. Differences might be caused by factors such as:

- Different time of recording. According to the SNA and BOP definitions the recording date is that of change in legal ownership whereas according to merchandise trade definitions the time of recording is that when a good crosses the frontier. This may lead to a time lag between the recording of and export and the corresponding recording as import. Additional differences may come from national practices (e.g. fiscal or calendar year basis).
- Valuation, i.e. differences in the price of merchandise due to different exchange rates, insurance costs, freight and transportation costs. In addition, the statistical value of a transaction may be different from an importer and exporter point of view and lead to different transaction values for the same good.
- Items included or excluded. Threshold values differ from one country to another, and Intrastat has two types of threshold. An additional complication stems from the fact that threshold may differ for imports and exports, are frequently revised and different across countries. Some countries compensate for statistical inaccuracies through estimates, others not.
- Different classification practices. Not only can the use of different nomenclatures lead to a different allocation of a product amongst the partners of a transaction, but also different thresholds and confidentiality rules may affect product allocation.
- Geographic allocation. Differences in the customs territory, in the treatment of free zones and in particular also the treatment of re-exports may lead to statistical inaccuracies.

61. If foreign trade statistics were accurate and reliable, one could use one single flow. But this is not the reality, hence the need to identify more clearly differences. Reconciliation exercises such as the one done for the USA and Canada should be encouraged.

62. The delegate from **Eurostat** remarked regarding the geographical allocation that it was necessary to use EU15 as an aggregate to avoid overestimation (or double-counting). Extrastat should not be mixed with Intrastat. Although Intrastat does have an asymmetry problem, this problem is internal to Intrastat.

63. **OECD** pointed out that there was no easy single answer to this subject and more work needed to be done before coming to any conclusion.

➤ *Mirror study on trade between Finland and Russia*

Report by **Finland** (STD/NA/ITS(2000)09)

64. The delegate from **Finland** presented a paper on the results of a co-operation project between the custom authorities of Russia and Finland, comparing the respective mirror statistics. The study was carried out on aggregated level (HS 2-digit) down to detailed level (HS 6-digit). The fact that Finland plays the role as a kind of gateway between the EU and Russia mainly explained identified differences. Discrepancies were considerable (> 40 %) when comparing Finnish export data with Russian import figures. Finland's role as typical transit country makes it difficult to compile reliable statistics. Some differences can also be explained by the use of country of consignment versus country of origin, triangular trade, different classifications and so forth. Furthermore, some adjustments have to be made for the effects stemming from the shadow economy.

65. **OECD** made an analogy with work done in agriculture, where it was extremely difficult to evaluate with precision the dimension of the shadow economy in transition economies. The delegate of **Switzerland** reported on a similar study in Switzerland, where an additional problem was differences in timing. Concerning petroleum products, an important time lag was due to the recording of the transactions at the time of signature of the contract without knowing who was final buyer.

66. **EUROSTAT** stressed the increasing need for this kind of work and wanted to know which was the better approach: the global approach looking at the methodology or the approach by detailed products to be aggregated later. **Canada** answered that it was easier to work on total trade in order to avoid mismatches in classification, which existed when working on detailed data. Nevertheless, some key products needed to be studied. For example, the harmonisation of rules of origin and destination is important, but in many cases the situation remains rather confuse because the final destination was unknown. In sum, establishing rules relating to work on reconciliation was a necessary but not sufficient condition. **Finland** explained that working on global level was not enough to obtain good results on trade reconciliation between Finland and Russia. At the detailed level, discrepancies were imputable to more than the country of origin question.

67. **Switzerland** would like to know how the practical treatment of product quotas was handled in other agencies. Did a country simply accept the figures declared by another country? The representative of ITC informed participants that ITC had carried out a discrepancy analysis for eighty-seven countries on four-digit code level, which was the best compromise to avoid 6-digit noise. The results were available on the Website, which showed different ratios on mirror statistics. The delegate of **Finland** said that an analysis on 6-digit level were preferable.

*Modelling trade*

➤ *Danish estimation of intra Eu trade: the flash estimator*

Report by **Denmark** (STD/NA/ITS(2000)15)

68. The delegate of **Denmark** explained this project was carried out in 1997 in order to improve the timeliness of data to comply with ECB and **Eurostat** deadlines and also to improve more generally the quality of data. The method chosen was an econometric model based on a dynamic panel of companies.

69. The purpose of the Flash estimator is forecast intra EU trade until reliable, enumeration-based data becomes available. Results achieved were positive, although still some fine-tuning needs to be done.

70. The effect of its use is a reduction of 4-5 weeks in production time for statistics and the availability of detailed statistics already after 6 weeks after the reference month. As of December 2000, results of the flash estimator will be officially used, starting with October 2000 as reference month.

➤ *Forecasting trade for European Central Bank (ECB)'s monthly balance of payments programme*

Report by **United-Kingdom (STD/NA/ITS(2000)16)**

71. The delegate from the **United-Kingdom** reported on forecasting work at the ONS following a request from the European Central Bank. The background to this project was that UK trade data with Non-EU countries became available within 4 weeks after the reporting period, while trade data with EU-countries took about twice as long due to the specific characteristics of the Intrastat system. In order to meet the ECB deadline of six weeks after the reporting period, a method had to be found to compensate for the slowness of the Intrastat system through forecasting.

72. After a short review of different forecasting techniques, the presenter concluded that forecasts based on a direct approach (i.e. using the total series without seasonally adjusted data) provided better results than the indirect method by which the components are forecasted first and subsequently summed up. France preferred this latter method.

73. ONS has just completed a study on this topic on behalf of Eurostat. This suggested various possibilities for further research to gain more insight into the respective merits and shortcomings of the direct or indirect approaches.

➤ *Improving the quality of the seasonal adjustments technique X12*

Report by **OECD (STD/NA/ITS(2000)17)**

74. The Secretariat reported on the results of a major study aiming at improving the quality of seasonal adjusted figures of monthly trade statistics series. A thorough review of the X12 Arima specifications was undertaken. An identified constraint was that, due to technical reasons, one single program has to be used for all OECD Member countries. This limitation reduced the number of possible options.

75. After testing, sometimes quite significant improvements could be made to the quality of the adjustment technique for a couple of countries. The options retained were Eastern, TD, initial year or number of outliers. Thanks to this study, the Secretariat will be able to implement the validated changes to the adjustment technique. This change will improve the quality of OECD's seasonally adjusted monthly trade data.

76. Possible future developments could include testing country-specific adjustment programs using national calendars of working days.

77. A representative from **EUROSTAT** echoed similar conclusions about the way of improving the adjustment of data. EUROSTAT uses Tramo-seats, which is the competitor of Arima and which contains individual calendars by EU country. EUROSTAT developed also Demeter, an EU tool containing both Arima and Tramo-seats.

➤ *Trade indices and Arima*

Report by **Switzerland**

78. The delegate of **Switzerland** explained that a project to improve Swiss foreign trade indices using Arima has been carried out in co-operation with a university institute for about seven years now. Unfortunately, the project had to be stopped because it became very resource intensive both from the human resources and database perspective. Although theoretical findings seemed to be correct, there were difficulties with respect to practical implementation.

79. A new program will be initiated to allow a better analytical distinction between representative and non-representative products for the calculation of price indices, the elimination of outliers, and finally the calculation of more reliable results through the application of filtering techniques.

80. The delegate of Switzerland thought such a project might lead to a unique and useful tool in Europe and expressed the hope that he will be able to present result at the next OECD meeting.

*Unit values*

➤ *The price structure of imports of R&D-intensive goods*

Report by the Deutsches Institut für Wirtschaftsforschung (DIW)

**Germany (STD/NA/ITS(2000)19)**

81. The representative of **DIW** has a longstanding experience in the use of OECD's trade statistics for trade analysis. He reported on a major puzzle, which was the observation that some developing countries were able to substantially increase their export in R&D-intensive goods to advanced countries. As a result, the competitive disadvantage of several developing countries in R&D-intensive goods declined, as the comparative advantage of industrialised countries in R&D-intensive goods declined as well.

82. This observation is puzzling, since in apparent contradiction to traditional theory, which stipulates that the opposite should happen. Four possible explanations were presented. First, an increased competitiveness of Asian countries. Second, a loss of technological leadership of North America, Europe and Japan in certain important fields (e.g. personal computers). Third, measurement errors (i.e. high-tech products could be of foreign origin via FDI). Fourth, product heterogeneity, that is quality differentiation.

83. The DIW focused on the last point because of its relevance for the calculation of unit values. The study was made at a very detailed level (HS 6 - digit) in order to calculate unit values. The study concentrated on imports of R&D intensive goods, further disaggregated by relative import unit value (distinction by upper-, middle- and lower price segments) to allow for differentiating by quality. The expected result of the study were that the import structure of industrial countries from developing countries should mainly consist of products of lower quality.

84. The results revealed facts which need to be differentiated. Imports of the G6 countries are, indeed, biased towards the lower price segment. Differentiation by country of origin reveals that, for instance, some 90% of German imports from China and Taiwan fall in the low price segments. In analogy, imports of G6 countries from human capital - rich countries (e.g. Switzerland) contain a high share of upper price segment goods. Other patterns, which are less clear-cut, were found as well.

85. In sum, the study provided an interesting tool to shed more light on structural trade aspects. A deliberate effort should be undertaken by national and international trade statisticians to further enhance the quality of data by better “quantity” data.

86. The delegate from **Italy** found the results very interesting and also the fact that the presentation showed the link between theory and statistics. But he would like to warn about the limits about the quality of unit values and their statistical limits. Interpretations should be made with care.

87. **OECD** referred to the problem of “garbage in and garbage out”, which means that quality control has to start at country level to allow international organisations such as the OECD to do a proper job on harmonising and correcting national data.

88. **ITC** disagreed with Italy and found this approach of work on data rather interesting. ITC had elaborated a working paper on converting different aggregations of HS into economic groupings. This paper is available on their Internet site. ITC explained that they calculated indicators on unit values based on products by factor of R&D intensity. He specified that the list of R&D intensive products differed from one country to another.

89. DIW uses its own definition of R&D intensive goods for the German industry, but several lists exist, each country having their own list. DIW used OECD’s R&D database which is based on internationally comparable concepts and definitions.

90. **EUROSTAT** pointed out that the method used by DIW was to determine products first and then to work on partners and would like to know whether DIW had considered to work on partner countries first and then on products. DIW replied that it might be interesting to inverse the approach taken and then compare the results.

#### ➤ **Derivation of price and volume measures for trade in good**

Report by **United Kingdom (STD/NA/ITS(2000)20)**

91. The delegate from the **United Kingdom** summarised the UK methodology for producing price and volume indices for trade in goods. Major reservations were expressed as to the validity of unit values due to the difficulties to collect correct quantity data, quality differences for some products, exchange rates effects, as well as other reasons linked to frequent revisions and some negative effects stemming from Intrastat.

92. Through intermediate solutions with an adjusted producer price index (PPI), a system was developed by which export price indices (EPI) and import price indices (IPI) are calculated, based upon a stable sample and also separately for EU and non-EU exports and imports. In addition to data delivered by Customs on the value and quantity of trade, price information is directly collected from enterprises.

93. He explained that the new calculation method was successful due to a better coverage and better quality of real price indices, easier processing procedures, and a greater stability of results. Price indices are preferred over unit values.

94. Following this presentation, delegates were invited to comment on their experiences.

95. The delegate from **Germany** mentioned that they collect import and export price indices for 7000 reporting enterprises. The delegate from **Finland** explained that Statistics Finland collects price data on imported and exported goods, too, but that they are not used as such in the Customs statistics for the

volume index calculations on export and import by industrial activities. In most cases, indices based on unit prices are used instead as deflators.

96. The delegate from **Switzerland** reported that the customs calculated unit value at border prices while the Federal Statistical Office calculated import prices using wholesale and retail prices. As a result, both coverage and content differ.

97. The delegate from the **United-Kingdom** replied that only seven or eight countries in the world directly use price indices.

98. The representative of **UNSD** informed the group that UNSD had sent a detailed questionnaire on practices on trade indices to some eighty countries. A publication containing the results will be available in the middle of 2001. For **Eurostat**, price indices were better than value indices but there was a need to harmonise and elaborate an action plan to improve price indices.

➤ **Calculation of unit value indices based on external trade data**

Report by **Eurostat (STD/NA/ITS(2000)18)**

99. A delegate from **Eurostat** reported that the ECB and EU commission require unit value indices for external trade very quickly after the reference period. In response, monthly unit value indices were calculated at the aggregated level for a large number of partner countries and more detailed indices by product were calculated for a more limited set of countries.

100. Eurostat expressed a clear preference for using a Fisher chain index, but Member countries use also Paasche and Laspeyres indices. Eurostat applies a rejection procedure for extreme values which has the virtue of providing fairly robust results while reducing computational efforts through the elimination of items below a set threshold which do not significantly affect the overall result. Future enhancements will also focus on moving to one single programming language.

101. The delegate of **Italy** explained that they use the same technology and Fisher formulae, but no calculation of very detailed unit value were made. They have changed from Cobol to Oracle SAS what did lead to improvements in processing time. But there were still problem for handling changes, such as modifying the composition of geographical zones.

102. For **Eurostat**, it was important to have a clear definition of geographical zones and to apply changes backwards for longer time series.

➤ **Estimation of foreign Trade Indexes at ECLAC**

Report by **ECLAC (STD/NA/ITS(2000)08)**

103. The delegate of **ECLAC** presented work on calculating regional estimates for national accounts as well as international trade indices for volume, value and unit value for nineteenth countries using the database BADECCEL.

104. To improve the quality of data, several projects on bilateral trade for mirror statistics were implemented between Canada, Mexico and/or MERCOSUR. This was in response to identified statistical problems, such as the effects of technological/quality change and confidentiality, and underreporting because of smuggling.

105. **OECD** stressed the importance of making progress in better measuring technology, quality change and correcting for confidential data. These will be clearly topics to be addressed at the next OECD trade statistics meeting.

106. **Eurostat** explained that they used a Cobol program on reconciling different methodologies that could be useful.[true? please check]

### *Other uses of international trade statistics*

#### ➤ *ITC tools for trade flow for analysis and marketing research*

Report by **ITC** (STD/NA/ITS(2000)21)

107. The representing of **ITC** explained that the mandate of ITC was the promotion of trade in developing countries and countries in transition. He stressed the crucial importance of reliable trade data for trade analysis. ITC has developed computerised tools for trade flow analysis and market research that help enterprises to identify new market opportunities. For example, the TPI (Trade performance Index) which presented the comparative advantage of countries or the trade MAP (Market Analysis Portals) which was a tool for benchmarking import/export profiles and performances of over 180 countries, illustrated by graphs. In the future, ITC will analyse business information on eighty different traded products, the effects of tariffs and non-tariff barriers, and identify products, which have a clear impact on environment.

108. The database for the simulation tool is updated annually from UNSD's world-wide database COMTRADE and the model specifications are reviewed and updated every three years. Results are available on a dedicated Website.

109. **OECD** thanked ITC for the interesting and visually very clear and attractive presentation of ITC tools. To close the debate of the day, **OECD** would like to invite countries to think about this second meeting and to give their feedback.

#### ➤ *The demographic structure of Italian exporting enterprises and the contribution of industrial districts to "Made in Italy" international trade (Italy)*

Report by **Italy** (STD/NA/ITS(2000)22)

110. The delegate from **Italy** presented a very interesting paper, outlining a new approach: in response to demand from business. ISTAT has developed a method by which merchandise flows and industrial structures could be combined into an integrated statistical system.

111. The key to achieve this goal was the merging of the business register of foreign trade operators with the business register of Italian enterprises. The results, which required extensive, and innovative, use of IT, allowed to create and analyse a new variable of foreign trade, the "local labour market area" and in particular the industrial district. The identification by industrial districts allows to filter out local export specialisation patterns for product groups and by industrial district. This is clearly of considerable importance for a better understanding of regional export performance and competitiveness. The potential of using such a new "territorial-level" tool can be considerable for economists and policy makers.

112. For **OECD**, this presentation showed a new and interesting dimension of trade statistics and confirmed the already identified need to think more in terms of information system and linkages between hitherto separated systems.

113. **UNSD** suggested that the next step of this kind of study should be to focus on foreign ownership of Italian firms. The delegate of **Italy** mentioned that this project was a part of **Eurostat**'s future strategy (study on intra firm of Italy). The delegate of Eurostat confirmed this by explaining that this study belongs to the new program EDICOM. **Eurostat** would like to emphasise that one major advantage of this type of project was that there was no additional cost for a new statistical survey. A similar project would be initiated with candidate countries. There was a need for harmonised concepts and a discussion forum should be created to that effect.

114. The delegate of **Canada** congratulated Italy in this new approach and explained that they had met similar problems regarding the allocation of local area and employment data. He would like to have more information about how the allocation by industry was made and to know more about experiences on start-ups and mortality of enterprises. Experience in Canada shows that about 30 % of new exporters stop exporting the following year and thereafter.

115. The **Italian** delegate observed that the quality of data by economic activity on local unit level contained inconsistencies. Nevertheless, since 1997 and the use of FTBB, a better coherence in controlling the variation of estimates was established. Italy was willing to share methodological approaches concerning demography amongst countries.

116. For the **DIW**, a mortality rate of 30 % amongst exporting enterprises was a usual figure. He explained that some firms were occasionally exporters and that it was problematic by definition to be too firm about mortality rates.

117. For **ITC**, the work of Italy presented a particular interest because of the macro-micro linkage. It was a particular merit to link commodity flow data to structural business data.

118. **Italy** made a last remark in stating that, obviously, the confidentiality issue is a problem for this type of micro-level analysis and that the use of such data needs to be somehow restricted.

➤ *Inclusion of alcohol and tobacco smuggling in the UK national Accounts*

Report by the **United Kingdom (STD/NA/ITS(2000)24)**

119. The delegate of **United Kingdom** explained that the background to this work came from SNA 93. If the volume of smuggling of alcohol and tobacco was significant it could distort economic indicators. Smuggling referred to cross - channel smuggling, freight smuggling and diversion fraud. The United Kingdom tried to estimate the amount of smuggling by applying the "street prices" of the country from which the products were smuggled into the United Kingdom.

120. The next steps of this work will concentrate on estimating smuggling of petroleum and gas and various types of other frauds.

121. The **Chairman** found this subject interesting in the context of National Accounts. He explained that illegal activities were now included according to the new SNA93, although few countries included illegal activities in their NA. However, and to give an order of magnitude, the GDP of Columbia would increase by 10% if drug crops were included.

122. The delegate of the **United Kingdom** replied that it was problematic to include smuggling in the SNA, because it would increase the UK's contribution to the EU budget, leading to a mismatch with other EU members that did not include it.

➤ *From physical to digital delivery: definition, scope and tariff revenues of electronic goods trading*

Report by UNCTAD (STD/NA/ITS(2000)25)

123. The representative of UNCTAD reported on a study about the possible size of fiscal losses due to a replacement of traditional trade in goods by e-commerce. The study was done on digitizable products (DP) using the Harmonised System 96.

124. The results showed that the trend for trading of DP was more dynamic than that of total trade. Developed countries represented the major part of trade for DP, developing countries had higher shares in DP imports than exports. DP corresponds only to some 1% of total trade, but presents considerably higher growth rates.

125. Fiscal losses were likely to be substantially higher than simple tariff revenue losses, since losses would also occur from the non-collection of consumption taxes levied on imports and from other customs duties. It was shown that the question of e-commerce crosses conceptual (and conventional) boundaries between customs duties and domestic taxation, goods and services, and international versus domestic e-commerce and its taxation.

126. A review of the adequacy of increasingly obsolete classifications and concepts and further research would be needed.

127. Following a question from **Iceland** concerning estimates, UNCTAD affirmed its interest in measuring e-commerce and asked about related experiences in other countries. The delegate of **United Kingdom** explained that e-commerce was a National Account issue which was studied by a working party. There was a need of an international definition of DP, measuring e-commerce, and how to collect or estimate data. He also mentioned that the United Kingdom was a supplier of DP.

128. In response to UNCTAD's remark that a working group on e-commerce exists at **OECD**, the Chairman specified that the Directorate for Science, Technology and Industry was working on the e-commerce issue and that a paper on e-commerce is forthcoming. The person in charge of services at **OECD** explained that the Inter Agency Task Force on Trade in Services was working on an Annex on e-commerce to be added to the MSITS.

129. **WTO** identified a number of issues with implications on measurement. It could be useful to combine the expertise of statisticians for merchandise trade with the experience of statisticians for trade in services for working together on e-commerce issues.

#### **Other business**

130. **UNSD** was interesting in pursuing the exchange of information on threshold practices. **Eurostat** and **UNSD** supported to have the threshold issue on the agenda of the next OECD trade statistics meeting. **OECD** agreed to this proposal and proposed to add also confidentiality as discussion item.

131. **CEPII** would like to have the possibility to use the existing EDG facility for maintaining the exchange of views between meeting dates. **OECD** replied that it was decided at the last meeting of the Trade Task Force not to extend Membership of the existing EDG, which is a co-ordination tool amongst international agencies. Nevertheless, **OECD** was open to raise this issue at the next Task Force meeting. **WTO** agreed with **OECD**, and this question will be discussed in March 2001 at the next meeting in Beirut.

132. The delegate of **Switzerland** explained that they were in a somewhat special situation regarding statistics by mode of transport, customs tariffs and transit of goods. An in-depth discussion of the statistical implications would be welcome. It would also be interesting to know more about the practice of other countries regarding customs tariffs i.e. duty rates on chapter level. **OECD** agreed with Switzerland but cautioned, as **Eurostat**, that one has to decide how far one wants to go. **Switzerland** suggested that one starting point could be to elaborate a synopsis of different practices in countries.

133. The representative of **ITC** said that he found this meeting extremely interesting. He added that there are also other privately run information systems on trade, such as GTIS, an US-based company. GTIS has a huge set of very up-to-date trade information, which might be of interest. **OECD** agreed with the potential interest, but also stressed the different roles of international organisations and private suppliers to avoid misunderstandings.

### **Date of next meeting**

134. The **Chairman** said that, following several requests, the next meeting should be held closer to a one-year cycle instead of a 18 months interval. Early 2002 might be a possibility, because OECD is expected to move to new premises late 2001. **WTO** warned that early 2002 might be in conflict with the UN commission meetings in February 2002 and/or the Task Force meeting in March 2002.

135. The delegate of **Canada** congratulated the Secretariat for this meeting and supported the more frequent meeting intervals. He said that there were several interesting topics at this meeting where the group could only scratch the surface and even a 12 months interval might be not enough to cope in sufficient depth with such a range of important topics. **Canada**, in association with the **US**, proposed therefore to organise a technical sub-group meeting on issues to be co-ordinated with the **OECD**. The **Chairman** replied that if three days per year were not enough, smaller groups could meet, indeed, to look at detailed issues. In principle, there was no objection to such an initiative, although similarities and differences in the respective roles of an international organisation and an individual country need to be worked out in more detail.

136. **ITC** mentioned that this meeting was extremely useful for both producers and users and that the next meeting should be annually, perhaps limited to 2 days and fewer topics, and could also contain sub-groups for a more in-depth discussion of certain issues. The **Chairman** explained that parallel sessions could be difficult to arrange because some delegates would be interested in participating in both. Nevertheless some afternoons could be reserved for more detailed discussion.

137. For **WTO**, e-commerce should be on the agenda of the next meeting and the suggestion was made to also organise a dinner next time to strengthen relations (N.B.: The OECD is happy to organise next time such an event in addition to the traditional cocktail). The **Belgian** delegate would like to have the e-mail addresses of all participants. The **OECD** answered that full details of participants, including e-mail addresses, will be made available together with the minutes.

## Closing

The Chairman thanked the participants and the Secretariat for their work and closed the meeting.

**Participants are informed that, following a probable delay in the date of the move of OECD to "Tour Europe at la Défense" next OECD Trade Statistics meeting has been fixed for the 5 - 7 December 2001. The Trade in Services meeting will follow on to this meeting on 10-11 December 2001. Delegates interested in both merchandise and service trade statistics could, hence, attend both meetings which are separated by the week-end.**

## ANNEX 1

2<sup>ND</sup> OECD TRADE STATISTICS MEETING

**Château de la Muette, Paris**  
**20-22 November 2000**

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## ANNEX 2

2<sup>ND</sup> OECD TRADE STATISTICS MEETING

20-22 NOVEMBER 2000

*Agenda**Monday, 20<sup>th</sup> November*

1.	Welcome/opening	
2.	Adoption of the draft agenda	STD/NA/ITS/A(2000)01
3.	Adoption of the minutes of the first Trade Statistics meeting of 8-9 June 1999	STD/NA/ITS(2000)01
4.	Recent developments a) Meeting of the International Trade Task Force in Vienna (21-23 March 2000) - report by the WTO b) Implementation of UNSD - OECD data sharing agreement -report by UNSD and OECD c) Update on OECDs monthly and yearly data - OECD d) OECDs new Tariff and Trade database - report by OECD e) The Agricultural Market Access Database (AMAD) - OECD f) The OECD Web Data Server: Trade statistics online - Presentation by OECD/Ivation Roundtable discussion: recent developments in OECD Member countries and international agencies	STD/NA/ITS(2000)02 STD/NA/ITS(2000)03 STD/NA/ITS(2000)04 STD/NA/ITS(2000)05 STD/NA/ITS(2000)06
5.	Classification/methodological issues a) Adding ISIC Revision 3 to OECD's ITS (OECD) b) Work of the classification task force (UNSD) c) External trade statistics in the light of the new UN concepts and definitions (Poland) d) HS2002 amendments (WCO) e) Manual on Statistics of International Trade in Services (MSITS) (OECD)	STD/NA/ITS(2000)07 STD/NA/ITS(2000)08 STD/NA/ITS(2000)10

**Cocktail reception**

**Tuesday, 21<sup>st</sup> November**

6	<p>Trade analysis</p> <p>a) Mirror statistics</p> <p>Merchandise trade reconciliation (Canada)</p> <p>Mirror statistics (CEPII, France)</p> <p>Estimation of illegal imports through mirror statistics (China)</p> <p>Mirror study on trade between Finland and Russia (Finland)</p> <p>b) Modelling trade</p> <p>Modelling trade to detect underreporting (United States)</p> <p>Estimating trade based on early reports (Denmark)</p> <p>Forecasting trade for ECB's monthly BoP programme (United Kingdom)</p> <p>Improving the quality of the seasonal adjustment technique X12 (OECD)</p> <p>Trade indices and ARIMA (Oral presentation, Switzerland)</p> <p>c) Unit values</p> <p>The price structure of imports of R&amp;D-intensive goods (DIW, Germany)</p> <p>Derivation of price and volume measures for trade in goods (United Kingdom)</p> <p>Calculation of unit-value indices based on external trade data (Eurostat)</p>	<p>STD/NA/ITS(2000)11</p> <p>STD/NA/ITS(2000)12</p> <p>STD/NA/ITS(2000)13</p> <p>STD/NA/ITS(2000)09</p> <p>STD/NA/ITS(2000)14</p> <p>STD/NA/ITS(2000)15</p> <p>STD/NA/ITS(2000)16</p> <p>STD/NA/ITS(2000)17</p> <p>STD/NA/ITS(2000)19</p> <p>STD/NA/ITS(2000)20</p> <p>STD/NA/ITS(2000)18</p>
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**Wednesday, 22<sup>nd</sup> November**

6	<p>d) Other uses of International trade Statistics</p> <p>ITC tools for trade flow analysis and marketing research (ITC, Geneva)</p> <p>The demographic structure of Italian exporting enterprises and the contribution of industrial districts to "Made in Italy" international trade (Italy)</p> <p>Inclusion of alcohol and tobacco smuggling in the UK National Accounts (United Kingdom)</p> <p>From physical to digital delivery: definition, scope and tariff revenues of electronic goods trading (UNCTAD)</p>	<p>STD/NA/ITS(2000)21</p> <p>STD/NA/ITS(2000)22</p> <p>STD/NA/ITS(2000)24</p> <p>STD/NA/ITS(2000)25</p>
7.	<p>Other business</p> <p>Exchange of views on:</p> <ul style="list-style-type: none"> <li>- Globalisation</li> <li>- Thresholds</li> <li>- Trade statistics by mode of transport</li> <li>- Trade information systems</li> </ul>	
8	Date of next meeting	
9.	Closing	

## ANNEX 3

### INTERNATIONAL TRADE STATISTICS MEETING

OECD, 8-9 JUNE 1999

#### *Minutes of the Meeting*

#### **1. Opening**

Mr. Louis Kincannon, Chief Statistician of OECD, welcomed the participants. He explained why OECD had decided to hold this first trade statistics meeting. There were two main reasons: first, trade matters play an increasingly important role in OECD's economic analysis and continue to rank high on the international agenda. Second, OECD's Statistics Directorate has completely modernised its trade database by migrating from a mainframe to a client/server architecture. This modernisation has had very positive effects on the efficiency of database management routines and has also led to a complete overhaul of existing calculation and processing routines, resulting in a general improvement in the quality of calculated data. He lastly pointed out that the proposed agenda was rich in substance because it marks the beginning of a renewed interest in this subject matter and provides a complete and detailed overview of how statistical issues are addressed at OECD.

Mr. Paul McCarthy, Head of the National Accounts Division and Chairman of the meeting, explained procedural and practical aspects of the meeting.

Mr. Andreas Lindner, Head of the Trade and Agriculture Section, gave a brief overview of the sequence of agenda items and their main purpose.

Thirty country delegates, representatives from 6 international organisations, and 4 OECD Directorates in addition to the Statistics Directorate attended the meeting.

#### **2. Adoption of the provisional agenda**

The provisional agenda was adopted.

#### **3. Data availability and transmission to OECD**

##### **I) Yearly data (document STD/NA(99)5)**

The Secretariat presented the scope of yearly trade data held, its sources and time of reception. It was stressed that 86 % of all data originates from national sources and that the time lag between reference year

and transmission to OECD could be considerably shortened. OECD receives now data from about half of all countries within 6 months following the reference year; this percentage was 20 % only two years ago. The mode of data transmission is clearly moving towards CD-ROMs and electronic transmission of compressed files using Internet.

The Secretariat asked participants about the possibility of having provisional data before final data become available. Most countries are in a position to do so and OECD will follow up on this and ask Member countries to transmit a time schedule for transmission of both provisional and final data. A fixed and optimised time schedule would also help OECD to further accelerate the production cycle of yearly trade statistics. But this requires firm advance planning and co-ordination with OECD's publication service, which has to know well in advance where to slot in both paper and CD-ROM publications, which by their sheer size occupy significant resources of the publication service.

The need for more descriptive notes and methodological explanations was highlighted. Countries were encouraged to attach more information on the content of data files (e.g. data status) and any changes with respect to previous transmissions (e.g. new classification, new specific codes, changes in units for quantities, etc.). To be aware of changes in data content and presentation, the Secretariat would need updated and detailed descriptive notes, which should automatically be attached to the data file.

## **II) Monthly data (document STD/NA(99)6)**

The Secretariat presented the content, data reception status and mode of data submission of monthly trade data. Since this type of statistics crucially depends on data "freshness" and modern data transmission media, a strong plea was made by the Secretariat to delegates to facilitate the work of OECD by a more regular and early transmission of data using electronic support plus explanatory notes on any changes (e.g. methodology, classification, base year changes, etc.). Resource constraints make it more and more difficult for OECD to process monthly data in forms other than electronic media or through Internet. In particular detailed data by partner country, which is still sent by some Member countries on paper, should be transmitted electronically because of its size.

As for yearly data, transmission delays have generally improved and OECD is in a position to release timely and relevant monthly statistics. However, too many countries have still not automated their data supply and need to be reminded to send updates. This leads to delays in the monthly production schedule and also means that some information, which is available in a country, can not be given to OECD analysts and the general public. Since more and more countries make databases available on a dedicated Website, the Secretariat would like to further intensify its use of this medium and countries are asked to signal to OECD any new additions or new services in this respect.

## **4. Country reports (posted on dedicated Website [http://www.oecd.org/std/ITS\\_99.htm](http://www.oecd.org/std/ITS_99.htm))**

The Secretariat had asked participating countries to prepare a report on their statistical system, recent developments and future plans, based upon a standard framework provided. The response was extremely positive; all but one country submitted a report. The reports constitute a first solid basis for establishing standard methodological notes per country, highlighting similarities and differences amongst OECD countries. They will be further developed (and possibly extended) in close co-operation with member countries.

Country delegates presented the main issues raised in their respective reports. The following remarks highlight some key points made.

**Germany:** Use of Internet will be intensified and extended this year. Electronic data reception and dissemination are strategic objectives. Another aim is the reduction of associated expenses. Germany publishes both community and national statistics, the latter being sent to OECD.

**Belgium:** Has applied the community concept since 1998. It is difficult to correctly measure trade flows. Intrastat poses a number of problems: Rapidity; Intrastat data takes longer to compile (10 weeks) than extra-community data (6 weeks). There is a quality problem with some of the data, which is also the case for mirror statistics. ARIMA modelling is used to generate complete and timely data. The intention was mentioned to incorporate trade data in BoP and NA data.

**The Netherlands:** Intra-EU trade is estimated to cover 61 % of imports and 78 % of exports. Customs-based data before 1993 was judged to be reliable, detailed, and of good quality. Since 1993, numerous problems have arisen with respect to coverage, timeliness and consistency of data. Adjustments for non-response are necessary. Some 31% of Netherlands exports are re-exports. Future plans include lowering response burden, to improve monthly aggregates, to integrate trade in services into manufacturing trade and to make increasing use of Internet.

**Canada:** Numerous quality checks are carried out, including audits (field visits to companies). A rapid reporting system has been set up for a sample of 300-400 businesses using Internet. Data contents have been improved by inclusion of weight data. Future plans include coping with the increasing use of just in time transactions with low values and raising of the reporting thresholds to reduce response burden. North American countries will report trade data according to NAICS from 2000 onwards to provide closer links with industry data.

**Denmark:** Has released since 1997 quarterly data quality reports via Internet, which will become the principal dissemination medium in the future, both in terms of access and subscription. Studies are currently being carried out to improve the quality of Intrastat statistics by looking at the connection to international financial transactions.

**United States:** Uses different classification codes for imports and exports, the former being more detailed as it includes information needed for implementing and monitoring trade agreements, duties and quotas. New and user-friendly data products were released in conjunction with Stat-USA and Statistics Canada. Efforts are underway to automate collection procedures. Plans include expanding the use of Internet for both data collection and dissemination.

**Finland:** Both Community and national systems are maintained in parallel. Detailed yearly data are available around mid-March the following year, monthly data after 10 weeks. Mainframe system will migrate next year to a client/server platform. A dedicated Website is in place. Detailed trade statistics on the Web on a chargeback basis will be presented at the next ISI meeting in Helsinki.

**France:** Intention is to simplify the work of enterprises through computerisation and the use of Minitel. Online declarations will be possible as of next year. Much attention is paid to data quality and numerous field visits to enterprises are carried out. Data access is facilitated through the use of CD-ROMs, Minitel and Internet. The latter currently offers some 30000 time series over 10 years for 100 products and is intended to cover the entire database in the year 2000.

**Hungary:** An effort is underway to harmonise data with the EU. Custom-based external trade statistics are to be harmonised with both UN and EU requirements. Mirror statistics are currently studied in co-operation with Eurostat. The HCSO maintains an Internet site with first release data and main publications.

**Ireland:** Trade statistics are, in general, of better quality for external trade than for internal trade. Statistical issues intended to be addressed include the raising of thresholds, resolving discrepancies in mirror statistics, improving timeliness of data availability, refining of price index numbers and to offer detailed data access on the Web.

**Iceland:** A new SQL-based computer system has been implemented for trade statistics. A data release calendar is available on a Website and data highlights are publicised through press releases and the publication of key figures. Iceland will continue to rely on customs-based statistics and intends to electronically collect all data by the year 2000. Use of Internet will expand significantly.

**Poland:** There are no provisional yearly data, but provisional monthly estimates are available. Use and presentation of data using Internet has been set up.

**Italy:** Detailed annual data are available after 10 months following the reference year. Monthly aggregates are available after 4 weeks for external trade and 7-8 weeks for internal trade. Detailed monthly data needs additional 2 months before availability. Work is being carried out to re-calculate index numbers. New data dissemination tools are available (data warehouse).

**Czech Republic:** Methodology applied is - with minor exceptions - compatible with Eurostat as far as external trade with third countries is concerned. At present, customs statistics will remain the only data source. Use of Internet for data dissemination, but not for data collection, is envisaged.

**United Kingdom:** Research work is being carried out to produce regional statistics, data on currency of invoicing and smuggling and to improve price and volume indices. The need was stressed for International Organisations to work together on the various classification issues. Data dissemination on Internet raises the question of balance, that is how much should be free and how much on a charge basis and for whom.

**Switzerland:** SWISS IMPEX, the Swiss trade database on Internet, was described. By the end of this year it will also include unit value calculations. The monthly trade statistics publication will be discontinued.

**Sweden:** A switch is being made from a mainframe computer to an SQL server (SAS) and from tape to online dissemination. Monthly statistics are available after 11 weeks and there are plans to shorten the time lag for detailed yearly data to 6 months after the reference year.

**Turkey:** Data on quantities contains errors. It is planned to make use of Internet as a data access tool on a charge basis.

**China (Observer status):** The Chinese trade data follow UN recommendations and publish data according to HS/SITC nomenclatures. A monthly trade publication is issued. Internet is used for making aggregated data available and it is intended to post more data on it. ORACLE is used as the database platform. Methodological issues include shadow trade, trade index numbers and discrepancies in bilateral trade data reported with other countries.

The chairman summarised the very rich information presented by country delegates. He highlighted the diverse range of organisational forms in Member countries and the particular aspects associated with EU countries (community versus national territory). Respondent load has increased in a number of countries, a problem that could be discussed at another trade meeting to be convened in the future. The use of and dissemination via Internet is increasing drastically, a phenomenon which can be welcomed because it allows real time and low cost access to data. The linkages of trade with BoP and NA deserve further investigation.

Four issues for possible future study were identified: Price deflators, ARIMA modelling for timely data, the effects of smuggling, and the reconciliation of mirror statistics.

## **5. OECD's new Trade Database System**

### **I) Presentation of new features (document STD/NA(99)8)**

This agenda item was divided into four parts:

- A summary of main migration objectives and characteristics of the new system;
- OECD's work on yearly trade data;
- OECD's work on monthly trade data;
- The underlying IT system.

The Secretariat explained in some more detail the underlying rationale for the modernisation of OECD's trade database system, namely to rationalise and optimise data processing, pre-press production of publications and dissemination and direct internal and external access. This translated into six objectives, which were

- To achieve more with less resources;
- To use a new standard platform and software;
- To support additional reporting countries;
- To manage a growing number of classifications;
- To improve the functionality of database management and to offer direct access to OECD staff;
- To use modern data dissemination software (CD-ROMs and Internet).

The Secretariat explained in detail how these objectives were attained using Oracle/Express and other software for the full range of data processing routines. The positive impact on outputs was particularly stressed. The production cycle for paper publications was accelerated from a delay of 18-24 months after the last reference year to 6-8 months and is now synchronised with the issuing of the electronic CD-ROM versions (ITCS). This was possible through a significant reduction in the time required to update individual countries, the improvement and automation of validation routines and the possibilities offered by the system to estimate quantities at the aggregate level. The automation of production of both CD-ROMs and paper publications now allows offering users a variety of products in time.

The presentation was followed by an online demonstration of how the annual working environment functions.

A detailed description was also given concerning monthly data. The review and improvement of statistical routines was stressed (e.g. switch to X12 for seasonal adjustment, coherent linking of indices), resulting in an improvement in statistical accuracy. Each month, more than 21000 series are updated and published in a paper publication and on a new CD-ROM. This presentation, too, was followed by an online demonstration.

The last part of this agenda item consisted of a comprehensive overview of the underlying system architecture and the complexity of data processes and recalculations. The system manages some 450 million items of official raw data. Each year, 18 million are added, resulting in 59 million data points in the derived harmonised nomenclatures (HS and SITC), and 8 million of metadata are added.

The system benefits were highlighted (data integrity, no duplication, data quality, permanent availability, and reliability). The system allows data warehousing (all data and metadata available online), data and graph viewing, on-the-fly computations, data analysis and data mining.

A live demonstration showed participants how OECD users can access the database and which operations they can perform to tailor and extract data to their needs.

The above presentations were very well received and participants showed interest in following up on this issue with the Secretariat with the aim of exchanging experiences.

Since OECD has recently opted for one standard dissemination software (Beyond 20/20 from Ivation) for all electronic data products, a representative from Ivation gave a detailed demonstration of the various possibilities offered by the software. This presentation generated interest from several participants.

## **II) New data dissemination products (document STD/NA(99)9)**

The Secretariat described in some detail the contents of OECD's trade data dissemination products, covering both yearly and monthly data and paper publications and CD-ROMs. Concerning yearly data, 5 voluminous paper publications are released each year, covering values of SITC commodities (one and two digits), 260 partner countries and the 6 latest available years. Each of the first 4 volumes presents data for 7 countries by order of arrival and the fifth volume presents calculated country groupings. It was stressed that OECD is issuing two of the five volume sets this year to catch up to the new production cycle.

The electronic equivalent of the above (but containing much more data) are the ITCS CD-ROMs (ITCS = International trade by commodities statistics). They cover 31 reporting countries, all commodities in both values and quantities, 260 partner countries and the latest 10 years available. Three CD-ROM sets are produced: HS Rev 1, SITC Rev. 2 and SITC Rev 3.

The monthly data products have been entirely redesigned (following feedback received from the OECD client survey). The monthly paper publication has been streamlined for better readability, and key trends and indicators have been added. A major innovation was the issuing of a new monthly CD-ROM as of January 1999. This electronic version presents longer time series of "Monthly Statistics of Foreign Trade" and offers two formats for both easier visualisation and bulk downloading.

The above range of dissemination products certainly is a fairly complete one, giving users a comprehensive picture of OECD trade flows. Suggestions from users have been taken on board and incorporated to the extent possible.

## **III) International Trade Statistics on Internet (document STD/NA(99)10)**

A representative from OECD's Information Technology and Network Services (ITN) provided background information about the context in which OECD is facilitating the access to official statistical information through the use of Internet technologies. The importance of IT in underpinning strategic objectives of the organisation was stressed.

Following the decision to have one data dissemination software for all products, OECD started to work with the editor of this software to work out access mechanisms to Beyond 20/20 data files using Internet technology. The "Web Data Server Pilot" used trade data for alpha and beta testing. The assumption was that if the WDS Pilot could handle such a large and complex database, it could also be expanded to other OECD data files. The testing has been successful and the data dissemination on Internet will be gradually implemented (after internal testing) also for other OECD statistics.

A live demonstration was given of the WDS, with particular emphasis on built-in features such as customised table selection and pivoting.

## **6. Improving the content of International Trade Statistics**

### **I) Results of the OECD client survey (document STD/NA(99)11)**

The Secretariat reported on the outcome of a trade statistics client survey, launched in early 1998 to help OECD to optimise trade statistics products. This user-oriented approach provided some interesting feedback about the usefulness and pertinence of various trade data and helped, in particular, to steer the re-design of monthly trade statistics. Concerning monthly data, there was strong support for both paper and CD-ROM products. Subscribers expressed strongest support for monthly data by partner countries, followed by SITC sections.

Concerning yearly statistics, a majority of subscribers wished that the paper publications continue to be published and an overwhelming part voiced strong support for the CD-ROM sets of ITCS. The Secretariat will study the feasibility of incorporating a number of suggested improvements. All in all, customers were satisfied and the wish was also expressed to complement the CD-ROMs by direct access through Internet.

### **II) Uses of trade statistics (document STD/NA(99)12)**

In recognition of the need to ensure a close and co-operative interaction between data suppliers and users, the Secretariat had asked four OECD Directorates to comment on their uses of trade data. Similarly, some external users were asked to do the same.

The results of this sample of uses are encouraging: trade data are used for a wide range of analytical work and often constitute a key ingredient for economic analysis.

The **Economics Department** considers trade statistics as a vital part of its monitoring and analysis of macroeconomic developments in individual OECD economies and the world economy. Three broad and inter-related uses of trade statistics were identified:

- The role of trade in OECD projections for the Economic Outlook; the monthly statistics of foreign trade represent a major source of timely and consistent data.
- The Interlink macroeconomic model of the world economy: OECD trade statistics are the primary source for the trade component of examining how a shock to one economy can have repercussions on others. For Non-OECD reporting countries, use is made of UNSD's COMTRADE database.
- An important data source for one-off analyses: examples given include the extensive use made of monthly trade statistics in an analysis of the trade implications of the recent Asian crisis for OECD countries and the use of annual trade data in a simulation concerning direct effects of oil price changes.

The **Trade Directorate** is a regular and frequent user of OECD's trade statistics and also uses data from UNSD and the WTO. The user friendliness of the direct OECD data access was underlined. The data feeds into substantive studies as well as into special studies.

A major co-operation project between the Trade Directorate, the Statistics Directorate and ITN was outlined. It consists of merging the trade data flows with tariff information (including also non-tariff barriers) with the aim to develop an analytical tool for a full range of possible applications and -more

generally- to increase OECD's analytical capacity in this field. This project will be carried out this year with a more limited focus and expanded in 2000/2001.

The Trade Directorate would also welcome the possibility to access data for non-OECD reporter countries in a similar way, as is the case for OECD.

The **Directorate for Science, Technology and Industry** uses extensively annual foreign trade data, which form an integral part of DSTI's database work and feed in original or converted form into key databases such as

- The Structural Analysis (STAN) database for industrial analysis
- The Bilateral trade database (BTB) for industrial analysis

as well as some others.

Original and/or derived trade data is published in flagship publications, such as

- The Science, Technology and Industry Outlook;
- Science, technology and Industry: scoreboard of Indicators;
- The OECD Communications Outlook.

The directorate is generally very happy with the new FTS system in place. Suggested improvements include

- The possibility to perform bulk data extractions;
- The availability of data in ISIC Rev. 3 (planned for autumn 1999);
- The availability of volume data/unit value indices (ISIC Rev. 3).

The Directorate **for Food, Agriculture and Fisheries** stated that the FTS system has served them very well and is used for a variety of key activities and publications, such as the AGLINK model and the yearly Agricultural Outlook and Monitoring and Evaluation publications.

Desired improvements include data below the 6-digit level (which is difficult, because these data are not internationally comparable) and more details on volume data.

The Directorate has launched a co-operation project with several OECD countries to build up a database to assess market access commitments. Such an analytical tool would allow studying and evaluating the agreement on agriculture, which concluded the Uruguay Round discussion and help in the analysis of future negotiations.

Concerning fisheries, a representative from the directorate stressed the usefulness of the FTS database and welcomed the improvements made with respect to direct access. He stressed that the data available will be intensively used for future database and analytical work on market liberalisation issues and the study of world fish flows. Amendments to the database to include tariff lines would be welcomed. The availability of a centrally kept and accessible database is a core issue for the work of the directorate.

The **WTO** described its analytical and statistical work and stressed the importance for comparable data from countries **with** metadata. They are needed for WTO work on agreement monitoring, negotiation rounds, dispute settlements and the review of national trade policies. WTO uses two data sources: formal and informal. The formal data sources are Member governments. Their submissions of tariff and import data are standardized by the Secretariat, certified by the reporting member and then loaded into the WTO Integrated Data Base. Informal sources are used for studies and reports and come primarily from international data sources (e.g. IMF, UNSD, OECD, FAO), supplemented by national statistics and Secretariat estimates.

OPEC uses OECD's ITCS CD-ROMs for its macroeconomic database (26 aggregated products) and the OPEC World Energy Model (OWEM). Inter-regional trade between non-OECD countries is collected from various other sources or estimated. OPEC would like to have access to non-OECD countries in a similar way as for ITCS.

The **German Institute for Economic Research (DIW)** has been using OECD foreign trade data for decades for a broad range of studies on the determinants of the international division of labour and its impact on the performance of national economies. The delegate stressed that OECD is providing a useful public good, although the change from magnetic tapes to CD-ROMs caused a number of problems. A general problem identified was the lack of reliability of "quantity" items (illustrated in some depth by bilateral mirror statistics of quantities traded at the 6-digit level of HS). Unit value analysis is an important research theme in the institute (inter alia to separate high from medium and low price markets) and OECD and other International Organisations were encouraged to further improve the situation by doing more work on this issue. DIW was supportive of the analytical trade and tariff database envisaged by the Trade Directorate, a project that seems to point in the right direction.

The **ECLAC** presented the database BADECEL that contains trade data for countries of Latin America. Sources of data are national plus international organisations (UNSD in particular). Timeliness of data supply has improved, although some of the Caribbean countries still have considerable backlogs. Problems identified relate to incorrect volume figures and data inconsistencies and discrepancies. Difficulties also arise with estimating unit value indices, due in particular to unrecorded quality changes, difficulties of aggregating industrial products and the measurement of technological change.

## II) Statistical issues (document STD/NA(99)13)

The Secretariat summarised various statistical issues, which need to be resolved. They can be grouped into

- The necessity to elaborate **standard descriptive notes** covering a description of the trade system, terms, statistical territory, exceptions from international rules, statistical thresholds, method of data collection, re-imports and re-exports, provisional data and the treatment of confidential data.
- **Unit values indices:** how to measure price and weight effects, determination of quantity data and the limits, relative price methodology.
- **Classification issues:** which classification is to be used for historical series? How to integrate the different amendments to the Harmonised system into the database? The necessity to update the conversion from product-based to activity-based to ISIC Revision 3.

a) There is clear evidence that statistical thresholds are not only different across countries, but may also differ by partner country for one reporting country (this is the case e.g. for Finland where the threshold is 3000 FIM for Non EU partners and 600 000 FIM for Intrastat). Agreement was reached that (following interventions from The Netherlands, Greece and Belgium) a **study on threshold harmonisation** be carried out under the auspices of Eurostat. OECD will take up this question with non-EU Members of OECD to ensure global consistency and transparency.

b) The delegate from Eurostat commented that the figures published by Eurostat for trade between the EU and the rest of the world are on a net EU basis (i.e., excluding trade between EU Member states). Since the balance computed as an aggregation of national trade data double-counts some extra trade flows, he considered the EU trade balance as computed by Eurostat using a harmonised method to be the correct one. He stated that Eurostat is ready to provide detailed EU trade information to the OECD and all other

interested international organisations following a standard framework and timetable given to the reporting countries. It was pointed out that this (net) trade data compiled by Eurostat can be used when the EU is considered as a single bloc.

The need for individual EU country details (in addition to net community-based statistics) clearly continues for economic analysis of individual countries and for purposes such as producing national accounts for individual EU countries. It is also evidenced by the statements made under the item "uses" and both the OECD's and UNSD's preference to rely on this data in addition to a community-based total provided by Eurostat. This "dual track" approach was also presented and discussed at the last meeting of the Task Force on International Trade Statistics last March in Washington.

The question then arose as to what extent EU countries may be in a position to provide customs-based statistics in addition to trade between the EU as a whole and the rest of the world. EU participants were asked by the Secretariat to comment on their ability to provide both data sets:

United Kingdom: separate data continues to be needed and the UK will continue to be able to provide customs-based EU trade data.

Belgium: Since 1998 only one set of community-based data.

Finland: As for the UK, both data sets will be maintained.

Germany: Both data sets.

France: As in the case of Germany and the UK, a national data set is kept for specific needs in addition to community-based data.

Italy: Only one (community) version of data.

Sweden: For the time being, both sets of data are needed and kept but this may change in the future.

Denmark: No plans to change current practice to collect and publish both data sets.

The Netherlands: Like Denmark, both data sets are kept.

Ireland: Like Denmark and The Netherlands, both data sets are kept.

c) Provisional and final data: The Secretariat had expressed the wish to obtain - wherever possible- both provisional and final data from Member countries. Most countries are in a position to do so and the proposal of OECD was accepted to officially write to Member countries to

- Obtain a provisional annual data set, followed later by the final data set.
- Establish a timetable for regular data transmission to OECD.

d) Confidential data and estimates: Participants agreed to the OECD proposal to follow up bilaterally on this issue and to contribute to the establishment of standard descriptive notes about national practices with respect to the treatment of confidential data and estimation procedures.

e) Unit values: The importance of improving statistical accuracy was acknowledged. Some organisations, institutes and statistical offices (as in the UK) are already working on this issue. OECD could co-operate with some countries, Task Force members and institutes to shed further light on the issue and to develop more satisfactory solutions.

f) The representative from WCO gave a presentation on the likely next amendments to the Harmonised System's Revision 2002. Changes concern mostly agriculture, environment and technology.

Opinions were divided as to which SITC classification was best for long time series.

## **7. International co-ordination**

### **I) Improved data sharing amongst International Organisations and reduction of reporting burden on Member countries (document STD/NA(99)14)**

The representative of UNSD explained the co-operative effort underway between UNSD and OECD to move towards data sharing to alleviate the response burden of countries and to better focus resources of the two organisations. A detailed data comparison, carried out in 1998 and which continues this year, has given encouraging results so far. It was concluded that the data is substantially the same for both organisations and those differences detected were essentially due to different status and/or timing of detailed annual data transmissions and/or the treatment of confidential data.

UNSD has made the decision that, in principle, it will cease to ask for trade data from OECD countries (which it will receive directly from OECD) and will announce this decision by end 1999 to OECD countries.

This evaluation study is part of a broader setting, which includes system aspects. UNSD is studying OECD's client/server system for international trade statistics with the prospect to eventually adopt it or adapt it to its own needs. It may be possible to move towards one shared database, jointly managed by both organisations, which contains one common data set.

Concerning Eurostat, both organisations continue to evaluate similarities and differences in data. UNSD stressed the differences in concept of community-based statistics and stated that the issues raised by OECD in this regard were the same for UNSD and that their interest coincides with OECD's.

### **II) The Trade Task Force (document STD/NA(99)15)**

The representative from WTO (the convenor of Task Force meetings) reported on the work carried out by the group, which covers all International Organisations, involved in trade statistics issues. The last meeting of this group took place in Washington (8-10 March 1999). The overall goal of this group is to co-ordinate work across organisations, to discuss statistical, methodological and conceptual issues, and to ensure as far as feasible harmonised and homogeneous approaches by the different organisations. It was stressed that this group works well and has an established record of achievements.

### **III) Electronic Discussion Group "International Trade Statistics" (document STD/NA(99)16)**

The Secretariat reported on the background, purpose and features of this tool. Following WTO's proposal to the Task Force to set up an electronic facility for exchanging information on merchandise trade statistics, OECD volunteered to host the site since it is using already this feature for a large number of working groups.

The EDG is jointly managed by the WTO and the OECD. It allows Task Force Members to exchange information and documents on a variety of subjects, using advanced view and search functions. This facility can be seen as a shared folder, although its functionality goes far beyond that. It is hoped that the

forum - which just has been set up - will develop over time into a common repository of a wealth of documentation, reference material and analytical papers.

## **8. Future plans**

Participants welcomed the opportunity this meeting provided to discuss foreign trade issues. Interest was expressed in maintaining the momentum gained through the organisation of other meetings in the future. Due to resource constraints, a 12 months interval is not feasible, while a 2-year interval seems to be too long. As a compromise, a meeting in about 18 months time is envisaged. The next meeting, which could be held in November 2000, should focus on statistical and methodological questions to be treated more in depth.

Concerning the next meeting, the Chairman proposed that countries help the Secretariat through the preparation of identified issue papers. Also a lead country approach could be envisaged, under which a country takes responsibility for a specific issue to be covered with the help of other countries and the OECD.

Proposed issues for discussion at the next meeting include:

- Modelling of trade
- Mirror statistics
- Pricing
- Unit values
- Coverage (thresholds, smuggling, e-commerce)
- Extra/Intra trade

The Secretariat will come up with a more formal proposal for a future agenda after comments are received by Member countries.

In the meantime, the Secretariat will follow up with countries on the establishment of standard descriptive notes, the completion of country reports, a timetable for provisional and final data transmission to OECD and the national practices with regard to confidentiality and estimating procedures.

The Chairman thanked participants for their attendance and input and closed the meeting.