

CARIBBEAN

COMMUNITY

SECRETARIAT

**THIRTY FIRST MEETING OF THE
STANDING COMMITTEE OF
CARIBBEAN STATISTICIANS**

SCCS/2006/31/10

Port of Spain, Trinidad

6-8 November 2006

23 October 2006

STATUS OF MERCHANDISE TRADE STATISTICS

Status of Regional Trade Database

The Standing Committee of Caribbean Statisticians (SCCS) at its Twenty-Sixth Meeting had agreed that data for a given year should be submitted at the end of the first quarter of the following year, i.e. during the month of April for a specific year, data should be received from Member States for the preceding year.

Over the period, 2004 – 2006, there was a declining pattern by Member States in adhering to this timeline. For 2006, only three Member States submitted data for the previous year by the agreed timeline as compared to five Member States in 2005 and seven Member States in 2004. However, as at the beginning of October 2006 there was an increase in the number of trade data submissions from Member States as compared to the same period in 2005 and 2004. As at 3 October 2006, there were submissions from 11 Member States as compared to eight in 2005 and nine in 2004 (**Table I**). Member States may perhaps wish to identify the impediments to the timely submission of trade data and suggest mechanisms through which these can be overcome.

**Table I: Submission of Merchandise Trade Data by
Member States: 2004 - 2006**

Date/Month of Submission	2004	2005	2006
April	7	5	3
October	9	8	11

The Secretariat would like to congratulate Dominica for being the first to submit 2005 trade data to the Secretariat. This country's data was received during the month of February 2006. Belize and Guyana are also commended for submitting 2005 trade data by the agreed timeline. The Secretariat also wishes to acknowledge the efforts made by Antigua and Barbuda and Guyana in submitting trade data for 2005 and the years that were outstanding.

The Secretariat, in processing the trade data received from Member States also focuses on the **quality** of data received. For 2006, data files of seven Member States were free of queries which represented an unchanged position over its 2004 position and a slight improvement over its 2005 position.

Member States are urged to continue their efforts to submit data by the agreed timeline as this affects the timely compilation of the regional database. The Secretariat would like to emphasise the increase demand placed on statistics and the need for timely compilation of the regional trade database. Among the many uses, this information is used to inform policies and negotiations at national and regional levels.

The Secretariat, with the approval of Member States submits data to the Inter-American Development Bank (IDB) for inclusion in the Hemispheric Database and also provides data, on request, to the United Nations Statistical Division for inclusion in the COMTRADE Database.

2. Quarterly Trade Data

The Secretariat has been compiling quarterly trade data (total trade and intra-regional trade) since 1990. However, there are some gaps in the series and efforts are being made by the Secretariat to fill these gaps to enable the early availability of patterns in trade data to users. The status as at 16 October 2006, reveals that six Member States have submitted their first quarter 2006 trade data while two Member States have submitted their second quarter 2006 data. The Secretariat wishes to commend those Member States that have submitted their quarterly trade data and urges other Member States to do the same. Barbados and Dominica are commended for being the first Member States to submit second quarter data for 2006.

With the establishment of the CARICOM Single Market and Economy (CSME) there will be an increasing need for short-term monitoring indicators including quarterly trade data.

3. Preparation of a Correlation Table based on the Revised Harmonised Commodity Description and Coding System (HS) 2007

The latest version of the Harmonised Commodity and Coding System, HS 2007, was prepared and distributed by the World Customs Organisation (WCO). In keeping with this update, the Secretariat produced a revised Common External Tariff (CET) based on HS2007. This revised CET was dispatched to Member States and it is anticipated that it would be implemented in January 2007.

In addition, the United Nations Standard International Trade Classification (SITC) was updated, the latest version, SITC Rev.4 is available and can be downloaded from the United Nations Statistics Division Website <http://unstats.un.org>.

Based on the revision of these two classification systems, the Secretariat, with funding from Canada received through the CARICOM Capacity Development Programme (CCDP), engaged a Consultant to prepare a Correlation Table linking the CET based on the HS 2007 with the SITC Rev 4. It is anticipated that this project would be completed by November 2006 and the new correlation table (HS07-SITC Rev 4) would be dispatched to Member States by December 2006.

Member States are urged to support this process by implementing the updated CET and Correlation Table to enable international and regional harmonised trade data.

4. Enhancement of Trade Data Dissemination – The Facilitation of Online Access to Tradsys

At the Thirtieth Meeting of the SCCS, the Secretariat indicated that funding was received from the Inter-American Development Bank (IDB) to execute a project aimed at enhancing the dissemination of trade data in CARICOM through the facilitation of online access to the regional trade information system (Tradsys) SCCS/2005/30/6.

The project is divided into the following components:

- (i) Component 1 – Harmonisation and Strengthening of Trade Data Submission by Member States;
- (ii) Component 2 – Update Tradsys and launch online interface with user manual;
- (iii) Component 3 – Operation and Maintenance of Tradsys: Training and Equipment.

Component 1 aims at improving the timeliness of trade data submissions from Member States to the Secretariat. The expected outcomes of this component include a report of individual country assessments with recommendations and an action plan on steps to be taken to enhance the systems of trade data processing, submission and management in respective Member States. Additionally, a Draft Data Submission

Protocol would be produced for implementation in Member States. Currently, the Secretariat is in the process of recruiting a Consultant and it is anticipated that work on this component will commence in November 2006.

For Components 2 and 3, the expected outcomes include the updating of the current Tradsys; the creation of an online interface for access by the Secretariat staff and privileged users; reference and user manuals; training for the Secretariat in the maintenance of the online facility and in relevant computer languages used in the development of the online interface.

The Secretariat expresses appreciation to the IDB for providing the financial support for this project, and looks forward to the cooperation of Member States in the execution of this project.

5. Support to Grenada to Update Merchandise Trade Database

As a result of the effect of Hurricane Ivan, trade data compilation and submission by Grenada was considerably delayed. Following a request for assistance, a project was developed by our Technical Assistance Services Unit (TASU) and the Statistics programme to enable the processing of the backlog of trade data for 2005 and 2006. The project is funded under the Canadian CARICOM Capacity Development Programme (CCDP) and focuses on entry and verification of merchandise trade data for the period January 2005 to July 2006. The project commenced in August 2006 and it is estimated to be completed by April 2007.

6. Training in the New Eurotrace

The New Eurotrace software was introduced to CARICOM Member States in 2004, at a workshop held in Saint Lucia. The Workshop was facilitated by EUROSTAT and funded by the Caribbean Technical Assistance Centre (CARTAC).

In April 2006, in order to develop a core set of trainers, EUROSTAT hosted a “Training of Trainers” Workshop, in Luxembourg. Two participants from the Region (CARICOM Secretariat and St. Vincent and the Grenadines) benefited from this Workshop through funding received from the Caribbean Regional Technical Assistance Centre (CARTAC).

In July 2006, EUROSTAT hosted a follow up “Training of Trainers” Workshop aimed at advancing the knowledge of the participants in the software. The Secretariat benefited from this Workshop through funding received from CCDP.

It is intended that a user support group can be established to support those Member States that will be using this software. Member States interested in using this software are urged to download the latest version from <http://porfyra.intrasoft.lu/eurotrace.com>

7. Reconciliation of Merchandise Trade – Update

The Secretariat has been making efforts to improve the quality of data of Member States and to achieve greater harmonisation of the data. Often in the analysis of the intra-regional trade data there are inconsistencies in the imports and exports among Member States. Details on the approach in reconciling the Member States Trade data with their respective trading partners are **attached to this Paper**.

ACTION REQUIRED

The **Meeting** is **invited** to:

- (i) **note** the Progress of Work with respect to the submission of trade data by Member States for the compilation of regional trade statistics database;
- (ii) **commend** those Member States that were able to submit clean datasets by the agreed timeline;

- (iii) **encourage** all Member States to continue their efforts towards the submission of data to the Secretariat by the agreed timeline;
- (iv) **also note** the Progress of Work with respect to the compilation of quarterly trade data;
- (v) **recommend** a timeline for the submission of quarterly trade data to the Secretariat;
- (vi) **consider** the developmental work undertaken with respect to the Correlation Table linking HS 2007 based CET with SITC Rev.4;
- (vii) **also consider** the Progress of Work in relation to the Project on the enhancement of trade data dissemination;
- (viii) **further note** the project to assist Grenada in clearing the backlog of its trade data;
- (ix) **also commend** CARTAC, Eurostat, the Canadian International Development Association through (CCDP) and the IDB for the support provided for the improvement of trade statistics in the Region;
- (x) **note** the work being done by the Secretariat in the area of Merchandise Trade in goods;
- (xi) **further consider** the significance of the reconciliation of Merchandise trade data in order to improve the quality and harmonisation of trade statistics.



Reconciliation of Merchandise Trade – Update

The Secretariat has been compiling detailed regional Merchandise Trade statistics since 1990. However, in the analysis of the data, more specifically, intra-regional trade data, it is often recognised that there are inconsistencies in the corresponding imports and exports among Member States. In order to examine these inconsistencies it is necessary to undertake reconciliation of Merchandise Trade data of Member States with their respective trading partners. In theory, the exports of Country A to Country B should equal to the imports of Country B from Country A. However, in reality this may not be possible as trade statistics produced by one country will frequently differ from those produced by its trading partners. While there may be logical explanations for these differences, there may also be instances in which there are corrections that must be made to the data by either trading partner. It is important therefore to understand the reasons for these differences in order to better reflect the actual trading taking place between two countries or to understand the reasons for the differences.

This attachment highlights two examples: Merchandise Trade between (i) Trinidad and Tobago and Jamaica and (ii) Trinidad and Tobago and Dominica, for the period 2003-2004. It attempts to identify the differences and to explore reasons for these differences between the respective trading partners.

Table 1 indicates that in 2003, Trinidad and Tobago's imports from Jamaica exceeded Jamaica's exports to Trinidad and Tobago by EC\$2.5Mn or US\$0.9Mn. In 2004, the difference increased to EC\$8.6Mn or US\$3.2Mn. Similarly, in 2003, Jamaica's imports from Trinidad and Tobago exceeded Trinidad and Tobago's exports to Jamaica by EC\$108.9Mn or US\$40.3Mn. In 2004, the gap increased to EC\$ 617.4Mn or US\$228.7Mn.

Table 1: Discrepancies between Trinidad and Tobago and Jamaica Trade

Statistics: 2003 – 2004

EC\$Mn

	2003	2004
Trinidad and Tobago's Imports from Jamaica	45.6	38.9
Jamaica's Total Exports to Trinidad and Tobago	48.1	47.5
Difference	2.5	8.6
Jamaica's Imports from Trinidad and Tobago	1070.1	1290.6
Trinidad and Tobago's Total Exports to Jamaica	961.2	673.2
Difference	108.9	617.4

Further analysis revealed that for 2004, the largest discrepancy was Standard International Trade Classification (SITC) group 334 - *Petroleum oils and oils obtained from bituminous minerals* with a difference of EC\$77.0Mn or US\$28.5Mn for Jamaica's imports from Trinidad and Tobago when compared to Trinidad and Tobago exports of this product to Jamaica.

Table 2 indicates that the differences between Trinidad and Tobago and Dominica were smaller than that between Trinidad and Tobago and Jamaica. The difference between Trinidad and Tobago imports from Dominica and Dominica's total exports to Trinidad and Tobago decreased from EC\$1.1Mn or US\$0.4Mn in 2003 to EC\$0.8Mn or US\$0.3Mn in 2004. On the other hand, the difference between Dominica's imports from Trinidad and Tobago and Trinidad and Tobago's total exports to Dominica increased from EC\$9.9Mn or US\$3.7Mn in 2003 to EC\$21.7Mn or US\$8.0 in 2004.

Table 2: Discrepancies between Trinidad and Tobago and Dominica Trade

Statistics: 2003 – 2004

EC\$Mn

	2003	2004
Trinidad and Tobago's Imports from Dominica	8.0	7.5
Dominica's Total Exports to Trinidad and Tobago	6.9	8.3
Difference	1.1	0.8
Dominica's Imports from Trinidad and Tobago	62.6	71.2
Trinidad and Tobago's Total Exports to Dominica	52.7	49.5
Difference	9.9	21.7

For 2004, of EC\$21.7Mn or US\$8.0Mn difference between Dominica's Imports from Trinidad and Tobago and Trinidad and Tobago's Total Exports to Dominica, *SITC Section 3 – Mineral Fuels, Lubricants and related Materials* accounted for the largest difference, EC\$7.4Mn or US\$2.7Mn.

Having established where these differences lie, it is necessary to further investigate the reasons for these differences. Below are some of the possible reasons for differences in the Merchandise Trade Data between Trinidad and Tobago and Jamaica and Trinidad and Tobago and Dominica:

1. Trade System

Jamaica records its trade using the General Trade System while Trinidad and Tobago and Dominica uses the Special Trade System. The use of different trade systems will contribute to discrepancies since the trade system used affects the time at which the goods are recorded.

2. Reporting Time lag

This is one aspect in a reconciliation exercise that must not be overlooked it may be one of the major reasons to explain the discrepancies between these Member States. For example, Jamaica's total exports to Trinidad and Tobago may be recorded in different reference periods because of the time taken to transport the goods from Jamaica to Trinidad and Tobago.

3. Misclassification

Another possible reason for the difference may be the misclassification of items by Member States. For 2004 even though Trinidad and Tobago and Jamaica used the same classification system, Common External Tariff (CET) based on HS2002, there may be differences in interpreting and applying these codes.

4. CIF and FOB conversion

Since these Member States record their imports at CIF (cost, freight and insurance) and their exports at FOB (free on board) then there will be differences when the imports and exports figures are compared.

These are only a few of the possible reasons that may cause the Merchandise Trade figures between two countries to differ. In order to get more definite evidence then Member States need to undertake more substantive work through the reconciliation of their Merchandise Trade data.

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