

Unclassified

STD/SES/WPTGS(2009)13

Organisation de Coopération et de Développement Économiques
Organisation for Economic Co-operation and Development

27-Oct-2009

English - Or. English

STATISTICS DIRECTORATE

Working Party on International Trade in Goods and Trade in Services Statistics

RE-EXPORTS AND RE-IMPORTS IN UN COMTRADE

16-18 November 2009, OECD Headquarters, Paris

Item 4.3 of the Agenda. For discussion.

This document has been prepared by Ms Alix de Saint Vaulry, CEPII, France, for point 4.3. of the draft agenda: Improving the data quality of merchandise trade statistics. Delegates are invited to comment.

Contact person: Contact: Ms Alix de Saint Vaulry, CEPII, France ; email: alix.saint-vaulry@cepii.fr

JT03272958

Document complet disponible sur OLIS dans son format d'origine
Complete document available on OLIS in its original format



STD/SES/WPTGS(2009)13
Unclassified

English - Or. English

RE-EXPORTS AND RE-IMPORTS IN UN COMTRADE

This document has been prepared by Ms Alix de Saint Vaulry, CEPPII, France, for point 4.3. of the draft agenda: Improving the data quality of merchandise trade statistics.

How many types of trade flows in UN COMTRADE?

Before COMTRADE was in line for users, UN in Geneva provided international trade data on magnetic tape, then on CD-ROM. There were three types of flows: imports (code 1), exports (code 2) and possible re-exports (code 3). If exports –without further precision- were required, *domestic* exports (with code 2) were sent: re-exports were not included. They must be required explicitly.

With on line requests, at first there still were three types of flows: imports (code 1), exports (still code 2 but now *including re-exports* if there were re-exports reported by the country) and possible re-exports (code 3). Later a fourth type of flow was available: re-imports (code 4), and imports included re-imports (if there were re-exports reported by the country).

Definitions

In COMTRADE on line Glossary, definitions of re-exports and re-imports are very simple:

Re-exports are exports of foreign goods in the same state as previously imported; they are to be included in the country exports. They are also recommended to be recorded separately for analytical purposes, which may require the use of supplementary sources of information in order to determine the origin of re-exports, i.e., to determine that the goods in question are indeed re-exports rather than the export of goods that have acquired domestic origin through processing.

Re-imports are goods imported in the same state as previously exported; they are to be included in the country imports. They are also recommended to be recorded separately for analytical purposes, which may require the use of supplementary sources of information in order to determine the origin of re-imports, i.e., to determine that the goods in question are indeed re-imports rather than the import of goods that have acquired foreign origin through processing.

But “*in the same state*” can be understood by the countries according to different criteria. It usually means that the good has underwent no substantial processing. According to the Kyoto Convention, in practice the substantial transformation can be expressed:

- By a rule requiring a change of tariff heading in a specified nomenclature with lists of exceptions, and/or

- By a list of manufacturing or processing operations which confer, or do not confer, upon the goods the origin of the country in which those operations were carried out, and/or
- By the ad valorem percentage rule, where either the percentage value of the materials utilized or the percentage of the value added reaches a specified level.¹

There is another divergence due to the definition of the economic territory of the country, including customs warehouses and commercial free zones, and to the system of trade, general or special (or relaxed special).

Table 1: Customs procedures allocated by Flow and Trade System²

Customs Procedure	General	Relaxed Special	Strict Special
Clearance for home use	M	M	M
Re-importation in the same state	RM	RM	RM
Outright exportation	X	X	X
Free zones	M & (X or RX)	-	-
Customs warehouses	M & (X or RX)	M & (X or RX) in the case of industrial free zones	-
Customs transit	-	-	-
Transshipment	-	-	-
Carriage of goods coastwise	-	-	-
Inward processing	M & (X or RX)	M & (X or RX)	-
Outward processing	X & (M or RM)	X & (M or RM)	-
Drawback	M & (X or RX)	M & (X or RX)	Adjustment M
Processing of goods for home use	M	M	M
Temporary admission	-	-	-

Number of reporting countries

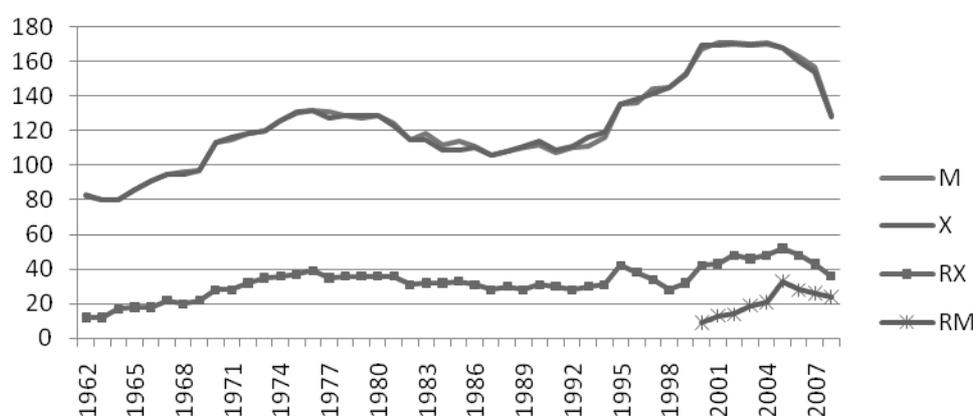
The number of countries reporting their exports and imports to UN culminates at about 170, with a decrease in the 1980s, as seen on Fig. 1. In the 1990s new countries appeared with the split of the URSS, the Yugoslavia and the Czechoslovakia. Of course the last three years are not definitive, other countries will report for 2006 to 2008³. A growing number of countries, up to 52 in 2005, report re-exports. Beginning in 2000, some countries (up to 33) report re-imports.

¹ Kyoto Convention, annex D.1, note to standard 3, quoted in IMTS: Supplement to the Compilers Manuel, Ser. F, No 87, Add1, 2008, § 4.60.

² IMTS: Supplement to the Compilers Manuel, Ser. F, No 87, Add1, 2008, § 2.26.

³ This is available for this whole article, including the figures.

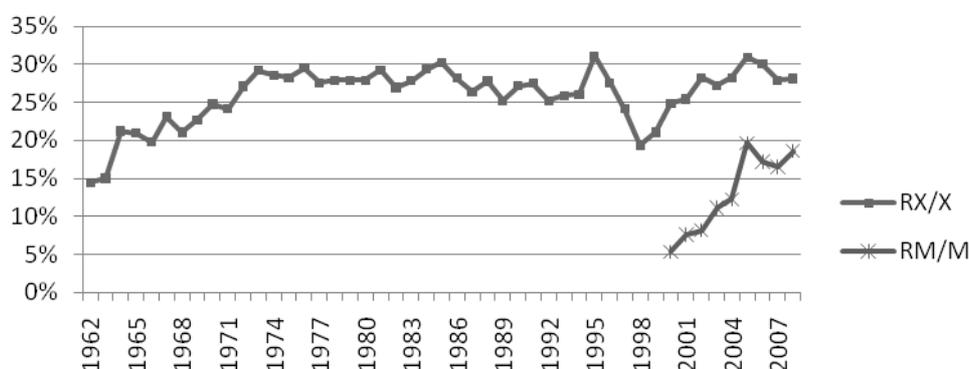
Fig. 1: Number of Reporting Countries



Source: UN COMTRADE 13/10/2009

As shown on Fig. 2, up to 30% of countries reporting exports report re-exports as well, when only up to 20% of countries reporting imports report re-imports.

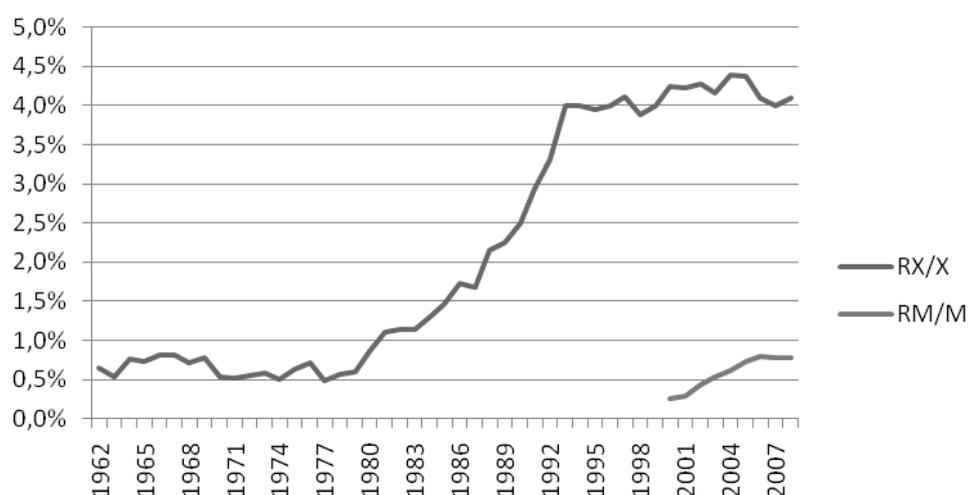
Fig. 2: Number of Countries Reporting Re-exports and Re-imports / resp. Exports and Imports



Source: UN COMTRADE 13/10/2009

Part of re-exports in world exports and of re-imports in world imports

A great proportion of countries report re-imports and re-exports, but are the amounts important in world trade? Not so much: re-imports count for less than 1% (a little more than 110 billion US\$ in 2008), and re-exports counted not much in the 1960s and the 1970s. But re-exports grew very fast during the 1980s, then levelled around 4% (less than 600 billion US\$ in 2008). Maybe the re-imports will follow the same path.

Fig. 3: Re-exports/Exports and Re-imports/Imports

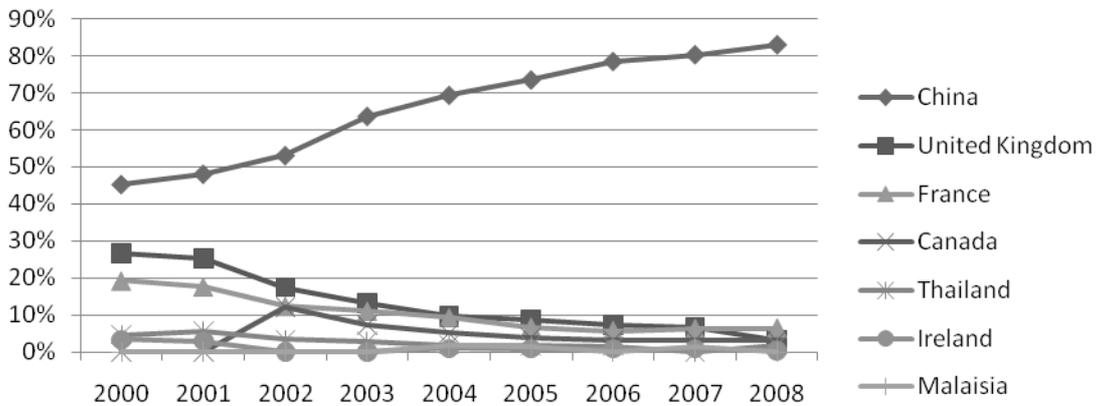
Source: UN COMTRADE 13/10/2009

Re-imports: mostly intra, mostly China

Surprisingly, very few re-imports (less than 1% of the total amount of re-imports) come from foreign partners: for all countries but nine, re-imports come from their own territory. Macao sometimes has up to 10% of re-imports coming for the rest of the world. Afghanistan, Armenia, Chile, Cuba, Moldavia, Aruba, Pakistan and above all Uganda have no “intra” re-imports. The maximum of “extra” re-imports was 550 million US\$ in 2005, half of which (277) for Uganda.

In 2000 China accounted for 45% of re-imports, United Kingdom 27% and France 19%, but now China reports more than 80% of world re-imports. (Figures 4 and 5 display reporters of which the average part in 2000-2007 world re-imports was more than 1.5%.)

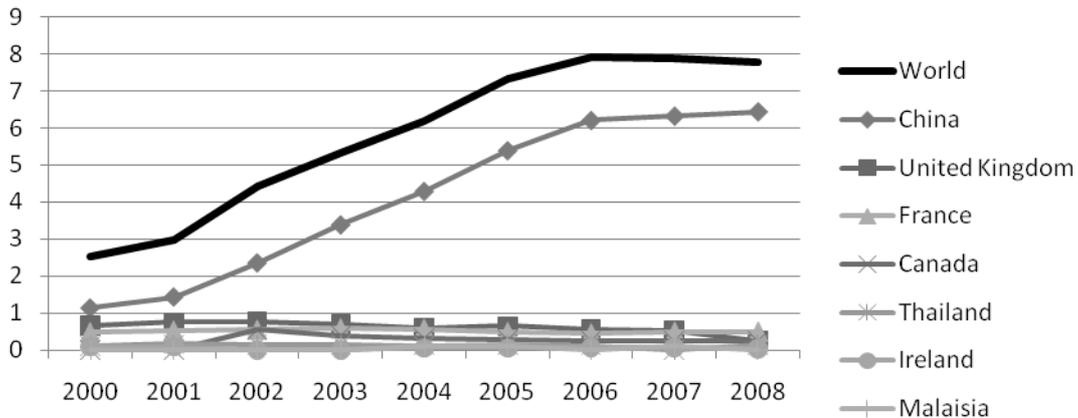
Fig. 4: Part in World Re-imports



Source: UN COMTRADE 13/10/2009

China re-imports now represent more than 0.6% of world trade.

Fig. 5: Part of Re-imports in World Trade, in thousandths



Source: UN COMTRADE 13/10/2009

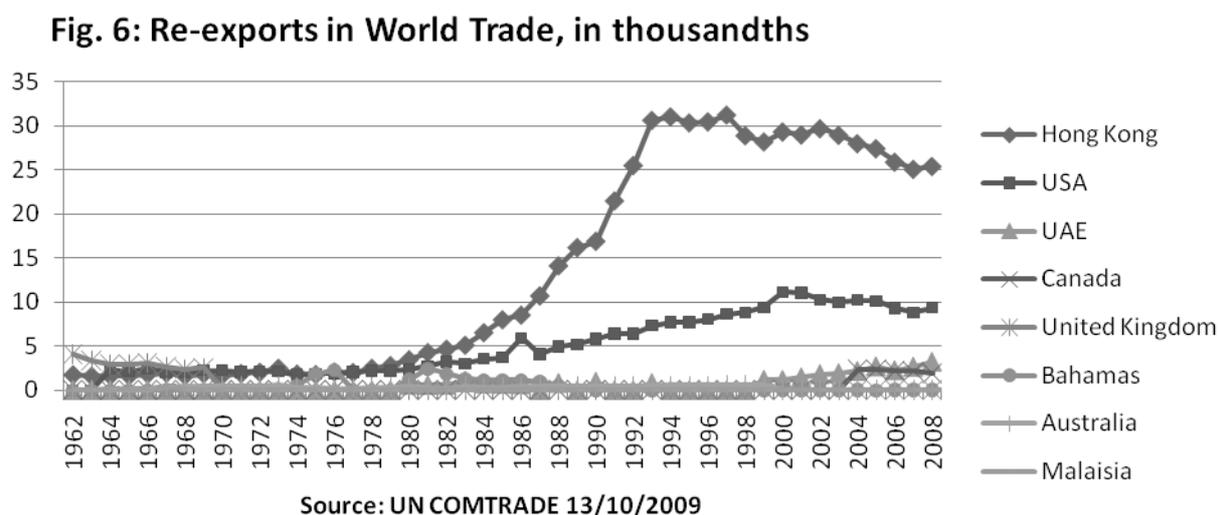
Re-exports: Hong Kong and others

Contrary to re-imports, there is no “intra” in re-exports, all going to foreign countries.

In the 1960s and the 1970s, re-exports counted for less than 1% of world trade. United Kingdom was the leader in the 1960s, fast rejoined by the USA and Hong Kong. Second behind Hong Kong, the USA re-exports grew continuously in world trade during the 1980s and the 1990s, then levelled at 1%. Hong Kong re-exports increased sharply during the 1980s, then levelled to 3% of world trade, and slightly decreased in the 2000s to 2.5%. More than half of Hong Kong re-exports come from China. A lot of chinese products are commercialized via Hong Kong. It explains for instance most of the discrepancies between China’s and

its major partners (like the USA) reports on their mutual trade, as Ms Jin from the Chinese customs told us in 2005.

(Figure 6 displays reporters of which the part in world re-exports was more than 5% at least one year since 1962.)



Questions

A lot of questions keep pending.

Re-imports before 2000:

Have re-imports begun in 2000? If not, were there included in the imports? But there was no “intra” trade... Or were there not included? The world trade would thereby be under-estimated. By all means there is a discontinuity in the statistics in 2000, either in total imports (including re-imports) or in their geographical breakdown (emergence of “intra” trade).

Re-imports coming for the reporting country itself:

International trade was supposed to be between different countries, wasn't it? So there is a problem with the re-imports, where the “foreign partner” is... the country itself most of the time (more than 99% of the re-imports). There is a problem of definition of general trade, free zones, processing zones... The calculation of the commercial balance for a country with itself would be an interesting new field for economic and statistical studies...

Missing countries:

Re-imports do not involve only China, neither re-exports Hong Kong and the USA. Singapore has re-imports and re-exports, in both cases more than 40% of its external trade. The Netherlands re-exports count

for about 40% of their exports. Germany is affected too, and surely other countries. But these countries do not report re-imports or re-exports to COMTRADE.

Domestic trade:

A lot of people, including me, would like to study the international trade with only flows coming from the country of origin to the country of final destination, without the intermediary flows (for instance from China to the USA *via Hong Kong*). For me at least 3% of the world trade are counted twice because of the re-exports and they are a “noise” and a factor of discrepancies. For partners sometimes report the “transit” country (for instance Hong Kong) and sometimes report the final partner (country of origin for imports, country of destination for exports).

But domestic trade is not easy to calculate, as for re-exports we have destination but not origin, and for re-imports we have origin but not destination.

We can have only domestic *exports* by removing re-exports from “exports” reported in COMTRADE, but not the corresponding domestic imports, so no balance can be properly calculated. Hong Kong re-exports are about 90% of its general imports or exports, so if you remove re-exports from general exports the balance is not well-balanced, since re-exports by origin cannot be removed from imports (and at the sectoral level it would sometimes give negative figures).

Symmetrically only domestic *imports* can be obtained by removing re-imports from “imports” reported in COMTRADE, but domestic balances cannot be calculated, as re-imports by destination cannot be removed from “exports”.

In COMTRADE:

Is it possible to have more explanations on re-imports on line, and especially information about this “intra country trade” and how to deal with?

Will there be retropolation for re-imports detailed by products and partners before 2000?

And finally a dream: will exhaustive series from 1962 onwards of domestic exports and imports detailed by reporting country, partner and product be available one day?