

## Proposal to establish International Merchandise Trade Statistics for Tokelau

### Overview

#### Legal framework

Generally speaking, IMTS rely on data provided by traders through customs declarations to customs administrations. The legal requirements, relevant laws and regulations that govern this data also govern what is and isn't included in IMTS. This section looks at the different legislation in act in Tokelau, and whether it is appropriate to inform, or govern the collection or dissemination of IMTS.

#### Customs legislation

In most countries most international trade in goods passes through the customs administrations of importing and exporting countries. Customs records created by these procedures are generally the most prevailing and important source of data for IMTS. Customs procedures are also used to determine what movements of goods should be included, or excluded from IMTS. Customs legislation often sets limits for personal and commercial use of goods for inclusion in IMTS.

Tokelau's customs procedures are governed by the *Customs Rules 1991*. The Customs Rules, have only two sections of specific relevance to IMTS.

Rule 3(1) and 3(2) state that:

- for the purposes of customs regulations, goods are considered as imported to Tokelau, when and as soon as they are brought into, or come within the territorial limits of Tokelau from any country outside those limits
- goods are not considered as imported, if brought in by ship and aircraft until they are unloaded from the ship or aircraft's stores.

Rule 3(1) and 3(2) provide a useful guideline for IMTS, for when a good should be considered an import for statistical purposes.

The Rules also provide some guidance on the issue of quantity, stating in Rule 4 that any goods imported into, or exported from Tokelau in a quantity larger than would normally be required for the private will be presumed to be imported or exported for commercial purposes unless the contrary is proved.

This is not very useful for defining and counting trade in goods for the purposes of IMTS. It provides no clear definition for when goods should be declared as traded, and when they are to be considered as the movement of private effects.

Any IMTS programme will need to establish clear and workable guidelines.

The Customs Rules do provide some information on when permits are required, which could be used to collect IMTS. However, all goods imported or exported by the village stores, of the Tokelau government are exempt from the requirement to obtain a permit. The practical result of this is that most imports and exports do not require permits, rendering import and export permits under these Rules as an ineffective tool for collecting and processing IMTS.

Legislation governing the collection of duty is often used as a proxy for when goods should be included in IMTS, and when they should not.

Duty is rarely charged under the Rules, and again any village store, or government import is considered to be duty free, with the exception of cigarettes and tobacco.

However, the Custom Rules do provide for a definition of statistical value, which could be adopted as the IMTS definition of value. Rule 14(1) and (2) state that value should be taken as the fair market value of the goods when sold for cash at retail from which the goods are exported to Tokelau. If value can not be determined then the Council for the On-going Government has the right to determine the value of the goods.

Unfortunately the Customs Rules are not clear in regards to who has responsibility for managing a customs function on behalf of the Tokelau Government. Currently it is believed that Customs is a disestablished function of the Department of Transport and Support services. However, the Rules give customs responsibility to the Council for the On-going Government of Tokelau.

If the customs function is re-established by the government, then the TNSO could work closely with the responsible department in collecting information for IMTS. However, as it currently stands, customs declarations, or permits will not be a viable source for IMTS.

### **Transport legislation**

The Transport Tokelau Corporation Rules 1997 govern the operation of transport to and from Tokelau, and give specific powers and responsibilities to the Department of Transport.

Rule 5 outlines the objectives and operating principles of the corporation. Two of the objectives and principles that could be interpreted as relevant to the production of IMTS are:

The corporation shall

- Rule 5(1)(iii) keep up to date records of shipping in, around, and out of Tokelau
- Rule 5(1)(iv) prepare annual reports for the General Fono on the state of shipping in Tokelau including the cost of operation and maintenance of Tokelau ships and any other relevant matter.

While these clauses were not created with IMTS in mind, they do underscore the importance of the Department of Transport's requirement that the TNSO look into the production of IMTS. If the Department of Transport has decided that IMTS are relevant to their work, and should be reported on to the General Fono, then these clauses provide a requirement to do so.

Without a functioning customs agency or body, the Department of Transport becomes the most significant point in the collection of IMTS. They are responsible for the production of all shipping manifests, and run the warehouse where goods go, before being exported, or re-exported from Samoa to Tokelau.

Additionally, if the Department of Transport has decided that IMTS are a relevant matter, that needs to be reported to the General Fono, then they are obligated to keep the up to date records required to make such a report. It is important to note that the legislation enables, rather than compels the collection of this information.

### **Statistics legislation**

For IMTS to be considered official statistics, they must be produced under the Statistics Rules 2013.

The Statistics Rules 2013 govern the collection, handling, and release of official statistics. They state that the National Statistician can collect, compile, analyse and publish official statistics, and that the National Statistician must protect the confidentiality of those who provide the information.

Following clauses are specifically relevant:

Rules 6(i) *The National Statistician shall collection, complete, analyse, publish, and dissemination, with or without comment, official statistics.*

Rule 6 gives the National Statistician the authority to collect and release official statistics.

Rule 9(1) *Official statistics can be collection to provide information required to by the General Fono, Council, government departments, village councils, undertaking, and the general public for the purpose of making policy decisions and to facilitate the appreciation of economic, social, demographic and other matter of interest.*

The Department of Transport has asked the TNSO to look into the production of IMTS as official statistics; this is within the bounds of the Statistics Rules, and the operation of the TNSO.

Rule 11(1) *Information provided to the National Statistician under these Rules must be used by the National Statistician only for statistical purposes.*

Any information provided by any other party to the National Statistician must be used for only statistical purposes. This means that it can not later be used for regulatory, or statutory enforcement.

However, the information collected for the purposes of IMTS, tends to be produced for other non-statistical purposes. It is important to ensure that the information is being collected under another act, if it is to be used for non-statistical purposes by the Department of Transport, or any other department.

IMTS information can be and usually is collected under two pieces of legislation, the Statistics Rules, and another piece of legislation.

Rule 11(4) *All official statistics must be published in a manner as to prevent any information being identifiable by any person as particulars relating to any one person or undertaking.*

Rule 12(iii) *Notwithstanding Rule 11, The National Statistician may disclose details of external trade, movement of ships and aircraft, and cargo handled at ports.*

The TNSO will need to ensure that when publishing IMTS no single person, or entity (ie business) is identifiable. However, the TNSO is allowed to publish details of external trade, and cargo handled at ports. The TNSO must respect the need to privacy and confidentiality, but it also recognises it must be practical when it comes to the nature of publishing IMTS.

Ensuring the TNSO publishes IMTS using international standards, and practices will help mitigate any associated risk.

Rule 14 *Every person from whom information is requested for the purposes of any statistical survey made under these Rules must to the best of their knowledge and truthfully, when required to do so by the National Statistician, fill in and supply information in accordance with the instructions provided by the National Statistician.*

If the Department of Transport wants the information to be collected as an official statistic, under the Statistics Rules then the information must be provided under the law. This can provide the Department of Transport the authority to collect specific information on the movement of trade, if not compelled under other legislation.

## **Sources of information**

This section looks at the different sources of information for IMTS. It looks at normal standard sources, and discusses collection of information could work in Tokelau's context.

### **Customs declarations and related sources**

#### **Tokelau Customs**

Customs declarations, and related sources are usual, and most reliable way to collect information for the purposes of IMTS. It is generally recommended that countries use customs information to compile IMTS. This is because customs data reflects the physical movement of goods across borders that IMTS aim to records, and generally they are readily available, and reliable.

Customs declarations and procedures are used to identify movement across boards, and change of ownership. They also help to identify when goods become 'trade goods' rather than personal goods such as items passengers take with them when travelling between countries.

This is not the case in Tokelau. No customs agency is in operation, and therefore no customs declarations are made, and no customs procedures are undertaken.

The Customs Rules 1991 do have some requirements for making import and export declarations, and the Rules do give some guidance on how to determine value. However, even if a customs agency was up and running, IMTS would not provide sufficient regulation to guide, or enforce collection of IMTS.

#### **Samoa Customs**

Samoa is currently Tokelau's only port of trade. All goods heading to, and leaving Tokelau travel through the port of Apia. This means that all goods are subject to customs processing by Samoa's customs agency.

Samoa's customs agency does require the completions of a Single Administrative Document (SAD). The SAD is governed by Samoa's Customs Act 1977, which is administered by the Ministry of Revenue.

Samoa's SAD records all of the information required by Tokelau to produce IMTS.

However, producing IMTS based on the SAD requires that a SAD is issued for each good going to Tokelau, and that all goods are processed by Samoa's customs agency. It also relies on Apia continuing to be Tokelau's only port of shipment into the future. It seems likely that this will not always be the case.

## Overview

This table provides an overview assessment of the current viability of producing IMTS using Samoa SAD forms.

Variables	Information	Assessment
Source	Samoa SAD customs form	n/a
Data type	Customs declarations	Good
Reference period	Each consignment sent to Tokelau	Good
Commodity code	Raw data, would need to be processed and classified by HS 2012	Okay
Country of origin	Available	Good
Country of consignment	Available	Good
Mode of transport	Not recorded – but always sea	Okay
Value	Statistical value already calculated. This is okay, but may present some issues	Okay
Currency	Samoa Tala	Okay
Quantity (net weight)	Available and consistently recorded	Good
Supplementary quantity	Available if recorded	Okay
Customs procedure code	Available, but not useful for Tokelau	Okay

### Non-customs data sources

The other data sources available to Tokelau for the productions of IMTS are all non-customs sources.

Tokelau has several other sources of information in good imported and exported to and from Tokelau. However, none of these sources as they currently are, are sufficient for the production of good quality, reliable IMTS.

### Mirror statistics

Mirror statistics can provide good quality, timely and low cost information on trade between countries. Mirror statistics are when the imports from a country are used to represent the exports from another. For example, statistics on exports from Samoa to Tokelau, could be used to represent imports from Samoa, to Tokelau and the other way around.

Given that Apia is currently Tokelau's only port of trade it should be relatively easy to use mirror statistics to establish IMTS for Tokelau. However, using mirror statistics relies on the idea that the producing country's statistics are of good quality, produced reliably to the best international standards, and are not far from being error free.

The TNSO has under taken a preliminary assessment of using the Samoa Bureau of Statistics' IMTS information as mirror data for Tokelau. The TNSO conducted an assessment of the exports to Tokelau for the first quarter of 2013.

The TNSO found that the significant proportions of re-exports (items originally imported to Samoa, before being purchased in Samoan stores, and exported to Tokelau) was missing from the Samoa Bureau of Statistics' IMTS for exports to Tokelau.

The TNSO was able to use bulk purchase records from the atoll stores to check what had been purchased in Samoa during the quarter. Virtually all food-items were missing from the statistics, with could have resulted in more than ST\$100,000 worth of missing export information.

The TNSO has not been able to establish why the export information is missing from Samoa Bureau of Statistics IMTS. However, the issue is significant enough to rule out the option of using SBS IMTS as mirror statistics for Tokelau's trade.

Additionally, if Tokelau begins direct importing or exporting from nations other than Samoa, it could cause problems if mirror statistics were Tokelau's only source of information for IMTS.

### Overview

This table provides an overview assessment of the current viability of producing IMTS using mirror statistics.

Variables	Information	Assessment
Source	Samoa Bureau of Statistics	n/a
Data type	Mirror export and import data	Okay
Reference period	Monthly	Okay
Commodity code	Already coded to HS 6 digit level (Tokelau would not use anything lower than this)	Good
Country of origin	Not available other than for Samoan products	Bad
Country of consignment	Not available, but will always be Samoa	Okay
Mode of transport	Not recorded – but always sea	Okay
Value	FOB and CIF, but will need adjustment when mirror to reflect Tokelau's trade	Okay
Currency	Samoa Tala	Okay
Quantity (net weight)	Available	Good
Supplementary quantity	Available	Good
Customs procedure code	Available	Good

### Ship manifest

The Department of Transport creates manifests for each shipment going to Tokelau. These manifests are designed to give a brief overview of the good included in the hold of the ship. They do not include any personal goods taken by passengers travelling to and from Tokelau on the PB Matua, or any other vessel.

Currently the manifests do not include sufficient information for the compilation of IMTS, however they do include brief descriptions of the goods, and some weight and size information.

## Questions – who controls these? Are they for every boat? Including SSC, or NZ boats?

### Overview

This table provides an overview assessment of the current viability of producing IMTS using ship manifest forms.

Variables	Information	Assessment
Source	Ship manifest	n/a
Data type	Raw manifest data	Okay
Reference period	Every sailing	Good
Commodity code	Raw data, would need to be processed	Okay
Country of origin	Not recorded	Bad
Country of consignment	Not recorded but always Samoa	Okay
Mode of transport	Not recorded – but always sea	Okay
Value	Not recorded	Bad
Currency	Not recorded	Bad
Quantity (net weight)	Some weight, and some size, but not consistent not to IMTS standards	Bad
Supplementary quantity	Not recorded	Bad
Customs procedure code	Not applicable	Okay

### Stores purchase data

The Tokelau's atolls each have one bulk store (like a hardware and building supply store) and one co-op store (like a supermarket). The government supplies these stores centrally, and all purchases and orders are made through the Tokelau Apia Liaison Office.

This is by far Tokelau's largest and most consistent import operation. All purchases are recorded with reliable weight, and size information, values and destinations. However, many of the products purchased are originally imported into Samoa. This makes it very difficult to effectively assess country of origin for the purposes of compiling IMTS.

### Issues

#### Overview

This table provides an overview assessment of the current viability of producing IMTS using store purchase data.

Variables	Information	Assessment
Source	Bulk purchase logs	n/a
Data type	Raw commodity data in excel	Good
Reference period	Each sailing on which purchases occur	Okay
Commodity code	Raw data, requires processing	Okay
Country of origin	Not recorded	Bad
Country of consignment	Not recorded, but always Samoa	Okay

Mode of transport	Not recorded, but always sea	Okay
Value	Market value at sale, and at purchase	Good
Currency	Samoa Tala, New Zealand dollar and exchange rate at time of purchase	Good
Quantity (net weight)	Partially available but not consistent	Bad
Supplementary quantity	Partially available but not consistent	Bad
Customs procedure code	Not applicable	Okay

## Institutional arrangements

### Statistical framework

#### Goods included and excluded in IMTS

Generally speaking goods need to cross-boarders, and change ownership to be considered in-scope of IMTS. The table below outlines those goods that are generally considered within scope of IMTS, and those that generally considered out-of-scope.

Goods included in IMTS	Goods excluded from IMTS
<ul style="list-style-type: none"> <li>• Non-monetary gold</li> <li>• Banks notes, coins and other physically currency not in circulation</li> <li>• Goods traded under a barter agreement (eg non-financial trade)</li> <li>• Goods traded on government account (includes good purchased under aid agreements)</li> <li>• Goods for use in humanitarian and emergency aid</li> <li>• Goods for military use</li> <li>• Goods acquired by all travellers (above the level of declaration, and where duty is payable)</li> <li>• Goods for consignment (goods not yet sold, but intended to be sold)</li> <li>• Media, whether or not recorded – this can include software</li> <li>• Goods for processing (even if ownership doesn't change)</li> <li>• Returned goods</li> <li>• Electricity, gas, oil and water</li> <li>• Goods dispatched, or received through postal services</li> </ul>	<ul style="list-style-type: none"> <li>• Goods being transported through a country</li> <li>• Good temporarily admitted or dispatched</li> <li>• Monetary gold</li> <li>• Money in circulation</li> <li>• Non-financial assets where ownership is transferred from a resident to a non-resident</li> <li>• Goods treated as part of a trade in services <ul style="list-style-type: none"> <li>○ Includes good scarried by passengers under the limits prescribed in law (non-declared goods)</li> <li>○ Newspapers, periodicals etc sent under direct prescription</li> <li>○ Goods supplied by and to enclaves of foreign governments</li> </ul> </li> <li>• Goods under operating licence</li> <li>• Goods lost or destroyed after leaving one country, but before entering the other</li> </ul>

<ul style="list-style-type: none"> <li>• Migrants effects (their personal property)</li> <li>• Goods under financial lease</li> <li>• Ships and aircraft</li> <li>• Fish catch, minerals from the seabed and salvage (doesn't include sale of quotas, or stock caught by foreign vessels and taken out of territorial waters)</li> <li>• Goods in electronic commerce (eg goods purchased over the Internet)</li> <li>• Gifts and donations</li> <li>• Used goods</li> <li>• Waste and scrap</li> </ul>	<ul style="list-style-type: none"> <li>• Goods functioning as means of transport between countries (ie shipping containers)</li> </ul>
---	--

Goods carried by passengers on route to Tokelau, or Samoa are subject to customs declaration, nor are they subject to any vessel reporting, such as a manifest. This makes them particularly hard to assess, and will likely need to be considered out-of-scope for Tokelau IMTS. However this could change should a functioning customs agency be set up.

### **Territories**

The territory to which the IMTS relate to is known as the statistical territory. The statistical territory is often associated with the customs territory, or its economic territory. A 'general trade system' exists when a country's statistical territory overlaps with its economic territory.

No established customs territory exists for Tokelau. Practically, the statistical territory of Tokelau, for the compilation of IMTS will include Tokelau's three atolls and their economic limits. It will exclude Tokelau's continental shelf, and any territorial enclaves it may have in other nations, or other nations may have in Tokelau.

It is likely that the statistical territory will closely match Tokelau's economic territory, and its economic activities therein, therefore it is reasonable to say that IMTS will refer to Tokelau's general trade system.

### **Commodity Classification**

The basic reason for the use of detailed commodity classifications is to be able to identify and compile details of the commodities in an internationally consistent way for various customs, statistical, and analytical purposes.

The complex nature of basic trade and statistical needs makes it necessary to have a detailed commodity classification.

There are two major global commodity classifications, the Harmonised Commodity Description and Coding System 2012 (HS 2012) and the Standard International Trade Classification Revisions 3 (SITC).

The table below briefly outlines some of the major differences between the two classifications.

Harmonised Commodity Description and Coding System (HS 2012)	Standard International Trade Classification (SITC)
Commodity based	Economic activity based
Better for customs / shipping processing and coding	Better for economic analysis
Recommended for use at the most detailed level, as it can be used with most other classifications	Organised for the analysis of broad economic activities according to economic principles and perceptions

Some countries use localised versions of the global classifications. This is usually done if a nation has specific areas of policy or statistical interest that cannot be covered by using one of the global classifications. It is not recommended that Tokelau develop its own classification.

### **Which to use in Tokelau?**

The United Nations (UN) recommends using HS 2012 at the most detailed level of the collection, compilation, and dissemination of IMTS. The SITC can still be used for analysis of IMTS if users require it, because it can be mapped to HS 2012.

Variables

### **Statistical value**

It is recommended that for all goods covered in IMTS, whether sold, exchanged, or provided without payment, a statistical value is assigned following specific rules. The main source of information for establishing a statistical value, is usually the customs value, which is placed on goods by customs administrations in accordance with national legislation or regulations.

There are two types of statistical values generally used in IMTS they are:

1. free on board (FOB)
2. cost, insurance and freight (CIF).

FOB values include the transaction value of the goods, and the value of services performed to deliver the goods to the boarder of the exporting country.

CIF values include the transaction value of goods, the value of services performed to deliver good to the border of the exporting country, and the value of the services performed to deliver the goods from the exporting country to the boarder of the importing country.

Countries almost universally apply FOB values for the valuation of exports, and CIF values for imports.

For Tokelau, imports could be priced using the cost of shipping, and insurance and the value of the goods as defined by the Customs Rules 1991.

For imports to Tokelau, the formula could look something like this:

$$\text{Statistical value} = \text{MV\$} + \text{I\$} + \text{F\$}$$

Where MV equals the fair market value of the goods when sold for cash at retail in which country the goods are exported to Tokelau, I equals the standard cost of insuring the goods (adjusted for size) and F equals the cost of freighting the goods to the importing country.

This won't be easy to obtain for Tokelau, and it depends on the sources used as to whether these values will be both obtainable, and reliable. The TNSO could establish reliable estimates to replace real values for 'I' and 'F' if required.

For exports to Tokelau, the formula could look something like this:

Statistical value = MV\$

Where MV equals the fair market value of the goods when sold for cash at retail in Tokelau. Again, goods exported from Tokelau are unlikely to be sold as no substantial markets exist in Tokelau. MV may therefore need to be an adjusted value, where the fair market value of the goods when sold in the country of final destination is taken and adjusted to remove additional shipping, insurance and profit margins.

### **Currency conversion**

Compilers of IMTS are required to convert all values into a single unit of value. While Tokelau buys and sells in both ST\$ and NZ\$, it will likely produce all IMTS using the NZ\$.

It is general practice to use the rate of exchange that is published by the country's central or reserve bank. However Tokelau does not have a separate monetary market from New Zealand, and New Zealand's reserve bank does not readily monitor the NZ\$-ST\$ exchange rate.

It is therefore recommended that the TNSO take the exchange rate in use by its' Department of Finance at the time the import, or export occurs.

### **Quantity measurement**

Quantity is an important dimension of IMTS that is indispensable for various policy and analytical purposes, including the planning of transport infrastructure and the impact of international trade on the environment. Quantity units refer to physical characteristic of goods. The use of appropriate units provides internationally comparable data.

The table below shows the standard units for use in IMTS that are applicable to Tokelau's trade situation.

Quantity measurement	Unit
Weight	Kilograms (kg)
	Carat (carat)
Length	Meters (m)
Area	Square meters (m <sup>2</sup> )
Volume	Cubic meters (m <sup>3</sup> )
Number (units)	Pieces or items (u)
	Pairs (2u)
	Dozens (12u)
	Thousands or pieces / items (1,000u)
	Packs (u(set/packs))

## **Partner countries**

Trade statistics by partner country are used for the analysis of economic trends, regional trade patterns, market analysis, business decisions, policy monitoring, and trade negotiations. Partner countries are countries between which the significant movement of trade occurs.

It is recommended that in the case of imports that the country of origin, and secondly the country of consignment be recorded. In the case of exports, the country of last known destination should be recorded.

The country of origin is the country where the traded goods originated, this is either where they were wholly produced, or underwent significant transformation.

The country of consignment is the country from where the goods were despatched and ownership changed immediately prior to importation.

For country of last known destination, is the country where exported goods are to be delivered. This does not include any countries the goods might travel to or through on the way to their delivery destination.

## **Mode of Transport**

The availability of IMTS by mode of transport is important for many purposes, including the monitoring of international transport routes, the formulation of transportation policy, and the assessment of the impact of trade on the environment.

It is recommended that countries compile and disseminate IMTS by mode of transport at the most detailed commodity level. It is further recommended that the mode of transport that should be recorded is the means that were used when the good enter or leave Tokelau's territory.

IMTS should use a one-digit, and if possible two-digit classification of mode of transport. The recommended classification is as follows:

1. Air
2. Water
  - 2.1. Sea
  - 2.2. Inland waterway
3. Land
  - 3.1. Railway
  - 3.2. Road
4. Not elsewhere included
  - 4.1. Pipelines and Cables
  - 4.2. Postal consignments, mail or courier shipment
  - 4.3. Self propelled goods
5. Other

The likely breakdown of IMTS for Tokelau would include 2.1 sea, and possibly 4.2 postal consignments. However in the near future it may also include 1 air.

There is little difficulty in collecting mode of transport for IMTS in Tokelau. However the responsible agencies will need to be careful that mode of transport is readily identifiable and entered correctly during compilation.