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Naciones
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para la
Agricultura
y la
Alimentación

APCAS/10/18
April 2010

Agenda Item 7

ASIA AND PACIFIC COMMISSION ON AGRICULTURAL STATISTICS

TWENTY-THIRD SESSION

Siem Reap, Cambodia, 26-30 April 2010

Trade Statistics and Capacity building in the Pacific

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Abstract

The Pacific region suffers from a dearth of quality trade data. Problems with collecting, processing and disseminating trade data has led to an information gap that has undermined trade negotiations and policy analysis. Subsequently in 2007, the Food and Agriculture Organization (FAO) and Secretariat of the Pacific Community's (SPC) entered into a partnership to address this problem. The SPC now acts as a regional node for collecting and processing regional trade data from member countries and disseminating the data to other users such as FAO / United Nations Statistics Division (UNSD) and other Committee of Regional Organizations in the Pacific (CROP) agencies such as Pacific Islands Forum Secretariat (PIFS). After the conclusion of the FAO-SPC partnership in 2009, SPC took the decision to continue to fund the trade statistics database project. In May 2010, SPC will officially launch a publically searchable web-based database that will provide trade statistical information for 10 Pacific Island countries, with more to come. .

Objective of the FAO-SPC Trade Statistics project

Development objective: to assist PICs through SPC to obtain relevant statistical information in support of their priority policies concerning the achievement of food security and regional free trade agreements (PICTA/PACER) as well as trade integration among countries as part of the region's response to global trend towards liberalization of trade within the (World Trade Organization) WTO framework.

Immediate objectives: to build and strengthen the capacity of SPC to establish a fully searchable, web-based database of imports and exports at a 6-digit HS code level for 14 Pacific Island countries.

Capacity building: In addition to support offered to SPC staff, under the partnership FAO provided two regional training sessions to improve the capacity of staff from national statistical offices to collect, process and disseminate trade data.

Introduction

The Pacific plan articulates that the Pacific Leaders' long-term goal is to move progressively towards a comprehensive framework agreement amongst all Forum members that includes trade (and services) and economic cooperation. This goal is reflected in the Forum Economic Ministers' identification of stronger regional economic integration, starting with trade, as a key element for economic growth and building a relationship with the rest of the world. As successful regionalism requires larger markets to stimulate growth, partnership with Australia and New Zealand is crucial for Pacific regionalism to be viable. The argument has been to date that trade barriers (tariffs, quarantine and other red tape) between countries in a region are higher than they are with major trading partners, thus impeding trade. To assist this process, Australia, New Zealand and the European Union have all been encouraging greater trade integration. Yet this process of integration has been hampered by poor trade statistical information.

The Pacific Plan highlights the potential for regional co-operation in the areas of trade statistics as recognized in a key initiative to upgrade and extend regional statistical information systems and databases across all sectors¹. There is a need to improve the accessibility and quality of trade data in the region to support effective decision making at a national and regional level.

The original motivation of the project was from FAO who for a number of years have been receiving trade data from a small number of Pacific Island Countries but not from the majority of countries. They instigated the project to try and improve the collection of trade statistics but also to see if there was more that FAO and SPC could be doing together to assist countries in the processing of trade statistics.

¹ Initiative 12.4

The FAO partnered with SPC to develop a regional trade statistics database that can be used by countries, regional and international organizations to improve the quality of analysis and advice and ultimately decisions in the region. The objective of the project was to assist Pacific Island Countries (PICs) through SPC to improve the quality of relevant statistical information, which would in turn assist negotiations for regional free trade agreements; reduce the burden of requests for trade data placed upon national statistics offices by national and international stakeholders; and support of FAOs regional priority, which is to assist countries to better assess their food security through the Food Balance Sheet methodology.

The Pacific Regional Trade Statistics Database project, funded by the Secretariat of the Pacific Community (SPC) through its Facilitating Agricultural Commodity Trade (FACT) project, is on track to launch an online, freely accessible and searchable database.

Launching the database online will further increase the number of users in the region and their level of access to accurate trade data. The online searchable engine will be activated by mid of May (www.pacifictradestatistics.com). It will also reduce the burden on Pacific Island statistical departments to respond to external data requests.

Moreover, the database will enable interested parties from around the world to access and analyse export and import data from 10 Pacific countries (Cook Islands, Fiji Islands, Kiribati, Niue, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu). The Regional trade statistics database will provide Pacific Island governments and regional organisations a reliable source of detailed, 6-digit Harmonised Systems (HS) code information on national and regional trade flows. The member countries provide annual international trade statistics to SPC in standard format, and SPC continues to standardize and validate the annual trade data, and to upload this annual data to a publically searchable online trade statistics database

Accurate and timely trade data is required to assist Pacific Island Countries (PICs) identify potential trading opportunities, to feed into regional and international trade negotiations and support policy decisions. This will significantly assist stakeholders both within and outside the region to develop accurate trade policy, better engage in trade negotiations and identify market opportunities. For example, in the current climate of rising food prices, accurate information on the volume and value of imported food is necessary to assess the extent of the problem in PICs and to identify potential import substitution strategies.

Through this project, SPC will continue to provide capacity building assistance to government statistics departments and to contribute to improving the quality and availability of statistical information on trade.

Importance

Trade data is incredibly important for a number of sectors e.g. marine resources, agriculture, forestry, and shipping. Until this project's intervention, no accurate trade data was available. However by working directly with National Statistics Offices to improve the quality of the data they produce, we have managed to successfully establish relationships with NSOs throughout the region.

The basis of the relationship between SPC and NSOs is simple. We process the data in order to improve the quality of it by identifying inconsistencies and working with partner data to improve it. Member countries submit annual international trade statistics file and SPC shares the files with FAO and UNSD through the common File Transfer Protocol (FTP) site.

The trade database has functions to convert data according to all HS codes: HS 1992, 1996, 2002 and 2007. The database also shows trade trends, with all information 'exportable' from the website, in Excel format.

This will assist with analysis of import and export trends, and therefore for identifying food security issues, possible import substitution projects, assisting exporters and trade negotiators.

Constraints

Another very common problem across the region is the accuracy of data received from Customs to National Statistics Office (NSO). The data we have received in some cases suggest that wrong quantities have been entered since unit values do not make sense. There is a need at a national level to improve the co-ordination of Customs and Statistics officers. NSO receives data from Customs and ideally unit values should be checked at port entry when a transaction takes place. Statistical programs should be designed to highlight unit value anomalies at Customs so that problems can be rectified at the port of entry before data is given to NSO's. Cook Island is currently trialling software where by the unit value of commodities is checked at the port of entry and we are hoping that in future countries can learn from each other in designing appropriate systems.

To date, the essential challenge facing the reporting of trade statistics in the Pacific has been the absence of good systems for collecting data at Customs level and in particular, sharing this data with National Statistics Offices. This has affected the quality of data being reported by NSO's – and has prevented much analysis at a product level.

Using the trade partner data as a substitute for national data is standard practice, is one way by which SPC and FAO can test the quality of data. But the idea behind the database is to help countries move past approximating their own statistics from external sources. But this will take some significant work with Customs and computerization of systems. One problem, from the perspective of regional harmonization, is the proliferation of different data collection systems. Customs does have an incentive to collect good data, and thus they often work more closely with Internal Revenue departments than with National Statistics Offices since imports and exports are an important source of Government revenue.

Regarding non-responding countries, we have utilized the time and effort of our traveling staff who visit them on duty travel. Not any staff but the ones who use trade statistics and can explain all benefits of providing trade data.

Opportunities

SPC is working with Oceania Customs Organization (OCO) to discuss ways in which Custom offices can be supported in providing better quality data to their colleagues in statistics offices and harmonizing their recording of important traded products in the region. We have problems in the region regarding the classification of tropical crops, food items, and some other products which are not covered in the HS-code nomenclature.

The HS classification did not capture some commodities that are important for Pacific Island trade at 6 digit level and agreed to identify these commodities for future consideration. Regarding food security statistics, there are a lot of misclassifications of tropical commodities which of course will produce a misleading policy if the statistic is unreliable. FAO and SPC have prepared a special trade Questionnaire for SPC to provide it to member countries but this is to be done at World Customs (WCO) level. The aim is to make the regional level case, pressed for inclusion of tropical products in the 2012 update of the Harmonized System (HS) and OCO can propose the changes to WCO for the next edition of the HS-code classification (2012) in order that these products, which are of particular importance to Pacific communities, may be incorporated into the HS-code system.

Future

The first phase of the project ideally was set up to establish a system of gathering data. The lack of analysis of agricultural production data is a crucial impediment to good policy development. The next phase would be to assist member countries in trade negotiations and in the identification of new export opportunities and import substitution opportunities, by preparing briefs on product trends, using the Trade Statistics database and also work on export diversification, and Land resources Divisions (LRD) emphasis on improving food security.

However the real impediment is the lack of country capacity to identify flaws in their trade statistics, and have recourse to mechanisms to improve the quality of that data when they do. To address this problem, SPC proposes FAO develop a country version of the existing 'statistical validation' software given to SPC, which would enable member countries to standardize and validate their national trade statistics, and to improve the capacity of member countries to process trade data and increase the trade data quality. The country version of the program will be further motivation for countries to remain in the regional trade statistics program.

Conclusion

As awareness of the project has grown, we have received an increased number of requests from trade data users, both nationally and internationally. We hope this project will contribute significantly to improved analysis and decision making at national and regional level. Whilst the on-line component of the project was under development, we have provided data to the Head of Agriculture and Forestry (HOAFs) and SPC Committee of representatives of Governments and Administrations (CRGA) meetings, in addition to satisfying requests from national and international consultants, students, researchers, governments, non-government organizations and regional agencies..

The trade database will also help in compilation of the Food Balance Sheets that are needed to assess progress towards Millennium Development Goals (MDG), it also helps to identify potential data sources on food and agriculture production, agriculture stocks and also the utilization of the food and agriculture data including seeds, feeds and other utilizations.

By expanding the database to include new Pacific Island Countries, and by working directly with country stakeholders to improve their capacity to process and improve national data, this project can successfully improve the trade statistical capacity of the Pacific region.

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