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CONTENTS

Latin America and the New International Development Strategy <i>Projections Centre, Cepal</i>	7
The opening up of Latin America to the exterior <i>Aníbal Pinto</i>	31
Domestic technological development <i>Ricardo Cibotti and Jorge Lucángeli</i>	57
Economic development and theories of value <i>Armando Di Filippo</i>	77
The peasant economy: internal logic, articulation and persistence <i>Alexander Schejtman</i>	115
External Sector statistics for development planning: a matter for statisticians and planners? <i>Mario Movarec</i>	135
On the article by Raúl Prebisch "Towards a theory of change" <i>Comments by Gert Rosenthal</i> <i>Comments by Isaac Cohen</i> <i>Comments by Fernando Fajnzylber</i>	155
Some CEPAL publications	175

External sector statistics for development planning: a matter for statisticians and planners?

*Mario Movarec**

Ever since its creation CEPAL has sought to foster the improvement of statistics, and to that end has encouraged discussion of the subject between planners and statisticians on several occasions. The author believes that in the case of foreign trade statistics, leaving aside the important action which may be taken by these professionals in the future, certain obstacles prevent their improvement because of the influence of certain factors which are directly linked to the external sector and which do not arise in other sectors of statistics.

After identifying the influences on these statistics—systems of customs administration, operational and marketing arrangements, the requirements of international comparability and regional integration processes—he explains how these factors have, over time, had a beneficial or harmful effect on the way statistics have developed.

In the third part of his paper he analyses the role played by planners and statisticians in this process, and the serious obstacles facing the latter, in the light of what has happened in LAFTA since 1960.

He concludes with an analysis of improvements which have occurred in statistics, indicating that the factors dealt with at the beginning appear to have had greater influence than the actions of statisticians and planners themselves.

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I Background

CEPAL has for many years been stressing the need for a continuous programme of technical meetings between statisticians and planners to study and draw up proposals designed to coordinate and guide the efforts of statistical offices to meet the growing demand for information.

This concern has arisen both in CEPAL and in the national research and planning bodies, as comparisons of statistical information requirements with availability have shown that the output of statistics, and the promptness with which the data are compiled and published, are inadequate to meet the current demand for information.

Nevertheless, it should be pointed out that this view of the unsatisfactory state of statistics is of a very general nature, as no details have yet been furnished concerning the extent to which the statistics produced fall short of the requirements of planning, or concerning the socio-economic areas in which the statistics are satisfactory or unsatisfactory, since planners' demands for information are extremely wide in their scope and encompass practically all the phases of the statistical function. This makes planners the largest and most important users of statistics, and also imposes specific requirements. Meeting these requirements calls for the prior establishment of an order of priorities, but no such priorities have yet been laid down in Latin American countries.

Proposals have been made, however, aimed at making it easier for the less developed countries to prepare statistical series which might be of use in drawing up an integrated system of basic statistics for use in economic and social development programmes.¹

Moreover, in connexion with the regional appraisal of progress in the implementation of the International Development Strategy, CEPAL has collected together "in systematic form the principal statistics and indicators... which, in essence, represent the quantitative

¹*Statistical Series for the Use of Less Developed Countries in Programmes of Economic and Social Development*, Statistical Papers, Series M, No. 31 (United Nations publication, Sales No. 59. XVII.10).

bases of the reviews and studies carried out in the Second Regional Appraisal of the International Development Strategy".²

Suggestions have also been made regarding the organization of information for the purposes of appraising development.³

Against this background, and in the light of any other elements which may arise, it is urgently necessary, firstly, to survey the statistics currently being produced so as to determine how useful they are for planning, in order to avoid the problem of under-utilization of data, and subsequently, on the basis of this survey, to indicate what new statistics not as yet being compiled should be produced.

Naturally, this is a task which must be carried out on a continuous basis jointly by planners and statisticians. It is not the exclusive speciality of either. This has been shown clearly on every occasion when they have met to discuss the topic, and there is agreement on the important task which the two groups of professionals should perform jointly.

While there are solid grounds for believing that this joint action will produce genuine progress in statistical activities as a whole, on the basis of demand from planners, prospects for improvement differ from one sector of economic and social activity to another. This opinion has more to do with the influence of various elements on statistical development in

some sectors than with the rate at which the statistics can be developed. To put it briefly, the question is whether the statistics can advance only with the help of programmes established by statisticians or planners, or whether, in contrast, other factors also play a role, and can consequently foster their development independently — and, in some cases, as we shall see below, hamper or even prevent their improvement.

When we state that statistical development in the various sectors of economic and social activity may not be uniform, we are implicitly referring to the actual characteristics of each sector; it is they which in the final analysis determine what the statistics may or may not record and reveal, and thus affect their development. This is what happens with foreign trade statistics, the principal subject of this article, whose development is geared to the past and present influence of those factors. On the basis of these elements, a number of ideas are sketched relating to future action programmes which might be jointly undertaken by statisticians and planners.

It should be pointed out that this article was prepared with the sole aim of placing foreign sector statistics in a context as much as possible in keeping with their actual position. It should also be mentioned that, throughout the article, examples are given of past or present situations in some countries regarding specific aspects of their foreign trade statistics. This is done solely in order to illustrate the argument; in no way should the conclusion be drawn that these circumstances occur only in the countries mentioned, since examining a given feature in all the countries would have involved an assessment beyond the scope of this article.

²Latin American development and the international economic situation: Second Regional Appraisal of the International Development Strategy; Part Three: Indicators of economic and social development in Latin America (E/CEPAL/981/Add. 3), p. 1.

³Juan Sourrouille, *La organización de la información para la evaluación del desarrollo*, Cuadernos de la CEPAL, No. 23 (Santiago, CEPAL, 1978).

II

Influence on the development of foreign trade statistics

We must examine thoroughly the main factors which, since they are directly linked with the characteristics of the external sector, influence progress in foreign trade statistics:

— The first in order of importance and influence is “the fact that trade statistics are frequently obtained as a by-product of tariff administrations”, which “tends to affect the type and accuracy of the commodity information included, apart from the effect on the statistical commodity classification itself”.⁴

— In second place fall the operational and marketing systems used to effect foreign trade operations. They too have a substantial effect on the type and quality of the statistics compiled.

— The third relates to the requirement that the data should be internationally comparable. Although this has applied to all statistics, especially in recent years, it has been of greater importance for much longer in the case of external sector statistics.

— The fourth factor relates to the regional and subregional integration movements, which have led to marked progress in the foreign trade statistics of the Latin American countries.

The influence of these characteristics of the external sector on the corresponding statistics over time not only explains their present status but also hints at the development in prospect for them in the medium and long term.

1. *Dependence on tariff administrations*

The first of the influences on foreign trade statistics mentioned above originated more than a thousand years ago. In the first half of the eighth century the Moorish conqueror Tarif ben Malek⁵ reached the Iberian peninsula and

installed himself in a place that probably corresponded to the Roman town of Julia Traducta. After this invasion the town took the name of Tarif ben Malek, now Tarifa. This southern Spanish town, close to Gibraltar, offered a base for control of the Straits. There Tarif ben Malek established a post for collecting tribute from passing ships according to the quantity and kind of goods they carried.⁶ This fact is of great importance for statistics, though it may not seem so. It marks the origin of an economic instrument which is of extensive current application and importance: the tariff. It also marks the birth of foreign trade statistics, and at the same time their dependence on tariff systems administered by the customs authorities. For even though we do not know the criteria used in those far-off days to apply a tariff to the various products, there is no doubt that they must have been classified to ensure that a check was kept on what was collected. This process of checks, while producing statistics, was really a by-product of the application of levies on the passage of vessels, and was not of course aimed at compiling statistics for economic analysis.

Consequently, the first statistical records relating to foreign trade were prepared in order to facilitate the collection of such levies, and the recording of the data was subordinated to that end.

This close relationship between the collection of tariffs and the recording of statistics, with the consequent subordination of the latter to the former, has continued to the present at the national and international level, and accounts both for advances in the corresponding statistics, and also their limitations and possible backsliding.

(a) *Product classification*

The first venture in international comparability at the world level involved tariffs and not statistics. Twelve centuries after the tariff had

⁴V. S. Kolesnikoff, “Commodity classification”, in R. G. D. Allen and J. Edward Ely, eds., *International Trade Statistics* (New York, John Wiley and Sons, 1953), p. 73.

⁵This person should not be confused with the conqueror Tarik lieutenant of the Arab leader Muza, who began the conquest of Spain in the year 711.

⁶Kolesnikoff, *op. cit.*

first appeared, the World Economic Conference meeting in Geneva in May 1927 under the auspices of the League of Nations discussed the need to establish a common basis for customs tariffs.⁷ A technical committee undertook the task of preparing a draft common nomenclature, which was completed in 1931, and after extensive revision a final version appeared in 1937.⁸ Only after this draft had been concluded in 1938, did the League timidly embark on the task of preparing the Minimum List of Commodities for International Trade Statistics, based on the draft Customs Nomenclature.⁹

The Minimum List was not prepared as an independent statistical classification with its own structure, but was a selection of the principal products on which it was considered useful for the countries to publish foreign trade data; in practice, this did not occur, because each country developed its own statistical classification. Furthermore, the Minimum List used the same codification and the same definitions as those in the draft Customs Nomenclature. The Nomenclature followed the traditional principle of progressive classification, whereby the same section groups together all products prepared using the same materials—from the raw material or product to the finished product—so that, since they contain products with very different degrees of processing, the sections are of no economic significance in the analysis of foreign trade. For this reason, such a tariff nomenclature structure is not used to examine the evolution of the foreign sector, since, for example, comparison of a country's export and import values based on the tariff sections serves no purpose.

It is not surprising, therefore, that when in 1950 the Brussels Customs Co-operation Council embarked on the drafting of the Brussels Tariff Nomenclature (BTN), the United Nations Statistical Commission recommended the

preparation of a Standard International Trade Classification (original SITC),¹⁰ suitable for the analysis of international trade, which would meet the need and growing demand for greater statistical comparability. When in 1960 the SITC was revised¹¹ and expanded, one of the principal objectives was to ensure appropriate correspondence with the BTN, since the revision involved some modifications of both classifications. In the case of the BTN this called for the subdivision of a number of BTN items and the provision of a commentary in the Brussels Explanatory Notes on the subheadings thus created. The Customs Co-operation Council agreed to take these steps, thus making the precision of definition achieved by the BTN also applicable to the SITC and furnishing countries with a system offering at the same time the advantages of an internationally agreed tariff nomenclature and an internationally agreed statistical classification. A reciprocal one-to-one correspondence was thus achieved between the revised SITC and the BTN, and the maintenance of this correlation between the two classifications was considered essential when, in 1975, the SITC was further revised¹² in order to make it more suitable for the compilation and the analysis of external trade statistics in view of the rapid increase in the volume of world trade since 1960, and the changes which had since occurred in its geographical and commodity patterns.

Since 1960, therefore, there has been a correspondence between the BTN and the SITC at the most disaggregated level of the two classifications, so that by regrouping data based on the BTN, information can be presented according to the SITC, and *vice versa*. This achievement merits emphasis, since it highlights the extent to which the development of statistical classification has been dependent on tariff classifications.

In the long period between 1937-1938

⁷*La uniformación o coordinación de ciertos aspectos de los sistemas aduaneros en los países latinoamericanos: Nomenclatura Arancelaria Uniforme*, (CEPAL/E/CN.12/C.1/WG.3/2), July 1960.

⁸*Draft customs nomenclature*, Series II, Economic and Financial, (1937 II.B.5), vols. 1 and 2.

⁹*Minimum list of commodities for international trade statistics*, Series II, Economic and Financial (1938 II.A.14) and corrigendum, 1939.

¹⁰*Standard International Trade Classification*, Statistical Papers, Series M, No. 10, 2nd ed. (United Nations publication, Sales No. 51.XVII.1).

¹¹*Standard International Trade Classification, Revised*, Statistical Papers, Series M, No. 34 (United Nations publication, Sales No. 61.XVII.6).

¹²*Standard International Trade Classification, Revision 2*, Statistical Papers, Series M, No. 34/Rev. 2 (United Nations publication, Sales No. E.75.XVII.8).

(when the Customs Nomenclature and the Minimum List were drawn up) and 1960, when equivalence between them was achieved, there existed two classifications related to international trade.

(i) *The Tariff Nomenclature*

This was put forward for adoption at the world level, an aim which was gradually achieved by countries individually and in groups, with the entry into force of the treaties creating the European Economic Community (EEC) and the European Free Trade Association (EFTA). "Among the factors which made it possible for both agreements to be concluded within a short period, mention should be made of the fact that the countries already had tariffs based on the BTN, a common language with which the experts involved in the drafting were familiar. A single reading of the EFTA Treaty shows that it was relatively easy for the seven countries which were members at that time to draw up a list of manufactured or processed goods covered by certain provisions of the agreement (principally concerning origin), customs treatment of which was defined on the basis of the BTN chapters and items. Moreover, GATT has specifically referred on many occasions to the need for all countries to possess comparable customs tariffs in the interests of easier tariff negotiations, and for the purposes of facilitating international trade it has recommended the adoption of the BTN."¹³

In the Latin American region, CEPAL organized the first meeting of the Working Group of Latin American Experts on Customs Questions in August 1960 to discuss the standardization of customs systems in our countries. One of the principal resolutions adopted recommended that Latin American countries should adopt the BTN in their national customs tariffs. This recommendation was immediately welcomed by the LAFTA Provisional Committee in a resolution adopted in August 1960, which designated the Brussels Nomenclature as the common basis for the presentation of statistics and the conduct of the negotiations provided for under the Treaty of Montevideo, as well as

expressing and interpreting the concessions granted by the contracting parties to one another as a result of those negotiations.

Thus, by that time more than 60 countries (apart from those in Latin America) had adopted the BTN in their national tariffs, or were in the process of doing so, with the consequent benefits for international trade.

(ii) *The Statistical Classification*

In contrast, the original SITC, which was the other classification widespread at that time, and which had been drawn up for statistical purposes, was not adopted on an international scale to the same extent as the BTN. On the contrary, while some industrialized countries used the original SITC to set out their foreign trade data, such information was no more than a complement to that which was regularly published by each country using its own national statistical classification, and was consequently incomplete or at least very out of date.

The Statistical Office of the United Nations has encouraged the use of this statistical classification by all countries, to help it to interpret developments in foreign trade. Its structure, consisting of 10 sections, is easily applied, as the SITC, in contrast to the BTN, is a classification which can be built up from smaller units into larger ones, as follows:

The five-digit items can be organized in groups by taking only the first three digits	+	(00000)
The three-digit groups can be organized in divisions by taking the first two digits	+	(00000)
The two-digit divisions can be organized in sections by taking the first digit	+	(00000)

and the 10 SITC sections can in turn be grouped in order to obtain totals for primary and manufactured products. In this way, the statistical classification is aimed at meeting the specific needs of economic analysis, taking no account of the needs of those working in the field of tariffs or customs, whereas the contrary is naturally the case for the tariff classification.

In the decade up to 1960 it was not easy for countries to set out their data using the original SITC, because there was no equivalence between the SITC and the national statistical classifications. As a result the SITC could not

¹³La uniformación o coordinación..., (CEPAL/E/CN.12/C.1/WG.3/2), *op. cit.*

be obtained through a mere regrouping of the data presented in accordance with the national statistical classifications: it would have been necessary to make a recompilation from the customs documents. This was a task which, naturally, very few countries were able to carry out, and they therefore limited themselves to publishing information based on the SITC for the higher levels of the classification (sections, divisions and groups). In most cases no data were available by items or by countries of origin and destination, and this was an obstacle to international comparability of the statistics.

As far as the Latin American countries are concerned, in the 10 years when the original SITC was applied (1950 to 1960), it was used only by the members of the Central American Common Market and Panama to set out foreign trade data. They were able to do so because previously, in 1953, the Central American Economic Co-operation Committee had approved the Uniform Central American Customs Nomenclature (NAUCA),¹⁴ based on the original SITC. However, the remaining countries in the region, which constituted a majority, had no data according to the original SITC, and this prevented comparability of infra- and extra-regional trade data.

There are good reasons for the coexistence of the tariff nomenclature and the statistical nomenclature, because they meet different needs. However, foreign trade statistics are collected by the customs administrations using the tariff nomenclature, and therefore when this nomenclature was based on the BTN, with no reciprocal one-to-one correspondence with the original SITC, it was very difficult to obtain statistical data.

This situation, with such statistical information as could be obtained grouped according to the tariff nomenclature of each country, prevailed until 1960.

The drawing up of NAUCA, and its adoption in 1953 by the members of SIECA, was an important event which merits comment in the light of present-day views on certain development of that time which, although known to those working in that field, could not then be interpreted properly.

In those years, the Statistical Office of the United Nations was endeavouring to promote the international comparability of foreign trade statistics by recommending that countries should adopt and use the SITC since, as already noted, the available data were published using national statistical classifications and were not comparable. As the national statistical classifications corresponded to the tariff nomenclatures of the countries concerned, many of which were based on the BTN, there were obvious limitations on the use of these data for the purpose of statistics and economic analysis. This led to a conflict between the advocates of the BTN and those who favoured the SITC. Those who considered that the most important objective was to achieve international comparability through the use of a classification which facilitated the analysis of trade flows advocated the use of the SITC, and even urged that it should be adopted as a basis for national tariffs. In that way it would be possible to ensure that the data compiled on the basis of customs documents would be more useful for statistical purposes. However, although this strategy bore fruit with the introduction of NAUCA, based on the original SITC, this merely confirms that the statistical classification depends on the tariff nomenclature. When the two coincide timely statistics may be obtained, and even when they diverge it is always possible to obtain data based on the customs nomenclature, although the statistics cannot be obtained as easily or as promptly.

It was perhaps this fact which prompted the Central American Economic Co-operation Committee to draw up and approve NAUCA, based on the original SITC, in 1953.

Subsequently, in order to ensure the uniform application of the Nomenclature, CEPAL, in co-operation with the Statistical Office of the United Nations and the Technical Assistance Administration, prepared a draft codification manual for NAUCA, which was approved by the Committee at an extraordinary session in San Salvador in May 1955.¹⁵

NAUCA was drawn up exclusively on the basis of the characteristics and requirements of

¹⁴Resolution 18 (AC. 17), adopted on 16 October 1953.

¹⁵*Nomenclatura Arancelaria Uniforme Centroamericana (NAUCA) y su Manual de Codificación* (E/CN. 12/420).

the external trade of the Central American countries and their trade policies.

It should be pointed out that, despite the substantial contribution made by the adoption of NAUCA in facilitating the Programme of Central American economic integration, certain shortcomings in the nomenclature became apparent when the programme reached the stage of harmonizing the customs tariffs of the member countries *vis-à-vis* third countries—in other words, the gradual development of a common external tariff. These shortcomings are due to the fact that, like the SITC, NAUCA classifies products principally on the basis of their degree of processing, grouping them into raw materials, semi-finished products and manufactures. However, when customs duties are to be studied and established for a specific product, either for one country or for a group of countries, it is necessary to take account at the same time of duties on other products connected with the same process of production. Thus, for example, in the case of textiles, it is necessary to bear in mind the tariff treatment given to the raw material (textile fibres), intermediate products (yarns) and final products (made-up goods). In the case of NAUCA, as for the SITC, this calls in most cases for a re-grouping of tariff items located in various different sections. In this regard experience has shown that the basic criteria of progressive classification followed in the BTN cover more broadly the practical situations which arise in classification for tariff purposes.

For these reasons, NAUCA has been abandoned, and in 1976 SIECA finalized the Uniform Central American Customs Nomenclature (NABCA),¹⁶ based on the BTN (which is now known as the Customs Co-operation Council Nomenclature - CCCN). Finally, the Uniform Central American Customs Nomenclature was given the title of NAUCA II.

There is another reason for the adoption of this approach by countries whose current tariffs are not based on the BTN: the reciprocal correspondence at item level between the BTN and the revised SITC which has existed since

1960 and has been maintained with the second revision of the SITC. As already indicated, the possibility of obtaining data classified according to the SITC from the BTN, and *vice versa*, has eliminated the conflict which previously existed between the two classifications, and there is now agreement concerning the importance of the specific purpose of each. However, it is also clear that the statistical classification was neither originated nor developed as an independent classification, but in fact has its origin in the tariff classification. If it is now becoming widely used, that is because in the meantime the tariff nomenclature based on the BTN had become generally used, and thus the former remains dependent on the latter.

(b) Valuation of exports and imports

The influence of the tariff nomenclature on the statistical classification is only one of the manifestations of the dependence of foreign trade statistics on the customs administration systems, which have a qualitative and quantitative effect on all statistical records. One of the most important of these effects concerns the valuing of exports and imports.

While the Statistical Office of the United Nations recommends that the basis of valuation of imports should be the CIF *transaction* value and the basis for exports the FOB *transaction* value,¹⁷ there are countries which have been recording customs values "required by customs law and procedures... designed for revenue purposes rather than for those of economic statistics and analysis... Strictly speaking, the term "value" in a customs context is more of a legal concept rather than an economic fact".¹⁸

This influence may be illustrated by reference to the foreign trade statistics compiled and published by the Argentine Department of Statistics and Censuses for the years 1906 to 1941. In the case of imports the foreign trade year-books for that period indicated the tariff values laid down in 1906. The tariff values were the valuations made for the purposes of imposition of customs duties or taxes and bore

¹⁶SIECA, *Proyecto de Nomenclatura Arancelaria Uniforme Centroamericana basado en la Nomenclatura de Bruselas (NABCA)* (SIECA/76/FIA/2/GAN-2/II).

¹⁷*International Trade Statistics: Concepts and Definitions*, Statistical Papers, Series M, No. 52 (United Nations publication, Sales No. E.70.XVII.16), chap. III, para. 19.

¹⁸*Ibid.*, para. 3.

no relation to the transaction values or to the real market prices of imported merchandise, which were not compiled. On the contrary, the application of tariff values to imports meant that each tariff item was assigned a fixed price per unit, laid down in the scale of valuations, so that there were no changes in the unit values of each item over the 35 years, except when the tariff was modified.¹⁹ In other words, these statistics could not be used to determine the actual values which applied to the various imported products, nor were they of use for calculating indexes of import unit values, for example.

At around the same time, in Uruguay and doubtless in some other countries, tariff values were assigned to imports in order to help the customs administrations in their task of collecting the applicable duties, since at that time there was insufficient interest in the preparation of foreign trade estimates using other methods of greater use for statistics.

Mention might also be made of the valuation of imports carried out by the Peruvian Superintendencia General de Aduanas, which records the "CIF value for customs purposes", equivalent to 120% of the FOB value. This percentage includes an estimate of costs for carriage, insurance and commission up to the point when the merchandise is deposited in the customs warehouses.²⁰ Although when applying this method FOB transaction values are used, these values are surcharged by 20% for all products in order to determine CIF values for customs purposes, to which the *ad valorem* duties laid down in the scale of valuations are applied. Presumably this customs value must have produced greater tariff revenues, since it began to be determined many years ago, than those which would have applied if the real CIF value had been used as a base, as the real cost of transport and insurance at that time probably accounted for less than 20% of the FOB value.

¹⁹The Argentine scale of valuations established in 1906 was modified as from 1920 with a 20% rise in most items. In 1923 it was again increased, by 60%, and remained at this level until 1 July 1941, when the tariff values were replaced by commercial invoice values. See *El Comercio Exterior Argentino en 1943 y 1942*. Ministerio de Hacienda, Dirección General de Estadística y Censos.

²⁰*Anuario estadístico de comercio exterior, 1975, 1976, 1977*, Ministerio de Industria, Comercio, Turismo e Integración, Lima.

These examples explain how customs procedures fundamentally designed to promote the collection of revenue affect statistical records even when international definitions and recommendations exist which are designed to be of benefit to statistics. Moreover, it should be remembered that customs tariffs are first and foremost instruments of a country's economic policy, and as such act as regulator between the external sector and the production sector. Consequently, the functions relating to economic policy are more important than those relating to statistics and planning.

(c) *Variety of information and degree of detail*

The customs document is the source of the statistical record. Consequently, the data noted in it, even when not compiled, can constitute statistical information. Equally, the data it does not contain will be information lost to statistics. Accordingly it has a decisive influence both on the variety of the information which can be compiled and on the degree of detail, relating, for example, to partner countries, physical quantities or units, weight (gross or net), ports or customs offices of embarkation or disembarkation, means and nationality of transport used, cost of transport and insurance, and so on.

With regard to the importance and influence of the customs document in the compilation of statistics, it may be useful to quote several paragraphs from a review of concepts and definitions in international trade statistics submitted to the Statistical Commission at its most recent session.

"Recent developments, particularly the use of electronic data processing and efforts to simplify trade documentation and to expedite customs clearance procedures, have had, or will have, equally important effects on the system of compiling trade statistics. This is because, in some countries, the records taken from customs documents are increasingly being viewed as a data base which can be used to improve, among other things, the operation of customs. For example, information taken from customs documents may be used to control the flow of merchandise, to maintain financial accounts with agents or brokers and to support other administrative functions. Eventually, these documents may come to be regarded

as the source of a generalized data-base system, one of the by-products of which will be what we have come to know as trade statistics.

"The collection of data compiled from customs documents is used for a variety of purposes, ranging from the purely administrative to the statistical. These purposes place very different demands on the basic data. At one extreme are the administrative demands, such as the management of the customs and the application of its legislation. At the other extreme is the demand for statistics to be used in balance-of-payments or national accounts. Since the administrative uses usually require the identification of individual transactions or business firms, they typically demand more detail and precision than do purely statistical uses of the data."²¹

This should serve as a warning to statisticians and planners that in the statistical programmes they plan to establish they should give thorough consideration to the data which can be collected from customs documents, since these ensure the regular and continuous compilation of information. On the other hand, if what is of interest is an item of information which is not recorded, it will be necessary to ensure that the customs documents cover it, so as to ensure that it is collected.

This was the objective of the LAFTA Advisory Commission on Statistics when it urged that the standardized customs document introduced by the Association for adoption by the member countries should bear in mind statistical requirements, which it regarded as being of vital importance for LAFTA.²²

At all events, it should be remembered that national tariffs have influenced the recording of quantities and the content of the information. Thus, all the countries where the tariff provides for the application of specific duties impose a tax on each product on the basis of a specific unit—so many units of national currency per kilo, per unit, per litre, and so on—and the statistical records of the products concerned

are noted in such specific units even when these are not the most appropriate from the statistical or economic viewpoint. For that reason, in many publications bananas are recorded in bunches or hands, and coffee in bags, rather than in terms of weight in kilos; cars and machinery in kilos or units; and so on.

2. Operational and marketing arrangements

We have seen how, in certain circumstances, various international recommendations on the compilation of statistics are not applied because they run counter to the administrative arrangements in the customs. While this factor is of course an important one, there are others arising from the marketing systems which also merit examination.

If it were assumed that the norms already laid down for product marketing do not determine the quality of the statistics (and if the influence of customs administration systems were likewise ignored), it might be expected that the international statistical recommendations would be accepted fairly promptly by the countries for recording foreign trade operations, thus ensuring international comparability in the long term. One might also expect, on the same assumption, that the application of the basic concepts and definitions to foreign trade statistics would foster the collection of statistics which would be useful for planning. For this purpose it would be sufficient for planners to participate in drawing up the international recommendations. However, this does not happen in practice. On the one hand, the planners do not participate at all in drawing up the recommendations, while on the other, even if the recommendations were of use for planning (and there are no grounds for supposing that they are not at present), the operational arrangements for foreign trade in some cases prevent the application of certain basic concepts and definitions, whether or not these are useful for statistics or for planning. Since the international recommendations do not always take account of the existing marketing systems, one might conclude that in some cases, the only way in which they could be applied would be through modification of the rules which govern the working of the market. However, it would

²¹*International trade statistics: a review of concepts and definitions. Report of the Secretary-General (E/CN.3/506), paras. 9-10.*

²²*Informe final de la cuarta reunión de la Comisión Asesora de Estadística (ALALC/CAE/IV/Informe), 17 June 1966.*

certainly be difficult to modify the norms prevailing in the international market and the trading machinery used by the countries. In view of this fact, it must be recognized that it is not feasible to make statistical records which reflect characteristics other than those corresponding to the foreign trade operation from which they arise. In practice, this situation has a much more serious effect on the statistical records of various countries than is commonly supposed, involving aspects related to valuation (especially in exports of primary products, such as oil, minerals and bananas), the identification of partner countries, recording of imports of semi-manufactured articles for finishing and subsequent return to the country of origin, and so on.

A few examples will serve to furnish greater detail concerning this aspect. The recommendation of the Statistical Office of the United Nations, to the effect that the *FOB transaction* value should be recorded for exports—which, in addition to being logical, appears to be very simple and easy to apply—contrasts with the method of valuation used by Bolivia in the case of mineral exports. “The problem arises as a result of the fact that Bolivia possesses no foundries or smelting plants for the various minerals, among which tin is of particular importance. Consequently, valuation of minerals depends on two variables: the metal content of the ore being exported, and the international price of the metal. The statistical value published in the year-books is obtained from export certificates, and is based on analysis of the metal content carried out by the Bolivian exporter, and on the price of the metal in the consumer market (the United States or the United Kingdom) at the time of export. However, application of the consumer market price to exports constitutes a valuation at CIF values, since the prices paid by the importer apply to products delivered to him in his country. Consequently, exports of minerals are valued on a CIF basis. Nevertheless, it should be pointed out that the value recorded in the statistics, which is obtained in the manner described above, is not the actual or transaction CIF value, since the real sales value of exports of minerals can only be ascertained later, when the importer in the United States or the United

Kingdom sends the *account* indicating the metal content of the ores after they have been smelted and the international price prevailing at the time. In this way, the actual transaction value differs from the statistical value because of differences in the two variables which go to make up the export value. There is a difference in the analyses of the metal content carried out by the exporter and the importer; and there is a difference in the prices prevailing at the time of export and of import. Since the transaction value applies to the analysis and the price allocated by the importer, the statistical value should be replaced by the actual transaction value recorded in the importer’s account, from which it is also possible to ascertain the deductions for transport and insurance of the minerals so as to determine details of the exports on an FOB basis. However, in practice neither the Dirección General de Estadística y Censos nor the Central Bank possess these accounts.”²³ As a result, these exports are valued on a CIF basis, and the values applied are not actual or real values. This situation affects other countries which export minerals under similar marketing arrangements, leading to subsequent revisions of the values recorded in their official publications. The same is true of agricultural products, such as bananas, for which the statistical values published by the exporting countries are subject to revision to bring them into line with the transaction values.

Of particular importance because of their size are oil exports from Venezuela, which up to and including 1975 were valued on the basis of the system of concessions granted to the oil companies. The export values of petroleum and petroleum products recorded by the Venezuelan Dirección General de Estadística y Censos (DGEC) were based on a reference price per barrel exported which was specified for tax purposes so as to secure a share in the revenues generated by the oil industry; however, these values differed from actual values,

²³“Informe de la misión de asesoramiento en la Dirección General de Estadística y Censos de Bolivia sobre Comercio Exterior”, mission report by Mario Movarec, CEPAL Statistics Division, August 1967.

with the difference reaching almost 40% in 1974.²⁴

The problems posed by these valuation methods, which, moreover, in this case only reflect the way in which oil is marketed, loom very large in analyses based on official statistics.

On the one hand, in order to obtain detailed data on petroleum products (fuel oil and diesel oil, kerosene, gasoline, lubricants, and so on) in volumes and values by country of destination, it is necessary to refer to the foreign trade statistics published by DGECE, even though it is known beforehand that they include values for tax purposes, since such detailed information cannot be obtained from other sources. The Central Bank of Venezuela, in its balance-of-payments figures, records the value of exports at sales prices, but only for crude petroleum and petroleum products as a group, without itemizing the products by quantity, or, naturally, by country of destination. As a result, those who are not familiar with the valuation methods used may commit errors in the handling and use of this information.

Oil is of such current importance, and such serious difficulties have arisen in Venezuela in compiling statistics on it, that DGECE has published year-books for the years 1973 to 1977²⁵ excluding from exports petroleum and petroleum products and iron ore, the latter because it too is marketed through a system which makes proper valuation difficult. Thus, because of valuation problems caused by the marketing system, the publications mentioned contain no data on products which account for 95% of the total value of the country's exports.

These examples will suffice to explain why, however simple they may be, the international recommendations cannot always be applied even when the countries agree that they are useful and necessary.

²⁴The reference price of crude petroleum and petroleum products in 1974 was US\$ 14.35 a barrel, while the sales price was US\$ 10.53. Exports of crude petroleum and petroleum products were valued for tax purposes at US\$ 14,669 million, while their sales price came to US\$ 10,762 million.

²⁵Dirección General de Estadística y Censos, Caracas, *Estadísticas del Comercio Exterior de Venezuela, resumen anual 1972-1973, 1974-1975, 1976 and 1977.*

3. *The requirements of international comparability*

We have mentioned that foreign trade statistics, more than those in any other sector, demand uniform development at the international level. This is due to the fact that for every commercial transaction carried out by one country there is another transaction as its counterpart, so that information is needed on the bilateral and total trade of both countries. This can be explained using a very simple example. Let us take exports of wool from Uruguay to the United States in a given year: at first sight it would be sufficient in order to obtain this information to secure an official publication from either of the two countries —the export section of a Uruguayan foreign trade year-book, or the import section of a United States foreign trade year-book. However, although data relating to bilateral trade could be obtained from either of the two sources (ignoring in this case the inevitable discrepancies between the two records), and assuming that the Uruguayan year-book is used, more information will undoubtedly be needed for more thorough analysis of this bilateral transaction. It will be needed, for example, in order to ascertain from which countries apart from Uruguay the United States imports the same product, and consequently a United States source will be needed in addition to the Uruguayan source. To take the example further, it is very likely that the United States year-book will indicate that the most important supplier is Australia; and this will make it necessary to consult yet another external trade publication, from Australia in this case, in order to find out to which countries it exports the product, how much it exports, what is its unit value, and so on. Thus in order to obtain all this information, it is not sufficient to possess the publications in question; in addition the information they contain must be comparable. It must be comparable in presentation, in the product classification and in the basic definitions and recording systems prevailing in the countries.

It is with the specific purpose of facilitating the use of foreign trade statistics at the world level on a basis of comparability that the Statistical Office of the United Nations has since 1963 regularly published foreign trade

data, by countries, using the revised SITC.²⁶

The problems caused by the non-comparability of statistics were recognized by the League of Nations in the International Convention relating to Economic Statistics, signed in Geneva in 1928.²⁷

At the international level, "some of the more fruitful analyses of trade statistics start from a matrix of world flows of commodities. But in order to construct such a matrix, international standards are required both for the conceptual framework of the statistics and for their classification into commodities. This need for uniformity extends to the greatest levels of detail when the data are used for international negotiations on customs duty rates, as in the General Agreement on Tariffs and Trade". In recent years "not only has interest in bilateral comparisons of international trade statistics as published by partner countries been heightened but the capacity to display detailed statistical comparisons on a bilateral or even multilateral basis has increased many-fold. For example, since 1974 the Statistical Office has published matrices at the three-digit level of the Standard International Trade Classification (SITC), Revised, in volume II of the *Yearbook of International Trade Statistics*. These matrices show how, for each pair of partner countries and for each of the three-digit categories of the SITC, statistics that should be identical (from a conceptual point of view) differ at times by unacceptably large margins. Several countries have carried out studies in which their trade statistics are systematically compared with the counterpart statistics of some of their more important trading partners. For example, Malaysia has compared the statistics on its trade with the Federal Republic of Germany and Japan with the statistics published by those two countries. The Netherlands has drawn up plans to compare its statistics on trade with the Federal Republic of Germany with the counterpart data"²⁸

But the first break-through in this field was a thorough and complete study of discrepan-

cies in trade statistics conducted by a joint Canada-United States team.²⁹

In general terms, this frequent need to refer to national sources is at the root of the long-standing interest in enhancing the comparability of statistics. The natural agency for this purpose has been action by international bodies, which have striven to foster this development both regionally and internationally.

4. *The influence of the regional integration processes*

There can be no doubt that economic integration agreements have promoted a substantial general improvement in statistics in the participating countries. Which statistical areas have benefited from such advances has depended on the scope and breadth of the integration movements involved. Thus, the establishment of the European Economic Community has led to an appreciable improvement in statistics in all sectors of economic and social activity in the member countries, prompted by the fact that the EEC has been entrusted with special powers and duties by its members as regards the task of obtaining and supplying the statistical information required for the economic integration process.

None of the economic groupings set up in Latin America have the same scope or scale as the EEC. Consequently, such improvements in statistics as may have been stimulated by the integration agreements in our countries cannot be discussed in the same terms as those in the European countries, especially if one compares the various sectors of economic and social statistics. At all events, however, while the results obtained in each continent differ, they have in common a vital tool for fostering the improvement of statistics: the fact that such bodies are authorized to introduce and develop in the various countries statistical programmes designed to meet the information requirements imposed by integration.

This authorization has been granted because of the need to evaluate advances in the

²⁶*Commodity Trade Statistics*, Statistical Papers, Series D.

²⁷*International trade statistics...* (E/CN.3/506), *op. cit.*, para. 1

²⁸*Ibid.*, paras. 11 and 3.

²⁹*The Reconciliation of United States-Canada Trade Statistics, 1970* (Ottawa, United States-Canada Trade Statistics Committee, 1973).

integration process, which obviously raises a need for more statistical data than are traditionally available. The statistics thus obtained have to meet certain requirements in order to be useful for such purposes:

(a) There is stricter application of the uniform basic concepts and definitions by the member countries in order to comply with the greater requirements for subregional comparability.

(b) There is a greater variety of more detailed information for each statistical sector.

(c) This encourages the use and adoption of uniform basic documents for recording information; the application of uniform statistical and economic classifications; the use of uniform codifications; and the standardization of methods for checking and monitoring information in each country.

As a result of these circumstances progress has been achieved in statistics in the member countries at all stages of the process of compilation, making it possible for statisticians to introduce constructive initiatives through the executive role played by the technical secretariats of the integration bodies.

The statistics which have benefited most from this influence in our region are undoubtedly foreign trade statistics. SIECA, LAFTA, the Andean Group and CARICOM, in order of establishment, have helped to improve these statistics to a greater or lesser extent, depending on the objectives laid down in the agreements involved. Thus SIECA "has progressively built up a substantial data bank, a rich collection of statistical information from the five Central American Common Market countries and Panama. The data bank is available to users through periodical publications: the *Anuario Estadístico Centroamericano de Comercio Exterior*, the *Serie Estadísticas Seleccionadas*, *Integración en Cifras* and others, such as the *Compendio Estadístico Centroamericano*"³⁰, which includes comparable data from the six countries on the following topics: physiography, demographic situation, agriculture, industry, foreign trade, transport and communications, balance-of-payments and national

accounts, public finance, money and banking, prices, public health, social security and education.

As far as LAFTA is concerned, in 1961 CEPAL, which was providing advisory services to the Association in the statistical field, proposed the establishment of a Centre for the Tabulation of Foreign Trade Statistics, based on the supply of information by member countries using punched cards.³¹ The proposal was discussed at the first meeting of experts on foreign trade statistics, held in Montevideo in January 1961, which recommended:

— That an automated punched card system should be set up using standard cards showing brief information, which the member States of LAFTA would undertake to supply;

— That the cards should be obtained through a process of mechanical reproduction, using for the purpose the punched cards used by the national bodies concerned to prepare foreign trade statistics;

— That uniform codes should be adopted for reporting countries, partner countries, periods and means of transport.

Concerning product classification, the member States would provide statistics on their foreign trade using the adaptation of the Brussels Tariff Nomenclature for statistical purposes introduced in 1960 by the Customs Co-operation Council of Brussels, thus ensuring correspondence with the revised SITC.

This led to the establishment of the LAFTA Statistical and Data Processing Service, now equipped with a computer to process data recorded on magnetic tape, which the countries have been supplying for several years in place of the punched cards. This information constitutes the basis for a statistics dissemination programme involving:

— Quarterly cumulative lists of foreign trade statistics by partner countries.

— Half-yearly lists (advance figures) of total exports and imports by BTN subheadings, in kilograms and US dollars. Imports from within the area are broken down into "products which

³⁰SIECA, *VI Compendio Estadístico Centroamericano*, 1975, Guatemala.

³¹CEPAL, *Sistema de mecanización en las estadísticas de comercio exterior*, Documento informativo N° 28 de la ALALC presentado en la Primera Reunión de Expertos en Estadísticas de Comercio Exterior, Montevideo, January 1961.

have been the subject of negotiations" and "others".

— Publication of three statistical series: Series A-Exports; Series B-Imports, and Series C-Imports from within LAFTA.

In 1962 the LAFTA Advisory Commission on Statistics (CAE) was set up³² with the following duties:

(i) to ensure the proper functioning of the Centralized System of Statistics;

(ii) to organize exchanges among members, and with the Secretariat, of information and technical experience on problems involved in the preparation and presentation of statistics which are relevant to the functioning of LAFTA; and

(iii) to co-operate with the Committee's Statistical Service in ensuring that the Association has statistical facilities in keeping with its needs.

The CAE is made up of two representatives of each of the contracting parties, who must hold senior posts in government bodies in the field of statistics, and the Statistical Service of the LAFTA Executive Secretariat, which is responsible for co-ordinating the work of the Commission. The CAE meets once or twice a year when expressly convened by the Standing Executive Committee; its meetings are attended by representatives of each of the contracting parties, accompanied by such advisers as they consider necessary.

In short, the CAE has become responsible for guiding, co-ordinating and supervising the supply of data on total foreign trade and trade within LAFTA, thus ensuring the proper oper-

ation of the Association's centralized system of statistics.

The Commission of the Cartagena Agreement, for its part, set up in 1977 a subregional statistical information system covering three statistical sectors: agriculture, foreign trade and manufacturing.³³ The purposes of the system are as follows:

(i) to ensure that the member countries (Bolivia, Colombia, Ecuador, Peru and Venezuela) and the Board compile information using a uniform model and time-table based on common definitions and methods;

(ii) to secure the standardization and simplification of documents and other means of compilation used, thus guaranteeing comparability of the data and permitting their analysis; and

(iii) to ensure the continuous provision of statistics and special information as available, leading to the eventual creation of a subregional centre for the collection and dissemination of basic statistical information.

By the same Decision 115 the Commission set up the Council on Statistics, with the role of advising the bodies set up under the Agreement, in all matters relating to the harmonization of statistics in the subregion.

In short, the programmes established by the regional economic groupings to ensure the availability of appropriate statistics for integration have stimulated the development of such statistics and prompted the creation within the groupings of official bodies which will ensure their improvement in the future.

³²By resolution 15 of the LAFTA Standing Executive Committee.

³³Decision 115 of the Commission of the Cartagena Agreement.

III

Participation by Statisticians and Planners in the Development of Foreign Trade Statistics

In the preceding section an attempt was made to explain the role played by the four factors which are considered to be the main influences on foreign trade statistics. A few examples were given to demonstrate how negative their impact on statistics can be, especially in the case of systems of customs administration and operational arrangements. However, nothing could be more mistaken than to deduce from these examples that the factors mentioned have only harmful effects on statistics: in reality, they have also made a substantial contribution to their improvement. In this article we cannot set out in detail the nature and extent of this contribution, but a brief mention must be made of its essential features. In the first place, the monitoring of all foreign trade operations by the customs means that these statistics must be genuine and reliable; in addition, in recent years the administrative arrangements of the customs themselves have fostered the application of the internationally agreed basic concepts and uniform definitions. Secondly, the administrative systems under which foreign trade statistics fall make it possible to obtain the data promptly, provided of course that the administrative organization is sound. When we add the beneficial influence of the other factors studied—the requirements of international comparability and the regional integration processes—this explains the progress achieved in the corresponding statistics. However, an effort should be made to determine whether the progress achieved so far is attributable to deliberate efforts at improvement by planners and statisticians, or whether the statistics have simply been ‘carried along’ by the factors mentioned above, either in a favourable or in an unfavourable direction over time.

1. *The absence of the planners*

Throughout the long period since foreign trade statistics began to be compiled systematically, planners have played no role. This conclusion

is prompted by the fact that planners have not been involved in any of the four factors which have a decisive influence on statistics. They did not participate in drawing up the administrative standards which govern customs, nor in the operational systems applying to foreign trade. They had no influence on the statistical requirements of international comparability or regional integration, although they may have participated actively in the actual process of integration. The fact is that, since the requirements of integration are very specific, all the programmes being developed, from data compilation to publication, are principally aimed at evaluating the results stemming from the integration agreements. While it can be argued that information which is useful for integration is also useful for planning, it is undeniable that planners have put forward no initiatives designed to encourage the production of statistics useful for their purposes. Consequently they have been involved only to the extent of becoming the principal users of statistical information. However, it should be borne in mind that “meeting needs of a general nature often involves filling gaps or improving statistics in specific areas. As a result, national statistical planning makes it necessary for these two dimensions of the statistical product, the detailed and the broad and general, to be considered simultaneously”.³⁴ However, this has not happened in our countries. What has most been needed from planning has been the planning of statistical development. Ultimately “development planning is a deliberate process of economic and social change. Consequently, its pace and direction can be determined, supervised and regulated. Determining, supervising and regulating this process demands a consid-

³⁴See the summary of the paper on “Organización por temas y funciones” prepared by Simon A. Goldberg, Director of the Statistical Office of the United Nations, New York, in *Informes y Procedimientos del Seminario Interregional de las Naciones Unidas sobre Organización Estadística*, Ottawa, 3-12 October 1973, p. 21, para. 23.

erable stock of reliable and objective information, and access to it. This information should first and foremost be quantitative in nature".³⁵

Regrettably, not only have planners lacked interest in the development of statistics, but in addition, when success has been achieved in fostering their improvement, detailed and specific matters have not been planned at the same time as broad and general ones. Proof of this is the commitment made by the member countries of LAFTA in the Advisory Commission on Statistics concerning the supply of data on trade within LAFTA. For these purposes it was agreed that, starting in 1962, imports from within LAFTA would be recorded using the LAFTA Customs Nomenclature (NABALALC). This nomenclature was adopted as the common basis for the presentation of statistics and the conduct of the negotiations provided for in the Treaty of Montevideo, and for the expression and interpretation of the concessions granted by the contracting parties to one another as a result of those negotiations.³⁶

However, NABALALC, which is very detailed and has many items which are mainly of interest for the member countries, is applied only to imports from within LAFTA. Trade outside LAFTA is recorded using the BTN-SITC, which is more general and does not permit comparison with NABALALC. In efforts to implement the LAFTA Trade Liberalization Programme through negotiations, NABALALC was extremely useful. However, those who endeavoured to determine the degree to which the concessions agreed between the contracting parties were taken up realized that it was difficult to carry out such studies: "The principal limitation at present on determining to what extent the concessions agreed have been taken up is the fact that imports of the products which were the subject of negotiations in the liberalization programme cannot be compared

with imports of the same products from countries outside LAFTA effected by the member countries. This comparison is regarded as extremely important, since it would furnish a basis for examining to what extent LAFTA exporters are exploiting existing demand in the remaining countries of the region, and would consequently make it possible to identify how much use has been made of the concessions. The fundamental obstacle to the comparison is the fact that the statistics on *imports of products which have been the subject of negotiations* are given at NABALALC item level, while statistics for products from outside LAFTA are identified at the BTN-SITC position level. In view of the importance of the problem, it would be desirable for the specialized bodies in each of the countries to study it thoroughly and ... initiate action to solve it".³⁷

This limitation, recognized by the LAFTA secretariat more than 10 years ago, has not yet found a solution. A study of why this problem, which is of such vital interest for LAFTA, has not yet been solved, may be useful in reinforcing the arguments set out in this article concerning the influence of the factors mentioned above on statistics. While all of them have an influence, some are more important than others, so that even if one factor tends to have a positive influence, another may cancel it out. In the case being examined here, the creation of NABALALC and its limited application to trade within LAFTA was due to the positive influence of LAFTA, since the objective was a classification covering the specific products on which the member countries wished to conduct negotiations. For that reason the LAFTA Customs Nomenclature, which is based on the BTN, is divided into 21 sections, 99 chapters, 1,096 positions, 1,167 subpositions and about 6,000 items.³⁸ The large number of items included is due, as already noted, to the fact that the nomenclature was designed on the basis of the product coverage of the liberalization programme, which is certainly very detailed.

³⁵See the summary of the paper on "La Planificación del Desarrollo y la Organización Estadística" prepared by S. S. Heyer, Director of the Central Bureau of Statistics, Nairobi, in *Informe y Procedimientos del Seminario Interregional de las Naciones Unidas sobre Organización Estadística*, *op. cit.*, p. 45, para. 3.

³⁶See *Nomenclaturas arancelarias y clasificaciones estadísticas del comercio exterior* (E/CN.12/L.100), prepared by the CEPAL secretariat for an international seminar on statistics held in Berlin in September 1973.

³⁷*Programa de liberación del intercambio, bases para determinar el grado de aprovechamiento de las concesiones pactadas entre las partes contractantes*, Asociación Latinoamericana de Libre Comercio (Montevideo, 1972), vol. 1, p. 12.

³⁸For further details concerning the drafting, approval, application and improvement of NABALALC, see *Nomenclaturas arancelarias ...* (E/CN.12/L.100), *op. cit.*

However, at that time the customs nomenclatures of each of the countries differed from NABALALC, and had no entries corresponding to most of its items. Each country therefore had to make a special and independent compilation of statistics on trade within LAFTA on the basis of NABALALC using customs documents and supply the statistics data to LAFTA, even though NABALALC was not the normally applicable customs nomenclature. It was not possible to extend this effort to trade outside LAFTA, however, because each country applied another customs nomenclature which corresponded to BTN-SITC, and data on total foreign trade (within and outside LAFTA) continued to be compiled on the basis of the latter. Compiling data on trade outside LAFTA using NABALALC would have meant compiling foreign trade statistics twice in each country, and no-one could accept this double burden.

The lack of foresight concerning the limitations from which NABALALC would suffer because it applied only to trade within LAFTA became apparent only several years after its introduction, and this is further evidence of the absence of planners from the whole process. It also shows that there is good reason for assigning the systems of customs administration first place among the influences on statistics, since the compilation of data is carried out using the prevailing nomenclature, so that it is very difficult to obtain data in terms of another classification. Indeed, even the full weight of LAFTA's influence was insufficient to secure this information, simply because its purpose was purely statistical.

The foregoing, in addition to confirming that planners have to date not played a role in statistical programmes, raises a major question concerning how successful their participation might be in the future, since there is no doubt that the obstacles which originate in the systems of customs administration and the operational arrangements will persist, as many of them cannot be overcome however determined the planners may be to participate in the development of statistics.

2. *The failure of the statisticians*

It is no simple matter to decide whether or not the contribution of statisticians has been decisive in the progress of statistics. What success

may have been achieved cannot be attributed exclusively to them, since it has already been pointed out that, on various occasions, other elements are also important. The same occurs with statistics for other sectors, since "the present organization of statistical systems in developing countries is more often the product of circumstances than the result of a deliberate decision by statisticians".³⁹

Consequently, it would be very useful to determine what circumstances or factors play a role in each of the other areas of economic and social statistics, so that action by statisticians can be guided on a sound basis to avoid the danger of "tilting at windmills".

It should also be borne in mind that "important problems are not always of a technical nature. Complicated administrative problems frequently hinder the adoption of the technical solution best suited to the conditions encountered by statisticians in the developing countries. The recurrent nature of these problems indicates the existence of certain profound causes at the root of the difficulties".⁴⁰

In accordance with the above, if it is recognized that the work of statisticians is limited by the conditions imposed by the factors from which the statistics are derived, and by the existence of complicated administrative problems which militate against an appropriate technical solution, then it must be admitted that in order to counter these effects statisticians should play a preponderant role in technical and operational matters so that the other factors may be overcome. However, the action they can take in their countries lacks the force required to surmount these obstacles: "the role played by the technical statistician and his status depend on various factors and on the importance attached to statistical work in the country".⁴¹

³⁹See the summary of the paper on "Centralización o descentralización de sistemas estadísticos", prepared by Jean Ripert, Director-General of the National Institute for Statistics and Economic Studies, Paris, in *Informe y Procedimientos del Seminario Interregional de las Naciones Unidas sobre Organización Estadística*, op. cit., p. 3, para. 1.

⁴⁰See the summary of the paper on "Organización por temas y funciones", op. cit., p. 26, para. 40.

⁴¹See the summary of the paper on "Reclutamiento, capacitación y 'status' del personal estadístico", prepared by Tulo Montenegro, Secretary-General of the Inter-American Statistical Institute, Washington, D. C., in *Informe y*

Insufficient importance is attached to statistics in most of our countries, and inadequate status given to statisticians, so that they lack influence. Indeed, status "implies in some way the explicit or implicit recognition of the contribution of such staff and the granting to them of appropriate working conditions and salaries, security of employment and career prospects".⁴²

The most concrete evidence of the importance a country can attach to statistics is the allocation of adequate resources (financial, technical and personnel) for the smooth development of this activity. In this regard "even though, in some countries, the allocation of financial resources reflects shortcomings in the planning of activities, the statistical budgets frequently fall below the level required to perform statistical tasks".⁴³

In these circumstances, it cannot be expected that the contribution of statisticians will have a decisive effect on the progress of statistics. Nevertheless, their contribution has been a valuable one, and has played a substantial role with regard to programmes in which progress required international comparability or comparability between different regional economic groupings.

On the basis of the experience which can be gained from the activities of statisticians within the integration processes, it is possible to sketch out their participation in the future statistical programmes it is wished to promote, especially when such programmes are closely linked with the systems administered by the customs authorities. The most important of these activities occurred within LAFTA in 1966, when the Advisory Commission on Statistics held its fourth meeting at the same time as LAFTA convened a meeting of the Advisory Commission on Trade Policy, made up of customs experts. The two meetings were organized to discuss the adoption of the standardized customs document. This was a project of great importance, since the aim was the standardization and unification of the customs and

non-customs documents used in import and export operations, taking account of statistical needs. The CAE, which attached due importance to this recommendation, included in the agenda of its fourth meeting a special item relating to the study of all these needs.⁴⁴

It may well be that until then there had never been a better opportunity for the improvement of foreign trade statistics. All the conditions were favourable: national experts in statistics and customs techniques were meeting simultaneously as official representatives of their countries to discuss the adoption, in the 11 member countries of LAFTA, of a uniform customs document to include such statistical information as the CAE experts might decide upon.

The fact that this task was entrusted to the CAE furnished the statisticians with a rare opportunity to assert their viewpoint for the benefit of their speciality.

Moreover, to a certain extent statistics were coming to represent the principal objective of the administrative process within the customs.

Consequently, the following items of information were included in the standardized customs document for statistical purposes:⁴⁵

- Means of transport
- Flag and nationality of means of transport
- Place of embarkation of the merchandise
- Country of origin of the merchandise
- Source of the merchandise (country)
- The CIF value, broken down as follows:
 - FOB value
 - Shipping costs
 - Insurance premiums
 - CIF value
 - Gross weight in kilos (KB)
 - Net weight in kilos (KN)
 - Other physical units apart from KB and KN.

⁴⁴"Informe final de la cuarta reunión de la Comisión Asesora de Estadística", *op. cit.*, p. 19.

⁴⁵A complete list of the data and information of an essential nature which should appear in the uniform customs document appears in "Informe final de la primera reunión del Grupo de Expertos de Política Comercial" (ALALC/CAE/CAPE/GE/T/Informe, 22 June 1966).

Procedimientos del Seminario Interregional de las Naciones Unidas sobre Organización Estadística, op. cit., p. 32, para. 12.

⁴²*Ibid.*, p. 29, para. 1.

⁴³*Ibid.*, p. 33, para. 16.

Although these and other items of useful information for statistical purposes were included in the standardized customs documents, the ambitions of the CAE representatives went much further, since there was agreement that the principal objective which should be pursued in any administrative process was that of facilitating the timely and reliable compilation of statistics. This gave rise to an initiative which might well be regarded as the first and possibly the only attempt in our region to free foreign trade statistics from the domination by the customs to which they were made subject more than 1,000 years ago when the tariff was introduced: the CAE suggested that the uniform certificate devised by the customs experts should be replaced by another which the statisticians presented "bearing in mind the fact that efficiency, speed and productivity in the various stages of the collection of statistical data require a document which is designed taking into account the complex process of compilation ... Consequently, we attach a preliminary draft certificate which meets the statistical requirements".⁴⁶ The certificate devised by the CAE to replace the one proposed by the customs experts contained adequate provision for the codification of all statistical information in order to facilitate compilation, and reduced the space allocated for customs use. The customs experts reacted immediately, rejecting out of hand the proposal to change the design of *their* document, since they felt that statisticians had no authority to revise a document destined for customs use.

"The immense difficulty of making changes in the design of the source documents or of implementing specific changes in processing discourages statisticians from attempting to alter the data at the source."⁴⁷

Anyone who is interested in statistics and sincerely believes, as the CAE representatives did at that time, that fostering the compilation of statistics should be a primary objective, must bear in mind that for various reasons the necessary conditions do not always arise, especially when they are dependent on, and are a by-

product of, administrative systems such as the customs. The failure of the statisticians on the occasion in question testifies to this fact.

Regarding the action they may take in the future, one may safely say that the improvement of such statistics is less the task of statisticians and planners than an undertaking which is dependent on a variety of factors and circumstances, some of which, such as those analysed above, are of such force and influence that they may be more decisive than the action of these professionals.

3. *Have statistics improved?*

Before answering this question we must first make it clear that we do not intend to conduct a comprehensive examination of the progress achieved by our countries with regard to their foreign trade statistics, but merely to define the most important aspects so that we can decide whether or not, in general terms, an improvement has occurred. In view of the fact that the utility of statistics depends on their being as up to date and reliable as possible, progress may occur in the following fields:

- Timeliness
- Veracity
- Coverage
- Range and detail.

These aspects in turn depend on the fact that a statistical record may or may not originate in an administrative procedure; this is one of the factors accounting for the greater or lesser timeliness, reliability, completeness or range of statistics for any given activity. It should also be remembered that the administrative recording of an item of information is not of interest only to the State, local or tax administration, but may also be of interest to an individual, for example, when the birth of a child is registered in order to obtain a birth certificate for the purpose of collecting a family allowance.

If the statistical records are related to tax, customs, currency or other controls, they contribute to their own veracity because of the monitoring process involved; if there is no such link, and the data are obtained through censuses or surveys, their level of veracity or reliability may be lower.

Although timeliness is a characteristic required of all statistics, this applies to a greater

⁴⁶*Informe final de la cuarta reunión de la Comisión Asesora de Estadística, op. cit.*, pp. 22-30.

⁴⁷*Estadísticas del comercio internacional ... (E/CN.3/506), op. cit.*, para. 13.

degree to statistics of administrative origin, since they refer to short periods of time. A census, in contrast, is carried out every so many years, since in many cases the variables being measured do not change appreciably in the short run, and the data for the intercensal years may be determined very roughly using statistical methods.

With regard to statistics on the external sector, the present situation as regards the principal aspects is as follows.

Timeliness is a condition of prime importance which must be met by foreign trade statistics precisely because of their short-term nature. Any study carried out with a view to improving them must attach prime importance to this aspect. In this regard, the amounts of time needed before information is made available in Latin American countries may be said to be highly unsatisfactory, with a few exceptions. Thus, least progress has been made in the most important aspect, since even the most up-to-date foreign trade year-books are not available until 18 to 24 months after the period to which the data apply, and the delay is still greater for most countries.

As regards *veracity*, statistics on the foreign sector are subject to checks through various strict administrative procedures:

(i) monitoring of export and import records or permits by central banks or other appropriate bodies;

(ii) exchange control and preparation of the balance of payments carried out by the same bodies;

(iii) supervision by customs.

These checks have helped to ensure that data on the foreign sector have become increasingly reliable, except, as has been explained, where customs procedures and operational arrangements do not permit this. However, in general the veracity of foreign sector statistics must be acknowledged.

The question of *coverage* sets foreign trade data apart from other statistics. The former co-

ver the entire statistical universe during any period by including all products and all partner countries with which trade is carried out. They differ from other statistics because "they present virtually no problems of sampling or response or opportunities for questionnaire design and may, therefore, be of limited interest for the professional statistician".⁴⁸ They are therefore sufficiently complete to be used for any purpose.

Finally, concerning *range*, the broad and detailed nature of the data on which they are based means that foreign trade statistics can also be very detailed.

In short, progress may be regarded as satisfactory as regards reliability, coverage and detail, but not as regards timeliness.

While the causes of delays in the compilation and presentation of year-books or equivalent publications may vary from one country to another, it is possible that this is basically due to an insufficient allocation of resources and inadequate administrative organization, predominating over technical statistical aspects, so that however favourable these aspects may be, the results may be clearly unsatisfactory.

We may conclude that the improvement achieved in statistics on the external sector has largely been due to the influence of the factors examined at the beginning of the article, and it cannot be attributed to deliberate action by planners and statisticians. Moreover, this progress has not been achieved within a general context of statistical development. The result is due simply to the fact that attempts were made to meet special requirements for which no provision was made in any statistical system, however broad and consistent. Since the information involved is very specific, it exceeds the capacity of any statistical system.

⁴⁸*Estadísticas del comercio internacional ...* (E/CN.3/506), *op. cit.*, para. 13.