



United Nations Economic Commission for Europe
Statistical Division

Presentation 4c

2008 SNA

Merchanting

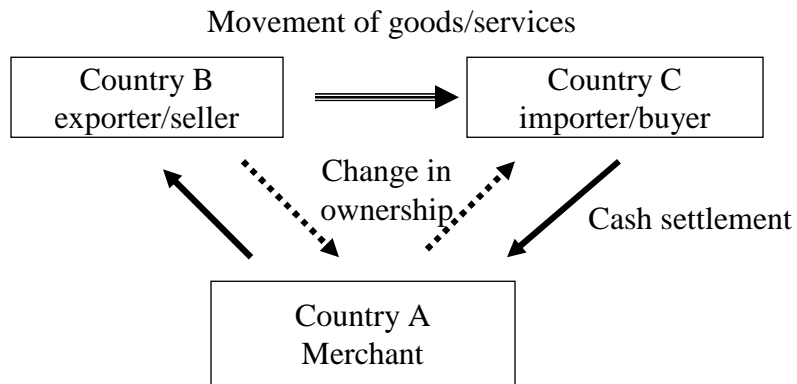
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UNECE Statistical Division
Baku, 24-26 September 2008

What is merchanting?



- The purchase of a good by a resident of country A from a non-resident in country B and the subsequent resale of the good to another non-resident C
- The good does not enter or leave the territory of country A

What is merchanting? (cont'd)



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The problem



- Change in ownership but NO physical movement
 - In the trade data for countries B & C the exports and imports are included
- but
- how to treat the transactions in the accounts of Country A?

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Current treatment – BOPM5



simplified by imputing no change in ownership involving the merchant

and therefore

recording the merchant's margin as the net export of a service in Country A

and

record the exports/imports of goods between B and C

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Current treatment (cont'd)



Value of exports = 80

Country B
exporter/seller



Value of imports = 100

Country C
importer/buyer

Country A
Merchant

Value of services exports = 20

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Current treatment (cont'd)



	Country A	Country B	Country C
Goods			
<i>Exports</i>		-80	
<i>Imports</i>			100
Services			
<i>Exports</i>	-20		
<i>Imports</i>			
Cash			
<i>Payment</i>	-80		-100
<i>Receipts</i>	100	80	
Total	0	0	0

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Current treatment – shortcomings



- Goods account does not add up
- Difference between the value of imports and exports is the merchants surplus
- Recorded under Services
- Inconsistencies in recommended treatment and impact on inventories and balance sheets
- Inconsistencies with Supply and Use tables

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2008 SNA recommendation



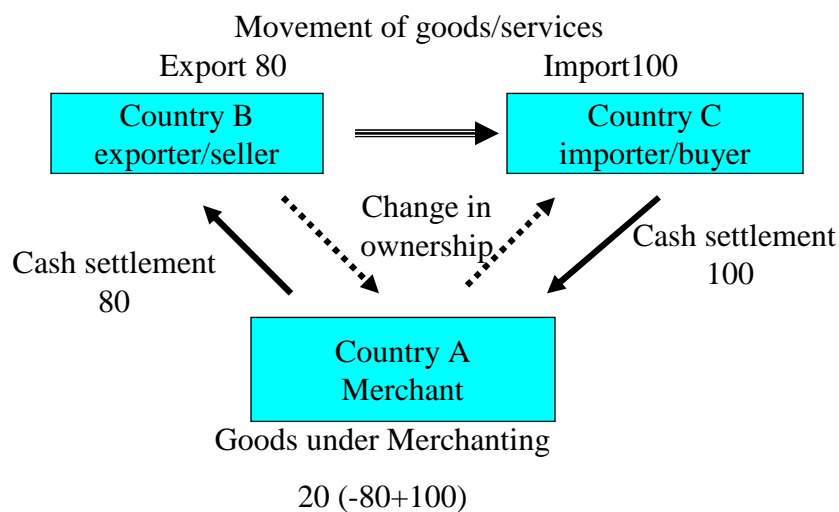
- Treat as negative exports on acquisition, positive exports on disposal, i.e.
 - Acquisition of goods by merchant recorded as negative exports of merchant's economy
 - Sale of goods by merchant recorded as a positive exports
 - Difference between sales and purchases of merchanted goods is recorded under :
"Net exports of goods under merchanting"

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2008 SNA recommendation (cont'd)



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2008 SNA recommendation (cont'd)



	Country A	CountryB	CountryC
Exports		-80	
Imports			100
Goods under merchanting			
<i>Exports</i>	-80		
	100		
Services			
<i>Exports</i>			
<i>Imports</i>			
Cash			
<i>Payment</i>	-80		-100
<i>Receipts</i>	100	80	
Total	0	0	0

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Further steps



- WGGNA to propose operational guidelines
- Merchanting of services:
 - subcontracted (business) services
 - =
 - purchased and resold
 - ~
 - merchanting of goods

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