

FOREIGN TRADE STATISTICS OF THE PHILIPPINES¹

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I. Introduction

The *National Statistics Office* (formerly National Census and Statistics Office from 1974 up to its renaming by virtue of Executive Order 121 on January 30, 1987 and used to be the Bureau of the Census and Statistics prior to its re-organization under PD 418 on March 20, 1974), became the sole agency to compile foreign trade statistics starting 1973.

The Philippines adopts the "**General**" trade system of recording foreign trade statistics and the customs frontier (not the national boundary) is used as the statistical frontier. Under this system, all goods entering any of the seaports or airports of entry of the Philippines properly cleared through customs or remaining or under customs control are considered **imports**, whether the goods are for direct consumption, for merchanting, for warehousing or for further processing. On the other hand, all goods leaving the country which are properly cleared through the Customs are considered exports. A distinction, however is made between export for goods grown, mined or manufactured in the Philippines (**domestic exports**) and exports of imported goods which do not undergo physical and/or chemical transformation in the Philippines (**re-exports**).

II. Coverage

The foreign trade data contained in this report relate to commerce between the Philippines and other countries by sea or air whether for private or government use or for commercial purposes, gifts or samples. It also includes animals for the zoo, for breeding and the like. The following classes of goods are excluded in the compiled foreign trade statistics:

- a. Fish and other marine products landed by Philippine vessel direct from the sea;
- b. Goods imported and exported by, or on behalf of diplomatic services and armed forces;
- c. Exposed cinematographic films imported or exported on rental basis;
- d. Personal effects of passenger on which no duty was paid;
- e. Issued currency notes and coins;
- f. Goods in transit to foreign countries;

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- g. Store and fuels purchased abroad by ships and aircrafts of Philippine registry; and
- h. Goods sent through parcel post.

Since 1982, goods are considered imported/exported on the date the carrying vessel/aircraft arrives/departs at the port/airport of unloading/loading.

III. Sources of Information

Foreign trade statistics are compiled by the National Statistics Office from copies of import and export documents submitted by importers and exporters or their authorized representatives to the Bureau of Customs as required by the law. Imported articles of commercial nature with dutiable value above two thousand pesos are cleared on formal import entry (*Bureau of Customs Form No. 236*). Those with dutiable value of two thousand pesos or less and personal and household effects, may be cleared on an informal import entry (*Bureau of Customs Form No. 177*) whenever duty, tax or charges are collectible. Effective 1980, imports cleared through Philippine Economic Zone Authority (*PEZA Form 8102*) EPZA Import Tally are included.

The sources of export data are Export Permit (*CB-ED Form No. 102R*), Export Declaration (ED) with and without Foreign Exchange Proceeds (*CBP 6-21-02 and CBP 6-21-04*, respectively) and EPZA Export Tally (*EPZA Form 8104*).

Effective 1 October 1991, the Revised Export Declaration was implemented which can be used by all kinds of exporters, however, in 1996 the responsibility was transferred from Central Bank (CB) to Department of Trade and Industry (DTI). On the other hand, the Customs-PEZA warehousing entry (BC Form No. 242 CEWE) form was also implemented in lieu of PEZA Form No. 8102 (Import Tally) for all PEZA-registered zone enterprises' importations effective 14 October 1991.

IV. Data Items Gathered

The data item gathered from the import and export documents were country of origin/destination, quantity, commodity description, FOB value, insurance, freight, port of loading/unloading, trader's name (confidential), carrier's particular and foreign port of destination/origin.

V. Commodity Classification

The commodities are classified in accordance with the 1993 Revised Philippine Standard Commodity Classification (*PSCC*), a classification scheme

that is aligned with the United Nations Standard International Trade Classification (*SITC*), and the Harmonized Commodity Description and Coding System of the Philippines, otherwise known as Harmonized System of the Philippines (*HSP*).

VI. Country of Origin/ Destination

The Country of Origin of an imported commodity is the country where the commodity is grown, mined or manufactured. Further processing or material added to it in another country must bring about a material transformation to render such country as the country of origin. The country of origin remains unchanged if the commodity is subjected to mere sorting, grading, cleaning, packaging or similar processing.

The Country of Destination is the country of ultimate destination/shipment. It is not necessarily the country where the commodity/shipment is to be unloaded, as in the case of shipment unloaded from one ocean liner but is destined to a country that is landlocked. In which case, the country of destination is the landlocked country.

VII. Valuation

The free on board (FOB) value is the value of the goods free on board the carrier at the frontier of the exporting country. It includes inland freight, export duty and other expenses. Ocean freight, insurance and consular fees are, however, excluded.

VIII. Data Processing

Data processing is done both mechanically and manually.

Copies of import and export documents collected by NSO personnel from the customs houses in all ports and airports of entry in the Philippines are systematically controlled. Collected documents are sorted by month, by port, by single or multiple commodity entries and by value. About 100 entries are assigned control numbers and bundled together for the convenience of coders, computers and encoders. The bundles then undergo the following stages of processing:

1. Coding - process of translating each item of information to be culled into its equivalent alphabetic and/or numeric code in accordance with the commodity, country, nationality of trader, flag or registry of carrier or port classification used.
2. Code Verification - process of determining the appropriateness of codes used.

3. Computation - process of converting the declared values appearing in the entries into FOB value, insurance and freight in US dollars.

4. Computation Verification - process of checking the accuracy of computed data.

Quality control of coding and computation for both imports and exports is carried through sample verification. This method enables the verifier to decide after a number of entries have been verified whether to reject, continue or accept the bundle. The number and type of errors are recorded and brought to the attention of the coder. Further training is given on pinpointed causes of errors of processors to improve the quality of their work.

Electronic data encoding and editing are done through the use of microcomputers.

After the necessary corrections are effected on the erroneous figures, the monthly tabulations are finally produced. When all the monthly tabulations for a year have been completed the annual tabulations are then prepared.

Documents received after the cut-off dates for each month are accumulated, processed and the data are included in their respective months at the end of the calendar year when the annual tabulations are prepared.

IX. Frequency and Time Lag of Release

Monthly press releases of export and import statistics are available 37 days and 52 days after the reference month, respectively.

The *Foreign Trade Statistics of the Philippines* publication comes out annually in two volumes (Volume 1-Imports and Volume 2-Exports) with a lag of one year.

There are other unpublished statistical tables that are available at the Trade Statistics Division, such as those requested by private entities both in the Philippines and abroad. They are in computer printouts and diskettes. Other special tabulations may be made available upon request address to the Administrator, National Statistics Office, Solicitud Building, Magsaysay Blvd., Sta. Mesa, Manila.

X. Medium of Dissemination

Publication, press/special releases, computer print-outs, diskette copy, web page

XI. Institutional Arrangement for Data Collection

A memorandum circular between the National Statistics Office (NSO) and Bureau of Customs (BOC) and Philippine Economic Zone Authority (PEZA) was agreed to allow the NSO field personnel to collect NSO's copy of import and export documents from all seaport and airport of entry. These documents are then forwarded to Central Office in Manila for processing.

FOREIGN TRADE INDICES

The 1993 Philippine Standard Commodity Classification (PSCC) was adopted in generating foreign trade indices starting 1995.

Base Year	: 1995
Coverage	: All transactions for the period covered
Indices Generated	: Monthly, Quarterly and Annual Foreign Trade Indices

The following schematic diagram summarizes the flow of the foreign trade index methodology.



The base data used are the quantity and value on the import/export of specific commodities (at the 7-digit PSCC) for the whole year of 1995. This is used as the base data for computing annual indices.

Summarization of current data at the 7-digit level

The **total value** and **total quantity** for each 7-digit commodity is generated by summing up the values and quantities of all transactions of the commodity, respectively. The **unit price for the 7-digit commodity** is derived by dividing its total value by its total quantity.

Three index numbers are generated at all levels and these are:

- Value Index, VI;
- Price Index, PP; and
- Quantity Index, QL.

7-Digit Level Indices

$$VI_{thi} = \frac{P_{thi} \times Q_{thi}}{P_{ohi} \times Q_{ohi}} \times 100 = \frac{\text{current value of commodity}}{\text{base year value of commodity}} \times 100$$

$$PP_{thi} = \frac{P_{thi}}{P_{ohi}} \times 100 = \frac{\text{current price of commodity}}{\text{base year price of commodity}} \times 100$$

$$QL_{thi} = \frac{VI_{thi}}{PP_{thi}} \times 100 = \frac{\text{Value index of commodity}}{\text{Price index of commodity}} \times 100$$

3-Digit Level Indices

$$VI_{th} = \frac{\sum_i P_{thi} \times Q_{thi}}{\sum_i P_{ohi} \times Q_{ohi}} \times 100$$

$$PP_{th} = \sum_i^{n_h} w_{thi} \times PP_{thi}$$

where w_{thi} = weight of each included commodity

$$w_{thi} = \frac{P_{ohi} \times Q_{thi}}{\sum_i P_{ohi} \times Q_{thi}}$$

PP_{thi} = Price index of i_{th} commodity in the commodity group

$$QL_{th} = \frac{VI_{th}}{PP_{th}} \times 100$$

2-Digit Level Indices

$$VI_{tgh} = \frac{\text{Current value of all commodities in the 2-digit commodity group}}{\text{Base value of all commodities in the 2-digit commodity group}} \times 100$$

$$PP_{tgh} = \sum_h^{n_g} w_{tgh} \times PP_{tgh} \times 100$$

where w_{tgh} = weight of h_{th} commodity group in the 2-digit PSCC group
 PP_{tgh} = price index of h_{th} commodity group in the 2-digit PSCC group

$$QL_{tgh} = \frac{VI_{tgh}}{PP_{tgh}} \times 100$$

1-Digit Level Indices

$$VI_{tfg} = \frac{\text{Current value of all commodities in the 1-digit commodity group}}{\text{Base value of all commodities in the 1-digit commodity group}} \times 100$$

$$PP_{tfg} = \sum_h^{n_g} w_{tfg} \times PP_{tfg} \times 100$$

where w_{tfg} = weight of g_{th} commodity group (2-digit PSCC) in the 1-digit PSCC group

PP_{tfg} = price index of g_{th} commodity group in the 1-digit PSCC group

$$QL_{tfg} = \frac{VI_{tfg}}{PP_{tfg}} \times 100$$

Overall Indices

$$VI_t = \frac{\text{Current value of all commodities}}{\text{Base value of all commodities}} \times 100$$

$$PP_t = \sum_f w_{tf} \times PP_{tf} \times 100$$

where w_{tf} = weight of f_{th} commodity group (1-digit PSCC)

PP_{tf} = price index of f_{th} commodity group (1-digit PSCC)

$$QL_t = \frac{VI_t}{PP_t} \times 100$$

XII. Special Problems

Different table formats are requested by end users for commodity classification. While some agencies are used to get PSCC based table format others prefer the HS table format.

- The absence of one to one correlation between the two commodity classifications (PSCC and HS) particularly those in commodity section 9 of PSCC (Special Transaction) further complicates the compilation of special tabulation format based on HS heading.

- Frequent updating of commodity classification both in PSCC and HS format done in the middle of the year make it difficult for compiler to regenerate reports by backtracking/recoding previous data to reflect the modified classification especially in annual tabulation.