

## SUMMARY OF MISSION OUTCOMES AND PRIORITY RECOMMENDATIONS

**A technical assistance (TA) mission on external sector statistics (ESS) was conducted in The Valley, Anguilla, during March 27–31, 2017.** This was the first mission to Anguilla carried out as part of the Caribbean Regional Technical Assistance Centre (CARTAC) work program on external sector statistics (ESS) and in response to requests from the Anguilla Statistics Department (ASD) of Anguilla’s Ministry of Finance, Economic Development, Commerce, Tourism, Land & Physical Planning (MFED).<sup>1</sup>

**The purpose of the mission was to assist the ASD in strengthening the compilation and dissemination of ESS.** This is intended to facilitate a robust assessment of external sector developments and policy impact. Reliable ESS are essential for informed economic policy-making by the authorities.

**In January 2016, the ECCB released preliminary reviewed data of 2014 balance of payments and—for the first time—international investment position statistics for Anguilla and the rest of ECCU member economies.** The ASD has the highest ESS survey response rate in the ECCU (around 90 percent of the sample). The magnitude of revisions in the current account for Anguilla has not been as significant as in other ECCU economies. However, pending data revisions to trade in goods<sup>2</sup> and travel services exports can potentially bring significant changes to the current account balance. Relevant financial account components (direct and portfolio investment liabilities and other investment assets) have been reviewed with significant changes due to improvements in the scope of the ESS survey.

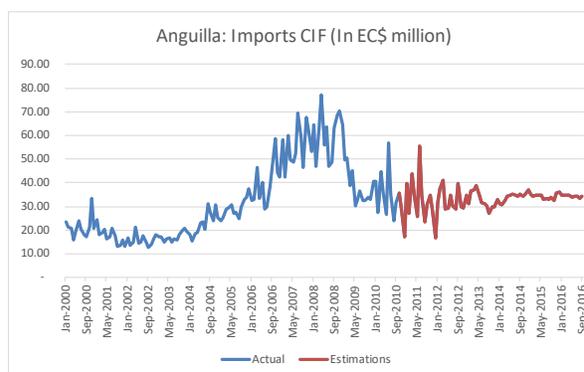
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<sup>1</sup> Since 2013, CARTAC has provided TA to the Eastern Caribbean Central Bank (ECCB) and the Eastern Caribbean Currency Union’s (ECCU) member economies to improve data sources and align compilation practices with the guidelines of the sixth edition of the *Balance of Payments and International Investment Position Manual*. The compilation of ESS for Anguilla is a joint exercise between the ASD and the ECCB. Data are collected by the ASD, except data on banks and some other entities that are collected by the ECCB.

<sup>2</sup> The AHMC provided the ECCB with row data for 2014, 2015 and 2016 in output tables without the due data quality assessment from the ASD in early 2017. A mission to the ECCB conducted in June 2017 followed up with ECCB compilers, who opted to include these values in the preliminary balance of payments statistics that would be released in July 3, 2017. Total CIF imports values are higher than data for 2014 received and assessed during the mission and ECCB’s previous estimations.

**Against this background and in line with specific requests from the ASD, the mission focused on the following priority work areas that may enable the authorities to make major improvements:**

**Trade in goods statistics.** The long-standing absence of source data to compile trade in goods statistics has yet to be resolved. Anguilla's HM Customs (AHMC) has not been able to provide continuous and reliable customs data since the implementation of ASYCUDA World (AW)<sup>3</sup> in 2010. The ASD has sporadically received partial information generated from AW for some years, including output tables for 2014 received during the mission. This information has been processed and assessed as having significant inconsistencies in its coverage (fuel imports values are around half of the value reported in the ESS survey by fuel importers and imports values for other commodities do not seem to be commensurable with tax revenue on imports taxes) and classification (the AHMC has found issues in product classification made by traders). The ECCB has also elaborated estimations to compile monthly trade in goods statistics from 2010 onwards given the lack of information.<sup>4</sup> The interagency technical working group created for the implementation of AW<sup>5</sup> is not currently operating. The mission recommended that the technical working group be reestablished to find and implement the best solutions to the current issues.



Source: monthly data sourced from ECCB's website (March 2017).

**Travel services exports.** Data from the Visitor Expenditure Survey (VES) for the compilation of exports of travel services (the main export of the country) estimates require revisions. Outdated visitor average daily expenditure ratios (ADEs) are carried forward based on the annual inflation, technique that has largely underestimated exports of travel services in other countries. Other ECCU countries have had significant revisions using more recent VES estimates. As indicated by the ASD, they are currently working on reviewing current methodology with the inclusion of data collected from the VES.

<sup>3</sup> The Automated System for Customs Data (ASYCUDA) is the integrated customs management system developed by the United Nations Conference on Trade and Development (UNCTAD) for international trade and transport operations in a modern automated environment. Being web-based, the ASYCUDA World (the latest UNCTAD's software product) allows customs administrations and traders to handle most of their transactions, from customs declarations to cargo manifests and transit documents, via Internet.

<sup>4</sup> The ASD is not aware about ECCB's estimations techniques.

<sup>5</sup> The group was formed by the AHMC, the ASD, and the Department of Information Technology & E-Government Services (DITES).

To support progress in the above work areas, the mission recommended the following priority actions:

**Table 1. Priority Recommendations**

Target Date	Priority Recommendation	Responsible Institutions
<b>June 2017</b>	<i>Reestablish the technical working group to resolve the current lack of reliable source data from AW. It is desirable that the working group has the participation of most senior management from the AHMC, the ASD, and the DITES, and report to MFED authorities.<sup>6</sup></i>	<b>AHMC, ASD and DITES</b>
<b>Immediate</b>	<i>ASD accesses to customs database. It is recommended that the ASD conducts a deep assessment of the source data for the time series currently available in AW and discusses results in the context of the above technical working group. A report with findings and the way forward should be drafted and provided to MFED authorities.</i>	<b>AHMC-ASD</b>
<b>December 2018</b>	<i>Review travel services exports using up-to-date VES estimates. It is advised to elaborate an exercise with data collected from the current VES. Once results are verified, they can be disseminated and included in the balance of payments of the country</i>	<b>ASD</b>

The section below deepens the discussion on findings and priority recommendations.

## ACCESS TO ASYCUDA WORLD DATABASE BY ANGUILLA'S STATISTICS DEPARTMENT

- 1. Technological benefits of AW have not yet been exploited for statistical purposes.** In addition to data extraction for the compilation of trade in goods statistics, this database is a relevant source for further developing a country's statistics and improving ASD's business processes, such as updating business registers, designing representative economic surveys, elaborating trade indexes, and developing ancillary information for the compilation of other ESS components rather than goods exports and imports and real sector indicators.
- 2. Unfortunately, the ASD has not had access to a customs database for long time.** The database extracted from AW is required for compilation of international merchandise trade statistics in EUROTRACE (the software used by the ASD to compile the international merchandise trade statistics). Monthly data were provided in a text files before the implementation of AW. The files were read in a computer terminal with EUROTRACE, from which the ASD compilers made verification, required adjustments and prepared output tables. Instead, the AHMC has provided

<sup>6</sup> The ASD later informed that the technical working group has not yet been reestablished.

output tables in a PDF files, including those provided to the ECCB early in 2017 that were used for the compilation of imports and exports in the preliminary balance of payments released in July 3, 2017.<sup>7</sup>

3. **As highlighted by the mission and as per other countries' experiences, the ideal arrangement between the AHMC and the ASD would be for the ASD to have its own AW terminal for statistical purposes.** This would assist the ASD in immediately responding to any internal and external users' data requests on trade in goods statistics and using input data required for better economic statistics.

### **Recommended Action**

*The ASD access to customs database.*

## **ASSESSMENT OF CUSTOMS DATA**

4. **Coverage issues were detected.** As per the assessment conducted to 2014 imports tables provided by the AHMC to the ASD during the mission, data on imports of fuel are incomplete—around half of the value reported in the ESS survey by fuel importers. Import values of other commodities seem to be small if they are compared with their corresponding duty paid. Volume data also seem to be largely omitted or inconsistent.

5. **Commodity classification issues have also been noted.** Given the limited breakdown of source data, other aspects of data were not assessed by the mission but as per comments received from the AHMC, relevant data broken down by product classification—Harmonized Commodity Description and Coding Systems (HS) likely have inconsistencies as well. The AHMC also expressed some capacity constraints to address issues regarding mining and extracting data from the AW.<sup>8</sup> In addition to the initial meeting held with the AHMC at the beginning of the mission, another meeting was proposed by the ASD before the end of the mission to discuss mission's main findings and the way forward. However, the meeting did not occur as no response was received from AHMC.

6. **Solutions were proposed and discussed during the mission.** The mission advised that authorities of the MFED reestablishes the interagency technical working group created for the implementation of AW<sup>9</sup> to work together on a sustainable and cost-efficient solution to the current issues. An alternative solution would be that the ASD carries out a simplified form to

<sup>7</sup> A subsequent CARTAC mission to the ECCB in June 2017 noted significant differences in CIF import values between these output tables and those provided to ASD during the mission.

<sup>8</sup> To strengthen capacity and assist in addressing issues that seem to be common in other Caribbean countries that have implemented AW, a CARTAC regional training workshop will be held in Port of Spain, Trinidad, during the period September 11–15, 2017. The workshop will have the participation of officials from customs offices, national statistics offices and central banks that are directly involved in dealing with trade data recording and compilation.

<sup>9</sup>The technical working group had the participation of the AHMC, ASD, and the Department of Information Technology & E-Government Services (DITES).

collect annual trade in goods data directly from main traders. Given the scope of the Annual Business Survey – National Accounts (ABS - NA), the form may be fitted better as an appendix to this survey. However, as indicated by the ASD, this would present challenges, including the requirement of ASD's additional resources and reluctance of companies to provide data and therefore, affecting the current good response rate.

### **Recommended Actions**

*Reestablish the technical working group to resolve the current lack of continuous and reliable source data from AW.*

*Consider to survey main traders if AW cannot be fully functional for trade statistics purposes in the short term. Appendix 8 of the Balance of Payments and International Investment Position Compilation Guide (BPM CG) includes a questionnaire form on goods that can be used as a reference—see page 494.<sup>10</sup>*

## **VISITOR EXPENDITURE SURVEY**

7. **Data from the VES for the compilation of exports of travel services (the main export of the country) estimates require revisions.** ADEs are used in the current methodology, which are carried forward based on the annual inflation (consumer price index). Other ECCU countries have revised the methodology and updated ADEs sourced from more recent VESs. Travel services exports estimates have been significantly reviewed upward given that the ADEs are higher than the estimations made based on historical ADEs. As indicated by the ASD, they are currently working on reviewing current methodology with the inclusion of data collected from the VES.

### **Recommended Action**

*Review travel services exports sourced from up-to-date VES estimates.*

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<sup>10</sup>The BPM CG is available on the IMF's website: <https://www.imf.org/external/pubs/ft/bop/2007/bop6comp.htm>.