

# Asymmetries in international trade in goods

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Comparability is a quality criterion specified in the Regulation (EC) No 223/2009. Therefore, the quality of statistics where two opposite flows are surveyed may be easily assessed on the basis of asymmetries observed when comparing those statistics compiled by the respective Member States.

The reasons for the asymmetries in the international trade in goods statistics can be classified as methodological causes and error in reporting.

The asymmetries in international trade in goods statistics, particularly in intra-EU trade statistics, are monitored and reconciled regularly.

The modernised Intrastat introduces collection of new data elements on intra-EU exports which enable the importing Member State to reconcile the received data with the collected data and consequently to solve the identified asymmetries or misclassification of goods.

## **1. Introduction**

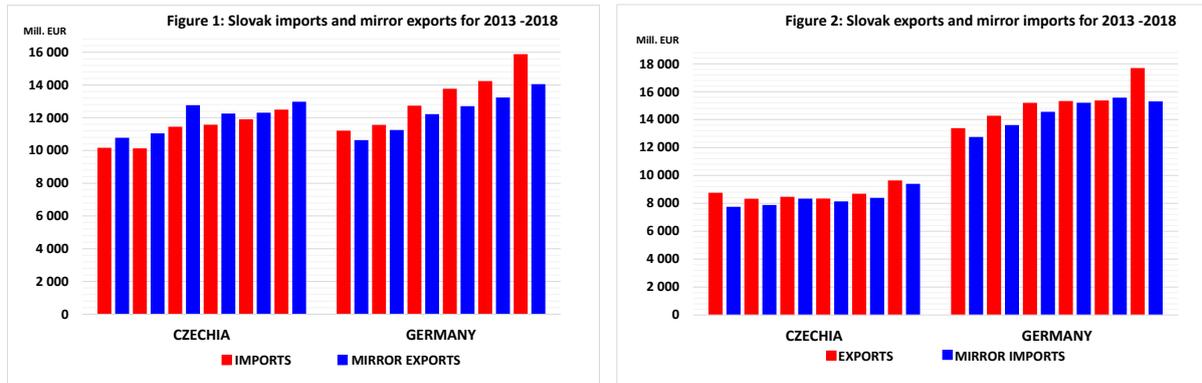
Regulation (EC) No 223/2009 of the European Parliament and of the Council of 11 March 2009 on European statistics is a basis for the development, production and dissemination of European statistics. To respond to the users' needs and thus to guarantee the quality of the statistical results, those statistics need to be produced in accordance with the quality criteria specified in this Regulation.

Comparability is a criterion which measures the impact of differences in applied statistical concepts, measurement tools and procedures where statistics are compared between geographical areas, sectoral domains or over time [1]. The geographical comparability of statistics is usually measured on the basis of asymmetries if two opposite flows are surveyed and compiled by the respective Member States.

The international trade in goods statistics (ITGS) is one of those statistics where the asymmetries are used extensively to monitor and assess its quality.

## 2. The reasons for asymmetries in ITGS

ITGS data of a given country are presented as “imports of country A from country B” or “exports of country A to country B”. Therefore, a user reasonably expects that the opposite flows i.e. “exports of country B to country A” or “imports of country B from country A” are equal. This theoretical concept does not work in practice as it is shown in Figure 1 and Figure 2.



As complex information is required when reporting exports and imports, errors may occur as well. In particular, the misclassifications of goods or incorrectly reported partner country are frequent mistakes.

The reasons for mirror discrepancies in the ITGS are detailed and the possible solutions are described in the Compilers guide on European statistics on international trade in goods — 2017 edition [2].

### **3. Asymmetries in the intra-EU trade - what was done**

The asymmetries in international trade in goods statistics, particularly in intra-EU trade statistics, are monitored and reconciled regularly.

Eurostat in cooperation with Member States' ITGS compilers organised several reconciliation exercises. The significant asymmetries at the most detailed commodity level – at the level of Combined Nomenclature subheadings, were investigated. The role of Eurostat was to select the asymmetries for examination in order to ensure balanced workload of the Member States. The aim of the exercise was to identify the cause of the asymmetry and wherever possible, to reconcile the results.

These exercises resulted not only in the improvement of Member States' intra-EU trade data but also in the modification of Intrastat legislation. The specific enabling clause on the exchange of confidential data was introduced in the Regulation (EC) No 638/2004 of the European Parliament and of the Council of 31 March 2004 on Community statistics relating to the trading of goods between Member States and repealing Council Regulation (EEC) No 3330/91.

The SIMSTAT project was a milestone in the reconciliation of intra-EU trade data. The micro-data on intra-EU exports exchanged within the project were used in the 2015 reconciliation exercise. These micro-data, although simulated on the basis of VIES data, enabled the ITGS compilers of the receiving Member State to identify the potential importer for those asymmetries where intra-EU exports of sending Member State was higher than mirror intra-EU imports of the receiving Member State.

Member States also carry out bilateral asymmetries studies. The Statistical Office of the Slovak Republic very closely cooperates with the Czech Statistical Office also in the ITGS domain. The collaboration was established immediately after the split of Czechoslovakia when both countries had to start with the application of standard customs rules for mutual trade. The

comparisons of the mirror trade statistics were the tools enabling both customs and statistical administrations to validate their statistical results.

#### **4. Asymmetries in the intra-EU trade - what will be done**

Intrastat since its introduction in 1993 is perceived as one of the most burdensome statistical systems. In order to assess the options how to reduce the reporting burden on importers/exporters and, at the same time, to keep the quality of the intra-EU trade in goods statistics, the ESS VIP project REDESIGN was launched. In addition to the burden reduction potential, three options were examined to assess their costs and benefits and to specify their legal and methodological features.

ESS VIP project SIMSTAT has accompanied the REDESIGN project. This was a pilot exercise for testing feasibility of the micro-data exchange for the intra-EU exports of goods which was the main feature of the SIMSTAT option. The exchanged micro-data on the intra-EU exports complemented by the ID number of importer may be used to compile the intra-EU imports of goods in the partner Member State.

Both projects were successfully completed in the first half of 2016. As a result, Eurostat and Member States started implementing modernised Intrastat, whose legal infrastructure – FRIBS Basic Act and related Implementing and Delegated Acts, will become applicable from 1 January 2022.

The modernised Intrastat introduces a collection of the new data elements on intra-EU exports: ID number of partner operator in the importing Member State and country of origin. These collected micro-data on intra-EU exports together with the other intra-EU exports based on the custom declarations or other data source used for the specific goods and movements will be transmitted via Eurostat hub to the importing Member State.

Importing Member State may use fully or partially the received micro-data to compile its intra-EU imports. The decision when and how much intra-EU imports is replaced by the exchanged micro-data at Member State's discretion.

The reason why the exports flow was decided to be exchanged is that the exports side of the intra-EU trade is more concentrated than the imports side where a considerably higher number of reporting units is involved in the trade. In addition, the exporters know better what they

produce so their classification of goods should be more precise and less difficult (determination of the CN code is considered burdensome by the reporting units).

Regardless of whether the importing Member State uses exchanged micro-data directly in the compilation of intra-EU imports or not, those data are also an additional source of information on the commodity structure of its intra-EU imports. If asymmetries or misclassification of goods are identified when reconciling exchanged micro-data with the collected data, those issues could be solved much easier. Besides, the importing Member State may use the exchanged micro-data to derive the commodity structure for not-reported intra-EU imports either due to the exemption of importer from the reporting obligation or due to a failure to fulfil it.

## **5. Conclusion**

Reduction of asymmetries in intra-EU trade is considered a pre-condition for the replacement of collected intra-EU imports data by the exchanged micro-data. Even though significant improvement might be reached, asymmetries originating in the applied methodology will not be fully resolved.

## **6. References**

- [1] Official Journal of the European Union (2009): Regulation (EC) No 223/2009 of the European Parliament and of the Council of 11 March 2009 on European statistics and repealing Regulation (EC, Euratom) No 1101/2008 of the European Parliament and of the Council on the transmission of data subject to statistical confidentiality to the Statistical Office of the European Communities, Council Regulation (EC) No 322/97 on Community Statistics, and Council Decision 89/382/EEC, Euratom establishing a Committee on the Statistical Programmes of the European Communities. Available at <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32009R0223&qid=1568234211736&from=EN>
- [2] Eurostat (2017): Compilers guide on European statistics on international trade in goods — 2017 edition. Available at <https://ec.europa.eu/eurostat/documents/3859598/8021340/KS-02-17-333-EN-N.pdf/c6e78259-cc92-4054-b785-cc7700ee6da9>