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**National Accounts and Economic Statistics - International Trade Statistics**

**INTERACTION/RECONCILIATION ISSUES WITH BOP**

**RESULTS OF THE RECONCILIATION BETWEEN TRADE STATISTICS AND BOP DATA**

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*This document has been prepared by Mr. Henri Tyrman - Eurostat for information and discussion under item 7 a) of the Draft Agenda: Methodological research and development.*

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## INTERACTION/RECONCILIATION ISSUES WITH BOP

### RESULTS OF THE RECONCILIATION BETWEEN TRADE STATISTICS AND BOP DATA

Within a general study on “Reconciliation of Foreign trade and balance of payments statistics”, a specific task dealing with the reconciliation of FTS and BOP data has been carried out on years 1999, 2000 and 2001.

A questionnaire relating to this task was prepared on the basis of the previous questionnaires sent by the Balance of Payments unit in December 1999 and May 2001. However, the new version of the questionnaire has been expanded with respect to the previous ones by including all the types of adjustments made by BOP compilers to FTS figures as well as by widening the number of questions on the methods used at national level. The questionnaire was made of three parts :

- the first one (Part 1\_data) consisted in the reconciliation tables as such.

These tables showed, for imports and exports separately and for the years 1999 to 2001, the transition between FTS figures used by BOP compilers and the BOP item 100 (Goods). The tables were pre-filled using the answers to the previous questionnaire of May 2001 as well as the information available on New Cronos concerning FTS and BOP item 100 (Goods)<sup>1</sup>. The table listed all the items for which at least one Member State mentioned an operation in the transition from FTS to BOP figures. The answers to the May 2001 questionnaire showed that the Member States sometimes used specific national items to report the adjustments they made to FTS figures instead of using the items reported either in the European or the international manuals on FTS and BOP statistics. When possible, in preparing the new version of the questionnaire, these national items have been quoted using the internationally recognised items (which are usually less detailed). Where no clear link was found between an item used only at national level and an item used at international level, the national item was retained and clarifications on its content and nature were asked to the Member States.

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<sup>1</sup> Sources :

"FTS figures published by Eurostat": NewCronos, theme "theme6" External Trade, domain "et\_eur2", table "main" and domain "satie", table "s\_main"

"BOP item 100 (Goods)": NewCronos, theme "theme2" Economy and Finance, domain "bop", table "its" and previous questionnaire on reconciliation.

### Example of Part 1 of the questionnaire on data reconciliation

IMPORTS (please insert the figures in million Euro)			
WORLD			
	1999	2000	2001
<b>1. FTS figure published by Eurostat</b>	304,841	372,213	371,821
2. FTS figure used by BOP compilers (see note 1)	303,608	365,030	
<i>Difference (2-1)</i>	-1,233	-2,187	
<b>3. BOP TOTAL ADJUSTMENT (see note 1)</b>	-12,895	-11,958	
3.1 CIF/FOB Adjustment	-7,968	-9,315	
3.2 Others (please specify)	-3,505	-1,112	
3.2.1 <i>Non response/below threshold adj., different concept of territory and others adj.</i>	-2,550	-107	
3.2.2 <i>Sea products</i>			
3.2.3 <i>Ships' and aircraft's stores and supplies</i>			
3.2.4 <i>Postal consignments (Goods dispatched through postal or courier services)</i>			
3.2.5 <i>Goods for processing</i>			
3.2.6 <i>Repairs of goods (Goods for repair)</i>			
3.2.7 <i>Goods not crossing the border (*)</i>	475	517	
3.2.8 <i>Goods not changing ownership</i>	-3,478	-3,848	
3.2.9 <i>Returned goods</i>			
3.2.10 <i>Goods traded on government account</i>			
3.2.11 <i>Exports/imports by private individuals; purchases by foreign tourists</i>			
3.2.12 <i>Transactions in goods in free ports, free areas, customs bounded warehouses</i>			
3.2.13 <i>Goods procured in ports by carriers</i>	1,435	1,577	
3.2.14 <i>Non monetary gold</i>			
3.2.15 <i>Electricity, gas and water</i>			
3.2.16 <i>Additions and alteration to ships and aircrafts</i>	53	57	
3.2.17 <i>Books and periodicals</i>			
3.2.18 <i>Corrections for timing</i>			
3.2.19 <i>Other ... (see note 3 below)</i>			
3.2.20 <i>.....</i>			
3.2.21 <i>.....</i>			
<i>Specific national items: (**)</i>			
<i>Recording errors</i>	405	458	
<i>Paym/receipt in advance</i>	0	0	
<i>Territorial coverage adjustments</i>	9	11	
<i>Gold</i>	226	266	
<i>Diamonds</i>	-80	-43	
<b>4. BOP item 100 (Goods), as published by Eurostat (see note 2)</b>	293,803	358,113	362,096

Items for which at least one Member State mentioned an operation in the transition from FTS to BOP figures

Specific items used at national level

- The second part of the questionnaire on the reconciliation of FTS and BOP statistics (Part 2\_comments) was made of methodological comments to the tables. It was based on the answers received from the Member States in May 2001 and asked them to update, correct or complete these answers.
- The third part (Part 3\_methods) was a complementary methodological questionnaire based on a similar one sent by Eurostat to the Member States in May 2001. The new version included, in addition, detailed questions about the CIF/FOB conversion method. All the material was sent by Eurostat to the Member States on 25 November with a deadline of 15 December 2003.

Answers were received from 11 Member States: Belgium and Luxembourg, Germany, Denmark, Spain, France, Ireland, Italy, Portugal, Sweden and the United Kingdom.

#### 4.1. Adjustments to FTS imports

In 2001, at EU-15 level, the BOP total adjustment to imports trade flows from "World" accounted for 0.9% of the total amount of FTS figures used by BOP compilers. This derived from the combination of the CIF/FOB corrections, which represented -2.1% of the FTS figures, with the "other" corrections, which accounted for +1.7%.

		<b>WORLD</b>			<b>INTRA-EU-15</b>		
		<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
<b>TOTAL Responding Member States</b>		<b>excluding AT and EL 1999-2001, FI and NL for 2001</b>			<b>excluding AT, BLEU, DK and EL for 1999-2001, FI and NL for 2001</b>		
1.	FTS figure published by Eurostat	1 956 769	2 411 134	2 151 370	1 058 036	1 239 301	1 107 567
2.	FTS figure used by BOP compilers	1 934 522	2 350 347	2 096 654	1 053 950	1 209 933	1 086 417
	<i>Diff. % FTS pub/FTS Used</i>	<b>-1.1%</b>	<b>-2.5%</b>	<b>-2.5%</b>	<b>-0.4%</b>	<b>-2.4%</b>	<b>-1.9%</b>
3.	<b>BOP TOTAL ADJUSTMENT</b>	- 37 882	- 36 386	- 18 086	- 11 832	- 9 253	1 380
	<i>% BoP Total adjustment</i>	<b>-2.0%</b>	<b>-1.5%</b>	<b>-0.9%</b>	<b>-1.1%</b>	<b>-0.8%</b>	<b>0.1%</b>
3.1.	CIF/FOB Adjustment	- 45 436	- 54 225	- 44 012	- 16 347	- 18 280	- 16 095
	<i>% CIF/FOB</i>	<b>-2.3%</b>	<b>-2.3%</b>	<b>-2.1%</b>	<b>-1.6%</b>	<b>-1.5%</b>	<b>-1.5%</b>
3.2.	Other BOP adjustment	16 584	27 531	34 985	7 744	14 327	23 429
	<i>% Others</i>	<b>0.9%</b>	<b>1.2%</b>	<b>1.7%</b>	<b>0.7%</b>	<b>1.2%</b>	<b>2.2%</b>
4.	BOP item 100 (Goods)	1 898 607	2 326 097	2 084 770	1 040 072	1 202 397	861 451

		<b>EXTRA-EU-15</b>			<b>EXTRA EURO-ZONE</b>		
		<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
<b>TOTAL Responding Member States</b>		<b>excluding AT, BLEU, DK and EL for 1999-2001, excluding FI and NL for 2001</b>			<b>excluding AT, BLEU, DK and EL for 1999-2001, excluding FR for 1999, excluding FI, IE, IT, NL for 2001</b>		
1.	FTS figure published by Eurostat	691 144	916 822	781 458	743 953	1 132 022	955 894
2.	FTS figure used by BOP compilers	668 049	885 263	747 527	754 128	1 102 419	923 189
	<i>Diff. % FTS pub/FTS Used</i>	<b>-3.3%</b>	<b>-3.4%</b>	<b>-4.3%</b>	<b>1.4%</b>	<b>-2.6%</b>	<b>-3.4%</b>
3.	<b>BOP TOTAL ADJUSTMENT</b>	- 22 302	- 23 680	- 15 661	- 22 840	- 25 589	- 14 627
	<i>% BoP Total adjustment</i>	<b>-3.3%</b>	<b>-2.7%</b>	<b>-2.1%</b>	<b>-3.0%</b>	<b>-2.3%</b>	<b>-1.6%</b>
3.1.	CIF/FOB Adjustment	- 27 140	- 33 493	- 25 850	- 25 378	- 33 311	- 22 451
	<i>% CIF/FOB</i>	<b>-4.1%</b>	<b>-3.8%</b>	<b>-3.5%</b>	<b>-3.4%</b>	<b>-3.0%</b>	<b>-2.4%</b>
3.2.	Other BOP adjustment	10 238	15 326	14 608	8 716	18 778	17 902
	<i>% Others</i>	<b>1.5%</b>	<b>1.7%</b>	<b>2.0%</b>	<b>1.2%</b>	<b>1.7%</b>	<b>1.9%</b>
4.	BOP item 100 (Goods)	645 122	859 959	736 769	728 234	1 072 568	702 822

A different pattern can be observed for adjustments made to Intra-EU imports flows with respect to the adjustments made to Extra-EU imports flows. For Intra-EU trade, the adjustments due to CIF/FOB corrections accounted for a lower proportion (-1.5%) than the “other” corrections (+2.2%) while for Extra-EU flows, the adjustments due to CIF/FOB corrections accounted for a higher proportion than the “other” corrections (-3.5% and +2.0% respectively).

Across the Member States providing information for 2001, Portugal recorded the highest ratio “total BOP adjustments/figures used by BOP compilers” (considering in absolute terms the amounts subtracted and added to FTS figures). The United Kingdom, Spain and Italy followed.

For most Member States, exception made for Belgium, France and the United Kingdom, the CIF/FOB adjustments made to imports from world are higher than the “other” adjustments, when calculated as proportion of the national item “figure used by BOP compilers”. This pattern also applies to Intra-EU, Extra-EU and Extra euro-zone flows.

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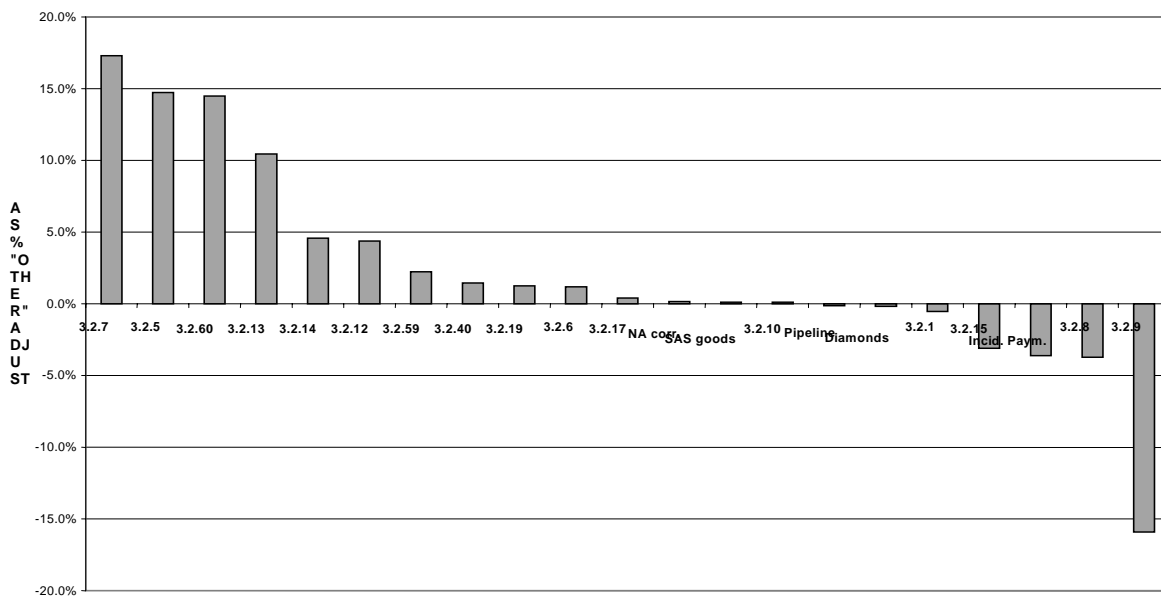
Considering the components of the “other” adjustments, the responding Member States provided figures for the following items:

- 3.2.1 Non response/below threshold adj., different concept of territory and others adj.
- 3.2.4 Postal consignments (Goods dispatched through postal or courier services)
- 3.2.5 Goods for processing
- 3.2.6 Repairs of goods (Goods for repair)

- 3.2.7 Goods not crossing the border
  - 3.2.8 Goods not changing ownership
  - 3.2.9 Returned goods
  - 3.2.10 Goods traded on government account
  - 3.2.11 Exports/Imports by private individuals; purchases by foreign tourists
  - 3.2.12 Transactions in goods in free ports, free areas, customs bounded warehouses
  - 3.2.13 Goods procured in ports by carriers
  - 3.2.14 Non monetary gold
  - 3.2.15 Electricity, gas and water
  - 3.2.16 Additions and alteration to ships and aircrafts
  - 3.2.17 Books and periodicals
  - 3.2.18 Corrections for timing
  - 3.2.19 Other ... of which
  - 3.2.22 Territorial coverage adjustment
  - 3.2.40 Vessels and aircraft (Trade in (parts of) ships and aircrafts / Ships, aircraft and other mobile equipment)
  - 3.2.43 Offshore installations
  - 3.2.58 Goods purchased by international organisations located in the economic territory of a host country, from the host country, for their own use...
  - 3.2.59 Goods entering or leaving the economic territory of a country illegally
  - 3.2.60 Other : impact of MTIC fraud (UK), E-commerce.
- Specific national items:
- Incidental payments (e.g. discounts, rebas) (DE, ES)
  - Transactions with no financial compensation (NL)
  - Corrections by National Accounts compilers (NL, SE)
  - Pipeline transports (PT)
  - SAS goods (SE)
  - Diamonds (UK)

Among the “other” adjustments to FTS import flows, only the item “Goods procured in ports by carriers” was quoted by most Member States (eleven of them provided data), with respect to 2001. With few exceptions, the other items have been quoted (and data were reported accordingly) by only one or two Member States.

Graph. 2 SPECIAL GOODS AND TRANSACTIONS - IMPORTS - WORLD (2001)



The items accounting for the highest proportions of the total amount of “other” adjustments are 3.2.7. Goods not crossing the border, 3.2.5. Goods for processing, 3.2.60. E-commerce and correction of “MTIC” fraud in UK<sup>2</sup>, and 3.2.9. Returned goods. Their shares range from 16% to 17% of the total “other” adjustments.

However, several items accounted for less than 5% of the total “other” adjustments, and half of the items quoted by the responding Member States represent less than 1% of total “other” adjustments.

#### 4.2. Adjustments to FTS exports

In 2001, at EU-15 level, the BOP total adjustment to exports trade flows accounted for among 0.4% and 0.6% of the total amount of FTS figures used by BOP compilers, for all the flows considered: “World”, Intra and Extra-EU trade and Extra euro zone.

	TOTAL Responding Member States	WORLD			INTRA-EU-15		
		1999	2000	2001	1999	2000	2001
		excluding AT and EL for 1999-2001, excluding FI and NL for 2001 (1)			excluding AT, BLEU, DK and EL for 1999-2001, excluding FI, IE, IT and NL for 2001 (2)		
1.	FTS figure published by Eurostat	2 028 635	2 421 891	2 193 290	1 128 046	1 318 199	907 224
2.	FTS figure used by BOP compilers	2 007 085	2 372 027	2 147 538	1 123 125	1 290 744	884 346
	<i>Diff. % FTS pub/FTS Used</i>	<b>-1.1%</b>	<b>-2.1%</b>	<b>-2.1%</b>	<b>-0.4%</b>	<b>-2.1%</b>	<b>-2.5%</b>
3.	BOP TOTAL ADJUSTMENT	3 881	7 161	7 852	- 183	3 980	5 637
	<i>% Others</i>	<b>0.2%</b>	<b>0.3%</b>	<b>0.4%</b>	<b>0.0%</b>	<b>0.3%</b>	<b>0.6%</b>
4.	BOP item 100 (Goods)	2 003 378	2 381 155	2 155 710	1 116 352	1 291 485	891 512

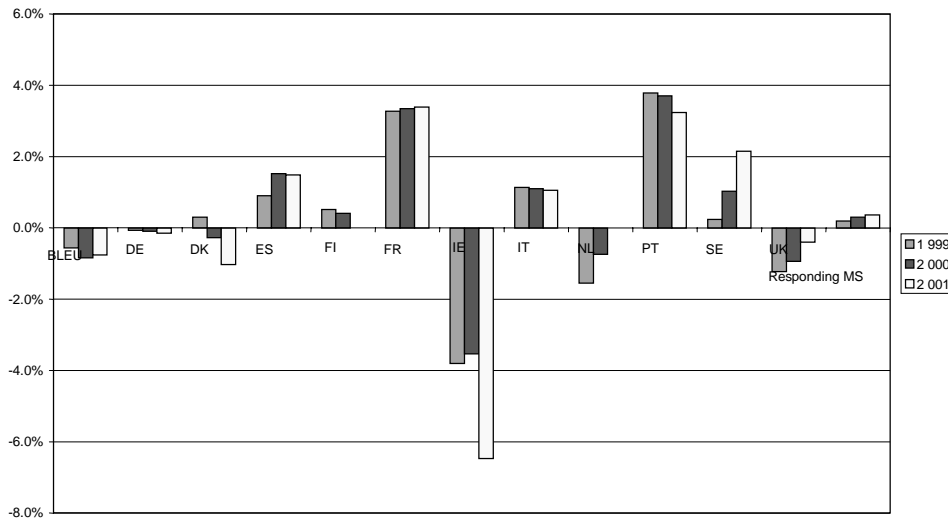
	TOTAL Responding Member States	EXTRA EU 15			EXTRA EURO-ZONE		
		1999	2000	2001	1999	2000	2001
		excluding AT, BLEU, DK and EL for 1999-2001, excluding FI and NL for 2001 (3)			excluding AT, BLEU, DK and EL for 1999-2001, excluding FI, IE, IT and NL for 2001 (2)		
1.	FTS figure published by Eurostat	675 970	835 067	797 885	886 225	1 078 571	796 982
2.	FTS figure used by BOP compilers	661 295	812 502	778 371	886 803	1 068 443	774 561
	<i>Diff. % FTS pub/FTS Used</i>	<b>-2.2%</b>	<b>-2.7%</b>	<b>-2.4%</b>	<b>0.1%</b>	<b>-0.9%</b>	<b>-2.8%</b>
3.	BOP TOTAL ADJUSTMENT	4 234	4 984	3 945	3 833	5 734	4 516
	<i>% Others</i>	<b>0.6%</b>	<b>0.6%</b>	<b>0.5%</b>	<b>0.4%</b>	<b>0.5%</b>	<b>0.6%</b>
4.	BOP item 100 (Goods)	659 599	814 921	782 527	883 700	1 071 605	781 520

Across the Member States providing information for 1999-2001, France, Ireland and Portugal showed the highest ratio “total BOP adjustments/figures used by BOP compilers”, when considering in absolute terms the amounts subtracted (Ireland) or added to FTS figures (France and Portugal). This is true for all the flows considered: World, Intra-EU, Extra-EU and Extra euro zone trade.

Considering the EU-15 aggregates, there is a slight trend towards an increase of the proportion of BOP adjustments on the item “figures used by BOP compilers”, during the period considered. However, there is not a clear trend at national level.

<sup>2</sup> detailed information on the “Missing Trader Intra-community Fraud” is available on the UK National Statistics website at : <http://www.statistics.gov.uk/CCI/article.asp?ID=402>

Graph 3. BOP TOTAL ADJUSTMENTS - EXPORTS - WORLD (1999-2001)



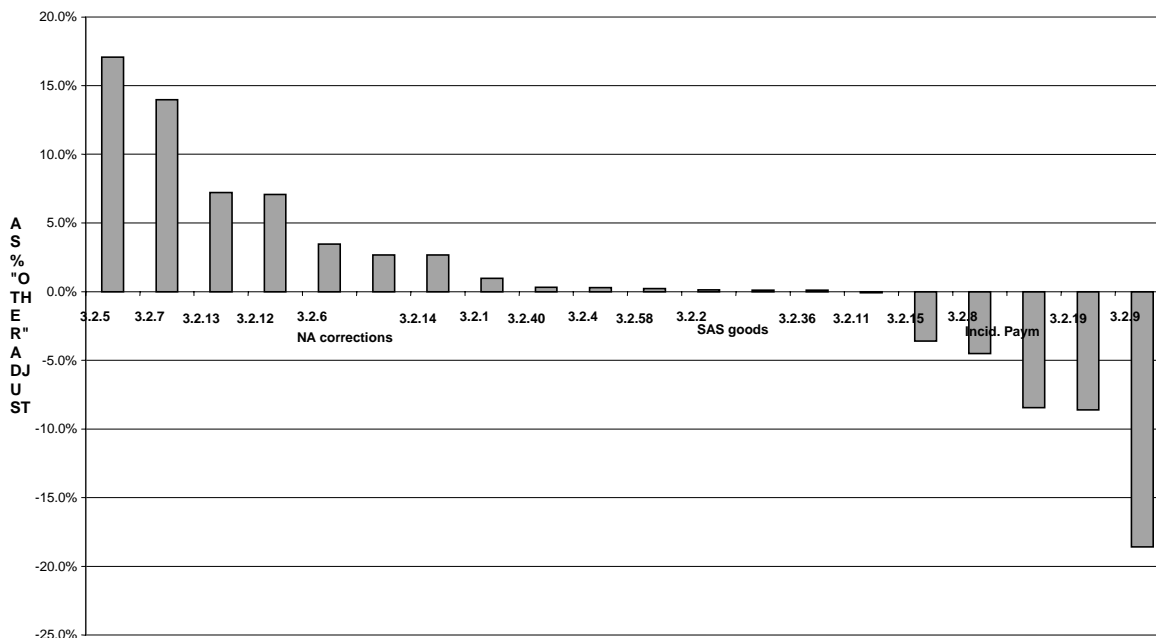
Considering the components of the “other” adjustments, the responding Member States provided figures for the following items:

- 3.2.1 Non response/below threshold adj., different concept of territory and others adj.
- 3.2.2 Sea products
- 3.2.3 Ships' and aircraft's stores and supplies
- 3.2.4 Postal consignments (Goods dispatched through postal or courier services)
- 3.2.5 Goods for processing
- 3.2.6 Repairs of goods (Goods for repair)
- 3.2.7 Goods not crossing the border
- 3.2.8 Goods not changing ownership
- 3.2.9 Returned goods
- 3.2.10 Goods traded on government account
- 3.2.11 Exports/Imports by private individuals; purchases by foreign tourists
- 3.2.12 Transactions in goods in free ports, free areas, customs bounded warehouses
- 3.2.13 Goods procured in ports by carriers
- 3.2.14 Non monetary gold
- 3.2.15 Electricity, gas and water
- 3.2.16 Additions and alteration to ships and aircrafts
- 3.2.18 Corrections for timing
- 3.2.19 Other ... of which
- 3.2.22 Territorial coverage adjustment
- 3.2.36 Goods dispatched to national armed forces stationed outside the statistical territory (Goods for diplomatic and military establishments abroad)
- 3.2.40 Vessels and aircraft (Trade in (parts of) ships and aircrafts / Ships, aircraft and other mobile equipment)
- 3.2.58 Goods purchased by international organisations located in the economic territory of a host country, from the host country, for their own use...

Specific national items:

- Diamonds (UK)
- Corrections for gifts (NL)
- Incidental payments (e.g. discounts, rebas) (DE, ES)
- Corrections by National Accounts compilers (NL, SE)
- Pipeline transports (PT)
- SAS goods (SE)

Graph. 4 SPECIAL GOODS AND TRANSACTIONS - EXPORTS - WORLD (2001)



Among the “other” adjustments to FTS exports flows, the item quoted more often by the Member States are 3.2.13. Goods procured in ports by carriers (9 Member States), 3.2.7. Goods not crossing the border (7), 3.2.6. Repairs of goods (5), 3.2.5. Goods for processing (4) and 3.2.9. Returned goods (4). More than half of the items were quoted (and data were reported accordingly) by only one Member States.

The items accounting for the highest proportions of the total amount of “other” adjustments are 3.2.9. Returned goods, 3.2.5. Goods for processing and 3.2.7. Goods not crossing the border. Their ratios ranged from 18% to 14% on the total “other” adjustments. The vast majority of the items accounted for less than 5% of the total “other” adjustments, and more than half of the items quoted by the responding Member States represented less than 1% of total “other” adjustments.