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QUALITY CRITERIA IN FOREIGN TRADE STATISTICS

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QUALITY CRITERIA IN FOREIGN TRADE STATISTICS

Summary of the paper *Praktische Umsetzung der Qualitätsinitiative in der Außenhandelsstatistik* (Implementing the Quality Offensive in foreign trade statistics) by Albrecht Krockow, published in the periodical *Wirtschaft und Statistik* (Economy and Statistics), issue 6/2001.

The paper examines the question of how the quality of foreign trade statistics may be measured. It is based on six criteria which Eurostat and the statistical offices of the Member States have agreed upon. Eurostat publishes "quality reports", in which the intra-Community trade statistics of the Member States are assessed by means of the quality criteria defined. These reports are to be published by the Statistical Offices of the Member States. The **criteria** applied are the following:

- 1) Timeliness
- 2) Accuracy
- 3) Data accessibility and relevance
- 4) Comprehensibility
- 5) Comparability
- 6) Coherence (= Usability for other statistics)

The criteria are defined as follows:

- 1) **Timeliness:** When are global and detailed results of foreign trade statistics available?
- 2) **Accuracy:** Is cross-border trading of goods completely covered by foreign trade statistics or does non-response occur? Are declaration errors in the detailed results (e.g. in the combination of commodity code – country of origin) detected and corrected in a reliable manner?
- 3) **Data accessibility:** Are users able to obtain without problems the desired foreign trade data and does data dissemination use state-of-the-art technology (e.g. CD-ROM, online data transmission)?
Relevance: Do statistical offices provide data that are actually demanded and are a subject of public discussion? Do statistical offices endeavour to deal with new issues or tendencies?
- 4) **Comprehensibility:** Are published data comprehensible for non-experts?
- 5) **Comparability:** For foreign trade statistics, this refers to the question of whether the results of any country correspond to the mirror results of the partner country (that is, for example, whether German exports to France as shown in German statistics correspond to arrivals from Germany as recorded in France).
- 6) **Coherence:** Are the results of foreign trade statistics coherent with the results of other statistics covering items that are relevant for foreign trade?

The paper shows in detail the performance of German foreign trade statistics when judged by the six criteria. For some criteria, it is certainly not easy to objectively assess the current situation and to quantify the progress made. For instance, how should the "**relevance**" of foreign trade data be assessed? It is

attempted here as part of foreign trade statistics press activities to take up current issues. For example, in the context of the epizootic diseases FMD (Foot and Mouth Disease) and BSE (Bovine Spongiform Encephalitis), press releases and other information were published on foreign trade with meat products.

For other criteria, however, progress can be made only in cooperation with other German or EU authorities. This is true for **coherence** and **comparability**. To improve the comparability between German foreign trade data and those of partner countries, Germany regularly performs bilateral data comparisons with those partner countries. What has been found out for intra-Community trade is that a major cause of deviations is procedural differences in supplementary estimations. Eurostat intends to adopt legal provisions defining minimum standards and thus improving the comparability of intra-Community trade statistics.

As regards data **availability**, considerable progress has been made insofar as, parallel to the traditional paper publications, CD-ROMs are offered on monthly foreign trade data broken down by eight-digit commodity codes and in the countries/goods combination. Over the medium term, offering CD-ROMs might replace the paper publications. One of our publications containing major monthly results may also be obtained online from the Statistics Shop of the Federal Statistical Office.

There is no doubt that the most important criteria for the quality of foreign trade statistics are the **accuracy** and **timeliness** of results. After border controls were abolished in EU countries in 1993 and intra-Community trade statistics had to be introduced, the accuracy and timeliness of foreign trade statistics at first deteriorated all over the EU. This was because businesses have since then declared their intra-Community trading of goods direct to the statistical offices compiling intra-Community trade statistics, which means that this part of data collection has no longer been performed by customs authorities. Consequently, there was a considerable level of initial non-response for intra-Community trade statistics of the Member States, which was then reduced through reminding procedures. The timeliness and accuracy of German foreign trade statistics, however, has substantially been improved over the last few years by making increased use of technological progress. The summary table outlines the progress made in this context. Generally, the use of information technology in all areas of statistics production has been a major cause for the quality improvements achieved in foreign trade statistics.

This also contributes to achieving the goal of statistics being produced without switches between media – from collecting, checking and correcting data all the way to publishing them. Over the past few years, the importance of the "paper" medium has continuously been decreasing in the areas of declaration for foreign trade statistics, statistical processing of such declarations and publication of results, while the importance of electronic media and procedures has been increasing. So, in foreign trade statistics, too, the future will be characterised by modern EDP procedures and particularly the Internet as a medium for declaration and publication.

Timeliness and accuracy of German foreign trade statistics

Requirement	Progress
Timeliness criterion	
<p>EU has defined deadlines for the transmission of foreign trade data (weeks after the end of the reference month):</p> <p>a) extra-Community trade: 6 weeks b) intra-Community trade (global data): 8 c) intra-Community trade (detailed results): 10</p> <p><u>Legal bases:</u> Regulation (EC) No. 860/96 and Regulation (EC) No. 1125/94</p>	<p>Initial situation: Deadlines could not be met either for extra-Community trade or intra-Community trade. [The periods required for data transmission to Eurostat in 1996 were the following: extra-Community trade data and global intra-Community trade results: 10 weeks, intra-Community trade (detailed results): 15 weeks after the end of the reference month.]</p> <p>Today: All deadlines are met, and detailed intra-Community trade data are transmitted even before the deadline expires => Germany has a top rank among EU countries with regard to supplying current foreign trade data. The first press release containing monthly results by groups of countries is published 6 weeks after the end of the reference month.</p> <p>Reason: In intra-Community trade, data transmission on data carriers has continuously been extended and an online declaration system has been introduced ("w3stat" with currently some 7,000 users). Also, scanning has been improved for declarations on forms, so that the share of machine-readable declarations has increased. In extra-Community trade, the number of declarations made on customs forms (Single Administrative Document) was considerable; gains in timeliness have been achieved through increased use of scanning from the end of 2000. The ATLAS declaration system will lead to further improved timeliness through online data transmission from customs authorities to DESTATIS. That declaration system has been developed by customs authorities; it is still in the phase of being set up and accounts for just 3% of import declarations at present.</p>
Accuracy criterion	
<p>Covering foreign trade as completely as possible and quantifying transactions in goods not covered (due to non-response or threshold provisions)</p> <p>"Core data" should be informative. (Combinations of commodity codes, value data and country data)</p>	<p>Initial situation: Manual (computer-aided) checks are very important, requiring considerable staff capacities. Error correction for small-value consignments of goods is fully automated already now. Implausible declarations are checked through telephone or mail queries with the businesses concerned.</p> <p>In the early years of intra-Community trade statistics, there was a large number of non-response cases. Such cases are offset by global supplementary estimation (not allocated to commodity codes).</p> <p>Goal of the Federal Statistical Office: Further intensifying machine controls and concentrating manual checks on core characteristics.</p> <p>A project is currently being carried out on the allocation of supplementary estimates to goods in intra-Community trade statistics. Thanks to the reminder actions, non-response among the final intra-Community trade results has fallen to about 1% of the overall value, while non-response among arrivals is down to 5%.</p>

Diagram: Development of periods required for data transmission to EUROSTAT on a three-month-average

