



Quality Report: UK Trade-in-Goods Statistics

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1 Introduction

The purpose of this Quality Report is to provide users of Trade Statistics with a tool for assessing the quality of the UK's trade-in-goods statistics.

1.1 Trade Statistics

Statistics of the United Kingdom's overseas trade-in-goods have been collected for over 300 years by HM Revenue & Customs (HMRC) and its predecessors as part of Customs activities.

The Trade Statistics unit of HMRC is responsible for the collection, production and publication of external trade statistics, the Overseas Trade Statistics (OTS). These trade statistics are broadly compiled in accordance with the 'general trade' system of recording, which is described in the United Nations International Merchandise Trade Statistics Concepts & Definitions Rev.2.¹

From 1993 the data is collected separately for trade between the EU Member States, and between an EU Member State and a non-EU country.

Prior to 1993 statistics of UK imports from, and exports to all countries in the World were compiled from declarations made to HMRC (previously HM Customs & Excise) by importers, exporters or their agents.

The data is now published for imports (non-EU), exports (non-EU), arrivals (EU) and dispatches (EU).

In January 1999 to support the economic decision-making of the devolved Scottish Parliament, Assemblies and other regional bodies within the UK the Regional Trade Statistics (RTS) was created. The RTS is derived from the OTS and is published at Government Office region.

Information on the Regional Trade Statistics methodology can be found at <https://www.uktradeinfo.com/pagecontent/rtsdocuments/rtsmethodsrevision2007v3.pdf>

1.1.1 Trade with EU Member States-Intrastat

Statistics for UK arrivals (imports) from and UK dispatches (exports) to other Member States (MS) of the European Union (EU) are compiled from the Intrastat survey returns sent by traders or their agents to the Trade Statistics area in HMRC.

The Intrastat system is linked to businesses that are liable to pay Value

¹ <http://unstats.un.org/unsd/trade/imtssupplcompilersmanual.htm>

Added Tax (VAT) and has applied since 1993, with minor variations, in all EU MS. In the UK all VAT-registered businesses are required to complete two additional boxes on their VAT returns, which are normally submitted quarterly. These show the total value of exports of goods to customers in other MS (dispatches) and the total value of imports of goods from suppliers in other MS (arrivals).

Traders whose annual value of arrivals or dispatches exceed given (exemption) thresholds are required to provide an Intrastat declaration each month, showing full details of their arrivals (imports) and dispatches (exports) during the month. These thresholds are reviewed annually in order to balance the burden on business of the Intrastat system whilst maintaining the coverage by value of UK trade required by European Union legislation. These detailed Intrastat declarations cover approximately 97 per cent of the value of trade. For 2006 the exemption threshold was £225,000, rising to £260,000 for 2007 and 2008. For 2010 the coverage rate required by European Union legislation changed for arrivals from 97 per cent to 95 per cent. The dispatches capture rate remained unchanged at 97 per cent.

1.1.2 Trade with non-EU countries

Statistics of UK imports from and exports to countries outside the EU are compiled from Customs declarations made to HMRC by importers, exporters or their agents.

This covers merchandise crossing the national boundary of the country, including goods imported into and exported from Customs warehouses and free zones. Imported goods are recorded whether or not at the time of importation they are intended for use in the country or for re-export.

1.1.3 Regional Trade Statistics

The Regional Trade Statistics (RTS) is a National Statistic Output which is derived from the Overseas Trade Statistics. The prime users of the RTS are Other Government Departments and devolved administrations who use it to help decision making on regional economic activity. In addition to data for Scotland, Northern Ireland and Wales, the RTS produces a further breakdown of England into the 9 Government office regions.

RTS are produced using the Office for National Statistics (ONS) All Fields Postcode Directory and the HMRC Departmental Trader Register (DTR) in conjunction with the Overseas Trade Statistics.

The ONS Postcode Directory database is managed by ONS Geography and matches geographic units such as regions, counties and unitary authorities to 8-digit postcodes in the UK. The DTR database contains administrative details on every VAT-registered trader in the UK. The DTR is used to match the VAT registration number and branch identifier of the trader according to the

Overseas Trade Statistics to the current postcode recorded for that trader. Then the postcode of each trader is matched against the ONS postcode directory, this allows each trader to be assigned to a region and subsequently the RTS can be produced. The ONS postcode directory is updated on an annual basis and the DTR database is updated monthly.

1.2 National Statistics

The Overseas Trade Statistics and the Regional Trade Statistics are designated as National Statistics. The term 'National Statistics' refers to data that is produced by implementing the following eight principles of the Code of Practice for Official Statistics, as described on the UK Statistics Authority (UKSA) website www.statisticsauthority.gov.uk

1. Meeting user needs
2. Impartiality and objectivity
3. Integrity
4. Sound methods and assured quality
5. Confidentiality
6. Proportionate burden
7. Resources
8. Frankness and accessibility

1.3 What is Quality?

The word 'quality' can have many different interpretations and is impossible to define with one figure or statement. Much also depends on the context in which it is being used. The quality of National Statistics outputs is best defined in terms of how well the outputs meet users needs, or whether they are 'fit for purpose'².

It is recommended by the Office for National Statistics that providers of National Statistics outputs report quality in terms of the output quality dimensions of the European Statistical System (ESS)³. There are a number of quality measures and indicators that have been developed. Below are some of the key quality dimensions that are mentioned in this report.

The ESS output quality dimensions:

² Guidance on Quality, Methods and Harmonisation, UKSA, 2009

³ <http://ec.europa.eu/eurostat>

Relevance is the degree to which the statistical product meets user needs for both coverage and content.

Accuracy is the closeness between an estimated result and the (unknown) true value.

Timeliness & Punctuality. Timeliness refers to the lapse of time between publication and the period to which the data refer. Punctuality refers to the time lag between the actual and planned dates of publication.

Accessibility & Clarity. Accessibility is the ease with which users are able to access the data. It also relates to the format(s) in which the data is available and the availability of supporting information. Clarity refers to the quality and sufficiency of the metadata, illustrations and accompanying advice.

Comparability is the degree to which data can be compared over time and domain.

Coherence is the degree to which data that are derived from different sources or methods, but which refer to the same phenomenon, are similar.

1.4 Quality reviews

Quality is the most important aspect of National Statistics and all providers of National Statistics outputs were obliged to carry out a Quality Review⁴ of the output prior to the formation of the UKSA which came into effect on 1st April 2008.

The UKSA is now required to monitor and report on Official Statistics across the government and in the ONS, assessing the quality and integrity of key statistics against the Code of Practice for formal approval as National Statistics.

The UKSA's overall objective is to promote and safeguard the quality of Official Statistics that serve the public good.

2 Key Quality Measures

Key Quality Measures (KQM) are measures or indicators that are considered to be the most important out of all the quality measures that can be reported.

⁴ [National Statistics Quality Reviews: Office for National Statistics](#)

They are considered to be the most informative in providing the users of this output with an overall summary of the quality of the output.

There are KQM for five of the six ESS output quality dimensions that relate to both the Overseas Trade Statistics and the Regional Trade Statistics. Of the twelve KQM nine are relevant to the trade-in-goods data covered by this report.

Relevance

1. How the data relates to the needs of users
2. Known gaps between key user needs, in terms of coverage and detail, and current data

Comparability

3. Nationally/internationally agreed definitions and standards used

Accuracy

4. Total contribution to key estimates from imputed values
5. Editing rate
6. Estimated mean absolute revision between provisional and final statistics

Timeliness and Punctuality

7. Time lag from the reference date/period to the release of the provisional output
8. Time lag from the reference date/period to the release of the final output

Coherence

9. Comparison of estimates with other estimates on the same theme

3 Relevance

Trade-in-Goods Statistics are an instrument of primary importance for numerous public sector and private sector decision-makers. For example, Trade Statistics:

- enable European Community authorities to prepare multilateral and bilateral negotiations within the framework of the common commercial policy;
- enable Community authorities to evaluate the progress of the Single Market and the integration of EU economies;
- help companies to do market research and define their commercial strategy;
- are used within the UK in economic analysis and to help set interest rates; and
- constitute an essential source of information for the balance of payments (BoP) statistics and national accounts.
- support the economic decision-making of the devolved Scottish Parliament, Assemblies and other regional bodies within the UK

This demonstrates the diversity of the users and their needs. More detail on the uses made of trade in goods data can be found here - <https://www.uktradeinfo.com/Statistics/OverseasTradeStatistics/AboutOverseastradeStatistics/Pages/UserSupportOtherUsers.aspx>

Note that the Office for National Statistics (ONS) is responsible for the Trade in Services statistics, Balance of Payments (BoP) and National Accounts.

3.1 How the data relates to user needs

In common with other central government monthly business surveys, the Intrastat survey is reviewed every three years. Part of the review includes results of a survey on user satisfaction for users of trade-in-goods data.

According to the Intrastat Triennial Review 2009⁵, approximately 74 per cent of users were satisfied (Somewhat or completely) with the quality of statistics produced by HMRC and approximately only 15 per cent were dissatisfied

Among the results were the findings:

- commodity code was found to be the most important element that is utilised by companies. This is the case for both arrivals and dispatches;
- the elements that were found to be the least important are delivery terms and chapter (aggregated product group);
- when asked about the accuracy of the data the majority of respondents were satisfied; and
- when considering other trade data sources the largest proportion of respondents could not compare HMRC's trade data with any other

⁵ [Intrastat Triennial Review 2009](#)

sources. This could be because the respondent does not use any other source of data.

3.2 Known gaps between key user needs, in terms of coverage and detail, and current data

The Intrastat Triennial Review 2009 included user comments.

Specifically respondents recommended:

- the investigation into the feasibility of giving users access to multiple years of data at the same time when using the interactive tables. This is because some users require access to a wider period for economic analysis.
- Increase the presence of the uktradeinfo helpdesk contact details on the uktradeinfo website, especially through signposting from the interactive tables' area.
- Taking steps to improve user understanding of the data available to them by improving the metadata offered and its availability / linkage to other data products.

Generally 'unmet needs' relates to data which could potentially be disclosive either because it contains information about individual businesses or because it could allow such information to be deduced by matching it with other published data. HMRC therefore considers all requests for unpublished data on a case by case basis and will only release data which, after the application of strict disclosure control, does not release information about individual businesses into the public domain.

4 Accuracy

The aim of this section is to inform users of the problems faced and existing limitations in ensuring accurate information. Where measures of accuracy are known, they are included. This section also informs users of the work being undertaken to improve accuracy, either nationally or in the EU forum. ECSCM Trade Statistics are currently reviewing its error measures.

4.1 Coverage

One measure of the accuracy of the Overseas Trade Statistics is what share of the total trade the collected data accounts for.

4.1.1 Levels of thresholds

Both the European Union Intrastat and Extrastat legislation define thresholds below which traders do not have to provide detailed overseas trade information for the Intrastat survey, in the case of EU trade, or a customs declaration, in the case of non-EU trade.

4.1.1.1 Intrastat

Thresholds are set independently by each MS, in order to collect data that meet the coverage criteria required by Intrastat Commission Council Regulation (EC) No 638/2004 (as amended by Council Regulation 222/2009), as set by Eurostat⁶. For 2007 and 2008, this was 97 per cent by value, for arrivals and dispatches. Each MS submits the level of their thresholds, for both arrivals and dispatches, to Eurostat before the year of trade. The thresholds serve to balance the burden on business with the required coverage. All companies submit the total value of arrivals and dispatches as part of their VAT declaration, but only those above the threshold have to make detailed declarations.

In the UK, the exemption threshold was £260,000 for 2007 and 2008.

Table 1 shows the total value of trade collected and number of traders for the Intrastat survey for 2007 and 2008 broken down by flow.

The total trade has increased by 8.4 per cent in 2008 compared to 2007.

The declared trade from businesses for arrivals is 95 per cent for both 2007 and 2008. These are below the 97 per cent EU requirement due to the inclusion of the MTIC estimates⁷ in total trade. These MTIC estimates are made for the impact of Missing Trade Intra-Community (MTIC) fraud on the Trade Statistics.

For dispatches, the declared trade is between 96 and 97 per cent for the years 2007 and 2008.

Table 1: Intrastat trade by flow, 2007 to 2008

£millions						
Year	Arrivals		Dispatches		Total trade	
	Value	Number of traders	Value	Number of traders	Value	Number of traders
2007	169,809.4	25,633	126,623.2	20,110	296,432.6	34,572
2008	180,716.6	25,143	140,637.0	21,020	321,353.7	35,021

Source: Overseas Trade Statistics, HMRC

The percentage of businesses required to submit Intrastat declaration who trade with the EU was approximately 19.1 per cent for arrivals in 2007 decreasing to 18.7 per cent in 2008. For dispatches the value is approximately 19.9 per cent in 2007 decreasing to 19.6 per cent. This indicates that the

⁶ Statistical Office of the European Communities.

⁷ [Further Missing Trade Fraud Research](#)

administrative burden on the number of businesses required to submit Intrastat declarations are decreasing.

4.1.1.2 Extrastat

For 2007 and 2008, according to Commission regulation (EC) 1917/2000 (as amended by Commission regulation (EC) No 1669/2001), statistical offices will process all declarations exceeding the statistical threshold of €1,000 or 1,000kg (the value of the threshold applied in the UK is £600). Statistics are compiled for declarations below the statistical threshold, however these are at an aggregated level.

Table 2 shows the total value of non-EU trade collected from customs declarations and number of traders making declarations.

The total trade increased by 8.8 per cent in 2008 compared to 2007.

Table 2: Extrastat trade by flow, 2007 to 2008

Year	Imports		Exports		Total trade	
	Value	Number of traders	Value	Number of traders	Value	Number of traders
2007	143,089.5	113,101	91,805.7	72,148	234,895.2	140,201
2008	163,118.6	111,513	92,542.3	75,727	255,660.9	142,463

Source: Overseas Trade Statistics, HMRC

4.1.2 Below Threshold Trade – Intrastat

Detailed trade information is only collected from traders above the Intrastat threshold, so Trade Statistics estimates detail for below threshold trade.

In the UK, there are two methodologies used to calculate the Below Threshold Trade Allocation (BTTA) – the Monthly Allocation and the Annual Allocation (see OTS methodology⁸). Both methodologies assume that the detailed pattern of trade below the threshold is similar to that of trade just above the threshold. In UK trade publications, BTTA is included in trade and reported at 8-digit commodity code level for each MS. The BTTA estimates are also

⁸ <https://www.uktradeinfo.com/Statistics/OverseasTradeStatistics/AboutOverseastradeStatistics/Pages/PoliciesandMethodologies.aspx>

available at 2-digit Standard International Trade Classification (SITC) level for each MS⁹.

Table 3 shows that the Below Threshold Trade estimate accounts for between 2 and 3 percent of the total trade for the years 2007 and 2008. This is in line with the EU requirement in 2007 and 2008 for BTTA which is not to exceed 3 per cent of the total trade figure.

Table 3: BTTA trade by flow, 2007 to 2008

£millions and percentages

Year	Arrivals		Dispatches		Total trade	
	Value	Percentage of total trade (%)	Value	Percentage of total trade (%)	Value	Percentage of total trade (%)
2007	4,187.3	2.5	3,599.9	2.8	7,787.1	2.6
2008	4,232.5	2.3	3,678.5	2.6	7,911.1	2.5

Source: Overseas Trade Statistics, HMRC

4.1.3 Adjustments for non response – Intrastat

All Intrastat declarations are due to be submitted by the end of the month following the month of the movement of the goods. Despite being a legal requirement, some traders submit their declarations late. Estimates need to be made for their trade.

In the UK, when traders fail to provide declarations for a given month, estimates of missing trade are made for each of these traders. These estimates are published separately from declared trade figures, at 2-digit SITC level only (see OTS methodology¹⁰). Note: Estimates are not included for partial response i.e. when traders submit some but not all of their trade for a particular. However from January 2010 changes were made to the estimation process to include partial response estimates as part of the non response adjustment to monthly trade. Also from January 2009 non-response estimates were also calculated at the 2 digit level of the Harmonised System¹¹ of commodity classification in line with EU legislation.

In addition, estimates are made for the impact of Missing Trade IntraCommunity¹² (MTIC) fraud on the Trade Statistics. These estimates are

⁹ <http://unstats.un.org/unsd/trade/sitcrev4.htm>

¹⁰ <https://www.uktradeinfo.com/Statistics/OverseasTradeStatistics/AboutOverseastradeStatistics/Pages/PoliciesandMethodologies.aspx>

¹¹ Harmonised Commodity Description and Coding System (Harmonised System or HS for short) <http://www.wcoomd.org/>

¹² [Further Missing Trade Fraud Research](#)

for the value of missing arrival (EU trade) declarations. These monthly estimates are added to Chapter 99 (2 digit Combined Nomenclature¹³ commodity classification, where EU Member States allocate the trade which cannot be classified elsewhere), but there is no netmass or supplementary unit or partner country detail. From January 2009, the MTIC fraud estimate is broken down at chapter level and included in the chapter totals rather than in chapter 99. The fraud affects Trade Statistics in most, if not all, MS, but the UK is the only MS to adjust its Trade Statistics.

The non-response trade estimate excluding MTIC for 2007 and 2008 is approximately 0.9 and 1.3 per cent per cent for arrivals where as the estimate is between 0.1 and 0.3 per cent for dispatches for the years 2007 and 2008 (table 4).

Table 4: Non response trade by flow, 2007 to 2008

£millions and percentages

Year	Arrivals		Dispatches		Total trade	
	Value	Percentage of total trade (%)	Value	Percentage of total trade (%)	Value	Percentage of total trade (%)
2007	1,453.8	0.9	885.2	0.1	2,339.1	0.8
2008	2,345.6	1.3	589.9	0.3	2,935.5	0.9

Source: Overseas Trade Statistics, HMRC

4.1.4 Total contribution to key estimates from imputed values

The key estimate from the Overseas Trade Statistics is the value of trade. All declared trade is used during the production process to help estimate for trade that has not been declared.

Adjustments need to be added to the declared trade figure to estimate the total trade. Table 5 shows the contribution to the total trade figure for adjustments made for

- Below Threshold Trade
- Non-response
- Missing Trader Intra Community (MTIC) fraud related trade

Table 5 shows that the total value of these three estimates for arrivals was around 5 per cent for arrivals and 3 to 3.5 per cent for dispatches for the years 2007 and 2008.

In 2007 UK was authorised by the EU Commission to introduce a special measure derogating from Article 1993 of Directive 2006/112/EC in order to

¹³ The Combined Nomenclature (CN) classifies goods to an 8-digit number, termed the commodity code http://europa.eu/legislation_summaries/customs/111003_en.htm

combat MTIC fraud. This derogation was authorised by Council decision 2007/250/EC of 16 April 2007. The reverse charge derogation was implemented in June 2007 to combat MTIC fraud. Under this procedure the purchaser of these goods, rather than the seller, is liable to account for the VAT on the sale. The supplier will not charge VAT, but will have to specify on the invoice that the reverse charge applies. Provided that the purchaser has correctly accounted for the VAT under the reverse charge procedure, he will retain the right to input tax recovery, subject to the normal rules. This will mean the exporter of these goods from the UK will be unable to reclaim VAT unless they have paid it so reducing the opportunity to commit this type of fraud.

Table 5: BTTA+Non-response+MTIC by flow, 2007 to 2008

£millions and percentages

Year	Arrivals		Dispatches		Total trade	
	Value	Percentage of total trade (%)	Value	Percentage of total trade (%)	Value	Percentage of total trade (%)
2007	7,780.2	4.6	4,485.1	3.5	12,265.3	4.1
2008	8,850.3	4.9	4,268.5	3.0	13,118.7	4.1

Source: Overseas Trade Statistics, HMRC

4.2 Simplification

In order to balance the burden of providing data against quality requirements, EU legislation allows simplified reporting. This includes;

- use of thresholds below which reporting requirements are reduced
- use of single commodity codes for low value items
- data collection for specific movements, those goods where by their nature a specific methodological provision is necessary to estimate the trade data.

The exemption thresholds described in section 4.1.1 above are an example of the first type of simplification. Another example for Intrastat is outlined below.

4.2.1 Statistical Value

Trade figures are published as 'statistical value', i.e. the value of goods at the border of the declaring country. It may differ from the amount specified on the sales agreement (the invoice value) as a result of the delivery terms used in

the transaction (see OTS Methodology¹⁴). The total value adjustment made is termed the ancillary costs.

The difference between Statistical value and Invoice value for arrivals (ancillary costs) is 0.2 and 0.3 per cent for 2007 and 2008 respectively.

Table 6: Difference between Statistical value and Invoice value for arrivals, 2007 to 2008

£millions and percentages				
Year	Statistical value	Ancillary costs	Invoice value	Percentage difference (%)
2007	163,416	385	163,031	0.2
2008	174,109	462	173,646	0.3

Source: Overseas Trade Statistics, HMRC

The difference in the Statistical value and Invoice value for dispatches (ancillary costs) is 0.4 and 0.5 per cent for 2007 and 2008 respectively.

Table 7: Difference between Statistical value and Invoice value for dispatches, 2007 to 2008

£millions and percentages				
Year	Statistical value	Ancillary costs	Invoice value	Percentage difference (%)
2007	122,648	-474	122,174	-0.4
2008	136,623	-662	135,961	-0.5

Source: Overseas Trade Statistics, HMRC

All trade statistics data are published based on the cost of the good (statistical value) when it enters/leaves the statistical territory. For EU imports (arrivals) this is based on a CIF (carriage, insurance and freight) basis and for EU exports (dispatches), this is based on a FOB (Freight on Board) basis.

4.2.1.1 – Intrastat

The UK implements a Delivery Terms Threshold¹⁵. To balance the burden on business in submitting statistical value on the Intrastat declarations, the UK collects invoice value and then converts these values into statistical value. In order to do this delivery terms information is collected from some of the traders. The current Delivery Terms Threshold limits the collection of delivery terms from traders whose combined EU trade accounts for up to 70% of total trade by value.

¹⁴ <https://www.uktradeinfo.com/Statistics/OverseasTradeStatistics/AboutOverseastradeStatistics/Pages/PoliciesandMethodologies.aspx>

¹⁵ The Delivery Terms Threshold sets the level below which traders do not need to submit information on Delivery Terms as part of their Intrastat declarations

Any business whose total trade fell below this threshold no longer has any obligation to supply delivery terms on their declarations. The delivery terms thresholds were £14.5 million for 2007 and 2008. The thresholds are applied separately to arrivals and dispatches.

Table 8 shows the number of traders submitting delivery terms by flow for 2007 and 2008, as well as those who are required to (above the delivery terms threshold). Approximately 5.8 per cent of arrival traders and 5 per cent of dispatch traders are required to submit delivery terms. The data shows that approximately 60 to 65 per cent of traders voluntarily submit delivery terms information.

Table 8: Delivery terms by flow, 2007 to 2008

Year	Arrivals		Dispatches		Total trade	
	Traders submitting delivery terms	Traders over the delivery terms threshold	Traders submitting delivery terms	Traders over the delivery terms threshold	Traders submitting delivery terms	Traders over the delivery terms threshold
2007	16,196	1,506	14,153	997	22,905	2,053
2008	15,066	1,607	14,066	1,078	21,997	2,191

Source: Overseas Trade Statistics, HMRC

4.2.1.2 – Extrastat (non-EU)

UK traders are required to provide more information on the Single Administrative Document (required to clear the goods for non-EU trade at ports) than they provide for Intrastat. On entry or leaving the statistical territory of the Community, they provide this additional information which includes statistical value when they complete the Customs formalities at the ports.

4.3 Controls

In this section we look at the control procedures that are used in the production of the Overseas Trade Statistics. This includes checks for completeness, validity and credibility.

4.3.1 Number of Providers of trade declarations

The level of the Intrastat assimilation threshold determines the number of traders that provide statistical information. For 2008 the Intrastat Register has about 31,000 traders who provide declarations for EU trade. The higher the threshold is set, the lower the number of traders included, and vice versa. There are approximately 140,000 traders for non-EU trade. In January 2010 the introduction of two different Intrastat assimilation thresholds for has led to

approximately 27,000 traders on the Intrastat register who are legally required to submit.

4.3.2 Number of lines

Table 9 shows the number of non-EU lines and EU lines of trade that contributed to the OTS, and the number of electronic submissions with percentage of the total number, for the years 2007 and 2008 for the four trade flow types. The electronic submissions are at 100 per cent for imports and at 98.5 per cent for exports for 2007 and 2008. There has been a 2.1 percentage point increase in the number of electronic submissions for arrivals and 1.3 percentage point increase for dispatches in 2008 compared to 2007.

Table 9: EU and Non EU lines of trade, 2007 to 2008

Flow	2007		Numbers and percentages			
	Number of lines	Electronic Submissions by number	Electronic Submissions by number (%)	Number of lines	Electronic Submissions by number	Electronic Submissions by number (%)
Arrivals	16,162,846	14,645,967	90.6	17,528,717	16,254,037	92.7
Dispatches	21,649,545	20,126,280	93.0	23,650,280	22,296,892	94.3
Imports	7,121,673	7,118,786	100.0	7,230,283	7,227,571	100.0
Exports	3,699,975	3,645,747	98.5	3,833,159	3,777,241	98.5

Source: Trade Statistics, Management information, HMRC

4.3.3 Validity checks

Validity failures occur when the data submitted by the trader is incorrect, as it does not meet some form of pre-defined eligible criteria. Any item of trade that fails validity will not be included in the Trade Statistics until it has been corrected. (Note all validity failures in UK trade submissions are corrected).

The main types of validity error are:

- incorrect or missing commodity codes (what the goods are);
- incorrect or missing country codes (where the goods are from/going to);
- missing values;
- incorrect or missing port codes (where the goods were landed) — non-EU trade only;
- incorrect procedure codes (what type of transaction e.g. sale or return);
- declaring non-EU trade declarations on Intrastat documentation and vice versa; and
- character data in a numeric field or vice versa.

The number of items¹⁶ and value of total trade and validity failures for each flow are shown in Tables 10 and 11 for the years 2007 and 2008 respectively. The values of items in tables 10 to 13 will differ from the values in tables 1 and 2, as these figures exclude any revised trade, late declarations, BTTA, non response estimates and MTIC related trade.

The number of items failing validity in the year 2007 was between 0.5 per cent and 1.3 per cent of the total number of items for the four trade flow types in table 10.

Table 10: Total trade and validity failures by flow, 2007

Flow	Total number of items	Value of items (£m)	Numbers and £million	
			Number of items failing validity	Value of items failing validity (£m)
Arrivals	3,994,899	170,917	52,547	3,276
Dispatches	5,141,895	126,691	57,096	883
Imports	7,121,673	164,707	37,112	3,725
Exports	3,699,997	94,245	44,625	1,212

Source: Trade Statistics, Management Information, HMRC

The number of items failing validity in the year 2008 was between 0.5 per cent and 1.0 per cent of the total number of items for the four trade flow types in table 11. There was a 0.5 percentage point decrease in the number of validity failures for both arrivals and dispatches compared to 2007.

From 2007 to 2008 there was a 37.8 per cent decrease in the number of validity failures for arrivals and a 42.4 per cent decrease for dispatches. For imports and exports there was an 8.2 per cent and a 6.6 per cent decrease in the number of validity failures respectively. The value of the items failing validity increased for Non EU trade from 2007 to 2008. This was due to the effect of the Single Administrative Document (SAD) Harmonisation¹⁷ being introduced. More information can be found on the www.hmrc.gov.uk website.

¹⁶ Items is a term used to describe declared lines of trade that have been consolidated by common variables.

¹⁷ <https://www.gov.uk/government/publications/import-and-export-single-administrative-document-full-8-part-set-c88-1-8>

¹⁸

<https://www.uktradeinfo.com/Statistics/OverseasTradeStatistics/AboutOverseastradeStatistics/Pages/PoliciesandMethodologies.aspx>

Table 11: Total trade and validity failures by flow, 2008

Numbers and £million

Flow	Total number of items	Value of items (£m)	Number of items failing validity	Value of items failing validity (£m)
Arrivals	3,950,796	178,517	32,674	3,094
Dispatches	5,404,925	138,356	32,908	694
Imports	7,230,283	190,798	34,076	5,545
<u>Exports</u>	<u>3,833,159</u>	<u>116,838</u>	<u>41,661</u>	<u>1,518</u>

Source: Trade Statistics, Management Information, HMRC

4.3.4 Credibility checks

Credibility failures occur when declared items of trade seem inconsistent with expected values (price/weight/number of units ratios) based on the trends in historic data (see OTS methodology¹⁸). This indicates that the data may not be credible and further investigation should be considered. Within the Trade Statistics unit, due to limited resources, credibility failure investigations are tiered to examine the items of trade that are high risk and would have the greatest impact on the trade statistics.

Tables 12 and 13 show the number and value of items that were highlighted using the credibility checking system for each flow for the years 2007 and 2008 respectively.

The number of items failing validity was between 1.0 and 3.1 per cent of the total number of items for the four trade flow types for both 2007 and 2008 in tables 12 and 13.

From 2007 to 2008 there was a 5.9 per cent increase in the number of credibility failures for arrivals and an 8.1 per cent increase for dispatches. For imports and exports there was 33.9 per cent decrease and a 13.2 per cent increase in the number of credibility failures.

The value of the credibility failures increased for both Non EU and EU trade from 2007 to 2008. This is due to the introduction of an improved credibility outlier detection system. Over the years the Trade Statistics Unit has worked towards lowering the credibility failure thresholds by using the detection system, so that more items that may not be credible can be checked. This has been achieved by improving work processes and efficiencies.

Table 12: Total trade and credibility failures by flow, 2007

Flow	Numbers and £million			
	Total number of items	Value of items (£m)	Number of items failing credibility	Value of items failing credibility (£m)
Arrivals	3,994,899	170,917	74,558	58,151
Dispatches	5,141,895	126,691	55,520	36,134
Imports	7,121,673	164,707	223,323	58,691
Exports	3,699,997	94,245	90,982	25,937

Source: Trade Statistics, Management Information, HMRC

Table 13: Total trade and credibility failures by flow, 2008

Flow	Numbers and £million			
	Total number of items	Value of items (£m)	Number of items failing credibility	Value of items failing credibility (£m)
Arrivals	3,950,796	178,517	78,966	64,565
Dispatches	5,404,925	138,356	60,034	49,980
Imports	7,230,283	190,798	147,651	77,887
Exports	3,833,159	116,838	102,997	43,382

Source: Trade Statistics, Management Information, HMRC

4.3.5 Editing Rate

The Key Quality Measure 'Editing Rate' is defined as

$$\text{Editing Rate} = \frac{\text{Number of units changed by editing}}{\text{Total number of units}}$$

The editing rate indicates how many units are corrected out of the total number of units received each month. The units changed by editing refer to the corrected credibility failures. A total for each year is compiled to obtain the editing rate for each type of flow of trade.

Table 14 shows the editing rates for each trade flow type for 2007 and 2008. The editing rate is the same for arrivals and dispatches for both years. There was a 0.1 percentage point decrease in imports and a 0.1 percentage point increase in exports in 2008 compared to 2007.

Table 14: Editing rate for EU and non EU trade, 2007 to 2008

Flow	Percentages	
	2007	2008
Arrivals	0.2	0.2
Dispatches	0.1	0.1
Imports	0.2	0.1
Exports	0.2	0.3

Source: Trade Statistics, Management information, HMRC

4.3.6 Controls using other data sources

The purpose of these secondary sources is to provide supplementary information to the reported trade data. This secondary information can be used in checking the credibility of the data or as verification that declarations have been made.

4.3.6.1 VAT returns (EU trade)

The Trade Statistics branch uses the information supplied on the VAT returns for five main purposes:

- to establish a register of EU traders;
- to determine an exemption threshold above which traders will submit Intrastat trade declarations;
- to determine which traders exceed the thresholds for delivery terms purposes;
- to provide a crosscheck with the Intrastat declarations (quality assurance); and
- to provide estimates of the total value of trade carried out by traders below the exemption threshold.

Note that VAT declarations are made on a three month stagger by most companies. Large companies may make monthly VAT declarations.

4.3.6.2 Shipment of oil (Dispatches/Exports)

Reports are received from the Department of Energy and Climate Change (DECC) and a number of ports concerning the shipment of oil. Trade Statistics checks that all the shipments of oil have been declared by comparing the reports received against their corresponding Intrastat and customs declarations. If a shipment of oil has not been declared then Trade Statistics estimates the value of the oil (based on a current price per tonne) incorporating this in the external trade statistics.

4.3.6.3 Aircraft/Vessels

Trade Statistics receive trade declarations for aircraft and vessels. However external sources are used to credibility check the declaration to these items being large values. Information about the import and export of aircraft is checked against the Civil Aviation Authority (CAA) website and Aviation News. Any vessels declared are cross checked against Ships Monthly which is a magazine dedicated to the shipping industry. If an aircraft or vessel has not been declared, contact is made with the companies, requesting that they review their records and make a Intrastat or customs declaration as necessary. This can result in a number of late trade amendments.

4.4 Revisions

As with many economic statistics produced by the Government Statistical Service, the Overseas Trade Statistics (OTS) and the Regional Trade Statistics (RTS) are released as provisional figures. This balances the need for timeliness of first publication of this data, and level of accuracy of the data published. The trade data are subject to scheduled monthly revisions due to late submission of data and corrections from traders. Any particular month remains 'provisional' for up to 15 months following the month to which the data refers, or until the following August (in the next calendar year), whichever is earlier.

Where errors in published data are identified after the statistics are finalised, consideration will be given to revise the data. If a decision is made in favour of changing the published data, any such change will be classed as an unscheduled revision. An un-scheduled revision will be made if it results in a substantial change to the interpretation of the data. Trade Statistics publishes a policy on revisions to the Overseas Trade Statistics on its website uktradeinfo.com¹⁸.

Tables 15 and 16 illustrate the percentage changes for aggregated data from first publication to their close for the years 2007 and 2008, for arrivals and dispatches respectively. This is due to how EU trade is regulated under EU law. The free movement of goods allows business to submit their Intrastat declarations after the goods have moved. This leads to some businesses only partially submitting a full Intrastat declaration by the deadline. To compensate for this partial and non response declaration from businesses are estimated in the trade statistics data. Therefore the EU data trade statistics are subject to more revisions than Non EU trade data.

For arrivals, there was a 3 per cent increase in the final released data for 2007 and 1.5 per cent rise for 2008 (table 18).

Table 15: Percentage change of total trade from first publication to close, Arrivals, 2007, 2008

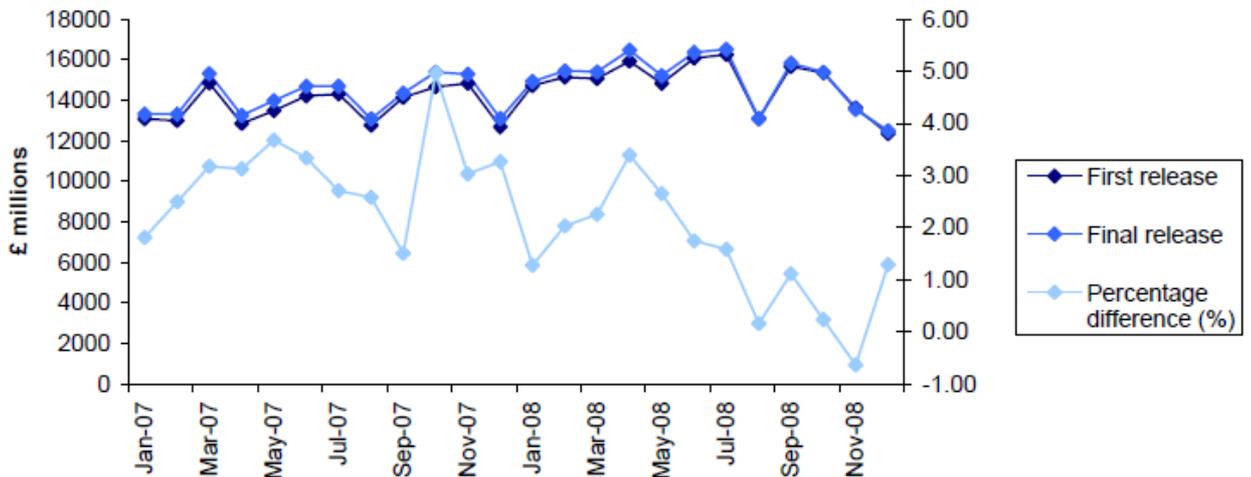
£millions and percentages				
Year	First release	Final release	Difference	Percentage difference (%)
2007	164,882	169,809	4,927	3.0
2008	178,104	180,717	2,613	1.5

Source: Overseas Trade Statistics, HMRC

¹⁸ [UK Trade Info: Suppressions and Revisions](#)

Fig 1 shows the difference between the first and last release data and the percentage difference for arrivals for each month for 2007 and 2008

Fig 1: Difference between first and last release data, arrivals, 2007, 2008



For dispatches, there was a 1.5 per cent increase in the final release data for 2007, and a 1.8 per cent rise in 2008 compared with the first release (table 16).

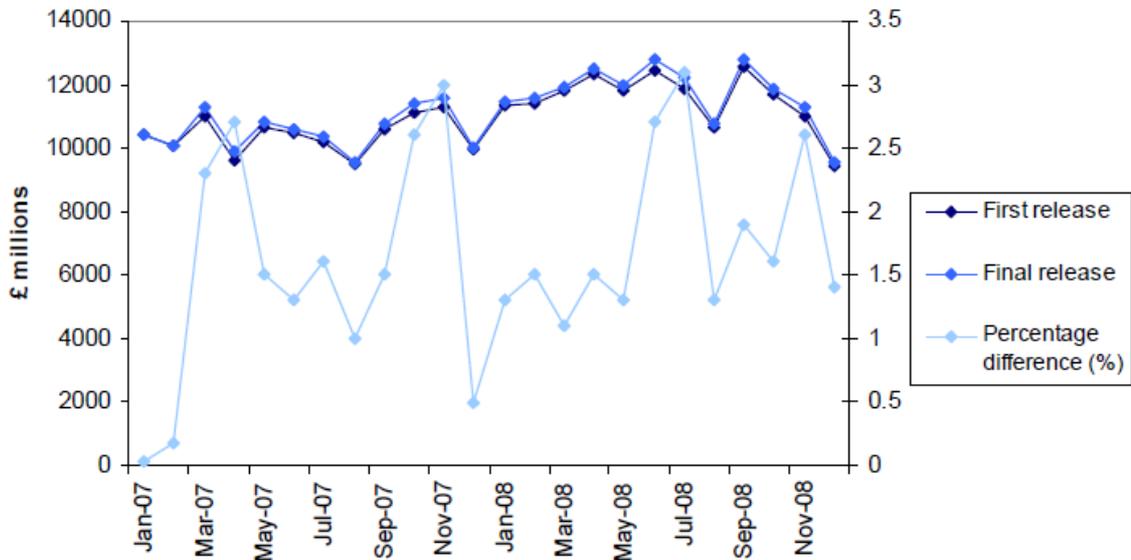
Table 16: Percentage change of total trade from first publication to close, Dispatches, 2007, 2008

Year	£millions and percentages			
	First release	Final release	Difference	Percentage difference (%)
2007	124,711	126,623	1,912	1.5
2008	138,169	140,637	2,468	1.8

Source: Overseas Trade Statistics, HMRC

Fig 2 shows the difference between the first and last release data and the percentage difference for dispatches for each month for 2007 and 2008. It can be seen that there is a consistent revision bias with the overseas trade estimate needing to be upwardly revised from first release to final release. In January 2010 the Trade Statistics Unit introduced a new method of non response estimation which includes partial response. It is envisaged that this will correct the revision bias.

Fig 2: Difference between first and last release data, dispatches, 2007, 2008



4.5 Confidentiality

There are two main types of Confidentiality System used in Official Statistics.

An 'Active' confidentiality system involves evaluating all data. Data that may reveal the commercial activities of an individual business would be automatically suppressed. This is the standard for Official Statistics. Under 'Passive' confidentiality, data is only suppressed if a request for suppression is granted.

Therefore, under a passive confidentiality system it is perfectly acceptable to publish disclosive data. Any data for which a suppression has not been requested, regardless of whether such data reveals commercial activities or not, will be published.

When publishing the OTS, HMRC follows a system of passive confidentiality. Requests for suppressions from a business or government department are evaluated and applied at 8-digit commodity code level as required by European Legislation. Due to this requirement Overseas Trade Statistics are exempt from the active confidentiality normally applied under the UK Statistics Authority's Code of Practice for Official Statistics.

HMRC is committed to making available the maximum amount of trade information to statistics users, while at the same time protecting the interests of individual businesses. Therefore, when a request for data suppression is received, HMRC will require specific justification for the request and will analyse its data records to verify the figures involved. A decision will be made based upon this set of information. Where a request is granted, an annual review will be conducted to establish whether or not it continues to be justified.

Whether data is partly or completely suppressed, suppressed commodity codes are re-introduced in higher-level aggregations where it is no longer

possible to identify or deduce data for an individual commodity code. This allows complete data to be made available to users under broad commodity headings or at grand total level. For practical purposes, the level of aggregation at which data are disclosed is SITC (Standard International Trade Classification) group (3 digit) or HS (Harmonised System) chapter (2 digit) level.

Regional Trade Statistics (RTS) data is only available and published at the aggregated SITC division (2-digit) level for Sections 1 to 8 and at Section level (1-digit) for section 9 of the SITC. No further suppressions are applied to published data. As RTS data is only published at this aggregated level, none of the commodity code based suppressions used in Overseas Trade Statistics are applied to RTS data.

Information on suppression can be found on www.uktradeinfo.com.

4.6 Regional Trade Statistics

The RTS compilation process matches the trader information and trade data with the contents of the 'ONS All Fields Postcode Directory', to include the trader's geographic information on every line of trade declared by that trader. Aggregation at the product level is achieved by matching commodity information with various accepted classification systems.

Table 17 shows the match rate of trade data at HS6¹⁹ allocated to the unknown region. This occurs when the trade data cannot be matched to any of the nine government office and three country regions of the UK.

Table 17: RTS match rate of postcode and trade data allocated to the unknown region

Flow	Percentages	
	2007	2008
Arrivals	10.7	11.9
Dispatches	7.3	7.4
Imports	3.4	3.2
Exports	5.8	4.5

Source: Trade Statistics, Management information, HMRC

5 Timeliness & Punctuality

The timing of the publication of Overseas Trade Statistics (OTS) is affected by balancing the requirements of the EU legislation that governs the collection of international trade data and the burden this places on businesses. It is also affected by the publication timetable of the ONS Balance of Payments

¹⁹ http://www.wcoomd.org/home_hsoverviewboxes_hsoverview_hsharmonizedsystem.htm

Statistical Bulletin on UK Trade which uses data collected for Overseas Trade Statistics.

EU legislation requires provision of aggregate EU and non-EU data and detailed non-EU trade data at 40 calendar days after the end of the reference month. UK businesses need not supply returns, containing detailed data on their Intra-EU trade, until the end of the month following the reference month (most EU Member States have a 10 to 15 day deadline). Detailed non-EU data is available to be published up to 4 weeks after the reference month.

However, HMRC does not publish this data until the estimates derived from it are published by ONS in the monthly UK Trade Statistical Bulletin.

The OTS EU publication of detailed data occurs one week after the publication of the OTS non-EU equivalent, to allow for additional processing of the Intrastat survey used to collect Intra-EU trade data.

Non-EU detailed data is published, on average, 42 calendar days following the reference period.

EU detailed data is published on average 50 calendar days following the reference period.

The printed monthly OTS publications are published and available in book shops a few weeks later.

The timing of the RTS publication is approximately 3 weeks after the release of the latest quarterly EU OTS data. This is to allow time for the production of the RTS, which is derived from the OTS and subsequent quality assurance.

Table 18 shows the number of days between sending the data to Eurostat and the legislative target for each month for 2007 and 2008. The negative sign indicates the UK is ahead of the legislative target date by the specified number of days.

The aggregate data was sent on the target dates, and on occasions between three and five days ahead for both 2007 and 2008. The EU data was sent between 20 and 28 days in advance of the target dates (table 18).

There were instances in both 2007 and 2008, where the Non EU data 42 day delivery targets were missed. This was due to the restriction of not releasing the data until the publication of the ONS bulletin.

Table 18: Time table for aggregated and detailed Intra and Extra trade release, 2007, 2008

	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Aggregate Legal delay (40 days)	2007	0	-5	0	-3	0	0	-4	-1	-1	0	0	-4
	2008	-1	0	-3	0	-1	-3	0	-1	-3	-1	0	0
Non EU data Legal delay (42 days)	2007	-1	1	0	1	-2	-4	0	-3	-3	2	-1	1
	2008	1	-1	1	0	-5	0	0	-4	0	-3	0	-1
EU data Legal delay (70 days)	2007	-27	-23	-28	-21	-20	-28	-22	-25	-28	-23	-25	-20
	2008	<u>-24</u>	<u>-25</u>	<u>-21</u>	<u>-23</u>	<u>-28</u>	<u>-21</u>	<u>-24</u>	<u>-28</u>	<u>-22</u>	<u>-25</u>	<u>-21</u>	<u>-23</u>

Source: Eurostat

6 Accessibility

6.1 Accessibility

Statistical data has the most value when easily accessible by all users under equal conditions, and is available in the formats that users require.

The most detailed results, published by Trade Statistics and Eurostat, can be accessed by the public and are broken down by sub headings of the Combined Nomenclature (CN) – (the maximum level of detail for CN is 8 digits). Data broken down by CN are available on the [uktradeinfo](http://uktradeinfo.com) website. This tariff and statistical classification is based on the international classification known as the Harmonised System (HS) – (depending on the level of breakdown, this could be 1 – 6 digits). Certain results are presented in accordance with SITC, which is managed by the United Nations (UN). Data broken down by SITC are available on the [uktradeinfo](http://uktradeinfo.com) website and from the OTS hardcopy books. Information is available on the www.uktradeinfo.com website to assist customers in comparing CN and SITC codes by using predefined correlation tables.

Detailed data on trade in goods, and other trade information, is available free of charge on the website www.uktradeinfo.com. In addition, Trade Statistics provide information on trade in goods to a number of data retailers who then supply tailor-made products to their customers at a charge.

Aggregate, Non EU and EU data on trade in goods from HMRC are supplied to ONS for use in a monthly press release (UK Trade First Release), which focuses on the changing balance of trade in goods and services for EU and non-EU trade. ONS also make use of trade data supplied by HMRC in a number of other regular publications. Further details are available from ONS

Customer Contact Centre, telephone +44 (0) 845 604 1857, e-mail info@ons.gsi.gov.uk or visit the National Statistics website www.ons.gov.uk for free data and reports.

UK Regional Trade in Goods Statistics (RTS) was launched in January 2000 as a Statistical Press Release. This publication provides EU and non-EU trade statistics for 12 different regions of the UK (NUTS 1)²⁰, and contains information on the value of exports and imports together with the number of trading companies, for each region. RTS data is available on www.uktradeinfo.com.

Available paper publications on external trade statistics

In the UK, four series of OTS publications are produced -

OTS1: UK Trade with countries outside the EU (monthly publication - non-EU trade)

OTS2: UK Trade with the EU and the World (monthly publication - EU and non-EU Trade)

OTSQ: UK Trade with the EU (quarterly publication - EU trade)

OTSA: UK Trade with the EU and the World (annual publication - EU and non-EU trade).

An additional Guide to the Classification for Overseas Trade Statistics (**OTSG**) is published annually.

6.2 Clarity

Clarity of the data is a measure of the assistance provided in using and interpreting the statistics. The figures must be accompanied by appropriate metadata, so that the user can understand and interpret them correctly. The Overseas Trade Statistics (OTS) and all briefings, reports and methodology documents on uktradeinfo.com have been analysed to gauge whether the metadata tags associated with each output comply with the wider e-gov metadata standard²¹. The following points found were:

- Each output has metadata associated with that specific output such as first release data and OTS, RTS tables
- All the outputs have the mandatory metadata tags associated with them.
- Additional optional tags are not consistent for each output.
- The format of the metadata list for each is inconsistent.
- The interactive tables are generated by the customer as per requirements, therefore the metadata tags would be generated by the

²⁰ Nomenclature of Territorial Units 1= regional

²¹ <http://www.nationalarchives.gov.uk/documents/information-management/egms-metadata-standard.pdf>

customers and uktradeinfo do not have to generate these for the tables.

- The FAQ section for unscheduled revisions is useful additional metadata.
- The metadata tags for other outputs to external and internal customers are specific to individual customer requirements

There are a range of resources which provide the metadata for the OTS on uktradeinfo such as:

- About OTS data – Web commentary
- Understanding OTS data
- The OTS and RTS methodology documents
- OTS quality information – statement of adherence to EU legislation
- Quality and Asymmetry reports
- Revisions and Suppressions policy
- Estimation methodologies for net mass and non-response
- ICN online etc

7 Comparability

Here comparability refers to the extent to which data can be compared over time and domain.

7.1 Nationally/internationally agreed definitions and standards used

The legislation governing International Trade Statistics is contained in four EU regulations, and based on the United Nations International Merchandise Trade Statistics: Concepts and Definitions. These broadly cover the physical flow of goods across national borders, which then enter into free circulation.

7.2 Mirror Statistics

Mirror Statistics are reconciliation exercises comparing one country's imports/arrivals from another country with the corresponding data from the exporting/dispatching country. In both EU and non-EU trade each transaction between individual countries is collected twice. Goods going from country A to country B are declared as dispatches/exports in country A and as arrivals/imports in country B. However, for many reasons, dispatches/exports from A to B differ from arrivals/imports declared by B from A (these are known as trade discrepancies or asymmetries). Mirror statistics can identify the discrepancies between countries' trade figures and the reasons investigated.

Reasons for discrepancies in mirror statistics include:

7.2.1 General Trade and Special Trade

There are two recognised systems for recording trade – the “general trade” system and the “special trade” system. General trade is the definition used by the Trade Statistics branch to compile UK Trade-in Goods Statistics. Special trade is the definition used by Eurostat to compile Community Trade Statistics.

Under the general trade system, goods are recorded as they enter or leave the UK. For imports/arrivals this will include goods imported into a free zone or customs warehouse, regardless of whether the goods are intended for subsequent entry into home use or for re-export. For exports/dispatches, goods exported from free zone or customs warehouses are included.

Under the special system, goods are recorded as trade only when they cross the customs boundary of the MS (i.e. enter free circulation) or are accepted into Inwards Processing Relief (IPR). This means that goods entering a free zone or customs warehouse are excluded from special trade at the actual time of importation but are subsequently taken into trade if diverted to home use (i.e. entered into free circulation) or accepted into IPR. Warehouse or free-zone goods that are not entered for home use but are re-exported are not recorded, under special trade, in either import or export statistics. For imports/arrivals, goods entering a free zone or customs warehouse are excluded, but goods released from free zone or warehouse to home use or IPR are included. For exports/dispatches, goods exported from free zone or customs warehouse are excluded.

EU Trade Statistics include all movement of goods between the UK and other MS regardless of whether the goods are in free circulation. The Intrastat system only records movement of goods in free circulation; therefore to provide complete EU statistics and capture EU trade which is not in free circulation, these EU movements are recorded via the Non EU system and then assigned back to the EU system for processing total EU trade statistics.

7.2.2 Triangular trade

Triangular trade refers to cases where country A may sell goods to country B without this sale resulting in a corresponding physical movement of goods. Country B may then sell these goods to country C, again without recording any physical movement of the goods between country B and C. However, these transactions finally result in the physical movement of the goods from country A to country C.

According to the regulation, these transactions should be recorded in country A as dispatches/exports to country C, and in country C as arrivals/imports from country A. Country B should not record any transaction at all. There is always a risk of wrong declarations where companies do not indicate the correct partner country.

7.2.3 Transit trade

Transit trade involves the goods being dispatched from country A in response to an order from country B, but with the goods travelling through a third, intermediate country (C). In this instance country A should declare a dispatch to country B and country B should declare an arrival from country A. Country C has played no active part in the transaction so should not make any declaration. Errors arise as follows;

Country C may erroneously declare an arrival from A or despatch to B.

Country B may erroneously declare an arrival from country C. This would then fail to balance with the correctly declared dispatch from country A.

Country A may erroneously declare a despatch to country C. This would fail to balance with country B's correctly declared arrival.

7.2.4 Exchange rate

The value recorded must be in a country's national currency, even if the transaction was completed in another currency. The use of different exchange rates can cause discrepancies.

7.2.5 Reporting time lags

Timing differences resulting in movements of goods reported in different months by exporting and importing countries.

7.2.6 Classification of goods

Companies may have a problem correctly classifying their products according to the 10,000 subheadings of the Combined Nomenclature. The misclassification of goods will cause discrepancies.

7.2.7 Reporting concessions and simplifications

Some countries allow special concessions for large traders enabling them to report certain goods under one commodity code. In addition to this, countries may have different exemption thresholds below which their traders are not required to make detailed declarations.

7.2.8 Confidentiality

Confidentiality can affect either products or partners. The application of suppression rules should only affect figures at a detailed level. However, certain military goods are subject to strategic suppression and this may have an effect on the aggregate level as well. Goods may be reclassified for confidentiality reasons and data suppressed to avoid disclosure of confidential information.

7.2.9 Lack of consistency between Member States implementing the Intrastat system

The UK adjusts its data in order to compensate for the loss of information due to non-response, and estimates in detail for below threshold trade. Not all Member States make these adjustments according to the same methodology or level of detail.

7.2.10 Valuation Differences

MS use differing methodologies to obtain the statistical value.

7.2.11 Harmonisation deficiencies

Even though a common methodology has been defined within the EU, the regulation still allows differences in data processing. There are a number of “specific movements” (transactions in planes, boats, postal consignments, etc.) for which harmonisation at community level has yet to be completed. For these movements the MS apply national rules, which can differ.

7.2.12 Changes over time

Changes due to definitions, coverage or methods and other changes will have an impact on continuity, both within a single country and between countries. Also some countries may adopt new definitions later than others.

7.3 Regional Trade Statistics

From July 2009, there has been a change in the reporting requirements for non-EU trade of branches within the same VAT group with the introduction of the Economic Operator Registration and Identification (EORI). Each business has to demonstrate that they are a separate VAT entity from any other related business to apply for a EORI number which leads to loss of trader branch details. This may impact on the allocation of trade at branch level for RTS.

8 Coherence

Coherence is defined as how well sets of statistics can be used together. Apart from the Overseas Trade Statistics, information on external trade can be found in:

- the National Accounts;

- Business statistics; and
- the Balance of Payments (BoP).

All these statistics are related to each other.

However, the compilation of the data and the production of the above mentioned statistics follow the recommendations (sources and methods) of different International Organisations, i.e. Eurostat, International Monetary Fund (IMF), Organisation for Economic Co-operation and Development (OECD), United Nations (UN), World Trade Organisation (WTO), etc.

Information concerning the coherence of external trade statistics and statistics originating from other sources is presented below:

Within the UK, the external trade statistics data (produced by Trade Statistics branch) forms the backbone of information on external trade-in-goods found in the National Accounts and BoP (produced by ONS). However, the ONS adjust the external trade statistics data in line with the IMF's concepts and definitions of BoP (i.e. freight and insurance costs on imports, exports by NAAFI, goods not changing ownership are subtracted and repairs to ships and aircraft are added). Furthermore, the SITC classification (which is managed by the UN) used for both external trade statistics and BoP differs from the UK Standard Industrial Classification of Economic Activities (UK SIC (2007)²²) classification which is used for National Accounts purposes.

The different sets of Trade Statistics may not be coherent because many of the independent surveys have small sample sizes in comparison to the external trade statistics data. Problems with coherence may also occur when data collected and published by Trade Associations based on their members' responses have not been supplied to Trade Statistics (e.g. late-response). Conversely, if data is received from traders who are not members of Trade Associations then the other statistical sources will not be able to include such data in their publications.

Table 19 compares the values for total Imports and Exports between different sources of data for the years 2007 and 2008.

Table 19: UK total Trade in Goods, by source, 2007, 2008

£millions

Source	2007		2008	
	Imports	Exports	Imports	Exports
OTS general Trade	312,569	220,295	344,493	248,939
EU Comext special trade	311,036	219,263	342,692	248,870
<u>ONS BoP</u>	<u>310,612</u>	<u>220,858</u>	<u>345,024</u>	<u>251,643</u>

Source: HMRC, Comext database, ONS

²² UK SIC (2007) is used to classify business establishments and other statistical units by the type of economic activities they are engaged in.

9 What we are doing to improve the quality of trade-ingoods statistics

Trade Statistics branch have a team with the responsibility of responding to user's enquiries concerning the accuracy of published Overseas Trade Statistics. The team reviews the published trade statistics data and, where necessary, makes amendments.

Trade Statistics also produce an annual asymmetry analysis looking at the differences between the UK's statistics on trade with the EU and other EU MS statistics on their trade with the UK.

To improve the accuracy of the data provided by traders, Trade Statistics has an improvement team responsible for educating and advising traders of the errors made on their declarations, advising them on how to provide correct data in the future, and monitoring cases to establish that the traders are complying.

Trade Statistics provide Intrastat educational content via the Business Link website in the International Trade area. This is supported by Intrastat tools and data content on HMRC's Trade Statistics website www.uktradeinfo.com

Traders above the thresholds are legally obliged to submit declarations to agreed deadlines. If traders fail to submit declarations, MS are able to prosecute these traders, which may lead to fines or other financial penalties. However, this action is only taken as a last resort.

To improve user accessibility of the OTS data and the metadata associated with the data, the Trade Statistics Unit are currently working on standardising the templates and formats for the published outputs, additional metadata tags to further inform the users of the outputs, outline a metadata management model and an FAQ section to answer specific queries.