International trade in goods statistics — Frequently Asked Questions

Scope of ITGS

Which movements of goods are included in intra-EU trade?

Intra-EU trade statistics record the movement of goods between Member States.

Intra-EU imports in a given Member State include goods entering which:

- are in free circulation; or
- were placed under the customs procedures for inward processing or processing under customs control in another Member State.

Intra-EU exports from a given Member State include goods destined for another Member State which:

- are in free circulation; or
- have been placed under the customs procedures for inward processing or processing under customs control in the given Member State.

Note that goods are in free circulation either when they are entirely obtained/produced in the EU or when they are released for free circulation after importation from a non-EU country. In the latter case the goods, after their release, may move freely within the EU and consequently they may be subject of recording in intra-EU trade statistics.

Which movements of goods are included in extra-EU trade?

Extra-EU trade statistics record goods imported and exported by the EU from and to non-EU countries. It should be noted that movements of goods 'in transit' through a Member State are not recorded.

Imports into a given Member State include goods entering which are placed:

- under the customs procedure for release into free circulation, either immediately or after a period in a customs warehouse, either in the Member State of entry or after transfer to another Member State; or
- under the customs procedure for inward processing or processing under customs control (usually goods destined to be processed for subsequent re-export), either immediately or after a period in a customs warehouse.

Exports from a given Member State include goods which have been placed:

- under the customs procedure for export (final export, re-export following inward processing, etc.) in the originating Member State or following transfer to another Member State where customs procedures are carried out; or
- under the customs procedure for outward processing (usually goods destined to be processed for subsequent re-import).

Therefore, goods from a non-EU country imported into customs warehouses are not recorded unless they subsequently go into free circulation in the country of receipt (or are placed under the customs procedures for inward processing or processing under customs control). Conversely, outgoing goods from customs warehouses are not recorded as exports. This method of measuring international trade in goods is referred to as the **special trade system**.

Are the goods in transit recorded in ITGS?

Goods in **simple transit** are not recorded while goods in **quasi-transit** are.

Goods in transit are goods entering and leaving a Member State with the exclusive purpose of reaching another Member State/country. They are excluded from the trade in goods statistics of the transit Member State as simply transported through the national territory or if they stopped in that Member State but only for transport reasons.

Quasi-transit occurs when goods are brought into or taken out of a Member State to be declared there as imports/exports for customs or tax purposes without this Member State having acquired ownership of the goods. Quasi-transit concerns imports in a Member State of goods which are re-exported without changing ownership to a resident of that Member State. In contrast to simple transit, quasi-transit has to be recorded in European ITGS. However, some Member States exclude them from the results published at national level to enhance the economic relevance of their national figures.

What are the special trade system and the general trade system?

The UN IMTS manual defines two trade systems: general trade and special trade. Under the general trade system, the statistical territory includes customs warehouses, all types of free zones, free circulation area and premises for inward processing. The UN recommends implementing the general trade system for ITGS.

On the other hand, customs warehouses, all types of free zones and premises for inward processing are excluded from the statistical territory by the strict definition of the special trade system; thus only imports and exports of the free circulation area are recorded. The relaxed definition of special trade adds industrial free zones and premises of inward processing to the statistical territory. **The EU concept related to extra-EU trade follows the relaxed definition of the special trade system, whereas intra-EU trade is close to the general trade system.**

Where to find international recommendations and provisions relevant to ITGS?

In addition to the EU legal requirements there are a number of international recommendations and conventions relevant to ITGS, although they do not generally have direct legal force. Many of these recommendations are contained in the United Nations Statistics Division publication 'International Merchandise Trade Statistics: Concepts and Definitions (IMTS 2010) and the accompanying 'International Merchandise Trade Statistics: Compilers' Manual' which are international reference publications on this subject. These documents are updated regularly so that they reflect changes in the international trade environment. The EU legislation has been aligned to the most possible extent with IMTS 2010.

A set of definitions concerning customs issues that are relevant for some data on trade statistics is given within the Kyoto Convention (International convention on the simplification and harmonisation of customs procedures).

Data collection and compilation

Who provides the statistical information?

For **extra-EU trade**, the providers of statistical information are all natural or legal persons lodging a customs declaration in a Member State on condition that the customs procedure is of statistical relevance.

For **intra-EU trade**, the providers of statistical information are all taxable persons reporting an intra-EU transaction whose annual trade value exceeds a certain threshold. This threshold is known as the 'exemption threshold' in the Intrastat system. Each Member State fixes its national thresholds, applicable separately to imports and exports.

What are the measurement units?

Trade Value

In ITGS, the trade value corresponds to the statistical value, i.e. to the **amount which would be paid** in the event of sale or purchase at the time and place the goods cross the national border of the reporting Member State. It is said to be a FOB type value (free on board) for exports and a CIF type value (cost, insurance, freight) for imports.

In the case of exports, the statistical value includes only incidental expenses (freight, insurance) incurred on the part of the journey located on the territory of the exporting Member State. For imports, it includes only incidental expenses incurred on the part of the journey located outside the territory of the importing Member State. It does not include taxes on import or export, such as customs and excise duties or VAT.

In the case of goods imported or exported for processing, it is always the total value of the goods which should be reported, before and after processing, not just the value added by the processing procedure.

Net mass and supplementary quantity

Except for a few goods under HS chapter 89 'Ships, boats and floating structures' and the product code 2716 00 00 'Electrical energy', quantity is expressed in kilograms. It reflects the **net mass**, i.e. the weight of the goods without any packaging.

For certain goods, a **supplementary quantity** is provided in addition to the net mass. This quantity is expressed in a unit which provides useful information. Supplementary units are units other than kilograms such as, for example, litres, numbers of pieces, carats, terajoules or square metres. For each CN8 code, the Combined Nomenclature indicates whether a supplementary quantity should be provided and, if so, in which supplementary unit.

Which confidentiality rules apply in ITGS?

As a general definition, data used by national and EU authorities for producing statistics are considered confidential if statistical units can be identified, either directly or indirectly, and information about individuals or businesses is disclosed as a result.

Under the principle of **passive confidentiality**, Member States have to take appropriate measures only if requested to do so by companies which feel that their interests would be harmed by publication of the data. This principle is recommended by the United Nations in its IMTS 2010 publication and set out in the EU legislation for **detailed statistics on intra- and extra-EU trade**. It has the great advantage of limiting the loss of information for users and thus making the data more useful.

Under the principle of **active confidentiality**, confidential data are automatically hidden by the national statistical authority if certain criteria are met, without the company needing to send a request. In ITGS, this principle applies only to the **data by enterprise characteristics** (i.e. by size, sector of economic activity or level of concentration).

Rules applied for granting confidentiality — The choice of the criteria to be met by the company is left to the Member States. The most common criteria are the following:

- the number of companies on the market is limited, e.g. fewer than three companies contribute to a single data cell; or
- the company is in a dominant position on the market (by representing, for instance, at least 75 % of the total trade) or is at least an important stakeholder contributing to a single data cell.

To which data elements does confidentiality apply?

Confidentiality can apply to the product code and/or the partner country. Information about a product or partner may be considered commercially sensitive by the provider of the statistical information for the trade value, the quantity or the unit value (value/quantity) which can be considered a proxy for the price.

- **Product confidentiality**: The real product code is replaced by a specific code dedicated to confidential trade. Save in exceptional cases, the real chapter (i.e. to the real HS2 code) is the minimum level of data provision. If possible, it is even recommended to keep information on the goods at the 3-digit level of the Standard International Trade Classification (SITC).
- **Partner Confidentiality**: The real partner country code is replaced by a specific code used for ‘countries and territories not specified for commercial or military reasons’. A distinction is made between intra-EU trade (code QY) and extra-EU trade (code QZ).

When are data revised and considered as final?

The detailed data sent for a given month are subject to the possibility of later revision as a consequence of errors, omissions or — particularly with the Intrastat system — late declarations by the providers of the statistical information. When monthly results already sent to Eurostat are subject to revision at national level, revised results are to be transmitted no later than the month after they become available.

Data are revised frequently according to national needs and practices. However, Member States should provide Eurostat with **final detailed data** at the latest by October following the reference year. At that time data become ‘final’ and should not be revised further except in exceptional and well-justified cases.

All the latest revisions sent by the Member States are included in the monthly updates.

Data quality

What is the impact of quasi-transit or the so-called 'Rotterdam effect'?

- Trade flows of the EU Member States may be overvalued because of the quasi-transit trade. However the trade balance of the concerned Member State is not impacted as the quasi-transit should increase by the same amount as the intra- and extra-EU trade flows (extra-EU imports followed by dispatches to the Member State of actual destination or arrivals from the Member State of actual export followed by extra-EU exports to the country of actual destination).
- The quasi-transit is known to impact mostly the Member States with big ports at the external border to the European Union and in particular the Netherlands. This is why its impact on figures is known as the 'Rotterdam effect'. In case of imports, the goods destined to other EU Member States arriving in Dutch ports are recorded, according to Community rules, as extra-EU imports by the Netherlands (the country where goods are released for free circulation) and as intra-EU exports from the Netherlands to the Member States of actual destination even though there is no link with economy of the Netherlands.
- The quasi-transit is known to impact more the imports but exports are also affected. In exceptional cases, the customs clearance occurs not in the actual Member State of export but in the Member State of exit, i.e. in the Member State from which the goods are taken out of the EU customs territory.

What are the main causes of errors in reporting?

Errors often arise when trying to capture movements of goods or trade activities about which little information is available or which are inherently complex to measure, such as:

- Goods that by their nature are difficult to classify — Errors may arise in the product code allocated due to the complexity of the classification (around 9 400 subheadings in the CN), for instance for chemical or pharmaceutical products.
- Processing trade valuation — Errors arise when the processing costs are reported rather than the trade value corresponding to the total amount which would be invoiced if the goods were sold or bought.
- Product with embedded services — Errors arise when the total amount of the contract (transaction including the supply of goods and services) is reported rather than the value of the goods alone.
- Repairs versus processing — Repairs should be excluded from trade in goods statistics but processing should be included. Errors may arise when the distinction between repairs and processing is difficult to make.
- Quasi transit — Intrastat declarations may be missing for goods imported from a non-EU country for immediate dispatch to another Member State or goods imported from another Member State for immediate dispatch to a non-EU country.
- Triangular trade — trade involving three Member States through sales/purchase contracts but with physical movement of goods between only two of them. A problem arises when the trade is reported according to the sales/purchase contract rather than the physical movement.

What are the methodological causes of asymmetries?

The most common causes of methodological asymmetries are the following:

- simplified product reporting: Where the EU legislation allows simplified codification of goods for certain transactions, some Member States apply the simplifications but others do not;
- Only exports to be reported in the case of supplies to ships and aircraft;
- different approaches to estimating or compiling trade data for specific goods and movements not covered by customs or statistical declarations, such as gas, electricity, vessels or aircraft;
- confidentiality: It is possible that data are considered confidential by only one of the two partners. However, the application of the confidentiality procedures should not impact the results at total trade level;
- time lag: the same operation can be recorded under a different reference period because of transport times or processing delays;

- CIF/FOB valuation: imports are valued on a CIF basis and exports on a FOB basis. This causes a systematic asymmetry as the value of the imports should then be higher than the value of the mirror exports;
- differences in methods and data used to estimate missing trade;
- different practices in the treatment of revisions;
- currency conversion; and
- other methodological differences such as definition of partner country, definition of statistical territory, trade system (special or general).

Users should be aware of these possible causes of asymmetry. Comparison of the sources selected may also be affected by other factors such as how old, how detailed or how up to date the information available is. It is worth noting that Eurostat's database is based on a monthly data flow that allows revisions to be included on a regular basis.

Why is the intra-EU trade balance not equal to zero?

Considering that the intra-EU trade data are based on common and largely harmonised rules, one might expect the intra-EU trade balance to be zero or at least close to it. However, it is worth underlining that a perfect match is made impossible first of all by the CIF/FOB approach: the import value should be higher than the mirror export value as it includes extra transport costs. A close match could nevertheless be legitimately expected given that trading partners within the EU are often neighbouring countries, but deliveries to vessels and aircraft are another methodological reason preventing this: such movements of goods create asymmetries in intra-EU ITGS as specific legal provisions state that only intra-EU exports are to be reported.

At global level, most methodological reasons for asymmetries disappear. The remaining issues are in data reporting (e.g. missing Intrastat declarations, trade in specific goods like sea-going vessels and aircraft not being properly captured).

Why can European data differ from national data?

Discrepancies between Eurostat data and national data may exist due to the application of different concepts and definitions, most notably the application of the general trade system versus the special trade system, the definition of the partner countries for imports (country of origin versus country of consignment) and the way the quasi-transit is handled.

When there is no methodological reason for discrepancies, it should nevertheless be kept in mind that data revisions may also alter the comparability of European and national data, at least for a transitional period. According to the EU legislation, revised data should be communicated to Eurostat within one month each time a revision occurs at national level.

Other

Why does Eurostat not disseminate the extra-EU imports of goods at TARIC level?

International trade data at TARIC sub-headings (Integrated Tariff of the European Communities) cannot be accessed by the public for legal reasons. TARIC applies only to extra-EU imports (i.e. to flows from non-EU countries) and concerns Community measures such as quotas or preferences. Each TARIC code comprises 10 digits (a sub-division of a CN eight-digit code).

I have a question that is not in the FAQs.

For further or more detailed information, the User guide on European statistics on international trade in goods should be consulted.

Furthermore it is always possible to contact the network of support established with the members of the European Statistical System to provide help and guidance to users of European statistical data. Details of this user support network can be found in the Help section of Eurostat's website. In addition, Eurostat provides specific support to journalists via its Press centre.

Note that specific support is available for ITGS through the following email address:
comextsupport@ec.europa.eu