Item 16:
Integrating trade and business statistics

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**Linking trade
and business statistics:**

A. Background

B. Potential benefits and costs

C. Possibilities and examples

D. Required institutional and working arrangements

A. Background

IMTS 2010:

- ***Need for linking trade and business statistics*** (Para. 11.5):
  - In data compilation
  - In data analysis
  - <u>Prerequisite:</u> National Business Register

- ***Recommendation:*** Countries are **encouraged** to integrate their trade register with their business register and to take steps towards establishing an integrated system of economics statistics for data compilation and analysis. (Para. 11.6)

Area of future development, moved from supplementary topic to main topic (TEC, Global Forum on Trade Statistics)

A. Background

Statistical Commission

- *Thirty-seventh session of the Statistical Commission in 2006:*

  ➢ Endorsed the **concept of an integrated approach to economic statistics** and recommended its operational use in national economic programmes.

- *Statistical Commission report of 2008 – Conclusions (excerpts):*

  ➢ The integration of economic statistics is about statistical reconciliation; […] it involves dealing with conceptual, statistical production and institutional issues.

  ➢ Institutional arrangements [...] are important for the management of integrated economic statistics and should be part of the corresponding reform programmes

A. Background

Global Forum on Trade Statistics in 2011

Organized by UNSD and Eurostat in cooperation with WTO and UNCTAD in February 2011 in Geneva, as a follow-up to the 2010 Statistical Commission decisions on trade statistics.

- ### *Vision for the future of trade statistics*

  Trade statisticians and policy makers agreed on a vision for the future of international trade statistics and called for the improvement of the relevance of international trade statistics by connecting trade information and integrating it with its economic, social, environmental and financial dimensions while minimizing the response burden, and to improve the statistical production process by better defining and organizing the co-operation among national stakeholders

A. Background

Global Forum on Trade Statistics in 2011 (cont.)

- *Background note "International Trade Information System in 2020"*

  ➢ Endorsed by major international organizations active in trade statistics, it formulated 20 **goals for trade statistics**, including:

    ✓ Institutional arrangements: Institutionalized and close cooperation between all national agencies involved, joint work programmes, special units for international transactions and global business statistics

    ✓ Compilation: All transaction records (from customs or other sources) will contain an identification number of the importing or exporting enterprise that is linked with the national statistical business register;

    ✓ Information on mode of transport, customs procedure codes, special transactions, second partner country and on cost, insurance and freight for imports is routinely provided as part of the customs data available to statistics;

    ✓ Additional information on trade collected via integrated business surveys;

    ✓ Dissemination: Joint release of statistics on trade in services and trade in goods, trade by enterprise characteristics, Micro-data on trade in goods and services linked with other business information will be available in data warehouses to registered users.

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B. Potential benefits and costs

- **Potential benefits**:

  ✓ Additional and better statistical information for users

    - **About traders and their specific characteristics**, such as size, sector of economic activity, geographic location, and level of concentration
    - **About specific trade transactions,** such goods for processing and intra-firm trade
    - **For other statistical domains** such as transport and environmental statistics
    - **Business micro-data** for analytical purposes, such as input-output analysis

  ✓ Improved statistical production process

    - **Cost savings and efficiency gains**, e.g. through survey coordination and reduction of response burden
    - **Improved data quality,** e.g., through consistency checks across different sources

B. Potential benefits and costs

- **Potential costs**:

  ✓ Major investment in the development, implementation and maintenance of a national business register

  ✓ Integrating different statistics requires significant efforts

  ✓ Requires setting up adequate institutional arrangements and overcoming legal obstacles

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C. Possibilities and examples

- Example of Italy
  - *Idea:* Change from a product-based towards a business-oriented perspective in the compilation of trade statistics.
  - *Core is business register:* The link between the list of trade operators and the business register provides the gateway for developing an array of new outputs.
  - *Outputs:* depending on the level of integration achieved:
    1. Trade statistics based on the number of trade operators by products and markets by linking trade-flow micro data with the list of trade operators,
    2. Trade statistics based on the business characteristics of exporting and importing enterprises by linking and integrating the list of operators with the business register,
    3. Integrated firm-level data warehouse by integrating a number of national surveys, foreign trade in goods, outward and inward multinational enterprise data and international databases (faces various challenges as surveys are not fully harmonized)

C. Possibilities and examples

- Example of Brazil
  - SISCOMEX system integrates tracking , administrative, customs and exchange control of foreign trade
    - Linked to all commercial information through the national code for companies (CNPJ) and individuals (CPF), which are mandatory fields in declaration of exports and imports.
    - When a company inputs its code, SISCOMEX accesses automatically the database of companies registered at the Ministry of Finance, whereby the code is confirmed and all commercial information is transferred (complete address, city, state, code of economic activity, number of employees, etc.).
  - Allows generation and dissemination of a wide array of special reports, such as exports by company size, industry or state.
  - Information deemed confidential is only accessible to the enterprise itself and authorized government officials.

C. Possibilities and examples

- OECD-Eurostat Trade By Enterprise Characteristics (TEC) database

  ◦ Datasets are compiled by linking micro data (data at trader level) with business registers

  ◦ Fixed set of enterprise-related indicators is generated and published at international level

  ◦ At this time no flexible analysis or access to microdata.

C. Possibilities and examples

- Additional possibilities
  - Integrating trade information in business statistics
    - Business statistics usually contain limited information on external trade
  - Special surveys on trading enterprises
    - Conduct surveys of specifically identified enterprises in order to obtain information on goods for processing, intra-firm trade, trade in services
  - Trade statistics as part of a geospatial information system.
    - Analysis of trade patterns by region, e.g., IBGE of Brazil publishes trade balance by state and municipality using the address of enterprises
    - Supplementing trade information with localized employment or tax information (i.e., average wages, employment rate, enterprise and personal tax revenue) allows a detailed analysis of regional economic impact of trade.

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D. Required institutional and working arrangements

- *Shared access business register and other data in compilation.* In many countries more than one organization or agency is involved in trade and business statistics – information sharing needs to be allowed

- *Shared vision and commitment to integrating trade and business statistics.* Concerned agencies and departments within agencies need to agree on the goal and vision for an integrated system of business and economic statistics, whose development and implementation require the commitment of significant human resources and the willingness to accept changes in existing practices

- *Clear policies on access to and use of confidential information.* Business registers and data warehouses contain sensitive information about businesses. Issues of confidentiality and the protection of the highly sensitive business data need to be resolved.

Additional guidance in IMTS 2010 - CM

Chapter 11: Integrating trade and business statistics

A. Integrated approach to economic statistics
B. The benefits of integrating trade and business statistics
C. Integrating trade and business statistics in data compilation – possibilities and examples
D. Ensuring quality of the linked data sources and the quality of the linked/integrated data
E. Generation and dissemination of additional information – possibilities and examples
F. Required institutional and working arrangements

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Thank you for your attention