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DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS
STATISTICS DIVISION

**Expert Group on International Merchandise Trade Statistics
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Country Paper
Norway

Item 11: Partner country

Expert Group Meeting on IMTS, 3-6 December 2007, New York

Short note to Agenda item 11 from Norway

Partner country (Imports and Exports)

Considerations regarding the current recommendation and possibility of having two partner countries per trade statistics entry;

1. UN recommendations

The UN recommendations are laid down in the manual: International Merchandise Trade Statistics: Concepts and Definitions, Chapter VI. Partner Country, which indicate that

- *country of origin* is recommended in the case of import,
- *country of consignment* should be collected as additional information for imports, and
- *country of last known destination* is recommended to be recorded for exports.

2. Norwegian practice

In Norway we mainly follow the UN recommendations. Foreign trade statistics in Norway is to a large extent based on customs data which again are based on the SAD questionnaire. The import and export declarations are normally in this field well produced and there is no particular difficulty in handling the information obtained. The Norwegian customs is member of the WCO and put efforts in following relevant conditions laid down by the organisation in order to provide Statistics Norway with relevant information. However, even correctly filled in data may have poor quality and some times be of very little use or very difficult to utilise.

3. Some difficult issues. Examples

a. Export

i. Petroleum

Norway is exporting petroleum, about 38 per cent of total export so far in 2007. For this product information from the customs is not sufficient, hence data are received both from the government and from the oil producers. The oil is partly exported by boat, partly by pipeline to the UK. The oil shipped by boat is identified by final destination. Often this may be to a central harbour like e.g. Rotterdam in Europe, and we do not know the final destination (post Rotterdam). It is (probably) very difficult to identify this at the time of exporting. We have, however, not experienced a grate demand for the final destination distribution data.

The oil exported to UK through pipelines has recorded UK as the country final destination, while in reality UK only is the country of delivery. Even though it is possible at a later stage to estimate the final destination countries, this is not done on a regular short term basis.

ii. Natural gas

Natural gas, about 19 per cent of total export this year, has so far mainly been exported by pipeline. Also here customs do not provide sufficient information. Data are received from the gas producing parties. The initial destination terminal is known. Final destination is estimated at a later stage of time, and the estimated destination distributions for year t are used to produce preliminary figures for the partner country distribution for year t+1. This method seems to provide sufficient distribution data.

iii. Export of salmon from Norway to Denmark

Norway is one of the main producers of salmon, which is exported to countries all over the world. According to our statistics Denmark is one of the largest receivers of Norwegian salmon. The reason is that a lot of salmon is exported to Danish store houses, where large auctions of salmon are arranged. With no extra production added to the fish, the salmon is then dispatched from Denmark to several other countries, in many cases at the same day it is exported from Norway. In this case the Norwegian exporters may not know the real final destination country.

b. Import

i. Import of skis from Ukraine

According to Norwegian import statistics skis are imported from the Ukraine (country of origin) via Austria (country of consignment). However, mirror statistics has revealed that according to the Ukraine export statistics skis are exported to Austria, but not to Norway. The ski producer in the Ukraine does probably not know to which country the skis end, as that is decided in Austria.

ii. Import of teak wood from Burma

Most of the teak imported to Norway has Sweden as country of origin. Probably wood is exported to Sweden where some works are added, sufficient to define Sweden as the producer of the goods. Norway gets no direct information about in which country the wood has been produced.

iii. Direct landings of fish

The UN recommends statistics on direct landings of fish sold from national vessels in foreign ports or to foreign vessels in the high seas, to be excluded from the export statistics but recorded separately. While the importer reports Norway as country of origin, Norway has no records of the country of final destination. This complicates the comparison of Norwegian export statistics with the corresponding import statistics.

4. BoP/National Accounts

The BoP has in general accepted the country distribution as it appears in the foreign trade statistics, i.e. there has been no demand for special treatments. This may indicate that the BoP in Norway has a rather passive history in this field. However, the BoP has special interests in getting good quality of partner country data in order to make mirror statistics analysis possible. This is used to analyse data quality. Equal definitions on both sides, including partner country, are an advantage/necessity. The BoP would also prefer it be possible to make aggregates across countries. This would also require equal definitions used for establishing the trade partner.

5. Proposals/Conclusions

There is no doubt that the analytical use of trade by partner country is significant. In Norway, as probably in most other countries, we have two main user groups, namely the macroeconomic societies (BoP, trade policy analytics etc), and the market analysts. If export and/or import should not be published by partner country the usefulness of the external trade statistics would be considerably reduced. Therefore it would be hard to accept that partner country should not be recommended produced.

We believe that the demand probably is greatest for statistics with country of origin of import and final destination of export. Hence we should try to maintain these variables. The problem is how to maintain or improve reasonable quality, in particular when the production is split in several countries. If relevant data could be collected by adjusting the SAD questionnaire we would probably go for that. And that may be the only way, especially if we want to try to resolve the problems relating to the market analysts, who are the main users of partner trade data (at least in Norway). Sample surveys could probably not be large enough to give the details we are looking for.

Our problems relating to gas and petroleum exports have to be sorted out locally (in Norway), and the problems are probably manageable.

There is also a demand for dividing export in two partner countries; by consignment and by final destination. This would primarily benefit the statistics for some commodities where the country of final destination is known to the exporter and where the country of destination (consignment) differs from the final country of destination.