



Asymmetry in Merchandise Trade

Overview

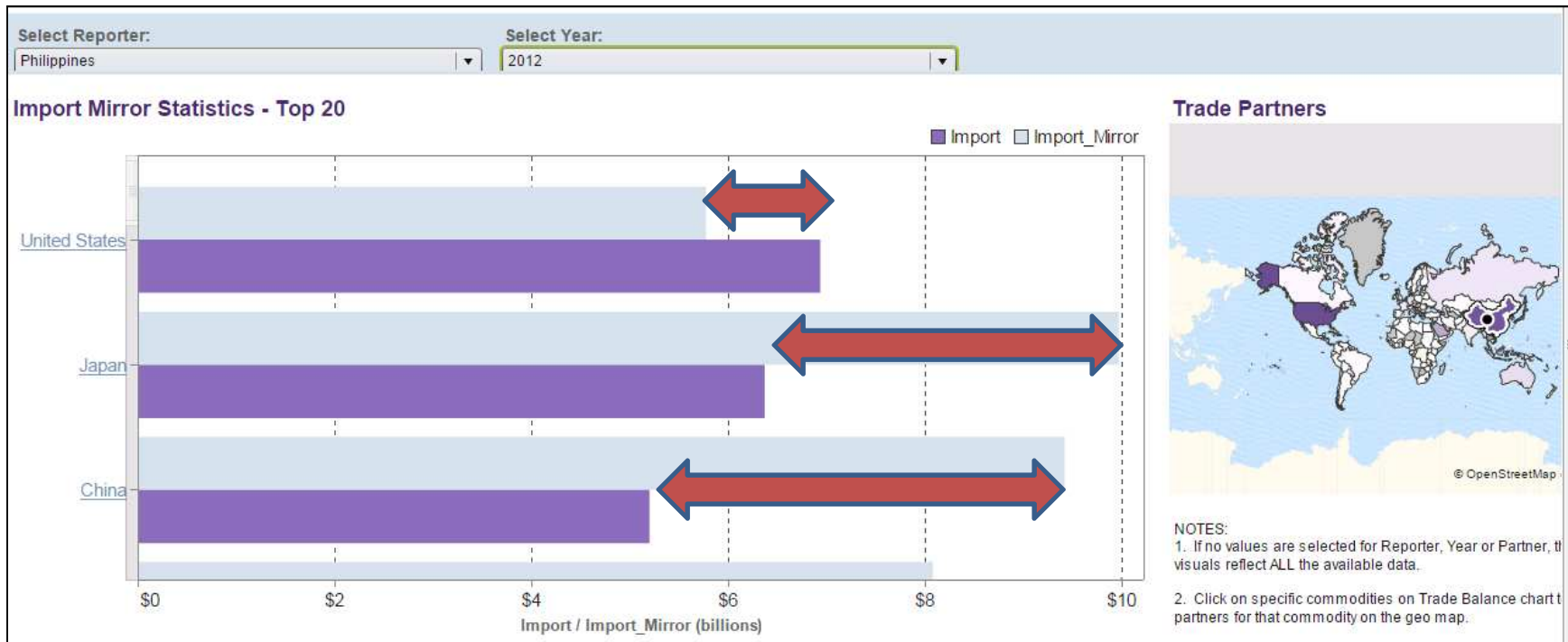
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“To link national input-output tables in order to carry out interdependent analyses across countries requires a consistent set of **harmonized international bilateral trade data that ideally reflects recent output by the economic activities in question...”**

Guo, D., C. Webb and N. Yamano (2009), "Towards Harmonised Bilateral Trade Data for Inter-Country Input-Output Analyses: Statistical Issues"

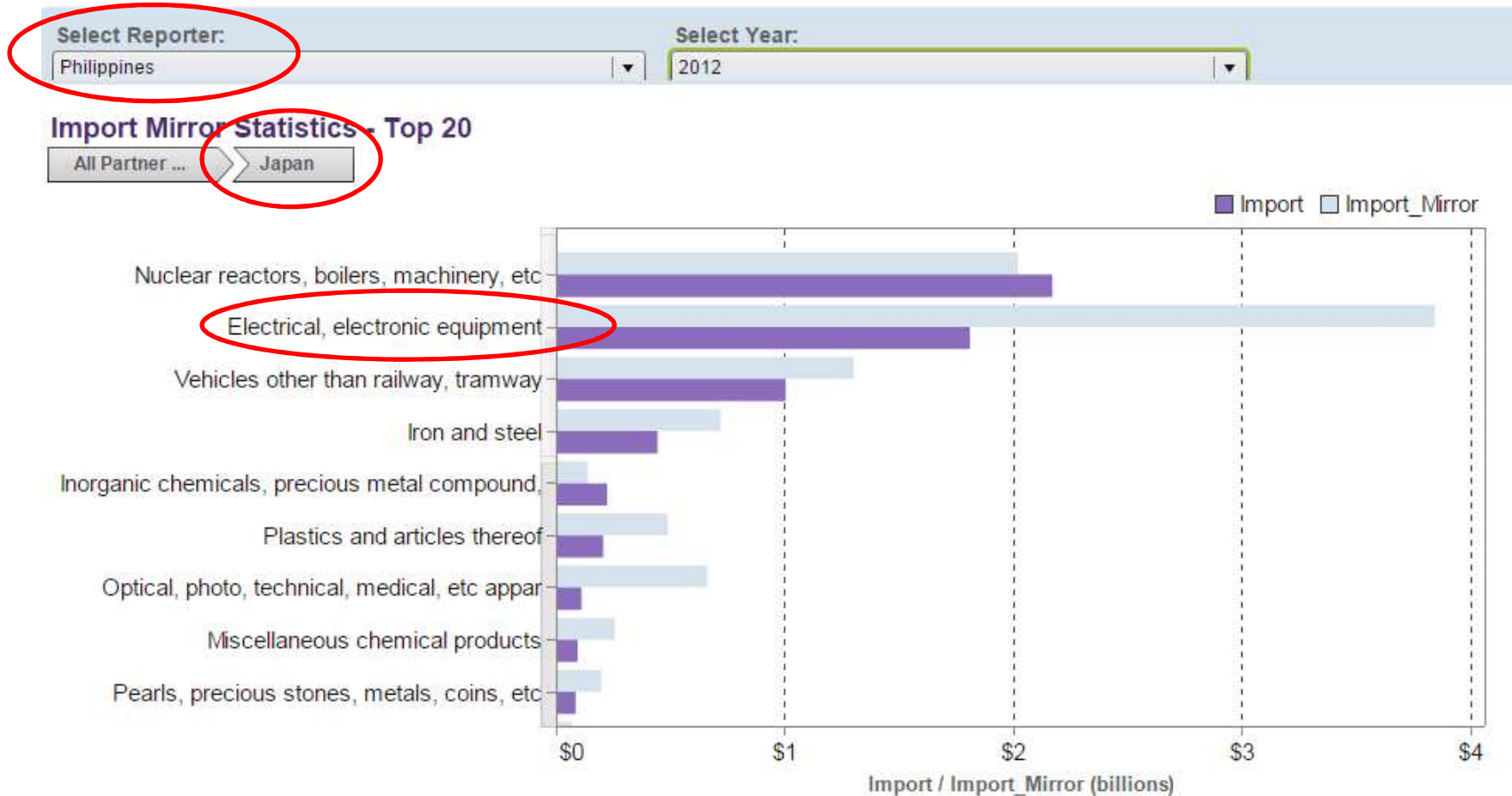
Philippines data vs. Trading Partner data 2012

Asymmetry: 



Source: UN Comtrade @ SAS Visual Analytics

Look at product breakdown



Source: UN Comtrade @ SAS Visual Analytics

Reasons for asymmetry

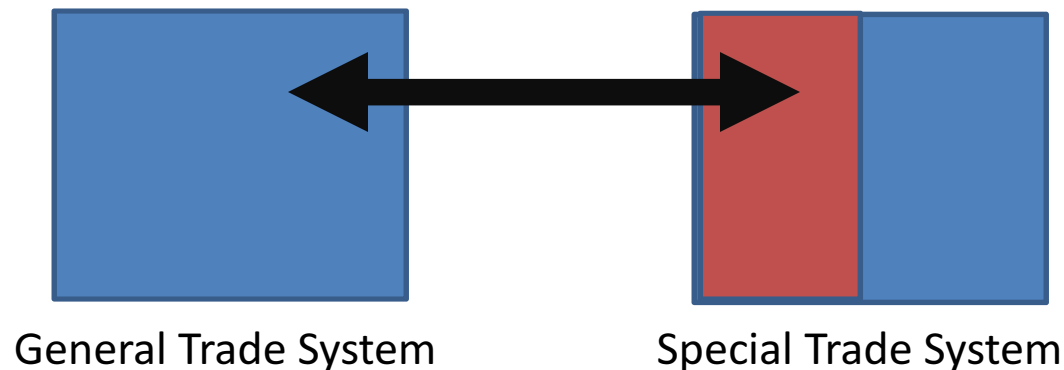
- (a) coverage;
- (b) trade system applied;
- (c) time of recording;
- (d) interpretation and application of the commodity classification;
- (e) valuation;
- (f) partner country issues;
- (g) confidentiality; and
- (h) other sources of discrepancy.

Coverage

- Specific goods may be defined differently by trading partner, and be included by one partner but excluded by the other (e.g., military goods)
- Different provisions for the treatment of low-value shipments,

Trade System

- If one partner country uses special trade system and other uses general trade system:
 - Goods moving between premises for customs warehousing and free zones of those countries will not be accounted for the country with special trade system



Time of recording

- Time needed for transportation
- Time needed for completion of customs formalities
- Use of different timestamp
- Revision of incorrect record

Misclassification

- Interpreting and applying HS
- Different thresholds are applied to different HS levels
- Different use of HS 00, 98 and 99

Valuation

- Imports CIF vs. Exports FOB ($CIF = FOB +$ Insurance and Freight)
- Undetected under and over-declaration of values
- Different value estimates for transactions without validation such as relief shipments
- Barter trade or related party transactions
- Different views on exclusion/inclusion of services

Currency Conversion

- Conversion practices for goods invoiced in foreign currency
 - Particularly, when the exchange rate between the partners fluctuates rapidly
- It may also due to conversion procedure during reconciliation study

Partner Country Issues

- Due to application of country of origin for imports and country of last known destination for exports
 - US sold and shipped chemicals to Singapore, afterwards resold and dispatch to Indonesia [Singapore registers export to Indonesia, but Indonesia would register US as country of origin]
- Different application of rules of origin

Partner Country Issues (cont.)

- Attribution in the case of re-exports and re-imports
- *Through trade* operations with the lowering of tariffs
- Unknown final destination

Confidentiality

- Application of confidentiality in partner or commodity should take into account

Other sources

- If information on imports is more complete than exports
- Divergence of data sources (use of enterprise survey vs. use of customs records)
- Reporting errors

Reducing asymmetry?

- Obtain partner data bilaterally or use internationally available data set (e.g., through UN Comtrade)
- Compare data at various groupings and level of details (use analytical tools)
- Analysis possible reasons (see previous slides)
- Align data as closely as possible or note the reasons of discrepancy as metadata
- Use the result to improve data quality (i.e., adoption of general trade system, addition of country of consignment, etc.)

Thank you - Merci

Please send your comments to
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