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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