Intra-regional trade for EU countries: 1999 onwards

Calculation of intra-regional trade data for EU countries from 1999 onwards- Part I

Q: Could you explain how the intra-regional trade data for EU countries are collected from 1999 (is it from EUROSTAT)? Also, does the COMTRADE data set takes account of the introduction of EURO in 1999? Due to the introduction of Euro, the conversion rate of the value of imports from local currency to US dollar would have changed. I would like to know whether COMTRADE takes account of this change in the conversion rate. The data looks pretty smooth, so my guess is that COMTRADE does the adjustment. In any case, I would greatly appreciate your assistance.

A: UNSD receives merchandise trade data from national authorities, either in national currency or in USD. This is also the case for the EU member countries. Suppose the data is provided in national currency. In that case, we convert it into USD using trade-weighted conversion factors (monthly conversion factors weighted by the monthly trade values of exports and imports, respectively). After introducing the Euro for the Euro-Zone countries, this procedure remained precisely the same - data provided in Euro was converted into USD by using the trade-weighted USD/Euro conversion factor. EU member countries are providing us with their export and import data for all partners. No distinction between intra- and extra EU trade is made, although such aggregation could be derived from the partner data. Eurostat is not involved in our data collection from national authorities.

Calculation of intra-regional trade data for EU countries from 1999 onwards-Part II

Q: I am attaching some data for EU countries (total imports). The data are taken from IMF’s (International Monetary Fund) Direction of Trade Statistics. But the original data source is Eurostat. I looked at the file you emailed me. I compared calculated conversion factors (annual) you emailed me to annual exchange rate reported in IFS (International Financial Statistics). They were not the same, but pretty similar (see below). I don’t know whether this kind of small difference will create such huge discrepancies in bilateral trade data.

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<thead>
<tr>
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<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
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<td>1.064932205</td>
</tr>
<tr>
<td>Calculated CF</td>
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</tr>
</tbody>
</table>

A: You will find attached the comparison of the data you provided from IMF DOT and UN Comtrade. As you indicated before, there are very significant differences starting in 1999 while for earlier years, the data is pretty much aligned:

Please find enclosed the Eurostat User guide on statistics of the trading of goods which explains major reasons for differences between Eurostat data on the one hand and national data/ data available at international organisations on the other hand. Eurostat is requesting countries to provide data differently to Eurostat.

Please refer to the document for details. It appears that the treatment of goods in transit is probably a major reason why trade totals are in general inflated in Eurostat data - see para 176 (although this seems not to apply to Spain). A major reason for differences in partner data is the use of country of consignment for imports instead of country of origin - see para 177.

Of course, there are many potential reasons for differences. For example, in the case of the Netherlands, UN Comtrade data currently only includes so-called registered trade. In contrast, the Eurostat figures might consist of an estimate for unregistered trade which is significant in the case of the Netherlands.

As you mentioned in your email, the currency conversion, even if done slightly different, is in general not the source of major differences.

Regarding your initial question about what data to use, it appears that one would usually prefer UN Comtrade as Eurostat data seems to be not fully comparable with data for non-EU countries. Also, one might not share the purposes for which Eurostat is requesting data differently than otherwise internationally recommended.

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