

**Thirteenth Meeting of the
IMF Committee on Balance of Payments Statistics
Washington, D.C., October 23–27, 2000**

Differences in the Mirror Statistics in INTRASTAT



STATISTICAL OFFICE OF THE EUROPEAN COMMUNITIES

ANNEX 2

DIFFERENCES IN THE MIRROR STATISTICS IN INTRASTAT

I. WHAT ARE THE MAIN CAUSES OF ASYMMETRIES IN MIRROR STATISTICS?

This paragraph contains a list of arguments often put forward to explain discrepancies in mirror statistics.

1. **Non-response.** Non-response percentages differ widely from one Member State to another. If they are not corrected by adjustments or wrongly corrected, this can cause differences in mirror statistics. Response for dispatches is generally better than response for arrivals.
2. **Thresholds.** The coverage of trade, after application of the statistical thresholds, varies between 94% and 99.8%, depending on the Member State. If not corrected by adjustments - and certain Member States do not make adjustments - these differences in coverage naturally cause differences in mirror statistics. Coverage of dispatches is generally better than coverage of arrivals.
3. Furthermore, **adjustment methods** can cause differences, since they differ, or if not all Member States make adjustments.
4. **Statistical confidentiality.** Confidentiality can affect product or partner-country classification. Asymmetries occur because confidentiality is not applied in the same way in all Member States - one Member State may exclude a transaction from detailed trade statistics whereas the partner country includes it; one Member State may record a transaction under a different commodity or country code compared to the partner country.
5. **Indirect exports.** BE exports to a third country, but the export document is made out in NL. There is probably an Intrastat declaration in BE for the dispatch to NL, but no Intrastat arrival declaration in NL, because there is no one to make this declaration. In theory, NL should use the export document (customs declaration) in order to adjust arrivals from the "actual Member State of export".
6. **Triangular trade** exists where a company in Member State A sells goods to a company in Member State B, which in turn sells it to a company in Member State C, although the goods are physically moved only once - from A to C. In such cases, intra-Community trade statistics should record a dispatch from A to C and an arrival in C of goods from A. There is, however, a risk that A or C will regard Member State B as its trading partner, whereas B will not record this trade because there is no physical movement in B.

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7. **Methodological differences:** even if concepts and methods related to trade in goods are almost completely harmonised by Intrastat regulation, some differences between national regulations, or differences in interpretation of EU regulation may occur. In certain cases, simplifications may be allowed in one Member State but not in another (e.g. simplified commodity codes, certain exclusions etc.).
 8. **Differences in the classification of goods.** Companies (PSIs) encounter many difficulties in correctly classifying their goods. Errors or different interpretations of CN8 can cause mirror differences at product level or even at the level of major economic sectors such as CN2. Goods classification is generally better for dispatches than for arrivals.
 9. **Partner country**

The choice of partner country is covered by strict Community rules (origin in one case, consignment in another, etc.). Non-application of these rules may also cause mirror differences.
 10. **Different ways of defining the value of goods.** Differences in value definition (CIF, FOB, transport costs included or not) can cause minor mirror differences in Intra trade. Providers of statistical information (PSIs) have practical difficulties in establishing a FOB or CIF value, because invoice values have to be adjusted on the basis of incomplete data (transport invoices are often not detailed by product and are seldom linked to invoices for commodities).
 11. **Time gap.** The same operation can be recorded under a different reference period because of transport times, holiday months etc.
 12. **National and Community concept.** Comparing trade according to the national concept with trade of another Member State according to the Community concept should also be avoided. Only the Community concept should be used, because only this concept is harmonised.
 13. **Exchange rate differences.**
 14. **Incomplete PSIs register.** Certain Member States may not have a complete or up-to-date register, and may therefore lack certain declarations.
 15. **Fraudulent VAT declarations** may influence statistics presumably more often in the country of dispatch than in the country of arrival.

It should be borne in mind that:

- this list of 15 causes is of course not exhaustive
- to date it has not been possible to quantify the different causes for the various Member States.

II. WHERE DO THE MOST STRIKING MIRROR DIFFERENCES OCCUR?

As expected, the countries with high levels of trade account for the greater part of the total discrepancy of EUR 57 billion in the EU15 figures for 1997. These countries figure prominently in many of the country couples with the largest asymmetries in bilateral trade

(Germany, France, Spain, UK, the Netherlands and Belgium/Luxembourg). Exports generally exceed imports.

The following chapters of the Combined Nomenclature account for the greater part of the discrepancies:

- Chapters with high levels of trade (29 - chemical products, 39 - synthetic products, 71 - diamonds, 84 and 85 - machines, 87 - automobiles, etc.).
- Chapters that are closely related, such as 72 and 73 (iron and steel) and 84 and 85, doubtless because it is relatively easy for companies to make mistakes when classifying goods that belong to either chapter.
- Chapter 99 appears to be used extensively by some Member States, partly as a simplification measure and partly as a heading for goods that have been camouflaged outside their proper chapter.
- Chapter 27 (petrol) figures prominently because of the transit movements and the Rotterdam effect.
- Until 1997, Chapter 00 contained trade with camouflage at country level.

In their explanation of the asymmetries for their particular country, most Member States refer to the above-mentioned causes of asymmetries without trying to quantify each cause for their particular country, which is, we admit, very difficult.

A major obstacle in analysing mirror statistics is the fact that one is often forced to work on confidential data. Because certain Member States apply confidentiality by moving data from one chapter of the Combined Nomenclature to another (mostly Chapter 99) or at country level (these data are moved to Chapter 00 by Eurostat in order to keep the data in the correct country), asymmetries are introduced more or less deliberately. Because some Member States refuse to lift "the veil of secrecy", it is impossible to work on non-confidential data. For this reason, some asymmetries cannot be detected, and other asymmetries that are detected are perhaps due to no other reason than confidentiality, but without anyone knowing for sure that this is the only reason.

Confidentiality also poses problems at another level. The bilateral mirror exercises that Member States have conducted in the past were frequently disrupted and prematurely terminated by the impossibility of going down to company level. At a certain moment in a mirror exercise it becomes necessary to try to discover which companies are the cause of mirror differences, and even to contact these companies in order to correct their declarations and find out who their customers/suppliers are. It is clear that countries which do not even allow other Member States access to their non-confidential results will not allow access to company data either.

Confidentiality creates problems at a third level, too. In the course of a mirror exercise it is often very useful to consult the VIES data of other Member States. In some Member States, however, these data also are regarded as confidential.