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## Working Party on International Trade in Goods and Trade in Services Statistics

### RESPONSE FROM A NSO TO A SHARED VISION FOR THE FUTURE: INTERNATIONAL TRADE INFORMATION SYSTEMS IN 2020

To be held on 22-24 October 2012  
OECD Headquarters

*This document for item 10.1 of the agenda provides, for consideration and discussion, the ABS's response to the directions and challenges for statistics on international trade outlined in the 2011 meeting.*

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## **RESPONSE FROM A NSO TO A SHARED VISION FOR THE FUTURE: INTERNATIONAL TRADE INFORMATION SYSTEMS IN 2020**

**by Bernard Williams, Australian Bureau of Statistics**

1. At the 2011 meeting of the Working Party on International Trade in Goods and Trade in Services Statistics, four international agencies (UNSD, Eurostat, WTO and OECD) presented a shared vision for international trade statistics in 2020. The paper is in [STD/TBS/WPTGS\(2011\)18](#).
2. Members of the Working Party greatly appreciated the articulation of this vision by the international agencies. The fulfilment of the vision would create a rich and consistent set of statistical information for analysing international trade in goods and trade in services. However, members of the Working Party recognised that the information requirements included in the vision would pose challenges in terms of resources, provider burden and confidentiality. It was agreed that it would be beneficial if one or more national statistical offices (nsos) considered the feasibility of realising this vision.
3. This paper briefly summarises the vision and assesses implications from the perspective of the Australian Bureau of Statistics (ABS).

### **Recapping the Vision**

4. The paper, A SHARED VISION FOR THE FUTURE: INTERNATIONAL TRADE INFORMATION SYSTEMS IN 2020, provides context for the vision. The context provided (in my words) includes:
  - The methodology for International Merchandise Trade statistics is well established while statistics for International Trade in Services is a relatively new field and is built on three different but overlapping aspects: resident-non-resident, foreign affiliates and modes of supply.
  - Trading patterns around the world are forever changing and becoming more complex.
  - Given the pace of innovation, it seems likely that change will occur further in unanticipated ways, especially in services.
  - Comprehensive and integrated international trade data is required to help inform and to aid decision making.
  - Greater coherence is required between international trade data and other statistics.
5. Issues like globalisation and trade in value-added highlight the complexity of statistical measurement but also the desire for the greater connectivity between different sets of statistics.

## ABS Assessment

6. The vision articulated covers three elements - Institutional arrangements, Statistical data production and Data dissemination and analysis. The following tables assess the current situation in the ABS against each element of the vision.

**Table 1 - Assessment of ABS Institutional arrangements**

Element of the Vision	Current ABS Status for international trade
Institutionalized and close cooperation between all national agencies involved in the compilation of statistics of international trade in goods and services including multinational enterprise statistics	All key macroeconomic statistics are produced by the ABS
Units responsible for international trade in goods and trade in services will be functioning on the basis of an integrated national programme of international trade statistics so that their work plans are aligned within and across relevant institutions	The work teams responsible for international trade in goods and international trade in services work closely together. They are located within the same branch in the ABS and from July 2012 are included in the same section <i>i.e.</i> one Director is responsible for both teams.
Binding working arrangements in a dedicated team structure ought to be established by the appropriate national authorities to deal with international transactions and global business statistics in an integrated approach, covering not only international trade in goods and services but also the international aspects of business statistics	The ABS would not satisfy the requirement to have 'Binding working arrangements in a dedicated team structure' but has a number of governance arrangements to ensure that there is coherence between all related sets of statistics.

7. As the central statistical authority for the Australian Government, the ABS collects, compiles, analyses, disseminates and coordinates statistics and related information. It is recognised that many countries have more decentralised statistical arrangements and therefore can have greater challenges in achieving a coordinated approach.

8. Despite the centralised nature of the Australian statistical system, the ABS places considerable effort on ensuring that there is close cooperation with key stakeholders including users (like the Treasury and the Reserve Bank) and data providers (like the Australian Customs and Border Protection Service).

9. The ABS has an office in the national capital, Canberra, and in the capital of each of the six states and the Northern Territory. The ABS has initiated a program to move work program from Canberra to the state capitals. Under this initiative the international trade in goods and the international trade in services teams will be located in one state while the balance of payments and international investment teams will remain in Canberra. This will pose some challenges for coordination but they are expected to be managed through the use of technology (*e.g.* common computer systems and databases, phone and video discussions), good documentation of roles and responsibilities and the shared goals of ABS staff. These teams will remain under the one branch head.

10. The ABS has placed special effort to ensure the coordination of significant events such as the introduction of new standards and ensuring the accurate reporting of capital expenditure of major mining projects. This coordination cuts across trade in goods, trade in services, balance of payments, national accounts, capital expenditure and engineering construction.

11. The ABS appears well-positioned to satisfy this aspect of the vision but it is not totally clear what is implied by 'Binding working arrangements in a dedicated team structure' and if the ABS would need to consider any other arrangements to satisfy this aspect of the vision.

**Table 2 - Assessment of ABS Statistical data production**

<b>Element of the Vision</b>	<b>Current ABS Status for international trade</b>
<b>Goods</b>	
All transaction records (from customs or other sources) will contain an identification number of the importing or exporting enterprise that enables its linkage with the national statistical business register	The Australian Business Number or a Customs Identification Number is required for each Customs lodgement. The Australian Business Number is the key identifier on the ABS Business Register.
Information on mode of transport, customs procedure codes, special transactions, second partner country and on cost, insurance and freight for imports is routinely provided as part of the customs data available to statistics	This information, apart from customs procedure codes, is currently available from the ABS noting that - mode of transport for exports is available but not currently released - second partner country can be derived from overseas port. Customs procedure codes will be considered as part of the implementation of the revised standards for International Merchandise trade statistics.
Additional information needs for data on trade in goods will be satisfied, either via linking data to business registers and to other administrative sources or where necessary, via integrated enterprise surveys in a warehouse approach	Additional information needs for data on trade in goods can be satisfied through linking to the ABS Business Register, administrative sources like taxation information or enterprise surveys. The ABS currently achieves this via a Business Longitudinal Database. Trade in goods and ABS Business Register information are currently linked to produce an annual set of statistics on broad level exporter characteristics.
<b>Services</b>	
Resident-non resident trade in services remains highly harmonised with the needs of Balance of Payment (BOP) statistics, but at the same time should constitute a separate statistical domain which will provide more detailed information to the users	The ABS does this.
Trade in services data should be available in more detail, possibly on the basis of the Central Product Classification (CPC). The data should be linked to business statistics and will therefore be predominantly collected via enterprise surveys or suitable administrative sources, etc.	The ABS collects trade in services data by EBOPS. The ABS supports all product classifications being based on or corresponding to the CPC. Collecting more detailed data than EBOPS on trade in services is unlikely due to the cost and provider burden aspects. Clarification of what is meant by 'more detail' would be beneficial.
<b>Integrated approach of Goods and Services</b>	
Data collection frameworks covering goods and services will be coordinated and organized in such a way that information can be regularly and systematically obtained for purposes of trade, production and price statistics, which satisfies data needs of policy makers and researchers and could respond to information needs of the national accounts and the balance of payments	The ABS supports and largely achieves this.
Data collection frameworks will also cover less rational areas of information such as the organization of business functions or producer confidence	Apart from a Business Expectations Survey run for several years in the 1990s, the ABS has not and is unlikely to collect data on producer confidence. Australia has a number of private sector confidence surveys.
Foreign Affiliate Statistics will be part of the regular business/ multinational enterprise statistics	The ABS recognises the demand for foreign affiliate statistics but is not currently funded to collect or compile this information.
Micro-data on trade in goods and services linked with other business information will be available in data warehouses to users. Access will be governed by the respective confidentiality rules of authorities	The ABS provides a Confidentialised Unit Record File based on the Business Longitudinal Database which includes an aggregated annual value for total merchandise trade exports and imports.

12. The ABS currently has a project to move the frame for the Survey of International Trade in Services to the ABS Business Register. However, identifying units which engage in international trade in services will remain a challenge as there is no source which clearly identifies these units. The move is scheduled to be completed in March 2013.

13. The ABS is relatively well positioned in linking businesses importing goods and services to the ABS Business Register and this will extend to services after the move to the Register is completed. The ABS produces some information from linking these businesses but there is the potential to do more. The current constraints are resources and other priorities. Challenges to be addressed in producing this information include:

- The increasing extent to which households directly import.
- The need to better understand which business the Australian Business Number on Customs documentation relates to and how this aligns with the change of ownership. This results in a caveat to a number of the areas of apparent ABS compliance with the vision in Table 2.
- The increasing divergence between Merchandise trade statistics and goods statistics on a balance of payments basis.
- Confidentiality is likely to be a challenge in disseminating the resulting information.

14. The ABS recognises the demand for information on mode of supply and foreign affiliates but is not currently funded to collect or compile this information. Australian stakeholders have expressed a far stronger interest in outwards foreign affiliates than inwards. The ABS is not convinced that foreign affiliates statistics require a high frequency and it is not clear what is meant by 'regular' in relation to these statistics.

Table 3 - Assessment of ABS Data dissemination and analysis

Element of the Vision	Current ABS Status for international trade
Joint dissemination of statistics on trade in services and trade in goods on a quarterly and, where possible, monthly basis	The ABS produces a combined monthly publication, International Trade in Goods and Services. The difficulty in producing monthly data for some services components is noted.
International trade statistics will be available by enterprise characteristics, such as economic activity sector, employment, enterprise size and demography as well as geographical location of the enterprise, but also by other indicators such as business confidence or sourcing of business functions	The ABS has some basic infrastructure in place that will facilitate this but more work is required to enable this information to be produced. Some of the characteristics (e.g. geographical location of the enterprise) require more conceptual work. A full cost / benefit analysis of producing this information is required.
International trade in goods and services will be published by CPC product, ISIC activity and partner country	Merchandise trade and trade in services data are available for partner country. Merchandise trade data are available by industry (based on the industry most likely to produce the commodity) but data by the industry of the trading business can be produced. The ABS supports all product classifications being based on or corresponding to the CPC. It is not clear how feasible it is to produce data by CPC product using the existing input classifications the Harmonized System for goods and EBOPS for services.
International services transactions will be allocated over the GATS modes of supply starting with the simplified procedures set out in MSITS	The ABS has no resources to do this but, as a lower priority on the workplan, is interested in assessing the feasibility and cost of doing so.
Studies on the impact of trade on value added and employment will have a much better information basis, i.e. through linking trade and business statistics and integrating the relevant macroeconomic, social and sectoral information in specialised satellite accounts	The ABS agrees with the vision of better linking and integrating economic, social and environmental data. The ABS has a major transformation program that will align statistical processes to the GSBPM and design tools and modules which can be reused across statistical programs and enable various data to be linked and analysed. This program will facilitate this aspect of the vision. The ABS supports the use of satellite accounts to complement information in the core accounts.
Information on intra-firm trade and goods for processing without change of ownership will become available for national accounts and balance of payment statistics	The ABS has a process in place to identify goods for processing without change of ownership and ensure they are correctly treated in the balance of payments and national accounts. The challenges in doing this are recognised but analysis to-date indicates that this is not a major issue in Australia.
Mode of transport information provided by trade statistics will significantly improve transportation statistics and allow a better assessment of the environmental impact and energy consumption of international trade	The ABS currently produces mode of transport data for merchandise imports and can derive this for merchandise exports. There has been some effort to integrate trade and transport statistics but Australian stakeholders have not seen this as a key priority.
International trade information systems that provide a firm basis for analysis of a country's involvement in globalization and its impact on the national economy, environment and society have been established	The ABS has some basic infrastructure in place that will facilitate this but more work is required to enable this information to be produced. A full cost / benefit analysis is required.

15. The benefits of utilising a common product classification are understood but the references to CPC in the vision need elaboration. Substantial resources were invested in implementing EBPOPS 2010 and it is not clear that businesses will be able to provide any more detail. Merchandise trade data are

available according to the Harmonized System and SITC providing a high level of international comparability.

16. The ABS is limited in the Services data by modes of transport that it can disseminate due to confidentiality requirements. It is likely that confidentiality issues will become an increasingly significant issue as businesses consolidate and become increasingly concerned about protecting their commercial interests.

17. The point made earlier is also relevant in this section - the increasing divergence between Merchandise trade statistics and goods statistics on a balance of payments basis creates challenges for integrating data.

### **Challenges**

18. The vision recognised challenges in implanting this vision and these certainly apply to the ABS. Resources, provider burden, confidentiality and the challenge of producing the current set of high quality macroeconomic statistics in a global economy combine to pose significant hurdles in realising this vision.

### **The way forward**

19. Undertaking this analysis has been very useful and a more detailed assessment would be beneficial. The vision will be used in discussion with key Australian stakeholders to help identify future priorities for the international accounts program. The views of these key stakeholders are essential if there is any hope of having aspects of this vision included on the ABS work program.

20. This analysis has highlighted that more conceptual work is required in several areas and a better understanding is required of some aspects of the inputs to ABS statistics. In particular, the increasing divergence between merchandise trade and trade in goods statistics needs consideration as the ABS only provides much of the required information on a merchandise trade basis not on a balance of payments goods basis.

21. The presenting of this vision by the international agencies is greatly appreciated. It poses a significant challenge but having a concise summary of the many different (and new) demands for information is a very positive step. Undertaking a comparison against the vision has proven a useful exercise for this nso.