

Commentary to the data comparison tables of the external merchandise trade mirror data

The results of comparisons of Russia's foreign trade statistics with the rest of the world data are represented in the attached tables. Regular comparisons conducted by the Bank of Russia on the basis of the FCS of Russia customs data (from «Customs Statistics of Foreign Trade of the Russian Federation»), the IMF's data (from "Direction of Trade Statistics"), EUROSTAT's data (from "Intra- and extra-EU trade"), and the CIS Interstate Statistics Committee data, demonstrate both the existence of systemic discrepancies and the variability of the magnitudes thereof. The main reasons for such differences could be conditionally combined in the following groups:

1) Methodological:

a) Russia's external merchandise trade statistics are based on the principles of "general system of trade", according to which goods are recorded as exports/imports at the moment of crossing the national frontier. A number of Russia's trade partners (including certain EU countries) apply principles of «special trade system», according to which goods are registered as exports/imports only after the customs clearance. Different approaches to the registration of foreign trade transactions lead to the appearance of timing lags, and also they heighten the possibility of incorrect recording of the country of goods origin/destination;

b) in accordance with international standards, countries determine statistical value of imported merchandise on the CIF terms of delivery, and on the FOB terms with respect to exported goods. The transformation co-efficient from CIF to FOB prices applied by the Bank of Russia in mirror data comparisons (for non-CIS countries and CIS countries which do not have common frontiers with Russia, it was estimated to be equal to 5.88% and 10.2%, respectively) is an average for the total volume of imports, while for certain countries and merchandise groups it may vary significantly from factual data;

c) a number of goods exist whose nature makes it difficult to apply a common approach to their registration by customs authorities of different countries. In

particular, it relates to gold, electricity, bunker fuel, and fish caught in the high seas;

d) differences in approaches to registering natural persons' transactions. In the Russian practice, it relates mostly to car imports that are not included in customs statistics totals. At the same time, the country from which the automobile has been imported may have registered it as exports if its price has exceeded a set threshold value.

2) Technical:

a) a time lag arises in the period between the date of shipping the goods for exports in the country of origin and the date of registration of the goods in the recipient country, which averages in world trade 3-4 weeks and varies depending on countries' geographical situation, employed modes of transport, nature of transported goods, etc.;

b) while converting merchandise values to a single currency, countries may use different exchange rates;

c) geographical classification of transactions is made by country of origin or by country of goods' final consumption, however, in the absence of possibility to determine them, the country holding the contract is reflected in the records. In case of Russia – EU transactions the latter registers the country where the outer frontier of the Union has been crossed by the goods as the counterparty of Russia. In such case discrepancies in bilateral data arise;

d) participation in export/import transaction of a counterparty country reselling the merchandise;

e) customs authorities of most of countries of the world set different value thresholds for recording imported and exported goods;

f) in some cases goods registered by the exporting country do not reach the country of destination due to a damage or confiscation thereof in one of the transit countries;

g) in most countries limitations exist on disclosure of information on certain merchandise items;

h) as a rule, aggregate data compilation, publication, and updating rules of national statistical services and those of international organizations do not coincide in time.

3) Associated with intentional distortion of statistical data:

a) counterparties of one partner country can intentionally avoid registering the goods crossing the national border whilst in the other country the goods are registered;

b) importers can use a second set of invoices showing lower than actual goods' quantities and/or prices thereof with the purpose of reducing the amount of payable customs duties. As a result, export and import values of the goods will differ;

c) importers can declare the goods under fake merchandise codes in order to minimize the customs tariffs' charges;

d) exporters can intentionally state higher quantities and values of the exported goods with the purpose of increasing their VAT refunds;

e) counterparties in trade relations can intentionally misstate their partner country.

While the array of the reasons for discrepancies arising in the mirror data is sufficiently stable, their composition and the extent of influence within each period of time are different. This eventually determines the dynamics of absolute and relative dimensions of discrepancies.

The bulk of the aforementioned reasons may be recognized as objective factors leading to inconsistencies in statistical data.

Comparisons of Russia's data with those of the rest of the world are conducted in order to mitigate the influence of a number of factors resulting in discrepancies, e.g. related to geographical classification.