

Methodological note

GUIDANCE ON THE COMPILATION OF STATISTICS ON INTRA-EU TRADE IN GOODS IN THE CONTEXT OF THE COVID-19 CRISIS

EUROSTAT, DIRECTORATE G

UNIT G5 — TRADE IN GOODS

5 MAY 2020

Background

The COVID-19 outbreak has strongly impacted the day-to-day activities of businesses and other entities involved in international trade, both in the EU Member States and in the rest of the world. Though restrictions imposed by the governments do not directly concern the movement of goods, other restrictions such as those related to the movement of people or closures of production places affect international trade indirectly.

In the face of this situation, Eurostat and national statistical authorities in the European Statistical System have been working together to elaborate guidelines and notes on how to address the methodological issues triggered by these changes in statistical production and ensure that European statistics continue to be based on sound foundations.

As regards statistics on international trade in goods (ITGS), the COVID-19 outbreak affects in particular the data collection and compilation of the trade statistics between the Member States where data are collected via Intrastat. In contrast, the compilation of trade statistics with non-EU countries, where customs declarations are the main data source, is not expected to be affected by the the COVID-19 outbreak.

To gather information on the impact and mitigation measures on ITGS, three consultations have been conducted since the start of the outbreak:

- 24 March: ITGS rapid consultation on forthcoming data transmissions
- 1 April: BSDG consultation on the prioritised statistics
- 15 April: ITGS consultation on measures to mitigate the impact of the Covid-19 outbreak

The purpose of this note is to summarise the main findings of these consultations and share them within the ITGS compilers. First, the issues and challenges for the ITGS compilation caused by the COVID-19 outbreak are shortly discussed. After that, a number of approaches implemented by the ITGS compilers in order to respond to these challenges are summarised. These approaches could thus serve as guidance for possible further actions by the ITGS compilers.

Impact of the COVID-19 crisis on the compilation of statistics on intra-EU trade in goods

Member States' replies to the consultations showed that the already occurred or expected impacts to the ITGS compilation are two-fold:

- An increase in the non-response rate (or a reduction in the response rate) on the Intrastat return. A number of businesses may be temporary or indefinitely closed while other may not be able to respond in due time for other reasons, such as having no access to the necessary documents (invoices or delivery documents), facing shortage of staff or having other operational priorities.
- Late (or delayed) availability of VAT data due to lightened administrative reporting requirements for the submission of VAT returns.

The lower response rate to surveys increases the need for more estimation, which may be difficult to implement though. On the one hand, the estimations based on historical data may not correctly reflect the extraordinary circumstances. On the other hand, unavailability of VAT data means that the estimation and quality control procedures (based on a comparison between Intrastat returns and VAT data) will be negatively impacted. In this respect, a particular challenge is to distinguish between those traders which did not have any trade for the given reference period and those who failed to submit the Intrastat return.

Mitigation actions

Possible measures to mitigate the impact of the COVID-19 crisis in the ITGS compilation are listed below under two main themes:

Data collection measures

- **Encouraging and motivating all data providers to keep submitting data.** Data providers are made aware of the public needs for accurate and timely information on the impact of COVID-19 outbreak on societies. Various communication ways could be used to raise this awareness, for instance: a letter from the General Director of the NSI, specific press releases, webpages on COVID-19, communication emails to all Intrastat reporters or reviewed texts in the reminder messages.
- **Direct contacts with individual Intrastat reporters.** Enhancing direct contacts with the data providers represents the most typical measure taken by the ITGS compilers. More detailed and frequent follow-up of response rates, followed by direct contacts (by phone or email) with the respondents, in particular with the largest ones, helps to safeguard the progress of the data collection. These direct contacts are used to obtain information on the situation of the data providers who had not yet reported; whether they are capable of reporting in due time or whether they had carried out any trade during the reporting period. Direct contacts are also used to explain the importance of providing data, to provide guidance and to verify possible issues with reported data.
- **Changes to the data collection.** To facilitate the data reporting, some changes to the data collection could be introduced. Examples of these measures are: to allow data reporters temporarily report simplified data for their less important transactions or provide nil-declarations to indicate if there were no trade during the reference period. The ITGS compilers could also provide the nil-declarations on behalf of the trader, if it is known that there is no trade.

Methods for estimating missing data

Examples of the changes made to the estimation methods to better reflect the extra-ordinary circumstances are:

- **Distinction between traders which did not have any trade for the given reference period and those who failed to submit the Intrastat return.** Failing to distinguish those traders who did not have any trade from those who did not report (non-response) may lead to overestimating the missing trade. Under normal circumstances, either a nil-declaration or VAT could be used for this distinction. However, if neither are available and direct contacts with the data providers are not successful, other data available at NSI could be used. For instance, data collected for the purposes of business statistics or business register on whether businesses have ceased their activities could be useful also for the ITGS purposes.
- **Additional data sources.** In the absence of normal data sources (Intrastat or VAT), additional data sources could be used in the ITGS compilation to estimate the missing data. These include using recapitulative statements (VIES data) as a replacement of VAT data as well as any business data and register information already available at NSI. Another possibility is to conduct an ad-hoc data collection. Such a collection could address needs of the business and trade statistics in general or focus only on the Intrastat. An example of the former is a flash survey to identify impacts of COVID-19 on businesses and of the latter an alternative data collection targeting those data providers who have not submitted their Intrastat return. These businesses are required to report the total value of their intra-EU imports and/or exports by email or phone. On top of that, information from various media could be used to verify the situation of an individual business.
- **Other adaptations to the estimation procedures.** To ensure that the missing trade is estimated accurately, estimates produced in the estimation systems should be closely monitored and corrected, if they seem not to reflect the overall changes in trade. This implies comparing the estimates against the patterns of reported trade and lowering them by using corrective factors.

Conclusions

The consultations were carried out between late March and mid-April. During this period data collection concerned reference periods of February and March 2020. Replies to the consultations showed that the ITGS compilers had well prepared for the challenges brought by COVID-19 crisis and already taken actively measures to mitigate them. The replies also suggested that, contrary to some early concerns, most Member States have not yet witnessed a major reduction in the overall response to the Intrastat data collection. On the one hand, this implies that the measures taken by the ITGS compilers have been effective and that businesses have acted responsibly in complying with their reporting obligations. On the other hand, the replies showed that the impact was not the same across the Member States. This may reflect that the lockdown measures varied across the Member States and were not issued at the same time.

Against this background, a close follow-up of the impact is needed. Several Member States believe that revisions to the statistics will be higher than usual, especially at the most detailed level. For this reason, a complete picture of the COVID-19 implications will be known only at a later stage.