

Overseas Trade Statistics



Overseas Trade Statistics Methodology Paper

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1 Introduction

1.1 Overseas Trade Statistics compiled by HM Revenue & Customs (HMRC)

The Overseas Trade Statistics (OTS) are a detailed dataset covering the UK's trade in goods at a disaggregated country and product level. They are published monthly, quarterly and annually from trade declarations, providing access to both aggregated and detailed data for over 9,000 commodities and 250 partner countries. The detailed data are suitable for trend analysis and for comparing the relative magnitude of components.

Trade statistics are compiled to serve the needs of many users, including governments, business community, compilers of other economic statistics such as balance of payments and national accounts, various regional and international organisations, researchers and the public at large. They are used to identify new trade opportunities for products across the world, to measure market share, to identify growth areas, to forecast trade and to analyse patterns. Different users need different data, ranging from detailed to aggregated figures.

One of the key uses of the OTS is as a component to the UK's Balance of Payments (BoP). The Office for National Statistics (ONS) adjusts the OTS to produce trade in goods data on a BoP basis – this is covered in a separate methodology paper. Trade statistics are regarded as an important economic indicator of the performance of the UK. Export data in particular is used as an indicator of the state of health of the UK manufacturing industry.

Statistics of the UK's overseas trade in goods have been collected for over 300 years by HMRC. The Trade Statistics unit (TSu) within HMRC compiles the UK OTS on goods physically leaving and entering the UK, as well as goods which fall outside of the Customs boundary (such as vessels and aircraft) and are traded between the UK and both European Union (EU) Member States and non-EU countries. Trade with non-EU countries is referred to as imports and exports; for EU trade the respective terms are 'arrivals' and 'dispatches'. One of the reasons for this distinction is that non-EU trade is collected from customs declarations, while the EU data is collected via a survey known as Intrastat.

The published OTS is a 'National Statistics' product. National Statistics are produced to high professional standards set out in the Code of Practice for Official Statistics (CoP). They undergo regular assurance reviews to ensure that they meet customer needs. They are produced free from any political interference.

1.2 Methodology amendments

Changes to the methodologies used to compile the UK OTS will be required from time to time to reflect current best practice, improve data quality or comply with EU legislation. These could range from simple changes in operational processes through to complete methodology changes. TSu will ensure that these are implemented in a co-ordinated fashion to minimise disruption to the time series, and reflect user needs in line with the requirements of the CoP.

When changes in methodology are introduced, existing data will not be amended. The lead Statistician will decide if it is necessary to publish back cast data for comparison purposes.

1.3 Legal basis

The compilation of trade statistics is governed by EU legislation, contained in Council and Commission regulations, and based on the United Nations International Merchandise Trade Statistics: Concepts and Definitions (IMTS). These broadly cover the physical flow of goods across national borders. EU legislation sets out the requirements in terms of definitions, variables, coverage, timescales and outputs for the trade statistics. However, under the principle of subsidiarity, Member States develop their own methodologies and processes in order to meet these requirements. This paper sets out the methodologies adopted in the UK.

New and amended Council and Commission regulations were published in 2009/2010 for both EU and non-EU trade statistics. Please see Annex 1 for the specific details of the legislation, for both EU and non-EU trade, that governs the collection and publication of the Trade Statistics.

2 Data Sources and Estimates

2.1 Information on trade with EU Member States

2.1.1 Background

The Intrastat system is a survey to determine the level of trade conducted within the EU. It has been in operation since 1993 for all EU Member States and is linked to the VAT system. All VAT-registered businesses are required to complete two boxes on their VAT returns, which in the UK are normally submitted quarterly. These show the total value of imports of goods from suppliers registered for VAT in other Member States (arrivals) and the total value of exports of goods to customers registered for VAT in other Member States (dispatches).

Businesses whose annual value of arrivals and/or dispatches exceeds a given exemption threshold are required to provide an Intrastat declaration each month, showing full details of their arrivals (imports) and dispatches (exports) during that month. The thresholds are reviewed annually to minimise the burden on business of the Intrastat system whilst maintaining the coverage by value of UK trade required by European legislation. For the calendar years 2010 - 2013 these thresholds were set, and have remained at £600,000 for arrivals and £250,000 for dispatches. These detailed Intrastat declarations are required to cover at least 95 per cent of the value of trade for arrivals, and at least 97 per cent of the value of trade for dispatches. Previously in 2009 a single capture rate of 97 per cent was in place for both arrivals and dispatches. This change has resulted in the number of Intrastat traders falling from around 33,000 in 2009, to around 27,500 from 2010 onwards.

Prior to the introduction of the Single Market in 1993, statistics of UK imports from and exports to all countries in the World were compiled from customs declarations made to HMRC (previously HM Customs & Excise) by importers, exporters or their agents.

2.1.2 The VAT link

The information on the VAT returns serves three purposes with respect to Intrastat:

- to establish a register of businesses and to determine those who exceed the Intrastat thresholds
- to provide a cross-check with the Intrastat declarations
- to provide an estimate of the total value of trade carried out by businesses below the Intrastat threshold

Businesses not registered for VAT and private individuals who move goods within the EU have no obligations under the Intrastat system and their trade is therefore not included in the statistics. Examples of commodities where this trade can be significant are works of art and racehorses.

2.1.3 Intrastat Data Collection

Intrastat survey data is collected on a monthly basis from all businesses above the exemption threshold. Businesses are expected to submit their data by the 21st day of the following month, so for instance; January data must be submitted by the 21st of February.

The fields that are collected are as follows:

- Commodity Code
- Invoice Value
- Net mass/Supplementary Unit (where appropriate as determined by Commodity Code)
- Country of Destination or Dispatch (COD)
- Delivery Terms (if the business reaches the Delivery terms threshold)
- Nature of Transaction

Up until April 2012 businesses had the option to submit either paper or electronic declarations. However, in line with HMRC's requirement for the majority of businesses to submit VAT returns online, it became mandatory to submit Intrastat electronically from April 2012.

There are two main ways of submitting Intrastat data electronically, either via the Internet or using Electronic Data Interchange (EDI):

- The secure system for submitting via the Internet is accessed from the HMRC website and businesses can choose to either key directly onto an online form or submit offline using a Comma Separated Variable (CSV) file.
- The EDI facility allows HMRC to receive data in the Electronic Data Interchange for Commerce and Transport (EDIFACT) Standard.

HMRC operates a penalty regime for businesses who fail to submit Intrastat declarations within the timescales and to the quality required.

Further details on Intrastat can be found in Public Notice 60, which is available on www.uktradeinfo.com.

2.1.4 Below Threshold Trade Allocations (BTТА)

For trade with the EU, data is collected via the Intrastat survey from all businesses above the exemption thresholds. For businesses below these thresholds, trade is estimated using the BTТА process, by initially summing the values of arrivals and dispatches supplied on their VAT returns. The BTТА process estimates the total value, net mass and supplementary units for each combination of 8-digit commodity code and partner country for below threshold businesses.

The BTТА methodology is based on the assumption that the distribution of below-threshold trade by partner country and commodity is similar to the distribution of goods traded by businesses who are just above the Intrastat threshold (called 'just-above threshold trade', or JATT).

The methodology is implemented separately for arrivals and dispatches. Where possible, the factors provided by Eurostat for net mass estimation (see 3.1.7) are used to create appropriate net mass and supplementary unit estimations to accompany the value allocations. Where this is not possible, the average ratio of value to net mass and value to supplementary unit in the declared trade is used to provide appropriate net mass and supplementary unit estimates. The factors are calculated on an annual basis. A detailed explanation of the methodology is available on request.

For more information on the BTTA methodology contact:
uktradeinfo Customer Services
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2.1.5 Ancillary Cost Survey

The Ancillary Costs Survey (ACS) allows HMRC to publish EU (Intrastat) trade figures on the same common valuation basis as all the other EU Member States. This basis is the value of the goods plus the cost of movement to the border of the Member State that publishes the statistics i.e. the Cost, Insurance and Freight (CIF) delivery terms value for arrivals and the Free on Board (FOB) delivery terms value for dispatches. The value of the trade under this common basis is called the statistical value. By conducting the ACS, the UK has avoided the need for all businesses to provide adjusted values on each line of trade on their supplementary declarations, thus reducing the burden on the business.

The current ACS methodology involves a survey of businesses. Every month two stratified samples (one for arrivals, one for dispatches) of randomly selected Intrastat businesses are surveyed. They are asked to produce details of six lines of trade from the previous six months, including the value of the goods, delivery terms, net mass, partner country and the ancillary cost (i.e. the cost incurred in the movement of the goods, including freight and insurance charges). Businesses are not re-surveyed for at least 12 months in order to minimise the burden placed upon them (rotational sampling is used). From the data collected in the ACS, the 'Ancillary Cost Factors' are calculated according to the theory that there is a log-linear relationship between the net mass of the consignment, and the ancillary costs under each particular delivery term for each country. These are calculated once a year and then used to adjust declared invoice values to statistical values for the following year¹. These factors are only applied to trade in goods where the delivery terms and the country have been declared.

Only businesses with trade over the delivery terms threshold (£16 million in 2013) are required to submit delivery term information on their declarations. Where goods are declared without delivery terms, the value is adjusted according to the trading partner country and the commodity code, via the ancillary costs look-up tables. The look-up tables are based upon historical data, when the TSu had access to both statistical and invoice value for all Intrastat trade. These tables make a fixed proportional value adjustment based on the product type and country.

For more information on the Ancillary Cost methodology contact:
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01702 367485

2.1.6 Non and Partial response estimates

Businesses that have a legal responsibility to provide Intrastat declarations are required to do so by the 21st day of the month following the month to which the declaration refers. However, where businesses fail to provide Intrastat returns by this deadline, or when the value of the return is substantially lower than expected (therefore a further declaration is likely), estimates of the value of the shortfall are included by HMRC. This is to ensure the provisional publication of total trade figures is as accurate as possible, taking account of declarations that will be submitted late.

¹ For all Intrastat businesses that submit delivery terms on their supplementary declarations.

The expected trade by each business is based on the declarations made by that business in previous periods. A growth rate broken down by Standard International Trade Classification (SITC) 2 and 3 digit product groupings is used to create a realistic estimation. This growth rate is based on the values declared by businesses who have responded on time in each SITC for the current month. If no declaration is received from a business, then the expected value is included as an estimate. This is traditionally termed a 'non response' estimate.

If any declaration is substantially lower than expected, a certain amount of the shortfall is retained as an estimate (this is termed a 'partial response'). This is calculated using a similar method to the non-response estimate. Late declarations of trade with EU Member States are subsequently incorporated into the month's figures to which they relate, with a corresponding re-assessment of the initial estimates for non and partial response. Additionally, each month's partial response estimates still included for declarant businesses are scaled down to reflect the increased confidence that the businesses have made complete declarations. By the sixth month after initial release, no partial response estimate is included.

Further information on partial response can be obtained from HMRC's published statement.

[Non-response methodology \(OTS Methodology: Enhancement of non-response estimation\)](#)

2.1.7 Trade associated with Missing Trader Intra Community (MTIC) VAT fraud

MTIC VAT fraud is a systematic criminal attack on the VAT system which has been detected in many EU Member States. In essence, businesses obtain a VAT registration to acquire goods VAT free from other Member States. They then sell on the goods at VAT inclusive prices and disappear without paying over the VAT paid by their customers to the tax authorities. A consequence of this is that the respective arrivals declarations to HMRC are usually not submitted, resulting in an under-recording of the value of goods imported into the UK from the EU.

There are two types of fraud associated with MTIC:

Acquisition fraud is where the goods are imported from another EU Member State into the UK by businesses who then go missing without completing a VAT return or Intrastat declaration. The missing traders therefore have a VAT-free supply of goods, as they make no payment of the VAT monies due on the goods. They sell the goods to a buyer in the UK and the goods are available on the home market for consumption.

Carousel fraud is similar to acquisition fraud in the early stages, but the goods are not sold for consumption on the home market. Instead, they are sold through a series of companies in the UK and then re-exported to another EU Member State, so that the goods move in a circular pattern or 'carousel'.

Because the recording of EU trade data is based on Intrastat declarations from VAT registered businesses, the way in which the fraudulent transactions are reported means that any exports relating to the fraud are reported, but imports (arrivals) relating to the fraud are not. As a consequence, UK import (arrival) statistics would be under reported without an adjustment for MTIC.

Therefore, the MTIC-related trade adjustments are added to the EU arrivals estimates derived from operational and intelligence information, as it is this part of

the trading chain that is not recorded. This adjustment does not reflect the level of trade associated with this fraud, and cannot be used as a proxy to estimate the level of attempted fraud or the VAT loss. Instead, it is simply an estimate of the missing EU arrival trade not recorded as a result of the fraudulent activity. Without this adjustment, a misleading impression would be given about the UK's trade balance, and subsequent BoP statistics. This is a special type of adjustment that affects only the arrivals (EU import) trade in the OTS.

The method used for calculating the adjustments relies on information uncovered during Customs' operational activity. As such, it cannot be detailed for risk of prejudicing current activity and undermining the UK's ability to tackle the fraud effectively. This was agreed by the National Statistician in 2003 when MTIC adjustments were first published. The UK remains the only Member State to make adjustments in their trade statistics for this type of fraud. These adjustments are produced monthly, based on estimates of the carousel variant of this fraud, which is thought to account for the bulk of MTIC fraud.

2.1.8 Net mass estimation

From January 2010, HMRC estimates for missing net mass declarations in all EU commodity codes where this is a voluntary data element, in compliance with EU legislation.

Introduced as a burden saving measure from January 2006, UK businesses were not required to supply both net mass and supplementary units on their Intrastat trade declarations for certain commodity codes. Businesses were only asked to supply one of either net mass or supplementary unit as determined by the International Combined Nomenclature (ICN).

After offering this as an EU-wide burden reduction measure, demand from users for net mass information led Eurostat to review the position. As a result, Member States agreed a change to the legislation from 1 January 2010, and those who do not collect net mass where there is a supplementary unit must provide estimations in the data they transmit to Eurostat. This is also incorporated into the OTS publication.

In order to assist Member States, the Eurostat Net Mass Task Force has looked at total commodity level submissions from all Member States and established a set of factors relating to each affected code. This provides an average 'number to weight' factor for all required commodity codes. Where a declaration is received with a zero, blank, or invalid net mass field, an estimated net mass, derived from the commodity code's factor and the declared supplementary unit, is calculated and inserted into the net mass field.

Following consultation with EU Member States the UK has changed its process so that from January 2012 declarations made in commodity codes with an optional net mass field and that have a net mass declared with a value greater than 0 kg will not be estimated; **except** where the declared net mass is 1kg and the resulting estimation is 4kg or greater.

This series of factors is created annually by Eurostat, for use and implementation by all Member States if required. This provides a consistent standard across the EU, and should increase the accuracy of published net mass figures for a large number of commodities. The complete list of commodity codes and factors can be viewed at the HMRC uktradeinfo website via the following link:

[Net mass estimation factors 2010 to 2013](#)

2.1.9 Intrastat Simplification

Following an amendment to the EU legislation governing Intrastat, the percentage coverage of trade in goods that Member States are required to collect from VAT registered businesses for the arrivals flow was reduced from 97 per cent to 95 per cent of total trade by value from 1 January 2010, in order to reduce administrative burdens on business.

This meant around 20 per cent of the total number of Intrastat businesses were no longer required to submit arrivals declarations.

A full Impact Assessment outlining the expected reduction in the burdens on business can be accessed here.

[Impact Assessment of Intrastat simplification](#)

The UK is committed to supporting the EU in its efforts to reform the Intrastat system, as part of the so called SIMSTAT (Single Market Statistics) programme of work. The first stage of this project will allow Member States to reduce the coverage for arrivals data to 93 per cent. In order to further reduce the burden on businesses required to submit Intrastat data, the UK is planning to implement this from 1st January 2014. This reduction in Intrastat data collected is not expected to have a major impact on the quality of UK data on trade with the EU. Although a small number of commodity codes will disappear from the trade statistics, the impact on data quality at aggregate level and at country level is likely to be minimal because below-threshold trade estimates will compensate for the majority of trade no longer collected.

One of the current SIMSTAT projects is to consider the feasibility of exchanging micro data between Member States. A program of work within the EU has already started on this, if successful this could lead to improvements in data quality. Member States will be able to share detailed information, and correct trade asymmetries that persist between countries. Ultimately this could lead to more radical reform of the way Intrastat data is collected and shared within the EU. However, the timetable for such changes is unlikely before 2016.

2.2 Information on trade with non-EU countries

Goods imported to and exported from non-EU countries are usually covered by customs declarations (Single Administrative Document, the SAD) and presented to Customs using the Customs Handling of Import and Export Freight (CHIEF) system. This is an administrative data collection system. In general, these declarations are recorded in the month of account when the declaration was submitted (not necessarily when the goods were imported or exported).

Import statistics are based on declarations cleared by Customs during the calendar month. Approved businesses can use simplified import procedures (CFSP) whereby only a sub-set of data is required to be declared at the frontier at the time of import. This then has to be followed by a supplementary declaration containing full statistical details, submitted by the fourth working day of the month following acceptance of the simplified declaration.

Under the procedures for the control of exports, the principle is the same, namely that goods cannot be cleared for export until a customs declaration has been made. Businesses can, if they wish, use simplified procedures (SDP) which allow submission of a simplified declaration at the time of export, followed by a complete declaration within fourteen days of the date of shipment. Prior to February 2010 export processing was based on a staggered month whereby receipts close three working days before the end of the calendar month. From February 2010 exports have been aligned to calendar months in accordance with imports.

Although the majority of imports and exports are captured via the customs declaration/CHIEF system, there are certain exceptions. 'Specific Movements' is the term used for trade which frequently falls outside the Customs boundary (for example, a ship which is either purchased or sold whilst at sea) and would not be captured through the Customs system. Further information about Specific Movements is provided in paragraph 3.3.

3 Classifications and Definitions

3.1 General principles

3.1.1 System of recording trade statistics

There are two recognised systems for recording trade – the 'general trade' system and the 'special trade' system. General trade is the definition used by HMRC and the ONS to compile UK trade statistics. Special trade is the definition used by Eurostat to compile Community trade statistics².

The OTS are compiled in accordance with the general trade system of recording (as described in the IMTS). They comprise all merchandise crossing the national boundary of the UK including goods imported into and exported from Customs warehouses and free zones. Imported goods are recorded whether or not at the time of importation they are intended for use in the UK or for re-export. Import statistics therefore include UK goods re-imported and goods imported for processing or incorporation with other goods and subsequent re-exportation. Such re-exports are not distinguished from exports of UK produce.

Goods in transit through the UK (even where transshipment is involved) are not included in the OTS.

3.1.2 Basis of valuation

For statistical purposes the UK adopts the valuation basis recommended in the IMTS. This is termed the statistical value.

The valuation of exports (dispatches) is on a FOB delivery terms basis, i.e. the cost of goods to the purchaser abroad, including:

- packaging
- inland and coastal transport in the UK
- dock dues
- loading charges
- all other costs such as profits, charges and expenses (e.g. insurance) accruing up to the point where the goods are deposited on board the exporting vessel or aircraft or at the land boundary of Northern Ireland

The valuation of imports (arrivals) is on a cost, CIF delivery terms basis including:

- the cost of the goods
- charges for freight & insurance
- all other related expenses in moving the goods to the point of entry into the UK (but excluding any duty or tax chargeable in the UK)

² The key difference between general and special trade is the treatment of goods entering Customs warehouses and free zones. Special trade excludes such movements.

When goods are re-imported after processing abroad, the valuation includes the value of the goods when exported as well as the cost of the processing.

3.1.2.1 Arrivals from and Dispatches to EU Member States

The value of trade collected from EU (Intrastat) declarations is the invoice value. This is consistent with that required for VAT accounting purposes. Regular sample surveys are conducted by TSu to establish conversion factors to adjust the invoice values to produce the legally required valuation basis (i.e. statistical value) for publication. Separate factors are imputed for a range of different delivery terms and for trade with each Member State (see section 2.1.5: Ancillary Costs Survey).

3.1.2.2 Imports from and Exports to non-EU countries

The statistical value of imports from and exports to non-EU countries is the same as the value for Customs purposes. When submitting Customs declarations, businesses declare the statistical value, using specific methods of valuation in the following order of preference:

- the transaction value of the goods (i.e. the price paid or payable on the goods)
- the transaction value of identical goods
- the customs value of similar goods
- the 'deductive method' - value derived from the selling price in the country of importation
- computed value based on the built-up cost of the imported goods
- the 'fall-back' method by adopting the above methods flexibly to fit unusual circumstances

Goods are valued at the point where they are introduced into or leave the Customs territory of the EU. This means that costs for delivery of imported goods to that point have to be included in the customs value.

An amount expressed in foreign currency is converted to sterling by the importer using a system of 'period rates of exchange' published by HMRC. These rates are normally operative for a four weekly period unless there is a significant movement in the exchange rate.

3.1.3 Treatment of taxes

As described above, the value of all goods moving into and out of the UK is declared based on the transaction value recorded for Customs purposes or, in the case of trade in goods with EU Member States, the invoice or contract value. In line with this principle the values recorded exclude VAT.

For trade in goods with non-EU countries, all other taxes such as duties and levies applied to goods after arrival in the UK are similarly excluded. For trade in goods with EU Member States, the value recorded for arrivals and dispatches – the invoice or contract value – includes any duties or levies applied to goods originating in non-EU countries when they originally entered the EU and cleared Customs formalities. However, excise duties are excluded from the value recorded for trade.

Publication of VAT, Customs & Excise duties does not form part of the OTS.

3.2 Product and Territorial Classifications

3.2.1 Commodity Classification

The UK classification for OTS, the Combined Nomenclature (CN) of European Communities, is an integrated classification for both Tariff and Statistical purposes. It comprises a single list of descriptions applying to EU and non-EU trade for both Imports and Exports.

It is based principally on the Harmonised Commodity Description and Coding System (Harmonised System or HS for short), owned by the World Customs Organisation (WCO).

Each description is uniquely identified by an 8-digit commodity code. The first 6 digits are always taken from the Harmonised System (HS), while the full 8 digits indicate the CN code. The further detailed breakdown is to reflect trade of specific interest to EU, but not identifiable at the 6-digit HS (World) level.

There are approximately 9,500 commodity codes in the CN.

The OTS of the UK are compiled on the above basis but are also re-grouped under the headings of the SITC (Rev.4) of the United Nations for publication purposes. The broad headings within this classification are:

Section 0	Food & live animals
Section 1	Beverages & Tobacco
Section 2	Crude materials
Section 3	Mineral Fuels, lubricants & related products
Section 4	Animal & vegetable oils & fats
Section 5	Chemicals & related products
Section 6	Manufactured goods classified chiefly by material
Section 7	Machinery & transport equipment
Section 8	Miscellaneous manufactured goods
Section 9	Commodities & transactions not elsewhere classified.

3.2.2 Country classification

The country codes used for both EU and non-EU trade statistics are published in a Commission regulation and applied throughout the EU. The latest codes are contained in Commission regulation (EU) No 1106/2012 (OJ L328, 28.11.2012).

A full list of country codes can also be found on [uktradeinfo](http://uktradeinfo.com).

[uktradeinfo - country codes](http://uktradeinfo.com/country_codes)

In all trade statistics publications, details of imports are given according to the country from which the goods are consigned. This is the country from which the goods were originally dispatched to the UK without any commercial transaction in any intermediate country (either with or without breaking bulk in the course of transport). This is not necessarily the country of origin, manufacture or the last country from which the goods were shipped to the UK.

Details of exports are given according to the country of destination as declared at the time of export. However, where goods can be traded while in transit (e.g. grain and crude oil), this may not necessarily be the final destination of the goods.

3.2.3 Territorial coverage

For the purposes of the OTS, 'United Kingdom' is defined as Great Britain, Northern Ireland, the Isle of Man, the Channel Islands and the Continental Shelf (UK governed area of the North Sea). Therefore the OTS exclude trade between these different parts of the UK but include their trade with other countries.

3.3 Specific cases

There are various 'Specific Movements' and other specific cases which, by the very nature of the goods or the types of trade involved, are not covered by customs declarations and so not captured via the CHIEF system in the usual way, or are not simple to capture via Intrastat. As a result, different procedures are adopted by HMRC in order to include such trade in the statistics.

3.3.1 Specific Movements

3.3.1.1 Industrial plants

'Complete industrial plant' means a combination of machines, apparatus, appliances, equipment, instruments and materials which fall under various headings of the HS nomenclature and which are designed to function together as a large-scale unit to produce goods or provide services. All other goods which are used in constructing a complete industrial plant may be treated as component parts thereof.

EU legislation allows simplified procedures for the arrival, dispatch and export of industrial plant component parts. Member States may compile statistics by component parts on condition that the overall statistical value of the industrial plant exceeds 3 million EUR (approximately £2.5 million), unless it is a complete industrial plant for re-use. Such component parts may be classified as:

- The first four digits of the commodity code shall be 9880.
- The fifth and sixth digits shall correspond to the CN chapter to which the goods of the component part belong.
- The seventh and eighth digits shall be 00

3.3.1.2 Vessels and aircraft

The trading of vessels is a particularly difficult area of statistics to capture due to the complex nature of ownership and timing of changes. This is evidenced in the statistical legislation where the definitions for imports/arrivals and exports/dispatches have been amended a number of times.

A revised criterion for defining movements of vessels and aircraft was introduced by new legislation in 2010 to focus on the 'economic ownership'. This term is defined as 'the right of a natural or legal person to claim the benefits associated with the use of a vessel or aircraft in the course of an economic activity by virtue of accepting the associated risks'. From this date, imports/arrivals and exports/dispatches are recorded in the statistics where a transfer of 'economic ownership' takes place.

A variety of sources are used in the UK to compile statistics on vessels, including customs declarations, Intrastat returns, the Internet and trade magazines. Information from the IHS Fairplay Register can also prove useful in verifying vessel ownership and may be exploited further in the future.

The aircraft industry is regulated more thoroughly and each Member State has its own statutory authority to register all aircraft operators. In addition, each aircraft has its own unique reference number and is registered to an owner/operator. Consequently, changes in ownership are more straightforward to track and capture in the statistics.

3.3.1.3 Goods delivered to vessels and aircraft

Mandatory commodity codes are used for the supply of goods (dispatches and exports only) to vessels and aircraft visiting a UK port or airport that belong to an economic owner established in another country/Member State. These codes are designed to be used for goods for the consumption by passengers or crew and operational equipment. The varied trade is combined into three general pseudo CN codes as follows:

- Goods from Chapters 1 to 24 declared in code - 9930 2400
- Goods from Chapter 27 declared in code - 9930 2700
- Goods from other Chapters declared in code - 9930 9900

3.3.1.4 Staggered consignments

The Specific Movement covering staggered consignments permits Member States to report disassembled/unassembled goods transported in several stages only once. Under this provision, only the final movement is transmitted by the UK to Eurostat using the full value and classification code of the complete assembled product.

For Intrastat purposes, the UK has adopted this optional procedure to allow businesses to report the goods in this way.

3.3.1.5 Military goods

Commodity codes are in place for classifying military goods, such as tanks/other armoured vehicles, artillery weapons and rocket launchers and these are collected through the Intrastat and Customs systems. However, due to the sensitive nature of these headings, the publication of the relevant statistics is subject to suppression at the request of the Ministry of Defence (MoD). These are termed 'strategic suppressions' since they have been put in place in order to protect the national interest.

The suppressions are applied to each of these commodity codes at one of two different levels - either complete suppression (where no statistics are published) or suppression of data for specific countries and total quantity.

Suppressed data is usually included in the statistics at Chapter level.

A full statement on HMRC's policy on suppressions is available on www.uktradeinfo.com at the following address:

[uktradeinfo HMRC Suppressions policy](#)

3.3.1.6 Goods delivered to and from offshore installations

Offshore installations are defined as equipment and devices installed in the high sea (outside the statistical territory of any given country) in order to search for and exploit mineral resources. Non-UK installations are deemed as installations established in an area where another country/Member State has exclusive rights to exploit that seabed or subsoil.

Movements to these installations are reported under mandatory CN commodity codes (arrivals, dispatches and exports only) dependant on the type of goods as follows:

- Goods from Chapters 1 to 24 declared in code - 9931 2400
- Goods from Chapter 27 declared in code - 9931 2700
- Goods from other Chapters declared in code - 9931 9900

Goods sent between the UK and UK offshore installations on the UK continental

shelf, are treated as domestic movements and not reported.

3.3.1.7 Spacecraft

Transactions linked to the production, processing or movement of satellites are reported, as well as any transfers of ownership of satellites, particularly sales of satellites in orbit.

Most goods under this description are high value and undergo proper scrutiny by HMRC. The commodity code descriptions are concise and the majority of trade movements are accurately declared to enable compliance with the regulations.

Launch propulsion systems (launchers) are excluded from the statistics.

3.3.1.8 Sea products

Declarations received for sea products are assigned to the country/Member State where the economic owner of the vessel carrying out the catch is established, regardless of where the products are caught. Catches made by UK economically owned vessels are reported as a dispatch if they are landed in another Member State. Vessels with economic owners established in another Member State that land their catch for the first time in the UK report an arrival if the economic owner is registered for VAT in the UK. If not, the buyer of the catch is responsible for declaring the arrival. A UK economically owned vessel landing a catch in a UK port does not make a declaration as this is treated as a domestic transaction.

3.3.1.9 Electricity and gas

The methodology to collect EU (Intrastat) data on Natural Gas and Electricity was amended by the Commission of the European Communities (EC regulation no 1982/2004). This has removed the legal obligation for individual companies to submit Intrastat (EU) declarations for these goods. As a result, HMRC now collects information relating to the trade in Natural Gas and Electricity directly from the pipeline and grid operators. The new methodology records the physical flow of Natural Gas and Electricity between the UK and its EU trading partners. HMRC published data from January 2005 on this new basis on 19 December 2005.

As the majority of pipeline and grid operators do not own the product transported, they do not generally have access to values of the product and are only able to provide volumes. HMRC calculates values where they have not already been provided on a declaration.

Gas

To estimate the value of gas for all UK arrivals and dispatches, the System Marginal Price (SMP) of gas is used. All suppliers and shippers trade gas in the wholesale market. During one trading day the gas price fluctuates depending on demand and supply. The SMP is the highest system bid and system sell price on the day. These prices are published on the National Grid website on a daily basis. These prices are averaged for the month and then used in conjunction with the grid operators' volume data to estimate the value of gas.

Electricity

To estimate the value of electricity for all UK arrivals and dispatches, the average spot price per month is used. The average price is obtained by using pricing data from the Elexon website. Elexon deliver the Balancing and Settlement Code and manage the systems and services which balance and settle the wholesale electricity market. Due to the nature of electricity and its trading method in the market place, electricity is bought and sold in half hour, one hour, two hour, and four hour blocks. Previously, reference price data (RPD) was used and this encompasses each of these prices and provided the best overall price. Elexon data was found to be

comparable with data obtained previously.

3.3.1.10 Motor vehicle and aircraft parts (Intrastat only)

Simplified procedures exist within the Intrastat regime for classifying mixed consignments of motor vehicle and aircraft parts. Provided such transactions have a value less than £600 and certain other conditions are met, the concessions allow for them to be classified to a single CN commodity code as follows:

- Motor vehicle parts 9990 8700
- Aircraft parts 9990 8800

3.3.2 Other specific cases

3.3.2.1 Petroleum and petroleum products

Information on trade in oil is collected mostly through Intrastat / CHIEF. However, it is also collected in the following ways:

- Directly from the Oil Terminals at Leith, Kirkwell, Southampton and Lerwick
- From the Department of Energy and Climate Change (DECC), who pass HMRC the data they collect through the Petroleum Production Reporting System (PPRS),

Data is collected from the oil terminals mentioned above to ensure that all declarations have indeed been received. Specifically, the oil terminal data is crossed checked with the data received via Intrastat and CHIEF. Any data received from the oil fields that is missing from the Intrastat/CHIEF declarations is inserted into the trade using a pseudo VAT number. This only relates to Dispatches and Export trade.

PPRS is used to report flows, stocks and uses of hydrocarbons from field level through to final disposal from a field or terminal, both to UK refineries or for export. Oil shipments direct from the UK Continental Shelf (oil rigs) are known as direct exports. Although some rigs may be outside UK territorial waters (i.e. outside 12 mile radius) they nevertheless come under the UK statistical collection boundary. The only source for statistical data on these direct exports is the PPRS data collected by DECC - Returns are provided by the operators of the individual reporting units, of which there are 26.

Whilst oil obtained from the Norwegian sector of the North Sea Continental Shelf would normally be piped direct to Norway, due to the terrain and distance from certain fields to Norway, the oil is actually piped to the UK first in some cases. Examples where this occurs include all quantities of oil piped to Seal Sands terminal from the Norwegian Ekofisk field, and to Sullom Voe from the Norwegian sector of the Murchison field. However, only those shipments regarded as genuine importation of Norwegian oil into the UK are included in the UK statistics. All other flows are regarded as being in transit, and therefore excluded.

3.3.2.2 Parcel post

Imports from and exports to non-EU countries by parcel post are included in SITC group 911 – ‘Postal packages not classified elsewhere according to kind’. Consequently, the statistics for particular goods are deficient to the extent of the value of this parcel post trade. The figures relate to goods sent through the Royal Mail Group as ‘Parcel Post’ – packets sent by ‘Letter post’ or by ‘Printed Paper Rate’ are not included. The value of parcel post trade is estimated by applying average values to the number of parcels. These average values are derived from occasional sample surveys carried out by the ONS and extrapolated by appropriate price indices. They are classified to a single CN commodity code – 99209900.

Consignments of a value exceeding £2,000 are declared using standard Customs procedures and are therefore included in the relevant commodity classifications.

There is no similar reporting concession for parcel post trade with EU Member States within Intrastat. Trade will only be captured where the sender or receiver is a VAT registered business.

3.3.2.3 Low value consignments

For trade in goods with non-EU countries, imports and exports of an individual value of £800 or less (for 2013, other than parcel post) are aggregated under SITC group 931 – ‘Special transactions and commodities not classified according to kind’, and classified to a single CN commodity code – 995000000. This trade is not analysed either by commodity or country. Statistics for individual SITC groups are therefore deficient by these amounts.

For trade in goods with EU Member States, there is only a limited concession that transactions valued at £160 or less (for 2013) may be classified under SITC 931.

3.3.2.4 Gold

Trade in gold (i.e. monetary gold, non-monetary gold and scrap, in unwrought or semi-manufactured forms) is reported to HMRC, but is not included in the statistics of total imports and exports published by HMRC in the OTS. This is because of the situation in the UK, with London having one of only four major bullion markets in the World, our trade figures would be exaggerated if certain gold movements were included.

EU legislation however, states that ‘non-monetary gold’ should be included in the statistics sent to Eurostat, whereas ‘monetary gold’ should be excluded. For the trade in goods data the UK delivers to Eurostat for onward dissemination, correct adherence to the legislation is applied, and non-monetary gold is included.

3.3.3 Exclusions

The following classes of goods are excluded from the OTS for both EU and non-EU trade:

- means of payment which are legal tender and securities, including means which are payments for services such as postage, taxes and user fees
- monetary gold (non-monetary gold and scrap in unwrought or semi-manufactured forms are also excluded in the UK – see paragraph 3.3.2.4)
- goods moving between:
 - a Member State and its territorial enclaves in non-member countries/other Member States, and
 - the host Member State and territorial enclaves of non-member countries/other Member States or international organisations.Territorial enclaves include embassies and national armed forces stationed outside the territory of the mother country.
- goods used as carriers of customised information, including software
- software downloaded from the Internet
- goods supplied free of charge which are themselves not the subject of a

commercial transaction, provided that the movement is with the sole intention of preparing or supporting an intended subsequent trade transaction by demonstrating the characteristics of goods or services such as:

- advertising material
- commercial samples

- goods for and after repair and replacement parts that are incorporated in the framework of the repair and replaced defective parts

- means of transport travelling in the course of their work, including spacecraft launchers at the time of launching

- goods for and following temporary use, (e.g. hire, loan, operational leasing), provided all the following conditions are met:
 1. no processing is planned or made
 2. the expected duration of the temporary use is not longer than 24 months
 3. the arrival/dispatch has not to be declared as a acquisition/delivery for VAT purposes (EU trade only)
 4. no change of ownership took place or is intended to take place (non-EU trade only)

- Goods declared orally to Customs authorities which are either of a commercial nature provided that their value does not exceed the statistical threshold of EUR 1000 or 1000 kilograms or of a non-commercial nature (non-EU trade only)

- Goods released for free circulation after being subject to the Customs procedures of inward processing or processing under Customs control (non-EU trade only)

- Trade by businesses not registered for VAT or trade by private persons (EU trade only)

4 Data Quality

4.1 Data validation

HMRC carries out extensive validation procedures as part of its data processing. A validity error is where a field has been submitted in an incorrect format or is missing where required. Validity checks are done electronically by HMRC computer systems. Suspect fields are verified by reference to the original source document or by contacting the business or agent. Special attention is paid to high value traders to ensure that all significant value transactions are included when the trade statistics are first produced.

4.2 Auto corrections

Auto corrections are built into HMRC computer systems to cope with certain common types of error. Examples include:

- Obsolete commodity codes
- Partially invalid commodity codes (i.e. first 6 digits are valid)
- Values below thresholds for low value consignments (see paragraph 3.3.2.3)
- Invalid/obsolete country codes
- Invalid/obsolete port codes
- Inconsistencies between port and mode of transport
- Missing quantities

4.3 Credibility checking

There are a number of credibility checks on the trade data, focusing on value and quantity data. For example, HMRC carry out credibility checks on the relationships between the fields:

- 'Value' and 'Quantity 1' (i.e. net mass)
- 'Value' and 'Quantity 2' (i.e. supplementary units such as number of items)
- 'Quantity 1' and 'Quantity 2'

Credibility parameters are set up for each commodity code (and, where appropriate for different countries within a commodity code). Given that each code contains a similar product mix it is reasonable to expect there to be some relationship between value and quantity. By looking at this relationship, one would expect that lines of trade that are in error in terms of value and quantity data fall outside this relationship. This relationship is established using a technique known as *regression analysis*. Regression analysis tries to find a statistical relationship between pairs of data variables. Assuming a fixed-type model for each commodity code, credibility parameters are established for each commodity code using historical trade data (for more information see Annex 2). Data which falls outside these credibility parameters fail credibility and are further investigated by HMRC.

Credibility checking is a tool for ensuring that the detailed data obtained is realistic and viable. These checks are not meant to indicate that a particular item is incorrect but that it is different from the norm. If this highlights a potential error, then the data will be investigated, often by contacting the business, and corrected where necessary (subject to risk profiling and resources available). CHIEF and the Trade Statistics processing mainframe (TS93) systems are both used to carry out credibility checking of trade data within HMRC.

4.4 Local Compliance Checks – Intrastat Officers

Local Compliance Intrastat Assurance Officers (IAOs) undertake visits to Intrastat businesses. These checks are used primarily to assure the quality of their Intrastat declarations. Businesses will generally be selected on the basis of risk. There are a number of risk factors that will be used as part of the selection criteria, including value of trade, VAT/stat discrepancies (discrepancies between trade reported on individual businesses Intrastat declarations and EU trade reported on their VAT returns), previous compliance, time since last visit, or involvement in trade of particular commodities.

These visits to Intrastat businesses provide a valuable quality assurance aspect, not only identifying and correcting errors and omissions that have occurred in the published OTS, but also improving the likelihood that future declarations will be of good quality and declared on time.

4.5 Asymmetries

An asymmetry can be defined as the discrepancy found in the trade recorded by two countries. For example, there may be a difference between what the UK records as arrivals from France, and what France records as dispatches to the UK.

Ideally, these figures should match, and the United Nations' Concepts and Definitions for International Merchandise Trade Statistics (IMTS) contain recommendations to try and minimise such differences. EU Trade Statistics legislation follows the guidance in the IMTS where possible within the constraints of the Single Market, but differences are often present for a variety of reasons. These are classified into four main groups below (the examples used relate to trade between Member States but many apply equally to trade with non-EU countries).

4.5.1 Methodological discrepancies

A number of goods are particularly difficult to measure in terms of their movement in a trade transaction. Such goods include ships, aircraft, military goods, industrial plant, staggered consignments, and energy supplies (gas and electricity). The reason for such difficulty is that a change in ownership of these goods can occur without a corresponding physical movement of the goods. This leaves the issue of whether an arrival or dispatch has actually taken place open to interpretation by partner Member States. If one declares a movement of the goods while the other does not, an asymmetry occurs.

In addition, although goods sent to another Member State to be processed and then returned should be declared as arrivals/dispatches, these declarations may also include movements that should not be recorded such as goods sent (and returned after) repair, or goods hired or leased for a period less than 2 years.

The different approaches applied to suppressing sensitive data between Member States will also lead to asymmetries between them.

4.5.1.1 Valuation discrepancies

i) Differences in thresholds (trade between Member States only)

Businesses are only required to declare trade if certain thresholds are reached.

Exemption threshold:

Businesses are not required to make declarations until they reach a trade figure in arrivals/dispatches for the year that is above the exemption threshold set for that year. Asymmetries exist where the trade of the business selling the goods is above the dispatching Member State's dispatches threshold but the trade of the business purchasing the goods is below the receiving Member State's arrivals threshold and vice versa. As such, the detailed trade is only recorded by one Member State. Such instances can be caused by varying thresholds across Member States and flows, and also by the differing sizes of the selling and purchasing businesses. For example, if a large multi-national business dispatches to a much smaller business in the receiving Member State, the former is almost certain to be above the annual exemption threshold in its Member State and the latter below the threshold in its Member State, so the detailed trade will only be reported on one side.

Low Value threshold:

The classification simplification which allows businesses to aggregate and classify to a single commodity code transactions with a value of €200 (£160 in UK for 2013) or less may be applied in one Member State. If the simplification is not applied in the partner Member State and the goods are reported using the individual applicable commodity codes this may lead to an asymmetry.

ii) Exchange rates

Exchange rates may also be a source of asymmetry. Trade between EU Member States can involve countries outside the Euro area (i.e. those that do not use the Euro (€)), and items of trade are valued using the daily exchange rates. Comparisons made later will be based on the official monthly or annual exchange rates which can mean that differences emerge between the mirrored trade declarations.

iii) Calculation of statistical value

Member States are required to calculate statistical value as the value of the goods plus the costs of transporting the goods up to the declaring Member State's border. Therefore, unless the reporting and the partner Member States share a border an asymmetry will exist. This asymmetry represents the cost to transport the goods between the borders of the two reporting countries.

In addition, different Member States use different methods to calculate statistical value. Some Member States collect statistical value directly from the declaring business, whilst others (e.g. the UK) estimate statistical value from the invoice value provided by the business. Such non-standardisation in collection of statistical value results in asymmetries.

4.5.1.2 Partner Member State discrepancies

There may be instances where goods are declared as dispatches from a Member State, but are not declared as arrivals in the partner Member State, or vice versa. This may be due to:

i) Transit trade where the goods are in transit through an intermediary Member State. In this situation it is possible for the intermediary Member State to incorrectly declare the goods in transit as arrivals/ dispatches, or the trading Member States to incorrectly declare the goods as dispatches to or arrivals from the intermediary Member State.

ii) 'Triangular' trade which involves three Member States. The first receives an order from the second. The first then sources the ordered goods from a third Member State. The third Member State sends the ordered goods directly to the second and invoices the first for them. The only declarable trade in this instance is that between the second and the third (i.e. where there is a physical movement of goods). Often incorrect declarations are made citing trade between either the first and third Member State or the first and second Member State therefore causing asymmetries.

4.5.1.3 Other differences

Although all Member States use the standard CN and the HS for classifying goods, there can be differences in interpreting and applying codes to particular goods. This can mean that the business receiving the goods may classify them differently to the business dispatching the goods therefore causing an asymmetry at chapter level (HS2) and below. However, the total value of trade will not be affected.

Asymmetries can also be the result of fraud (e.g. acquisition fraud, carousel fraud, diversion fraud and trade-based money laundering) and reporting time-lags when the arrival and dispatch movements of goods around the time of year or month-end are reported in different months by the trading Member States.

Further information regarding asymmetries, including annual reports, can be obtained from the quality assurance webpage of HMRC dedicated trade website: uktradeinfo HMRC Quality Assurance

4.6 Discontinuities

4.6.1 EU enlargement

In May 2004, the membership of the EU was increased in size from 15 to 25 Member States with the accession of ten countries. These were Czech Republic, Poland, Slovak Republic, Hungary, Slovenia, Lithuania, Latvia, Estonia, Cyprus and Malta.

EU15 refers to the membership of the EU from January 1993 up to May 2004 whilst EU25 refers to its membership from May 2004.

Another EU enlargement occurred in January 2007, when Bulgaria and Romania joined the EU. EU membership stands currently at 27 Member States.

It is important to note, that when conducting any time series analysis on 'EU data' that spans these years, the constituent Member States will be different. It will therefore not be a directly comparable time series. However, the interactive data tables on the trade data website (www.uktradeinfo.com) allow for the selection of specific countries/country groups to meet individual requirements.

A list of all EU Member States can be found in (Annex 3).

Croatia will be joining the EU from July 2013. This will increase EU membership to 28 member states.

4.6.2 Net Mass

In 2006 the UK adopted a Eurostat measure to reduce the Intrastat burden on businesses, making the net mass field optional for around one quarter of all commodity codes.

Between 2006 -2009 net mass data reflects only that declared by businesses and so for certain commodities is incomplete.

From January 2010 onwards Eurostat have required that for Intrastat, all Member States estimate for uncollected net mass values where necessary. Eurostat will provide an annual series of factors to establish a net mass figure from the mandatory declared Supplementary Units. From 2010 net mass information will be comprehensive for all commodity codes due to these estimates.

From January 2012 declarations made in commodity codes with an optional net mass field and that have a net mass declared with a value greater than 0 kg will not be estimated; **except** where the declared net mass is 1kg and the resulting estimation is 4kg or greater.

Further detailed information can be obtained in section 2.1.8 of this document, and from HMRC's published Net mass estimation methodology.

[uktradeinfo HMRC Net Mass Estimation Methodology](#)

4.7 Quality reporting

A Quality Report is produced by the TSu on an annual basis. The purpose of this report is to provide users of trade statistics with a tool for assessing the quality of the UK's trade-in-goods statistics. This report is for public use and provides a summary of the quality indicators.

It is recommended by the ONS that providers of National Statistics outputs report quality in terms of the six quality dimensions of the European Statistical System (ESS). The quality measures and indicators have been developed around these six dimensions. A good summary of quality should contain quality measures and indicators for each of the six ESS quality dimensions, which are:

- Relevance
- Accuracy
- Timeliness & Punctuality
- Accessibility & Clarity
- Comparability
- Coherence

Further detailed information on all published Trade data quality reports can be found from the following link.

[uktradeinfo HMRC Quality Assurance](#)

5 Publications

5.1 Overseas Trade Statistics

The Overseas Trade Statistics is published monthly as a National Statistic via the uktradeinfo website and is available free of charge. The publication includes a commentary on the major commodity types traded and trade partners. Aggregated data is available in pre-defined fixed tables whilst detailed commodity code level data is found in the interactive tables.

Trade data can also be obtained through commercial data retailers who will produce tailor-made formats to meet detailed requirements.

A full list of these data retailers can be found on the uktradeinfo website:

[uktradeinfo HMRC User Support](#)

Users of trade data statistics can also access international data and publications at:

- Comext (Eurostat)
- Organisation for Economic Co-operation and Development (OECD)
- United Nations (UN)

If you have any general enquiries about the publication and sales of trade statistics contact uktradeinfo Customer Services on 01702 367485 or email:

uktradeinfo@hmrc.gsi.gov.uk

5.2 Regional Trade Statistics (RTS)

The Regional Trade Statistics (RTS) time series was introduced in 1999 by TSu to support the economic decision-making of the devolved Scottish Parliament, Assemblies and regional bodies within the UK.

Both EU and non-EU data is used to compile the RTS. Declared trade is allocated to UK Regions using the postcode associated with the VAT registration of the business.

These statistics provide a useful breakdown of the flows of imports and exports between the UK (nine English regions, Scotland, Northern Ireland and Wales) and other countries. Data is taken primarily from systems used to process the UK's Overseas Trade in Goods Statistics and therefore follow that methodology. RTS was designed to provide a meaningful breakdown of the UK's OTS, presented in the standard Nomenclature of Units for Territorial Statistics (NUTS) level 1 geography (Annex 4)

HMRC do not receive information in respect of goods that move wholly within the UK, or in services. Trade is allocated to a region by the postcode associated with the company's VAT registration, and aggregated tables have been produced quarterly from 1996 to facilitate time series analysis. Some adjustments have been necessary for exports to ensure manufacturing that takes place at branch premises is properly allocated to the region where the branch is situated.

The data is released quarterly by means of a National Statistics Press Notice Release from HMRC. High-level data is available via this release or the static data tables on uktradeinfo.com.

Lower level data is available from the free interactive data tables on uktradeinfo.com.

Users select category variables such as country, period, flow, product groups (SITC Section and Division) and the output variables.

More detailed information on the methodology used can be obtained from the trade information website: [uktradeinfo HMRC RTS Methodology Revision 2007](#)

5.3 Suppressions

A suppression is the concealing of potentially disclosive information from the public domain to protect confidentiality.

Disclosive data is any data that could:

- reveal the commercial activities of a business
- or if published, be against the national interest

It may therefore be necessary to withhold the publication of such statistics. This disclosive data may then be aggregated to a higher level of detail so that such inferences cannot be made.

There are two main types of Confidentiality System used in Official Statistics, 'Active' confidentiality and 'Passive' confidentiality.

An 'Active' confidentiality system involves evaluating all data. Data that may reveal the commercial activities of an individual business would be automatically suppressed. This is the standard for Official Statistics.

Under 'Passive' confidentiality, data is only suppressed if a request for suppression is granted. Therefore, under a passive confidentiality system it is perfectly acceptable to publish disclosive data. Any data for which suppression has not been requested, regardless of whether such data reveals commercial activities or not, will be published.

When publishing the OTS, HMRC follows a system of passive confidentiality. Requests for suppressions from a business or government department are evaluated and, where appropriate, applied at 8-digit commodity code level as required by European legislation. Due to this requirement, OTS are exempt from the active confidentiality normally applied under the UK Statistics Authority's (UKSA) CoP for Official Statistics.

Further detailed information can be obtained from HMRC's published Suppression Policy.

[uktradeinfo HMRC Suppressions policy](#)

5.4 Release timetables & pre-announcement

The OTS and RTS are published in accordance with the CoP, the release calendar for both being compiled and published twelve months in advance of the actual release. The release calendars can be viewed in both PDF format and as a dynamic monthly timetable at:

[uktradeinfo HMRC Monthly Timetable of Releases](#)

alongside other HMRC publications hosted by [uktradeinfo.com](#)

The publication dates are also pre-announced on the UK National Statistics Publication Hub [UK National Statistics Publication Hub](#).

OTS data are released on a monthly basis (there are also quarterly and annual publications) and RTS on a quarterly basis.

5.5 Revisions

HMRC publish trade statistics to make them available to users as soon as the quality allows, according to a pre-announced monthly timetable that meets EU legislative deadlines, promotes public confidence and gives equal access to all. However, the trade statistics are subject to update to enhance accuracy.

Provisional estimates of statistical data are systematically revised and amended to reflect more complete information when it becomes available.

There are two types of revisions that can be applied in the OTS. These are 'scheduled revisions to provisional data' and 'un-scheduled revisions to final data' (in the past, these may have been referred to as 'routine updates' and 'historic revisions' respectively). Through such a process, published statistics can become more accurate.

Further detailed information can be obtained from HMRC's published Revisions Policy.

[uktradeinfo HMRC Revisions policy](#)

5.6 Access to data not in the public domain

The publicly available trade data comprise a wealth of detailed information. There is some information collected through the Customs administrative system or for processing the Intrastat data that is not published.

Subject to meeting other data security and legal requirements, it may be possible to release data that is not already in the public domain. You are advised to contact our Customer Service team for help. It should be noted however, that we are not resourced to provide any 'tailor-made' products where self-service options are available. We reserve the right to recover the cost of our services from the requestor on the rare occasions that the supply of an alternative 'tailor-made' product is agreed. Active confidentiality will be applied to all such requests, to protect confidentiality of individual businesses. No disclosive data cells, or disclosive by differencing against already published data will be released. Resource constraints may prove to be a limiting factor as to what 'tailor-made' products HMRC can agree to provide.

uktradeinfo Customer Services

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6 Governance

6.1 UK Statistics Authority (UKSA) assessment

Producers of Official Statistics in the UK are subject to periodic assessment by the UK Statistical Authority. This is to ensure that CoP standards are being adhered to. Further detailed information can be found on: [UK Statistics Authority Code of Practice](#)

In accordance with section 7(3) of the Statistics and Registration Service Act 2007, the aim of the Authority's assessment function is to promote and safeguard the quality of Official Statistics, good practice in relation to Official Statistics, and the comprehensiveness of official statistics. Official Statistics include those designated as National Statistics (this includes UK Trade Statistics).

The assessment function will further aim

- (i) to help the producers of Official Statistics to enhance the quality of the statistical service over a period of time
- (ii) to communicate the extent of compliance with the CoP to Parliament and the public

Assessments are conducted in accordance with the following five principles:

- 1. Risk-based**
prioritising those areas of statistical activity which are considered to present a risk to the quality and reputation of official statistics.
- 2. Proportionate**
taking account of the concerns and priorities of users of statistics.
- 3. Cost-effective**
making use of existing documentation where available, and avoiding unnecessary burdens on producers or users of statistics. In the interests of efficiency, the Authority may group together ('bundle') related statistics, or statistics with common features, for the purposes of assessment.
- 4. Transparent**
operating in an open manner which inspires confidence in the Authority's work.
- 5. Consistent**
applying the same principles and standards in all cases.

An assessment of the OTS was conducted during October 2010, with the UKSA report being published in February 2011. The full assessment report is available through the UKSA website: [OTS Assessment report](#). A letter confirming National Statistics status of the OTS is also available on the UKSA website through the following link: [Letter confirming OTS as a National Statistic](#)

Annex 1: Legislation

EU trade statistics

The Basic regulation for trade between EU Member States is Council regulation (EC) No 638/2004 (OJ L102, 7.4.2004), as amended by Council regulation (EC) No 222/2009 (OJ L87, 31.3.2009).

This regulation is implemented by Commission regulation (EC) No 1982/2004 (OJ L343, 19.11.2004), as amended by Commission regulations (EC) No 1915/2005 (OJ L307, 25.11.2005), (EU) No 91/2010 (OJ L31, 03.02.2010) and (EU) No 96/2010 (OJ L34, 05.02.2010).

The provisions contained in the above regulations are implemented in the UK by Statutory Instruments (SIs). SI 2790 (1992) provides the main legal basis for UK implementation. This has been amended by a number of SIs. Those still extant are 3015 (1993), 2864 (1997), 3227 (2000), 3284 (2004), 3216 (2006), 557 (2008), 2847 (2008), 2974 (2009) and 532 (2012).

Non-EU trade statistics

The Basic regulation for non-EU trade is contained in Council regulation (EC) No 471/2009 (OJ L152, 16.6.2009).

This regulation is implemented by Commission regulations (EU) No 92/2010 (OJ L31, 03.02.2010) and (EU) No 113/2010 (OJ L37, 10.02.2010).

Annex 2: Credibility methodology

Credibility checking - Regression analysis by HMRC

A regression analysis of the relationship between value and quantity found that there was a non-linear relationship between the two variables. To achieve linearity, a logarithmic transformation was carried out on both the variables. Using the suffix i to represent a general case (and thus V_i to represent the value and Q_i the quantity) the model is expressed

$$\mathbf{Ln(V_i) = \alpha + \beta \times Ln(Q_i)}$$

or more exactly

$$\mathbf{Ln(V_i) = \alpha + \beta \times Ln(Q_i) + \epsilon_i,}$$

where ϵ_i is the error term for each of the pairs of data used.

Research is conducted to gain estimates of the parameters α and β . Calling these estimates A and B, for any pair of data points (Q_n, V_n) to be checked, the error term is calculated using

$$\mathbf{\epsilon_n = Ln(V_n) - A - B \times Ln(Q_n)}$$

and the document will fail the credibility check if

$$\mathbf{-M < \epsilon_n / \sigma < +M}$$
 where σ is the standard deviation.

Note that if $M = 2.576$, the statistical tables show a confidence level of 99% (assumption of a 'normal' population).

The model can be expressed in terms of a confidence interval so that any pair of points (Q_n, V_n) fails the credibility check if $\mathbf{Ln(V_n)}$ lies outside the range

$$\mathbf{A + B \times Ln(Q_n) \pm (M \times \sigma)}$$

Annex 3: EU Member States

AT	=Austria
BE	=Belgium
BG	=Bulgaria
CY	=Cyprus
CZ	=Czech Republic
DE	=Germany
DK	=Denmark
EE	=Estonia
ES	=Spain
FI	=Finland
FR	=France
GR	=Greece
HU	=Hungary
IE	=Ireland
IT	=Italy
LT	=Lithuania
LU	=Luxembourg
LV	=Latvia
MT	=Malta
NL	=Netherlands
PL	=Poland
PT	=Portugal
RO	=Romania
SE	=Sweden
SI	=Slovenia
SK	=Slovakia
GB	=United Kingdom (Great Britain and Northern Ireland)

Note: From July 2013 Croatia (HR) will join the EU

Annex 4: UK Regions - Nomenclature of Units for Territorial Statistics (NUTS) level 1

Regional Trade Statistics

North East
North West
Yorkshire and the Humber
East Midlands
West Midlands
East
London
South East
South West
Wales
Scotland
Northern Ireland

Glossary

Acquisition fraud	Where the goods are imported from the EU by a trader who then goes missing without completing a VAT return or Intrastat declaration after selling the goods to an internal buyer. The 'missing trader' therefore has a VAT free supply of goods, as they make no payment of the VAT monies due on the goods. <i>See Carousel fraud</i>
ACS	Ancillary Cost Survey
Arrivals	Goods sent from the rest of the EU to the UK, commonly referred to as imports.
Asymmetries	Differences between the trade recorded by countries. e.g. the difference between what the UK records as an arrival from Germany and what Germany records as a dispatch to the UK.
BoP	Balance of Payments
BTTA	Below Threshold Trade Allocation
Box 8	Box on VAT form for recording the total value of sales from the UK to customers registered for VAT the rest of the EU.
Box 9	Box on VAT form for recording the total value of purchases from suppliers registered for VAT in the rest of the EU to the UK.
Carousel fraud	Similar to <i>Acquisition fraud</i> in the first stage, but the goods are not sold for consumption on the home market. Rather, they are sold through a series of companies and then re-exported to another Member State, hence the goods moving in a circular pattern or 'carousel'.
CHIEF	Customs Handling of Import and Export Freight system.
CIF	Cost, Insurance & Freight
CFSP	Customs Freight Simplified Procedures
CN	Combined Nomenclature
COD	Country of dispatch
CoP	Code of Practice
COMEXT	Eurostat's public statistical database, which contains standardised trade data from all EU Members States.

Continental Shelf	The UK Continental Shelf is the region of waters surrounding the United Kingdom, in which the country claims mineral rights.
CSV	Comma Separated Variable file.
DECC	Department of Energy and Climate Change
Dispatches	Dispatches Goods sent from the UK to the rest of the EU, commonly referred to as exports.
Diversion fraud	The ostensibly legitimate freight consignments of duty suspended excise goods moving between warehouses in different EU Member States but which never arrive at the stated destination, either in the dispatch Member State (inward diversion) or in the partner Member State (outward diversion). Instead the goods are diverted onto the home market without payment.
EDI	Electronic Data Interchange
EDIFACT	Electronic Data Interchange For Administration, Commerce and Transport
ESS	European Statistical System
EU	European Union
Eurostat	The European Statistical Agency
Eurozone	The eurozone is an economic and monetary union (EMU) of the European Union member states which have adopted the euro currency as their sole legal tender.
Exemption threshold	See Threshold
Exports	Goods sent from the UK to non EU countries, but often used to describe EU trade as well.
FOB	Free On Board
HMCE	Her Majesty's Customs and Excise
HMRC	Her Majesty's Revenue and Customs
HS	Harmonised System
IAOs	Intrastat Assurance Officers
ICN	Intrastat Classification Nomenclature
Imports	Goods sent from non EU countries to the UK, but often used to describe EU trade as well.
IMTS	International Merchandise Trade Statistics

Intrastat	Survey of trade in goods between EU Member States.
JATT	Just Above Trade Threshold
IHS Fairplay Register	This is an international maritime information provider. In addition to providing information on ships, companies, ports, movements etc. it offers research and consultancy services to marine companies of the world.
LVO	Local VAT Office
MOD	Ministry of Defence
MTIC	Missing Trader Intra-Community (VAT Fraud)
Net Mass	The net mass is the weight of the goods themselves without any packaging. Net mass, if required, is shown in kilograms, rounded up to the nearest kilogram.
Notice 60	The general guide for completing Intrastat: https://www.uktradeinfo.com/intrastat/intrastatservices/pages/notice60.aspx
Quinquennial Review	Surveys with annual compliance costs less than £250K are subject to a review every five years.
OECD	Organisation for Economic Cooperation and Development.
OMS	Other Member States (within the EU)
ONS	Office for National Statistics
OTS	Overseas Trade Statistics
PPRS	Petroleum Production Reporting system
RTS	Regional Trade Statistics
SAD	Single Administrative Document
SDP	Simplified Declaration Procedure.
SIs	Statutory Instruments.
SITC	Standard International Trade Classification
Statistical value	On export, the value of the goods at the place and time where they leave the statistical territory of the exporting Member State. On import the value of goods at the place and time where they enter the statistical territory of the importing Member State.
Supplementary	Supplementary Units is the number of units

Unit	e.g. the number of pairs of contact lenses in the consignment.
TSO	The Stationery Office
TSu	Trade Statistics Unit
Threshold	The Intrastat system has two thresholds, an exemption threshold (above which traders must submit details of their trade with the rest of the EU) and a delivery terms threshold (above which traders additionally submit details on delivery terms and costs).
Triangular Trade	Where goods are sold from a business in Member State A to a business in Member State B which in turn sells them onto a business in Member State C, but the goods physically move only once from A to C. The term triangular trade is often used to symbolize the fact that most foreign trade is more complicated than the simple assumption of an even balance of the dispatches and arrivals moving between two countries trading with each other.
Triennial Review	Statistical surveys with annual compliance costs in excess of £250K, are subject to a comprehensive review every three years.
TS93	Trade Statistics database
UK	United Kingdom
UKSA	UK Statistics Authority
uktradeinfo	UK Trade Information is a site providing current UK Trade statistics from HM Revenue & Customs covering UK, world wide global trading and international trade in goods data.
VAT	Value Added Tax
VAT returns	Submissions from VAT registered traders – all traders above a predetermined threshold must submit information about their business transactions.
WCO	World Customs Organisation