

# METHODOLOGY OF EXTERNAL TRADE OF GOODS BY BUSINESS CHARACTERISTICS

## LEGISLATION

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In accordance with the Official statistics development strategy (2009-2012), starting from 1 January 2008 our division of external trade statistics introduced indicators of external trade by characteristics of enterprises (business characteristics), relying on Eurostat pilot study – *Standardization Exercise 2008* and *Commission Regulation (EU) No 113/2010, Chapter 3, Article 15*, published in the Official Journal of the European Union.

## METHODOLOGICAL BACKGROUNDS

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### Survey objective and description

The major objective of the survey is to provide a new insight into external trade statistics focusing on characteristics of enterprises, and by comparing business data of enterprises with major external trade indicators to ensure a wider set of information that will enable a detailed and in-depth analysis of the structure of external trade. The methodology is based on joining detailed external trade data with the statistical business register.

### Reporting and statistical units

The Customs Administration is reporting unit. The data obtained from the administrative source are linked with the respective indicators from the statistical business register in order to provide the required indicators of business characteristics of enterprises.

Observation unit is enterprise that is the manufacturer of exported, i.e. user of imported goods. All statistical units are classified pursuant to the Classification of activities, NACE rev. 2, by the principle of prevailing activity.

### Coverage

This complex statistical estimation covers all enterprises on the territory of the Republic of Serbia (without UNMIK/Kosovo) that carried out external trade in the period observed. Exports and imports of physical persons are deducted from the data on external trade and therefore these data are smaller than the data on total external trade. As exporters, the producers and exporters of goods are followed, and as importers observed are the users of imported goods and customs duty payers. The principle of prevailing activity is applied for categorising enterprises by activities, and this is defined as the activity with the largest profits. Not classified enterprises are those for which prevailing activity cannot be determined.

### Method, timeliness and sources for data collection

External trade of goods by business characteristics of enterprises is based on linking the data of the customs document with the respective data of the statistical business register, in order to adjust the business flows to the respective characteristics described in the register, such as are: division of activity, size of enterprise by number of employees, etc. The linking will ensure the basic information on characteristics of enterprises, enabling the analysis of effects of business flows on employment, production and new value added. The data sources are the single administrative document (SAD) and the statistical business register. The register includes all enterprises that while carrying out their economic activity contribute to GDP growth. It provides the necessary information that defines an enterprise (division of activity or size of enterprise by number of employees, etc.). These characteristics combined with typical business variables, such as product code or partner countries, will ensure an overall review of the structure of external trade of goods. The data are processed monthly and annual data are obtained by aggregating monthly data.

## Individual data protection – confidentiality

As prescribed by the Law (Official Journal of RS, number 71/1992), individual data shall be protected and regarded as confidential (trade secret), and therefore they are used only for the purpose of aggregation. According to the Rules on free access and protection of statistical data established at the SORS in March 2009, individual data, as well as aggregated data where data holder can be somehow recognised, shall be observed as confidential statistical data. These rules are envisaged to protect secret and confidential individual data from illegal access, as well as aggregated data if individual data can be detected from them.

## Main features and indicators – Definitions

Starting from the main objectives and taking into account the specific nature of the national economy, the following indicators shall be provided:

External trade by CA divisions and size of enterprise by number of employees. This indicator points out the share of the respective division of activity (CA) and size of enterprise (measured by the number of employees) to the overall trade volume. According to the number of employees, enterprises are classified into four main categories: micro (0-9), small (10-49), medium (50-249) and large (250 and over). The results of external trade are expressed for each of these categories through their share in total number of exporters/importers, and in the total value of exports/imports. By applying comparative presentation of these two criteria it is possible to scope the importance of enterprises of various sizes and their relative influence on overall external trade.

Share of the largest enterprises in external trade of goods by CA divisions (principle of prevailing activity). For the purpose of surveying exports and imports by divisions of activities in which enterprises are engaged, the divisions of activities are classified into three wholes: *Agriculture, forestry and fishing* (CA divisions 01-03), *Industry* (CA divisions 05-33) and *Other activities* (CA divisions 35-99). As criteria for classifying enterprises into certain division we applied the principle of prevailing activity of producer of exported goods, i.e. user of imported goods. This indicator shows the share of the largest enterprises in the external trade of goods of the Republic of Serbia.

Concentration of external trade by turnover of enterprises (value classes) and CA divisions (principle of prevailing activity). According to the value of exports/imports turnover, enterprises are categorised as follows: below EUR 0.1 million, EUR 0.1-1 million, EUR 1-10 million, EUR 10-100 million and over EUR 100 million. This indicator expresses the concentration of enterprises in exports and imports according the defined value classes, by CA divisions of activity (principle of prevailing activity), i.e. the share of each of the five value intervals in the total number of exporters/importers, and in the total value of exports/imports of the Republic of Serbia.

External trade by number of partner countries and divisions of activity. The objective of surveying external trade by number of partner countries is to determine with how many partner-countries domestic exporters and importers are engaged in external trade. According to the number external trade partner countries, exporters and importers are respectively classified into respective groups, and then after expressed is the percentage share of each of these groups in the total number of exporters/importers, as well as in the total value of exports/imports.

External trade with the first 20 most represented partner countries according to the number of domestic enterprises, by divisions of activity. The criteria of partner countries in external trade indicate the most important countries for domestic exporters and importers. As the primary criterion we consider the number of exporters, i.e. importers engaged in trade with the major external trade partner countries, and as the accompanying criterion we consider the value of exports/imports exchanged with these countries in the referent year.

Number of enterprises by countries of destination/origin and turnover value intervals. This indicator shall present external trade turnover with all partner countries, distributed by value intervals of realised exports, i.e. imports. The applied criterion of partner country is envisaged to help defining the countries that are the major external trade partners for domestic exporters and importers. As the primary criterion we consider the number of exporters, i.e. importers engaged in trade with the major external trade partner countries, and as the accompanying criterion we consider the value of exports/imports exchanged with these countries.

External trade by geographic zones, by number of enterprises and value. This indicator is envisaged to point out the number of enterprises that participate in external trade with certain countries or geographic zones, and the value of exchange. The purpose is to identify the most actual export or import markets.

External trade by CPA2008 products and CA activity. The criteria of exchange by CPA2008 products and CA activities are aimed at indicating the CA activities that were included in trade with each of the product groups. They allocate the trade of each of the product groups according to the activity of enterprise engaged in external trade.

## **Representative data**

All enterprises in the territory of the Republic of Serbia (without UNMIK/Kosovo) engaged in external trade shall be covered by this complex statistical estimations. All statistical units are distributed pursuant to NACE rev. 2 classification. The Classification of Activities (CA) of the Republic in Serbia is based on the classification of activities applicable in the EU (NACE rev. 2). The CA structure up to the four-digit level (classes) is same as of NACE rev. 2, and the fifth digit is introduced in order to meet the specific national requirements. The classification of activities is not a classification of products, however economic activities create certain products.

## **Harmonisation with international recommendations, standards and practice**

The Serbian methodology of external trade by business characteristics is fully harmonised with international recommendations, standards and practice. The list of statistical surveys envisaged for the period January – December 2010 in the Regulation on statistical surveys (Official Journal RS, number 104/09) introduces the classification CPA2008, which distributes products and services in a manner that they are clearly related to certain activity defined by NACE rev. 2. The SORS external trade statistics unit regularly (once a year) follows the changes adopted by the respective Eurostat bodies, in order they may be in due course implemented in our practice of surveying external trade by business characteristics. Thereby we have achieved a high level of harmonisation with the EU practice.

## **SURVEY ORGANISATION**

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### **Implementation**

The Statistical Office of the Republic of Serbia is the authorised producer of official statistics and the Customs administration is responsible for compiling statistical data on external trade. The compilation of data for the register is carried out through the Serbian Business Register Agency and other government bodies and special organisations in charge of keeping registers of legal entities, as well as through the SORS regional departments/offices.

### **Responsiveness**

The Republic of Serbia is obligated to compile and process external trade statistics by business characteristics. On the sessions of Eurostat Committee for international trade statistics all countries are encouraged to take part in the process of compilation and processing of statistics on trade by business characteristics. The Statistical Office of the Republic of Serbia is prepared to provide statistics on trade by business characteristics to Eurostat as soon as we receive the set structure layout, which shall be forwarded for the needs of Eurostat COMEXT database. Detailed data are available to users on request from the SORS database of external trade statistics.

### **Main survey stages and release of data**

Statistics on trade by business characteristics are published annually in end-October for the previous year in the bulletin "External trade of the Republic of Serbia by Enterprise Characteristics".

## **SURVEY INSTRUMENTS**

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### **Survey form**

The main instrument for external trade statistics is customs declaration. The customs declaration layout and filling procedure are defined by the Rules on processing customs declaration and other forms of customs procedure.

### **Guidelines for completing survey form**

The guidelines for filling customs declaration are found in the Rules on processing customs declaration and other forms of customs procedure (Official Journal RS, number 18/10).

## **Nomenclatures and specifications**

EU Classification of Activities, NACE rev. 2 for the purpose of external trade statistics relates to business activity of trade agents, i.e. exporters and importers. It can be found at the SORS website within international classifications: <http://webrzs.stat.gov.rs/WebSite/Public/PageView.aspx?pKey=292>

Classification of Activities (CA), which was stipulated by the Regulation on Classification of Activities (Official Journal RS, number 104/2009) represents the general standard applicable for distributing enterprises, cooperatives, institutions and other organisation forms by activities. It shall be applied in taking decisions and following measures of economic and social policy, in statistics, recording, compiling, processing and releasing of data, in research and analytical studies. The code list of activities can be found at the SORS website within international classifications:

<http://webrzs.stat.gov.rs/WebSite/Public/PageView.aspx?pKey=412>

Geonomenclature 2007. See more details at [http://ec.europa.eu/eurostat/ramon/other\\_documents/geonom/index.htm](http://ec.europa.eu/eurostat/ramon/other_documents/geonom/index.htm)

## **List of publications**

The first results and methodology of this complex statistical survey were released in March 2008 in the SORS publication "Trends".

Starting from 2009, the SORS presents the principal external trade statistics by business characteristics within the bulletin "External trade of the Republic of Serbia by Enterprise Characteristics". The bulletin is published annually and contains final data for the previous year.

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