

# EXTERNAL TRADE STATISTICS

## LEGISLATION

The compilation of data on the Serbian international trade is based on a set of laws, legal acts and regulations that are passed by the Serbian Assembly and the Government. The Statistical Office of the Republic of Serbia is authorised and obligated to carry out the control, processing and release of data and the Customs Administration of the RS is authorised and obligated to compile the data.

In the beginning of 2004 two key acts were passed and they strengthen and upgrade the legislation concerning the implementation of the source key acts (Customs Law and the Rules on processing customs declaration and other forms in customs procedure).

The legislation acts applicable for external trade statistics are the Customs Law (Official gazette of RS, number 73/2003, 61/2005, 85/2005, 62/2006, 63/2006, 9/2010 – CC resolution, 18/2010, 111/2012), the Rules on processing customs declaration and other forms in customs procedure (Official gazette of RS, number 29/2010, 84/2010, 100/2010, 56/2011 and 66/2011), the External Trade Law (Official gazette of RS, 36/2009, 36/2011 and 88/2011) and the Customs tariff law (Official gazette of RS, number 62/05, 61/07 and 5/09).

Other legal acts of importance for external trade statistics are the following:

- Official Statistics Law (Official gazette of RS, number 104/2009);
- Regulation on the Plan of statistical surveys for 2013 (Official gazette of RS, number 120/12);
- Resolution on the Program of statistical surveys, 2011 – 2015, which includes the Official statistics development strategy in RS (Official gazette of RS, number 23/11);
- Memorandum of understanding concluded in 2004 between the SORS and the Customs Administration, which stipulates the cooperation (rights and obligations) in the area of external trade and transport statistics.

The SORS plan of statistical surveys for 2013 envisaged the implementation of five complex statistical surveys, three of which are conducted on monthly, one on quarterly and one on annual basis.

Apart from the national legislation, international recommendations and legal acts are directly applicable. Among them, the publications *International Merchandise Trade Statistics: Concepts and Definitions (Series M, No. 52, Rev. 2)* released in 1998, and *IMTS 2010*, which was passed on the 41th Commission session held from 23 – 26 February 2010, create the key international standards to be applicable in order to achieve international harmonisation. Our external trade statistics adopted almost all recommendations contained in the subject documents. Another important source of recommendations and acts are those adopted by the EU for external trade statistics with non-member countries (*Extrastat basic regulation No. 471/2009* and other accompanying acts), as well as *Statistics on the trading of goods – User guide (methods and nomenclatures)*, European Commission, Eurostat, 2006.

## METHODOLOGICAL BACKGROUNDS

### Objective and description of complex statistical survey

The objective of the statistical survey of external trade is to process, analyse and present the official statistics needed for studying the dynamics and structure of external trade in goods, from the viewpoint of merchandise and finance. There from, external trade statistics are expected to provide adequate, consistent, updated, accurate and accessible data and information in the subject area, and in this way to meet the demands of all social subjects, bodies and organisations, research institutions, international statistical and other bodies, as well as individual users. Also, external trade statistical data are envisaged to meet international obligations.

### Reporting units, statistical units

The Customs Administration of the RS is the reporting unit for this survey. Through its offices and other stations, the Customs Administration complies and makes visual check-up of all features provided by the customs declaration, which means also those for statistical purposes. The checked and in magnetic form stored data are further sent to the SORS once in a month (15th day of month).

Observation unit for external trade statistics is any delivery of goods carried out in exports, i.e. imports of goods, and as unit observed is a delivery homogenous from the viewpoint of type of goods, country of origin, i.e. destination, payment terms and moment of border crossover, and it has to be classified according to the List of goods by forms of exports and imports (made pursuant to the Customs Tariff Law) and the quantity of which is expressed in measurement units found in the subject List. This delivery shall be recorded in the process of customs clearing and it expresses the border crossover of goods.

## Coverage

External trade statistics include all goods that are added to the national material wealth when entering the national economic territory (imports) or goods that are deducted from the national material wealth when leaving the national economic territory (exports). Goods in transit or goods temporarily imported (except for goods for inward or outward processing) are not included in the results of external trade statistics.

Therefore, external trade statistics shall cover the following types of goods and transactions to produce detailed statistical results: non-monetary gold; unissued banknotes, securities and coins, out of fluctuation; barter transactions; goods traded on government account; food and other humanitarian aid; goods for military purpose; goods obtained from all categories of passengers, including non-resident workers, up to value defined by national legislation, i.e. the Customs Law; goods in consignment stocks; goods for reprocessing; goods used as information carries and software, except for media used for carrying customized software or software written for a specific client or originals of any nature; goods crossing border as a result of transactions between principal corporations and their companies established as joint venture (joint ownership); returned goods; electricity, gas and water; goods despatched by post and courier services, effects of migrations; financial leasing, ships, aircrafts, motor vehicles and other movable property; goods moving from or towards buffer stocks, if found out the national economic territory; goods delivered or despatched from off-shore companies located on the economic territory of the Republic of Serbia; goods from ship and aircraft warehouses and supplying ships and aircrafts; industrial plants; petroleum and refined petroleum products, and other products pipeline transported; empty containers; waste and residues.

Certain types of goods are excluded from the results of external trade of the Republic of Serbia; however they are separately registered for the needs of national accounts and balance of payments:

- Goods for repair;
- Goods lost or destroyed after gained ownership from importer;
- Movable with changed ownership while out of the country of residence of the primary owner.

## Method, timeliness and sources for data collection

System of trade: Two systems are applicable in international trade in goods for compilation of statistics, namely the general trade system and the special trade system. Within the special trade system, the strict and the relaxed definitions are differentiated, depending upon the fact whether certain goods (goods imported for further processing, processing or reprocessing or goods after further processing, processing or reprocessing, as well as goods leaving the free industrial zone) are included in exports and imports.

The general trade system ensures better adjustment of change of ownership that is applied as measurement in *SNA 1993* and *BPM5*. Therefore, starting from 1 January 2010 the SORS applies the general trade system, which is a wider concept and in exports and imports it covers all goods entering the economic territory of RS or leaving it, with the exception of goods in transit. Also excepted are transactions of temporary character (goods for exhibitions, as test samples, etc.). The general trade system is recommended by the UN Statistics Division as the system of better coverage to be used for following international trade in goods.

Calendar month when goods are exported or imported is taken as referent time of observation. Pursuant to the Customs Law provisions, data are sorted by months and for the major part of exports/imports the point of reference is date of customs declaration acceptance.

Quarterly and annual data that are presented in the SORS publications are created by aggregating monthly data. However because of constant revisions and corrections practised, quarterly and annual data can abstain from previously published monthly data. Final annual data are published in midyear (mid-July) and relate to the previous year.

Various data sources can be used for compiling external trade statistics, i.e. customs records, business statements, administrative records related to VAT, etc. However, customs declaration is prevailing in national statistical systems and therefore it is applicable as the single data source for external trade statistics.

## Individual data protection – confidentiality

The adopted definition of confidentiality describes confidential data as those that can identify statistical unit, either directly or indirectly. The precise operative criteria that can define confidential statistics are defined on national basis, either by practice or legislation.

Passive confidentiality is expressed in cases when importers or exporters, government authorities and other institutions request that statistical authorities should not publish data that can cause damage to them or jeopardise national interests.

Active confidentiality means that statistical authorities take active steps to protect data, either in national interest, or in interest of individual economic entities.

In 2004 the SORS and the Customs Administration signed the Memorandum of cooperation in the area of external trade and transport statistics that stipulates (Article 6) that the SORS shall not make public or otherwise release individual data without obtaining prior consent from the Customs Administration. Also the SORS shall not supply these data to users except as provided by Law; therefore, when requesting individual data, authorised users are obligated to sign the statement binding themselves to protect the subject data and use them for internal purposes only.

In exceptional circumstances the Customs Administration may release the results of their processing to authorised bodies before the SORS has published the first official results of external trade and transport statistics.

The Official Statistics Law (Official gazette of RS, number 104/2009), in Chapter IX, Articles 44-49, stipulates the issue of data confidentiality.

As specified by Law (Official gazette of RS, number 72/1992), in our practice individual data represent trade secret and therefore are used for aggregation purposes. Pursuant to the Rules on free access and protection of statistical data at the SORS that were passed 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 data from illegal access, as well as aggregated data if individual data can be detected from them.

## Main features and indicators – Definitions

The main indicators for external trade statistics are the following:

Exports – All goods leaving the free circulation zone, premises for inward processing, industrial free zones and customs warehouse premises.

Imports – All good entering in the free circulation zone, premises for inward processing, industrial free zones customs and customs warehousing premises.

Trade balance means the difference between the values of exports and imports; negative balance is known as trade deficit and positive balance refers to as trade surplus.

Export – import ratio reflects to what extent national imports are covered by exports.

Country of last known destination is the last country (if known when exports commenced) to which goods are to be delivered, irrespective of where they have been initially dispatched to and whether or not, on their way to that last country, they are subject to any commercial transactions or other operations that change its legal status on the way to the final destination country.

Country of origin (in imports) is the country where the goods wholly produced (obtained) or substantial transformed.

Net weight of goods is the net mass of goods without packing. Measurement unit is kilogram. Apart from quantity measurement of net weight, for certain HS tariff numbers (ten-digit points) applicable are specific measurement units such as litres, square meters, etc.

Broad economic (end-use) categories, applying the principle of prevalence, classify products as work, reproduction and general consumption assets.

Statistical territory is defined as the territory to which the compiled data are related. Statistical territory can be wholly or partly the same as the economic territory of a country. In cases when the statistical and the economic territory of a country do not overlap, the data coverage is incomplete. Generally, the statistical territory of a country corresponds to its customs territory, i.e. zone, and this concept is adopted in the EU countries. Pursuant to Article 3, the Customs Law, the customs territory of the Republic of Serbia includes the land territory, waterways and airspace of the Republic of Serbia, i.e. customs zone is limited by the customs line that is equal to the border line of the Republic of Serbia. This definition is fully in compliance with the concept adopted in the EU countries and there from the statistical territory of the Republic of Serbia overlaps with its customs territory.

Pursuant to the WTO agreement, value of goods in exports is expressed on FOB (free on board) basis, and value of imported goods is given on CIF (cost, insurance and freight) basis.

Therefore statistical value is based on customs value and in exports, when delivery abroad is contracted, the value of costs, insurance and freight from the Serbian border to the place of delivery abroad is deducted from the invoiced value. If delivery in Serbia is contracted, the value of costs,

insurance and freight from the place of delivery to the Serbian border is added to the invoiced value. In re-exports of goods obtained by active refining, noted is the total value of goods imported for active refining, services and domestic goods used for manufacturing (operations), as well as other costs incurred in the Serbian customs zone/area.

In imports, noted is the value of goods in RSD and this creates the customs value for calculating import duties. If no customs debt is incurred, the value FCO Serbian border shall be entered in the respective box. If goods are re-imported after passive refining, expressed is the total value of temporary exported goods, services and used foreign material, as well as other costs incurred abroad.

Statistical values are obtained by recalculating invoiced value expressed in respective currency by weekly exchange rates, which are applicable for determining customs values required for import duties calculations. Actually they are exchange rate lists used for accounting and statistical purposes, as well as for estimating customs and other import duties.

## **Representative data**

Any external trade in goods of the Republic of Serbia shall be covered by this complex statistical survey and further distributed by autonomous provinces, districts, municipalities and CA activities and in accordance with other classifications applicable in the system of external trade.

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

The statistics of external trade in goods has been to a considerable extent harmonised with international recommendations, standards and practise. Pursuant to the recommendations by the UN Statistics Division, starting from 1 January 2010 the SORS applies the general trade system, which is a wider concept and therefore better applicable for external trade statistics to get adjusted to the system of national accounts and balance of payment. Apart from the general trade system, we have introduced the classification of products by SITC Rev. 4. CPA and NFTS Rev. 4 based on SITC Rev. 4 have been introduced. Alternative data sources remain to become applicable, and e-commerce to be included in coverage.

# **SURVEY ORGANISATION**

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## **Implementation**

Pursuant to the Regulation on statistical surveys, the SORS is responsible for the statistical stages of the complex survey on external trade in goods. Since the data sources and the nature of implementation of the survey are specific, the survey organisation is largely different than other statistical areas.

The Regulation on statistical surveys envisages five complex statistical estimations in the area of external trade statistics, three of which are monthly, one quarterly and one annual.

The unique data source for external trade statistics is Single administrative document (SAD). The declarant is not necessarily a legal entity registered for the activity of international forwarding (except in cases of transit processing). Namely, as a rule declarant is an exporter or importer declaring goods for certain customs procedure.

The Customs Administration, through its offices and other branches compiles and make visual check up of all features described in the customs declaration, including those used for statistical purposes. Customs offices, i.e. branch offices belong to certain regional IT centre and they forward to them customs declarations for further processing. On monthly basis (on the 15<sup>th</sup> day in month), the Customs Administration passes the checked data in magnetic form to the SORS. After the additional check up, i.e. after checking the proper application of the List of goods with forms of exports and imports, currency and country codes, FCO border values, etc., at the SORS we carry out data processing for our users in accordance with the existing project.

## **Responsiveness**

Pursuant to the Official Statistics Law, the Regulation on statistical surveys, which is passed every year by the Government of the RS, and the Memorandum of understanding concluded between the SORS and the Customs Administration, which stipulates the cooperation in the area of external trade and transport statistics, the Customs Administration is obliged on monthly basis to compile and forward to the SORS the data for further check up, processing and publishing.

## Main survey stages and release of data

**Dissemination of data** – The data compilation is carried out on monthly basis, as cumulative for the period from the beginning of year to the referent month, the deadline for reporting units to deliver data being the 14<sup>th</sup> day in month. The SORS is obligated to deliver the first results on external trade in goods in the form of news release published on the last working day in month.

The SORS is the only authorised body in charge of dissemination of external trade statistics. On monthly basis the data are released as traditional publications, releases *ST11 – ST16*, monthly bulletins, etc, and on annual basis in the Statistical Yearbook of RS, External trade statistics yearbook (available on CD), Annual bulletin, which are prepared for the public at large. In order to meet the needs of our government bodies, we introduced on-line access to DB-2, which includes all available external trade statistics of the RS. However, on-line access to DB-2 has been granted only to certain ministries and agencies of the Serbian Government, as well as to the National Bank of Serbia that are the data users of top importance. Highly aggregated data and products of SITC level are accessible by internet and available at our base of external trade statistics (SORS website). The plan of publication activities with envisaged deadlines for the mentioned publications is also available at our website.

**Product type** – The major part of published data are value data. These data are generally available, as aggregated and published, or on request processed on all levels of the customs tariff (including the lowest 12-point level) and by partner countries. Apart from value data, available are data on quantities (net mass in kg). Where envisaged by the customs tariff provisions, data are expressed in specific measurement units (piece, pair, litre, etc.).

## SURVEY INSTRUMENTS

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### Survey form

The main instrument for compiling external trade statistics is customs declaration (Single administrative document). The layout and description of procedure for filling customs declaration are prescribed in the Rules on processing customs declaration and other forms in customs procedure. A sample of SAD, Single administrative document form is found in Annex to this paper.

### Guidelines for completing survey form

The Guidelines for completing SAD are provided in the Rules on processing customs declaration and other forms in customs procedure (Official gazette of RS, number 29/2010, 84/2010, 100/2010, 56/2011 and 66/2011).

### Nomenclatures and specifications

- The major classification for publishing external trade statistics is the UN Standard International *Trade Classification – SITC*. This classification is used for various analytical purposes. Starting from 01/01/1988, simultaneously with the application of the Harmonised system of descriptions and codes of goods, SITC Rev. 3 was introduced, and from 01/01/2010 SITC Rev. 4 is in use and can be found at <http://unstats.un.org/unsd/cr/registry/regcst.asp?Cl=28>
- In our system of external trade we have established the Nomenclature of Foreign Trade Statistics (NFTS) in accordance with the principles and criteria on which the UN Standard International *Trade Classification* is based.

The Nomenclature of Foreign Trade Statistics represents in fact the extended Standard International *Trade Classification* in a way that this classification has been further specified from the level of position. The SITC codes have been further extended by another two digit points (5+2), for items of goods represented in exports and imports, and thereby the structure of the SITC has not been changed. NFTS can be found at the SORS website within the external trade database.
- Using the SITC, the Classification by broad economic categories (BEC) classifies large economic groups of products in relation to end-use categories (work, reproduction and general consumption assets), observing the principle of prevalence. The classification of products by BEC is applied in the System of national accounts and can be found at <http://unstats.un.org/unsd/cr/registry/regcst.asp?Cl=10&Lg=1>

- The Classification of end-use categories according to the EU methodology (MIGs) classifies industrial products into five groupings (intermediate goods, durable consumer goods, non-durable consumer goods, capital goods, energy), and the sixth grouping – unclassified, apart from actually unclassified goods includes also agricultural goods, i.e. everything that is not covered by the sections of manufacturing and energy.
- Central Product Classification (CPC), as well as its European variance – CPA (Statistical Classification of Products by Activity), combines the basic principles of the ISIC nomenclature (International Standard Industrial Classification of All Economic Activities) with the criteria applied in the HS.

For the purpose of balance of payment statistics, trade in goods is distributed into main categories, i.e. general purpose goods, products for further processing, reprocessing and processing, goods for repair, goods acquired in ports from forwarders and non-monetary gold.

- International Standard Industrial Classification of All Economic Activities, Rev. 3 (ISIC, Rev. 3) was adopted by the UN Statistical Commission on its 25<sup>th</sup> session and published in 1990. Starting from 2010, ISIC, Rev. 4 has become applicable. The EU Classification of Activities (NACE, Rev. 1) was established as standard in the EU in January 1993, and up to the level of division it is the same as the classification of activities established by the UN Statistics Division (ISIC, Rev. 3). Presently, the revised Classification of Activities, NACE Rev. 2 is in use.
- The Classification of Activities applicable in the Republic of Serbia is based on the classification of activities established in the EU (NACE, Rev. 2)
- All mentioned international classifications can be found at the Eurostat website (<http://ec.europa.eu/eurostat/ramon/nomenclatures>), and the applicable Customs tariff can found at the SORS site ([www.stat.gov.rs](http://www.stat.gov.rs)) or at the site of the Customs Administration of RS ([www.upravacarina.rs](http://www.upravacarina.rs)).

Starting from 2010, the new version of the Nomenclature of Foreign Trade Statistics (NFTS) based on SITC, Rev. 4 is in use. The linking of the Customs tariff with the NFTS has been made possible and this is of special importance for the users of the Base of external trade (SORS website).

- Classification of products by degree of processing:
  - Unprocessed (raw) products;
  - Products of regular processing;
  - Products of high-level processing.

The first group includes the products in their natural form, where only work needed to provide them was invested. In the second group classified are the products that by processing have been only prepared for further processing. The third group includes the products of high-level processing and they mainly serve for capital formation or individual consumption.

- Classification of countries

It is important that the countries to be registered as partners in compiling external trade statistics are precisely defined. The nomenclature of countries that is used for external trade purposes is defined by the Rules on processing customs declaration and other forms in customs procedure, which is passed by the Ministry of Finance pursuant to Article 87(2), the Customs Law (Official gazette of RS, number 18/10). Starting from 1 January 1995, the nomenclature of countries has been formally based on *ISO alpha-2 classification*, which means that each country is identified by two alphabet letters.

Apart from this nomenclature of countries, Geonomenclature is also applicable in external trade statistics. Geonomenclature is annually updated by Eurostat and it can be found published by the EC at the above mentioned Eurostat site (Geonomenclature 2006 – *published annually in the Official Journal of the European Communities/RAMON: Eurostat metadata server*).

## List of publications

- Statistical releases *ST11 – ST16* are published monthly, on the last working day of each month:
  - External trade in goods, current RSD exchange rate (ST11)
  - External trade in goods, current USD exchange rate (ST12)
  - External trade in goods, current EUR exchange rate (ST13)
  - Exports and imports, current RSD exchange rate (ST14)
  - Exports and imports, current USD exchange rate (ST15)
  - Exports and imports, current EUR exchange rate (ST16)
- Indices of average prices in external trade of RS, (*ST21*), monthly, 26<sup>th</sup> day in month
- Indices of average prices in external trade of RS, (*ST21*), quarterly, not later than 58 calendar days following the reference quarter
- Statistical yearbook of RS
- Monthly statistical bulletin
- External trade statistics yearbook (available on CD), mid-July (final data for the previous year)
- Annual bulletin – External trade of RS by business characteristics, end-October (final data for the previous year).

**Annex:** Single administrative document (SAD).

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