

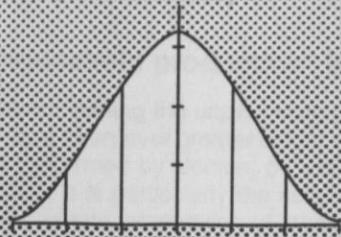
Approaches

L5



Federal Statistical Office

Methods



Developments

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The catchword

The satellite system on "household production" in connection with national accounts

In the context of the discussion about valuing the unpaid work performed by households, political decision-makers, scientists and the general public have to an ever greater extent voiced demands over the past few years that unpaid household work, which is largely performed by women, be included in national accounting and specifically in the gross domestic product computation. It is particularly the services provided by households, such as, for example, childcare, care of sick or disabled persons, preparation of meals, shopping, do-it-yourself or volunteer and community work, which have not been considered as activities creating value added when calculating the domestic product so far; they have never been considered in reporting on the economy.

Moreover, those who demand a quantification of services provided by households also aim at facilitating a closer examination of shifts between market and household production. A different relationship between household production and output measured in the gross domestic product may, for some goals of analysis, relativize both international comparisons and comparisons over time of the domestic product. What is more, the description of the trends of market and household production and their relationship represents the basis for investigations of the changing functions of households over time. In this context, the theories of a trend towards a services society or a self-support economy come to mind.

Directly integrating household production in the domestic product would however considerably affect the suitability of the latter for the manifold purposes of short or medium-term economic analysis, and additionally cause major statistical problems and a considerable degree of inaccuracy. Consequently, the Federal Statistical Office, supported by the Federal Ministry for Family Affairs and Senior Citizens, has developed a satellite system on "household production" connected with the national accounts. The concept of this satellite system offers the opportunity to link household production with the domestic product calculation and in this way to meet the above-mentioned requirements without affecting the previous uses of domestic product results.

In the monetary part of the satellite system, first the annual volume of unpaid work is calculated using the results of the time-use survey of 1991/1992, up to now only for the former territory of the Federal Republic. This reveals that the volume of unpaid work (77 billion hours in 1992) is much higher than that of paid work. As a next step, the annual volume of unpaid work is valued in monetary terms. As there is no single wage rate equally well-suited for all purposes of analysis, different procedures are used for valuation. As a consequence, results differ from each other by more than 100 %. In addition to unpaid work, the other components of household production are quantified, too. Among those are, as other components contributing to value added, in particular wages paid to domestic servants and fixed capital consumption of consumer durables which are used in performing unpaid household work (e.g. washing machines, kitchen stoves, in some cases motor vehicles). The gross value added created by household production, even based on a cautious valuation of unpaid work at a lower threshold, amounted to as much as 38 % of the gross domestic product for the former territory of the Federal Republic in 1992, which is slightly more than the gross value added created by production industries. To permit an estimation of the total output of household production, expenditures on the remaining goods and services purchased are determined in the context of household production, too.

While the monetary part of the satellite system is geared towards the macroeconomic level, the volume part focuses on a differentiated description of the time spent on household production activities and the detailed breakdown of time spent by socioeconomic variables. It is shown what persons provide what services for whom (own household, other household, welfare organization). Additional information in volume units, such as the availability of consumer durables or childcare facilities may additionally be integrated. In view of the problems faced with valuing unpaid work, the volume part of the satellite system is at least as important as the monetary part. Intra-household division of work by genders, for example, can better be examined at the level of time spent than at the monetary level. At the volume level, too, shifts between market and household production can be described.

European echo

Harmonizing consumer price indices in the EU

The Maastricht Treaty requires member states to achieve a high degree of price stability as a criterion for entering the third stage of economic and monetary union. The protocol on the convergence criteria also states that inflation is to be measured "by means of the consumer price index on a comparable basis, taking into account differences in national definitions". Hence, only those member states may join the economic and monetary union whose average inflation rate for the past year "does not exceed by more than 1 ½ percentage points that of, at most, the three best performing Member States in terms of price stability".

However, the consumer price indices of member states differ in many ways. In some cases the consumption structures of certain types of household are not included in the calculation (e.g. households with a high income or rural households). Certain household expenditures are also included to differing degrees or according to different concepts and methods. Examples of these are expenditure on housing by owner-occupiers, for health and education or private insurance premiums. The formulae according to which individual prices are collated into indices, the rules for dealing with changes in quality, or the procedure for and the frequency of the collection of prices often differ from one country to another.

In order to obtain comparable consumer price indices the Statistical Office of the European Communities (Eurostat) has set up a working party and eight sub-parties to work out the rules for calculating harmonized consumer price indices. The main objective is clearly to measure inflation in the macro-economic sense and national objectives have to take second place to this. In many countries, including Germany, therefore, a harmonized index will – at least in the initial phase – be calculated in addition to the existing national indices.

A framework regulation by the Council of the European Union lays down important principles for calculating harmonized consumer price indices; the European Commission is to decide on the details with the participation of member states. The harmonized index was for the first time presented on February 28th, 1996; it is based on the existing national indices and does not include expenditure on housing by owner-occupiers, health and education services and other problematic areas. In a second harmonization stage, from January 1997, a common base period must be used according to the framework regulation. By January 1998, according to Eurostat, a fully harmonized consumer price index is to be obligatory.

EC Survey of Labour Costs in 1992

The costs of labour are an important factor for enterprises, influencing, among other things, their choice of production sites. However, the quarterly and annual surveys of earnings compiled in Germany give only incomplete information on this, as they do not include all the expenditure by enterprises for their employees. To close the gap in the data special "labour cost surveys" were carried out in the former territory of the Federal Republic of Germany from 1957, and they showed total labour costs, their composition and hours worked for the wage earners and salaried employees covered.

In pursuance of the economic and socio-political objectives laid down in the EC Treaty the European Commission also needs data on labour costs. To ensure that the data from the individual member states are as comparable as possible the Council of the European Communities issued regulations on the way labour cost surveys are to be carried out. These regulations have the force of law in member states and since 1959 they have formed the legal bases for the surveys in Germany. After the first surveys between 1959 and 1964 – alternating annually between selected branches of economic activity – from 1966 labour cost surveys were carried out at intervals of three years, and from 1984 quadrennially. The 1992 survey is based on Council Regulation (EEC) No. 3949/92 of 21 December 1992 (Official Journal of the EC No. 404, p. 7).

At the 11th International Conference of Labour Statisticians in 1966 in Geneva for the member states of the International Labour Organisation the concept of labour costs was defined as the following items: earnings, subdivided as remuneration for hours worked, remuneration for non-working hours, extra payments, payments in kind (including housing aid), employers' social security contributions, costs of vocational training and staff facilities, "other" labour costs, like expenditure for the acquisition of new staff, taxes regarded as labour costs (like the severely disabled levy if an enterprise does not meet the required ratio for the employment of such persons). As some of these expenditure types are either only incurred once a year, like profit-sharing payments, or are only fixed once a year, like provisions for pensions, the survey needs to cover a year. This definition in no way covers the costs of the workplace, like expenditure on equipment for this, health and safety precautions, sanitary facilities or parking places; for comparisons of labour costs in economies at different stages of development this definition does not show that wage earners and salaried employees in industrial countries have higher requirements in regard to the workplace and health and safety precautions than those in less highly developed countries.

On principle the survey should cover all wage and salary earners except low-income earners, apprentices, persons working at home or employees with entrepreneurial functions, like members of the management boards of joint stock corporations. Part-time workers and persons not employed throughout the reference year are to be converted to full-time equivalents. Up to 1988 employees and expenditure in the production industries were subdivided according to wage earners and salaried employees. In the 1992 survey the subdivision was only implemented in Germany; the other EC member states ceased to do this owing to procedural problems.

The volume of labour available to enterprises during the reference year is surveyed in the form of hours worked by wage earners and salaried employees. For the earlier surveys wage earners were questioned direct regarding the total number of hours they had worked, but for salaried employees only an estimate of this was made, based on paid collectively agreed hours worked in the year minus the hours for public and individual holidays; not until the 1992 survey was a precise figure compiled for hours worked by salaried employees as well.

As a reporting unit the local unit was used for the production industries, while the enterprise was the unit for the other sectors of economic activity. A survey of local units in the production industries should achieve a more exact regional classification of the results, but with multi-unit enterprises it has the disadvantage that the local units generally do not know their share of the expenditure by their head offices, like enterprise's health insurance fund, basic and advanced training facilities and company pension schemes. Hence the statistical offices of the Länder in Germany also ask enterprises in the production industries to supply separate data for their local units. In order to avoid mixing the different levels of labour costs between the former territory of the Federal Republic of Germany and the new Länder in the results in the 1992 survey service enterprises were asked to give separate reports for their branch establishments in the former territory of the Federal Republic and those in the new Länder.

Since the first EC survey was carried out in 1959 the coverage has been gradually but considerably extended. The first survey only covered selected branches of the production industries, and by the end of the sixties the entire industrial sector was included. During the seventies the distributive trade and the banking and insurance sectors were included, and in 1992 the catering trade and "real estate, renting and business activities" were added. As the statistical offices in Germany were under particular pressure in 1992 as the survey was being extended to the new Länder, the new item, "business activities", was limited to enterprises in the former territory of the Federal Republic of Germany.

Carrying out the survey in the form of samples very considerably lowers costs. In 1992 just on 20 % of the enterprises forming the survey population were questioned. To calculate the sample design the total enterprise population is stratified according to Federal Länder, branches of economic activity and enterprise size class. According to the error computation for the 1988 survey the sampling errors are less than one percent for the most important results in the major economic branches. Larger sampling errors were determined for individual cost items, especially expenditure on company pension schemes.

In the results labour costs are shown in an initial breakdown as direct earnings for hours worked and additional labour costs. The direct earnings for hours worked are payment for hours actually worked (not including extra payments). For wage earners this figure is calculated by multiplying the hourly rate of pay by the number of hours worked, and for salaried employees by multiplying the monthly salary by the number of months actually worked. All other types of expenditure are additional labour costs. The quotient of additional labour costs/direct earnings for hours worked can be regarded as the premium required on the earnings for one labour unit worked for the calculation of the enterprise's total labour costs. The concept of additional labour costs is of purely instrumental character in this context.

The necessity for these surveys is not contested in Germany. However, with a quadrennial frequency and as the results take about eighteen months to prepare, the data cannot be as up to date as is desired. Moreover, the subdivision of the employees only into wage earners and salaried employees does not appear to be adequate. That is why Eurostat is planning to supplement the labour cost surveys by introducing a survey to calculate a quarterly index of labour costs broken down according to occupations.

Events

Seminar on "Environmental-Economic Accounting (EEA)" at the Organization for Economic Cooperation and Development (OECD) in September 1994

Since environmental policies have increasingly been orientated towards the target of sustainable development, the activities of environmental statistics in the OECD countries are to a higher degree also concentrating on EEA. A representative of the World Bank presented an introductory report on valuation and possibilities of applying EEA. The meanwhile published revised System of National Accounts (SNA) of the United Nations advises against a change of the aggregates of national accounting and in particular of the gross domestic product in order to present topics of resources and environment. With the publication of the System for Integrated Environmental and Economic Accounting (SEEA), the United Nations rather propose a comprehensive framework according to which Resource Accounting and EEA could be presented in the form of satellite systems supplementing the SNA.

Several delegations – among others from the U.S.A., Japan, the Netherlands, Mexico and Sweden – made detailed statements showing the activities in the field of EEA in their respective countries. The German delegation presented the EEA of the Federal Statistical Office which is classified according to five subject fields:

1. Material and energy flows accounts, consumption of raw materials, structure of emitters
2. Use of land and space, land cover (Statistical Information System on Land Use – STABIS)
3. Indicators of the state of the environment
4. Environmental protection activities, capital formation, expenditure
5. Imputed prevention costs for attaining sustainability standards.

Good progress could already be made in spheres 1, 2 and 4, while spheres 3 and 5 have hardly proceeded beyond general considerations and prestudies. Particular attention was paid to the fact that the German activities fully comply with the framework provided by the SEEA of the United Nations and shall also be in line with the PSR (pressure, state, response) approach of the OECD.

Of the foreign activities, especially the results of the Netherlands met with the interest of the participants. They permit a linking of quantitative information on the consumption of resources and emissions by branches of economic activity with the major environmental subjects (such as destruction of the ozone layer, greenhouse effect, etc.). This presentation moreover permits to quantify the economic consequences of accomplishing specific targets of environmental policies (the observance of environmental standards) by means of estimates based on model computations. The activities of the Wuppertal Institute for Climate, Environment, Energy aimed at integrating environmental information on the micro and macro levels were also briefly presented. On the whole, it can be stated that the EEA

experiments of the various countries in a first step are directed not so much towards a one-dimensional indicator but a "green" gross domestic product. In the first place, they rather collect mostly information in the form of quantity data concerning the various environmental topics, the emphasis in the various countries being in part on differing environmental problems. Only concerning the measures of environmental protection (mainly investments, less frequently current expenditure) also values are available for some of the countries.

The representative of the Statistical Division of the United Nations (UNSTAT), on the other hand, emphasized that the presentation of quantitative environmental indicators within the EEA, or linked to the EEA, is not sufficient, however useful it may be. If the political decision makers are to be interested, the environmental topics will have to be integrated into the key variables of economic policy, such as income, production, consumption, costs, wealth and foreign trade. This merger is the ultimate goal of the SEEA.

In concluding, the participants in the Seminar agreed that the OECD and the other international and supranational organizations should step up their efforts with a view to further developing and harmonizing the EEA in the various countries.

Scientific colloquium "Indices – status quo and the European future"

On 10 and 11 November 1994, the third annual scientific colloquium organized conjointly by the Federal Statistical Office and the German Statistical Society was held in Wiesbaden. This series of events is to provide regularly a forum for the scientific dialogue between official statistics and the main groups of users. After the subjects "Quality of Statistical Data" discussed in 1992 and "National Accounts: Proven Practice – New Perspectives" in 1993, the 1994 subject was "Indices – Status quo and the European Future". Of the approx. 100 participants in this colloquium on indices, about one half came from the statistical offices of the Federation and the Länder, while the other half were representatives of universities, ministries, free enterprise as well as of international official statistics.

There were speakers from the University of Freiburg/ Switzerland, the Eidgenössische Technische Hochschule Zurich, the Hochschule St. Gallen, the Prognos AG, the Deutsche Bundesbank, the Statistical Office of the European Communities (Eurostat) and the Federal Statistical Office. The main emphasis of their contributions was on questions of harmonizing indices within the EU, such as the standards to be met by harmonized consumer price indices, prerequisites to, and limits of, harmonized price indices, uniform short-term EU indicators for manufacturing as well as planning and present state of the harmonization activities for indices in Europe. Together with the relevant discussions, these reports clearly showed in particular that the European projects of statistical harmonization will call for great efforts on the part of the statistical offices of the EU member countries. There were further a report on the importance of indices for economic decisions as well as contributions of a more theoretical nature on the cost of living in an intertemporal and interregional comparison and on unit value indices.

The conference volume comprising the individual contributions was published in 1995 as Volume 28 of the publication series issued by the Federal Statistical Office under the title "Forum of Federal Statistics". The conference volumes concerning the two previous colloquiums referred to at the beginning are already available as Volumes 25 and 26 of this series, respectively.

The present form of foreign trade statistics and their historical development

Preliminary remarks

With the completion of the internal market and the consequent introduction of a new procedure for collecting information on Germany's foreign trade with European Union member states, foreign trade statistics underwent a reorientation of great significance in their development. With the entry of Sweden, Finland and Austria to the European Union, and in view of the possible entry of other states in the next decade, especially from central and eastern Europe, the importance of foreign trade for Germany within the single, integrated market is steadily growing. That is also facing the statisticians with new challenges, if they are to provide users on both national and supranational level with consistent foreign trade figures in future as well. To meet these requirements it will be necessary to take account of the historical development processes in all future considerations and measures.

This article gives a survey of that historical development. It provides a background against which the questions of the present form of the statistics and its effects on the figures can be shown. First, however, we briefly discuss the subject and function of the statistics.

The subject and function of foreign trade statistics

The subject of foreign trade statistics is the cross-frontier movement of goods with other countries.¹⁾ Insofar the term "foreign trade statistics" is not entirely correct, as trade transactions that are not due to the movement of goods across a frontier are not included, while cross-frontier movements of goods that are not the result of a trading trans-

1) Cf. Law on Statistics on Cross-Border Trade in Goods (Foreign Trade Statistics Law), Federal Law Gazette, Part III No. 7402-1, published revised version as amended by Article 9 of the First Statistics Revision Law of 14 March 1980, Federal Law Gazette I, p. 294.

action are included. A more exact term would be "the statistics of cross-frontier goods movements", and it is to be found in this or similar form in the relevant legal provisions on national and supranational level.²⁾

As the foreign trade statistics generally only cover movements of goods and not transfers of services they do not correspond to the definitions of foreign trade usual in other economic statistics.³⁾ But by being limited to actual movements of goods they very well fulfil the function of showing the integration of economies through their mutual trade in goods. That is, they show how dependent a country is on the rest of the world in goods. Data of this nature are of great importance for trade agreements, for studies of world trade by supranational organizations like the United Nations, for an appraisal of the effectiveness of customs and excise policy (e.g. on EU level) and for market analyses by business associations and individual companies. Nor is it surprising that the limitation to goods traffic is due to historical factors, if one considers that foreign trade statistics developed out of pure customs and excise statistics.

The beginning of the present foreign trade statistics

The first full records of foreign trade were ordered for France by Colbert in 1665;⁴⁾ in England the records started in 1679. The first joint and regular statistical records of goods trade between the Deutscher Zollverein (German Customs Union) and other countries were made in 1836.⁵⁾ These records were based on what were known as "Kommerzialnachweisungen" (commercial statements)⁶⁾ kept by the customs officials; in some states in the Zollverein they had been kept before 1833. Initially these statistics were used for purely fiscal purposes, that is, they showed the effects of the customs legislation on state finance and vice versa. Only in subsequent years were the records changed into genuine statistics on trade in goods. The first attempt to move in this direction was the introduction of a new instruction in 1858 on keeping the commercial register and drawing up commercial tables. The purpose of this was to obtain a full account of goods trade by the Zollverein states. But as this instruction did not produce the desired improvement in the records of goods movements, it was decided in 1872, shortly after the German Reich was founded and the Imperial Statistical Office set up, fundamentally to reorganize the statistics. Although from that time onwards a separate statistical register of goods was used, and (estimated) values⁷⁾ were also calculated, it soon became clear that without statutory registration results of any value were not to be expected. The necessary obligation was then introduced in the Law on Statistics on the Trading of Goods by the Deutsches Zollgebiet (German Customs Territory) with Other Countries of 20 July 1879⁸⁾. In retrospect one can probably rightly say that only from that time could really useful foreign trade statistics be compiled. Other new regulations came in 1906 (extending the area covered to include the free zones, separating general trade from special trade, establishing the value of exports)⁹⁾ and in 1928 and 1939, although the last two adjustments were not of any great methodological significance.

It is interesting that throughout this time what was known as a statistical charge was levied in Germany. Article 11, Para. 4 of the Law on Statistics on the Trading of Goods with Other Countries of 31 March 1939¹⁰⁾ states: "The statistical charge is a consumer tax in the meaning of the Reich Tax Code. It is intended to cover the costs of compiling foreign trade statistics." On principle, the charge depended on the weight of the goods listed in a declaration document, and a specific upper threshold was laid down in relation to the value. At most it was 5 Reichsmarks for every full or commenced 10,000 Reichsmarks. One might think that such a charge was a relict of long forgotten days, but Argentina only dropped the statistics charge it was levying on imports on 1 January 1995.¹¹⁾

Harmonizing foreign trade statistics

The resumption of foreign trade statistics after the war proved difficult, as both the general administration apparatus to collect the data and the organization of the statistics had to be recreated. In the lack of a specific legal basis the declaration procedure was first laid down in "Circulars on Foreign Trade" which were based on the military legislation. In method and technique they followed on from the prewar regulations.¹²⁾ The statistics were given a legal basis in 1957 in the Law on Statistics on Cross-Border Trade in Goods (Foreign Trade Statistics Law). The law has

2) Cf. Footnote 1 and Council Regulation (EEC) No. 3330/91 on the statistics relating to the trading of goods between Member States, OJ EC No. L 316, p. 1 of 16 November 1991.

3) In the national accounts, for example, the balance of exports and imports covers both goods and services. However, services or transfers of ownership are not entirely unknown in foreign trade statistics, as is evident i.a. from the rules for the valuation of imported and exported goods, and in that in the statistics on ocean-going vessels it is the transfer of ownership and not crossing a frontier that causes the transaction to be entered in the statistics.

4) Cf. Schmidt, P.: Handwörterbuch der Sozialwissenschaften, Vol. 1, Stuttgart, Tübingen and Göttingen, 1956, p. 499.

5) By the end of the 19th century in Europe, beside France and Britain, Belgium, Russia, Austria, Norway, Denmark, Spain, Italy and Switzerland had foreign trade statistics which basically corresponded to modern requirements.

6) The term "Nachweisung" has survived in foreign trade statistics to today. The customs offices are still obliged to report goods which become subject to a new customs procedure; e.g. when goods move from customs stores to processing for the firm's own account they have to fill out customs documents and send these to the Federal Statistical Office.

7) In this connection it should be pointed out that the import duties were only measured by the value of the goods from 1951.

8) Reich Law Gazette 1879, p. 261.

9) Cf. Schlüter, K.H.: Außenhandel und Statistik, in the series Zahl + Leben, ed. K. Szameitat, Mainz 1967, p. 16.

10) Reich Law Gazette, Part I, p. 645.

11) Cf. Nachrichten für den Aussenhandel, 15 December 1994, p. 7.

12) Cf. Schmidt, P./Schlüter, K.H.: Zur Aussenhandelsstatistik Deutschlands, in: Umriss einer Wirtschaftsstatistik, ed. Blind, A., Hamburg 1966, pp. 146ff.

remained in force practically unchanged to today. It has been supplemented by the Ordinance on the Collection of Foreign Trade Statistics, that has been amended eleven times since 1957. The amendments were all closely related to the realization of a common market in the European Community, now the European Union.

Under the Treaties of Rome one of the main objectives of the common market was to realize the free movement of goods between the parties to the Treaties by abolishing customs and excise duties and quantity restrictions¹³⁾ between member states. A necessary condition for this was to harmonize and simplify the legal formalities applying to the movement of goods. That objective was realized for commercial transactions in 1968. But each of the necessary measures also gave rise to the desire to make the national foreign trade statistics more internationally comparable. Accordingly, the Committee for Foreign Trade Statistics was set up at the Statistical Office of the European Communities (Eurostat). The objective of the Committee's work was and is to harmonize the methods, definitions and classifications of national foreign trade statistics.

Although the efforts to harmonize the classifications were already producing their first successes in 1962 and 1965¹⁴⁾, only in 1972 was the harmonization work first laid down in law¹⁵⁾. Of even greater importance for the development of foreign trade statistics on EU level, however, were the efforts by member states to standardize the methods and definitions in addition to the classifications. The work in this field was particularly difficult and time-consuming, as the national regulations were the result of both customs legislation and the specific administrative structures in individual member states. However, as harmonization of the EU customs legislation progressed these difficulties lessened, and in June 1975 Council Regulation (EEC) No. 1736/75 on the external trade statistics of the Community and statistics of trade between Member States¹⁶⁾ came into force.

This Regulation, the provisions of which are still in force – at least for the Community's foreign trade –¹⁷⁾ was of great importance in two respects. Firstly, it laid down uniform terms and methods for the statistics, and secondly, the national approaches were replaced by a supranational approach, since, at least in the text, it differentiated between the Community's foreign trade and trade between member states. The Community's need to formulate its own methodological principles resulted from the fact that the methodological concepts of member states, which were and are designed to show their own national cross-border trade in goods with the rest of the world (which of course includes the other EU member states), were no longer always sufficient to produce foreign trade figures without overlapping. That is, it could not be ensured that the national figures would add up to a result that showed the Community's foreign trade.

However, that was essential if the Community was to fulfil its own requirements, especially in customs and trade policy¹⁸⁾. But despite the Regulation many questions relating to the collection, processing and delimitation of the information remained open. So there was need for further harmonization, and additional provisions were laid down in the following years in various EC Regulations.¹⁹⁾ As these Regulations apply directly in all member states, the latter were required to integrate them into their national collection and processing concepts. Inevitably, this meant that the foreign trade statistics compiled using the national approaches deviated ever further from those compiled with the EC approach. Let us give a brief example to illustrate this.

A commodity coming from the United States to Belgium enters the free movement of goods within the Community; it is then sent on to Germany. It will appear in both the Belgian and the German foreign trade statistics by its country of origin "United States". When these data are sent to Eurostat there will inevitably be double counting, and from the viewpoint of the Community this has to be avoided. Accordingly, the above Regulation, (EEC) No. 1736/75, obliged member states to record the country of dispatch for the trading of goods between member states for the Community statistics from 1977. In this case that means that the country of origin, the United States, would only be recorded in the Belgian statistics, while the German statistics would record Belgium as the country of dispatch for the Communities. However, for the national foreign trade statistics the country of origin, the United States, is still recorded. In other words, the total of imports by all member states originating in the United States will not agree with the imports from the United States shown by the Community statistics.

Another important date for the statisticians on the way to the uniform integrated internal market, where all material obstacles are removed, was 1 January 1988. The Commission's White Paper of 1985 said: "Systematic formalities are carried out for statistical purposes... The introduction of the single administrative document will initially simplify

13) Cf. Treaty for the Establishment of the European Economic Community (German: Bundesrats-Drucksache No. 146/57). In the second part of this Treaty, which is concerned with the principles of the Community, the free movement of goods is mentioned first (Title 1).

14) The creation of a uniform country register and the introduction of a uniform nomenclature of goods for the foreign trade statistics of the EC countries. On this and the section as a whole cf. Bergmann, W.: Harmonisierung der Aussenhandelsstatistik in der Europäischen Gemeinschaft, in: Zeitschrift für Zölle und Verbrauchssteuern (ZfZ), 1982, No. 6.

15) Council Regulation (EEC) No. 1445/72 of 24 April 1972 on the common list of goods for the Community's foreign trade statistics and trade between Member States, OJ EC No. L 161 of 17 July 1972.

16) OJ No. L 183 of 14 July 1975, p. 3.

17) A proposal to adapt the provisions of this Regulation to the changes in customs law was discussed by the Council and put into force, without having been applied so far.

18) The Community has had powers for this since 1973.

19) As examples we can take Commission Regulation (EEC) No. 3345/80 on the recording of the country of consignment in the external trade statistics of the Community and statistics of trade between Member States, OJ EC No. L 351 of 24 December 1980, p. 12 and Council Regulation (EEC) No. 200/83 on the adaptation of the external trade statistics of the Community to the Directives concerning the harmonization procedures for the export of goods and for the release of goods for free circulation, OJ EC No. L 26 of 28 January 1983, p. 1.

frontier formalities, but additional harmonization or elimination will be needed if the different statistical data are to be presented in a uniform way by 1992".²⁰⁾ It is not possible here to discuss whether the Commission was right in its estimate then, of the extent of the statistical formalities at frontiers. But in Germany certainly the principle has always applied that no goods may be held up at the frontier solely for statistical purposes.

On the other hand, the statement that further harmonization would be needed in foreign trade statistics certainly pointed in the right direction. In saying this the Commission was making clear that it regarded the introduction of the single administrative document on 1 January 1988 only as an interim step, if an important one. The importance of the date for foreign trade statistics was underlined simply by the application of Regulation (EEC) No. 2954/85 laying down certain measures for the standardization and simplification of statistics on trade between Member States²¹⁾ from the above deadline. That Regulation not only covers the variables that are of importance for intra-Community trade from the EU point of view, and so should be reported to Eurostat, (and so which must also be collected and shown by member states), it also completed the legal separation of the statistics on trade between member states and the Community's foreign trade statistics. This separation, which was certainly logical and "necessary" in the view of the Community, caused a conflict of interests, as time went on, between the Commission on the one side and member states on the other. If the separation opened the way for the Commission to decouple the statistics on trade between member states, in method as well, from the Community's foreign trade statistics, or to end these altogether at some date, member states were and are concerned to compile consistent national foreign trade statistics, and this presupposes that the two "part-statistics" are identical in method and in the variables they record.

The discussion over the function of foreign trade statistics

This conflict of interests is still dominating the discussion between the Commission and the member states in this field. It played a particularly big part in the negotiations over continuing statistics on trade between member states after 1993, when internal frontiers were abolished. At the beginning of the consultations in the Commission, for instance, some members expressed the view that continuing these statistics after the common market was realized would be an anachronistic relict and should be abandoned.

That this extreme position has not yet become established is due to the fact that foreign trade statistics are typical multi-purpose statistics, providing important information for a wide range of policy areas. As completion of the single market could not be equated with total integration of the national economies, because national currency systems, national economic policies and differences in national legislation still persist, the individual member states still need full information on their entire foreign trade activities.

The Commission also very quickly recognized that such detailed information was necessary for the fulfilment of its tasks as well beyond the year 1992. Consequently, in the White Paper the issue was no longer called in question. The section on removing physical barriers states, i.a.: "The statistics are required not only by the Member States but also by the Community".²²⁾ Another issue at dispute between the Commission and member states in the following years was the question of the requirements these statistics were to meet and what procedure should be used to collect the information. As outlined above, foreign trade statistics originally developed from customs statistics; historically, it was natural for the collection procedure to be part of the legal customs procedures and foreign trade declaration practices. That is still the case today (at least in goods trade with third countries). When all formalities on internal frontiers were abolished, where the customs and excise officials had supervised goods trade, that collection method was no longer available at the internal frontiers of the Community after 1992.

The Federal Statistical Office made a contribution to the discussion in the form of a document containing important suggestions and proposals on these questions.²³⁾ In retrospect it can rightly be said that this document has had a considerable influence on the statistics on trade between member states. A conclusion of some importance in the document was that only collection in the form of direct reporting by firms²⁴⁾ would provide the necessary information for the statistics.

The Commission also supported this approach, but proposed restricting the reporting to exports, while imports to the other member states could be deduced from these, as the reverse image, so to speak. The idea behind this proposal was to ease the burden of reporting on companies obliged to provide information as far as possible. The doubts expressed by member states, including Germany, about this method of collecting data on intra-Community goods trade were (apart from the resultant dependency for the provision of the data) that specific features of national methods, and additional national information requirements (e.g. regionalization of imports and exports by the German Länder), would be lost, so that a consistent compilation of national foreign trade figures would be more difficult or maybe even impossible.

20) See Commission White Paper to the Council of Europe: Completing the Internal Market, Commission of the European Communities, June 1985, p. 14.

21) Cf. OJ EC No. L 285 of 25 October 1985, p. 1.

22) Cf. Footnote 20.

23) This has been explained in detail in Heimann, J.: Zur Statistik des Außenhandels zwischen den Mitgliedstaaten der Europäischen Gemeinschaften, in *Wirtschaft und Statistik* 9/1986, pp. 717ff.

24) The phrase "company surveys" is frequently used in this context; however, it is inappropriate for these statistics, as it presupposes an active role on the part of the statistical offices. That is, it implies that they send out questionnaires and check that they are returned. But the concept of intra-Community trade statistics is based on an active role by companies that are obliged to make reports. In other words, companies that are obliged to give information are expected to submit the declarations on their own initiative to the Federal Statistical Office when the relevant movements of goods take place. The Federal Statistical Office exercises ex post supervision of whether the declarations have been submitted.

There were also differences between the Commission and member states over the extent of what should be reported and the breakdown of the statistics in regard to commodity classifications. While the Commission regarded a list of only a few variables as sufficient in a relatively rough classification-based breakdown, the member states wanted both the list of variables and the commodity classification system to be such as to cover national foreign trade as a whole (goods trade with EU countries and third countries). As we know, the Commission very largely acknowledged these concerns of member states in Regulation (EEC) No. 3330/91²⁵.

Effects on the foreign trade statistics

Despite these efforts to be able to continue meeting the national requirements for foreign trade statistics after 1992 as well, and change the theoretical and methodological principles as little as possible, the statisticians realized right from the start that the conversion of the collection procedure to direct reporting by firms would affect all the foreign trade figures. We will now give a brief account of these effects, for they are closely related to the present form of these statistics.

The form of German foreign trade statistics is now the result not only of the national legal provisions outlined above but of 16 EC Regulations as well. The form is considerably affected by the different methods that are used for the collection of data on cross-border trade in goods. Which of these is applied, either the classical method through the customs officials, or the newer method through direct reporting by firms (Intrastat system) depends on principle on whether the goods being imported or exported are subject to customs and excise control for tax or duty reasons or not.

The terms "intra-trade" and "extra-trade" that are often used in connection with these procedures are confusing in that the collection procedure cannot always, in the national view, be equated with these terms. That is connected with the fact that the terms come from EU terminology, and they serve the Community, in contrast to member states, for the incorporation of the data on cross-border trade in goods that are collected into its statistical system as part of the preparation of Community figures. That these terms, or the definitions they give, are of little significance for the foreign trade statistics of a member state, is clear simply from the fact that the Community defines all movements of goods as intra-trade that take place within certain parts of its statistical territory.

"Intra-trade" in this definition does not exist for the foreign trade statistical concepts of individual member states, as only goods trade across the frontier of the national statistical territory is the subject of foreign trade statistics, not goods trade within its statistical territory. In that definition the national foreign trade statistics correspond to what, in EU terminology, is extra-trade. In the national view the term intra-trade can only have meaning, if at all, if the country concept used forms the basis of the national foreign trade figures. The concept usually used in Germany is the production and consumption method, or to put it differently, the principle of the country of origin and the country of destination.

If these definitions were used all goods extracted or produced in another member state and imported into Germany, and all goods extracted or produced in Germany or designated national goods, and exported into another member state to be used or consumed there or processed or further processed there, would be intra-trade. That would also express the fact that "national intra-trade" in this definition must not be confused with "intra-trade for the Community". But the deviations in the figures this would cause may be illustrated from the following examples.

Example 1:

A Swiss transport firm buys a French lorry. After using it for a short time it sells the lorry to a German firm. The movement of this commodity appears in the German foreign trade statistics as an import from France, in accordance with the principle of the country of origin. But for the Community the movement is an import from Switzerland, and it is registered in the statistics as such.

This example shows that if the terms intra-trade and extra-trade are equated in relation to the national and Community requirements of foreign trade statistics, the user will reach different conclusions. From the Community figures he will gain the impression that a lorry was imported from Switzerland to Germany (actually into the Community, hence extra-trade), while from the German figures he will conclude that a lorry was imported from France (intra-trade). Let us now look at another example.²⁶

Example 2:

A machine made in Switzerland is sold to a Dutch firm. The delivery is made through Germany to the Netherlands. For reasons that are not important here the machine goes through the customs and tax procedure at the German-Swiss border and is then sent on direct to the Netherlands. For the German foreign trade statistics the process is of no account, as the commodity is only in transit. But as the customs and tax procedure took place in Germany both the importation from Switzerland has to be reported to the Community (extra-trade) as has the exportation to the Netherlands (intra-trade).

25) See Footnote 2.

26) It must be emphasized that the examples listed here are not theoretical constructions, they are from daily practice.

In this case the user of the Community statistics will see an import from Switzerland to Germany (into the Community, hence extra-trade), but also exportation of a machine from Germany to the Netherlands (intra-trade). In the German foreign trade statistics the transaction is not registered at all, rightly, as the machine is only passing through Germany. What conclusions the user of the Dutch statistics will draw may remain an open question. It may suffice to say that in this case Germany will be shown as the country of dispatch. However, it will be obvious what country will be shown in the Swiss statistics.

Although this example may raise doubts as to the use figures of this nature on foreign trade still have, the doubts may be dissipated as the user will on principle reach comparable results if he uses the appropriate partner country concept and the appropriate methodological definitions. But it is clear to what extent the use of the various concepts for the collection of information still depends on whether the customs procedure is carried out when the commodity crosses the frontier of the national statistical territory for customs or tax reasons or not. Let us make this even clearer from two other brief examples:

Example 3:

A German firm buys a commodity from a firm domiciled in the Channel Islands. The commodity is sent from there direct to Germany. As the Channel Islands belong to Great Britain and Northern Ireland but are not part of the Community tax area the German customs charge import turnover tax when the commodity enters Germany. As part of this procedure the German firm also has to hand over the copy of the single administrative document for the statistics to the customs office, which will forward it to the Federal Statistical Office.

The transaction will appear both in the German and the Community statistics as an importation from Great Britain and Northern Ireland (intra-trade). This example, like Example 1, also shows, however, that an import that appears on both national and possibly Community level as intra-trade does not necessarily involve a direct report by a firm under the Intrastat system. That will also apply in the opposite case.

Example 4:

A German firm buys a commodity in the United States and has it sent to Germany via Rotterdam. But the commodity goes through the customs and taxation procedure in Rotterdam. In this case the German firm has to report the importation of the commodity under the direct reporting system (Intrastat system).

The transaction will appear in the German foreign trade statistics in accordance with the country of origin principle as an import from the United States (extra-trade), but for the Community, it will appear as an import from the Netherlands (intra-trade). The reasons for this and what happens in the Dutch statistics are already clear from Examples 1 and 2. This example also shows that with an import that appears under the national concept as extra-trade the classical collection procedure through the customs is not necessarily applied.

For the sake of completeness we should mention that there are similar examples for exports to other member states or third countries. But to understand these we would need to digress into the Community customs law that is already in force, and that would go beyond the scope of this article. It remains to be said that generalizations like "intra-trade = the Intrastat system = unreliable results" or "extra-trade = customs = reliable results" are not justified, and not very helpful to the user of today's foreign trade data. On the contrary, a clear grasp of the technical and conceptual aspects of the collection procedure, as described above, is always needed if the nature and value of the information given is to be properly assessed.

Conclusion

The above remarks are intended to show that the historical relation between foreign trade statistics and the customs and excise procedures is still exerting a major influence on these statistics today. The principle still applies that wherever the customs service is at work, be it handling goods transactions within the Community or with the rest of the world, the customs administration will collect the statistical data. That is, the Intrastat system only comes into use where the customs officers are not collecting the data. That principle also means that the national and the Community statisticians still have to take into account the procedures, terms, definitions and variables of the customs administration in their concepts and methods. As the customs regulations are now exclusively based on Community legislation this is causing increasing difficulties for the national statisticians in their endeavours to provide users with consistent national results, and to provide the Community with foreign trade figures that add up for its purposes. The problems connected with these difficulties have so far always been solved, but for the user the solutions were and are often hard to understand. A detailed knowledge of customs law is needed to understand them and – for goods trade within the Community – of turnover (value-added) tax law as well.

It remains to be seen for how long statisticians compiling foreign trade statistics for a national territory will be able to regard a customs administration based on a supranational territory as their "natural" partner for the collection of data and the resultant effects on the method. That applies in particular if the collection and provision of the data can only be achieved through ever more complicated individual regulations, that are not transparent either for the user or those obliged to provide information. So one is forced to the conclusion that the quality of statistics depends firstly on the exactitude of the statistical reporting and the controls exercised in the national statistical offices, and less on the method of collection used.

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