

# Asymmetries in trade data

Diving deeper into UK bilateral trade data

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ESCoE Conference on Economic Measurement 2018

Bank of England  
17/05/2018

# Outline

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- Motivation for the work
- Approach
- Initial results
- Next steps

# Motivation

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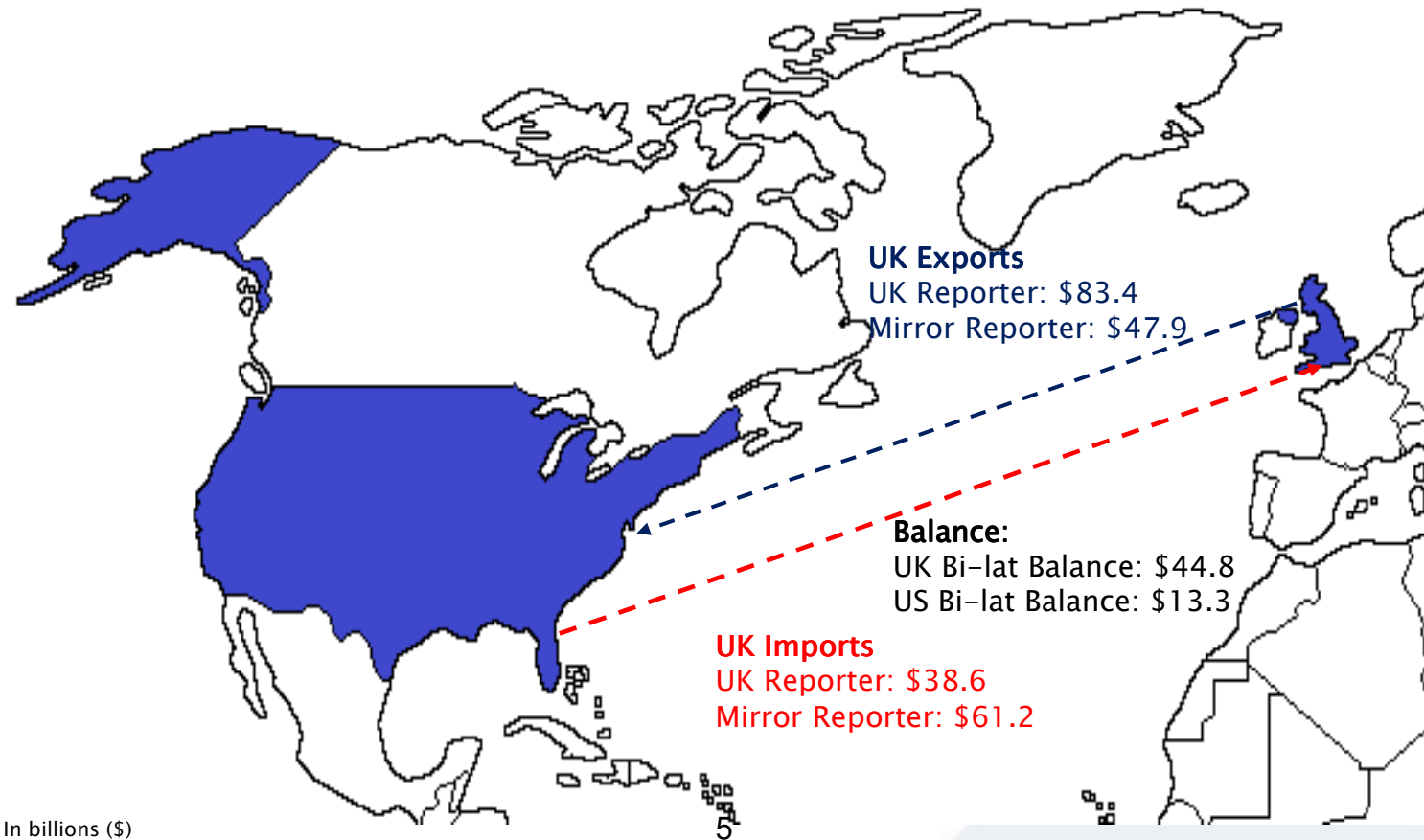
- UK trade statistics are under close scrutiny and of high importance for the UK's trade negotiations as the UK leaves the EU.
- As such the ONS are delivering a [range of developments](#) to meet the demands for high-quality informative trade statistics.
- This work includes analysis and, where possible, explanation and reduction of the UK's trade asymmetries.
- Trade asymmetries are the difference between trade estimates reported by bilateral partner countries.

# Approach

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- Started identifying the countries with whom the UK had largest goods and services asymmetries in international databases and some general reasons. Published [July 2017](#).
- Used UN Comtrade database initially as it has data reported by ONS and bilateral partner countries for a wide range of countries for both goods and services. Goods data is on Overseas Trade Statistics basis rather than Balance of Payments basis.

# Trade In Services Between UK and US in 2014



In billions (\$)  
Source: UN Comtrade (March 2017)

# Largest UK asymmetries, 2014

Source: UN comtrade	Credits (Exports)			Debits (Imports)			Total Asymmetry
	UK export data	Mirror (Import) data	Absolute Asymmetry	UK import data	Mirror (Export) data	Absolute Asymmetry	
<b>Trade in Goods</b>	<b>\$ bn</b>	<b>\$ bn</b>	<b>\$ bn</b>	<b>\$ bn</b>	<b>\$ bn</b>	<b>\$ bn</b>	<b>\$ bn</b>
USA	64.2	55.3	8.9	58.6	53.8	4.8	13.7
France	32.5	26.0	6.5	43.5	40.2	3.3	9.8
Netherlands	36.7	33.4	3.3	53.6	48.5	5.0	8.3
Ireland	29.3	22.9	6.4	19.4	17.8	1.6	8.0
Belgium	20.8	22.1	1.4	34.0	39.4	5.3	6.7
Germany	52.0	50.6	1.5	100.3	104.8	4.5	6.0
<b>Trade in Services</b>							
USA	83.4	47.9	35.5	38.6	61.2	22.6	58.1
Luxembourg	5.1	12.3	7.2	2.5	14.5	11.9	19.2
Ireland	15.6	15.1	0.5	8.4	26.8	18.4	18.9
France	19.3	25.0	5.7	19.8	30.5	10.7	16.4
Netherlands	18.2	15.8	2.4	7.1	20.5	13.4	15.8
Germany	19.9	25.7	5.7	16.1	25.1	9.0	14.7

# Approach

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- Prioritised two countries initially: US and Ireland.
- France, Germany, the Netherlands and other countries also identified as priorities for future work.
- So far we have focussed on services as the asymmetries are larger, services are harder to measure and the data sources are not as strong as for goods.

# General approach

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1. Analyse bilateral trade data in international databases.
2. Compare published bilateral information on trade data sources and methods e.g. on bilateral partner website.
3. Establish contact with partner country and set up series of bilateral discussion meetings.
4. Exchange data at the lowest level available at which bilateral partners are permitted to share data and detailed information on data sources and compilation methods.
5. Work collaboratively to analyse differences in data, sources, methods, classification of trade items, etc., and quantify differences where possible.

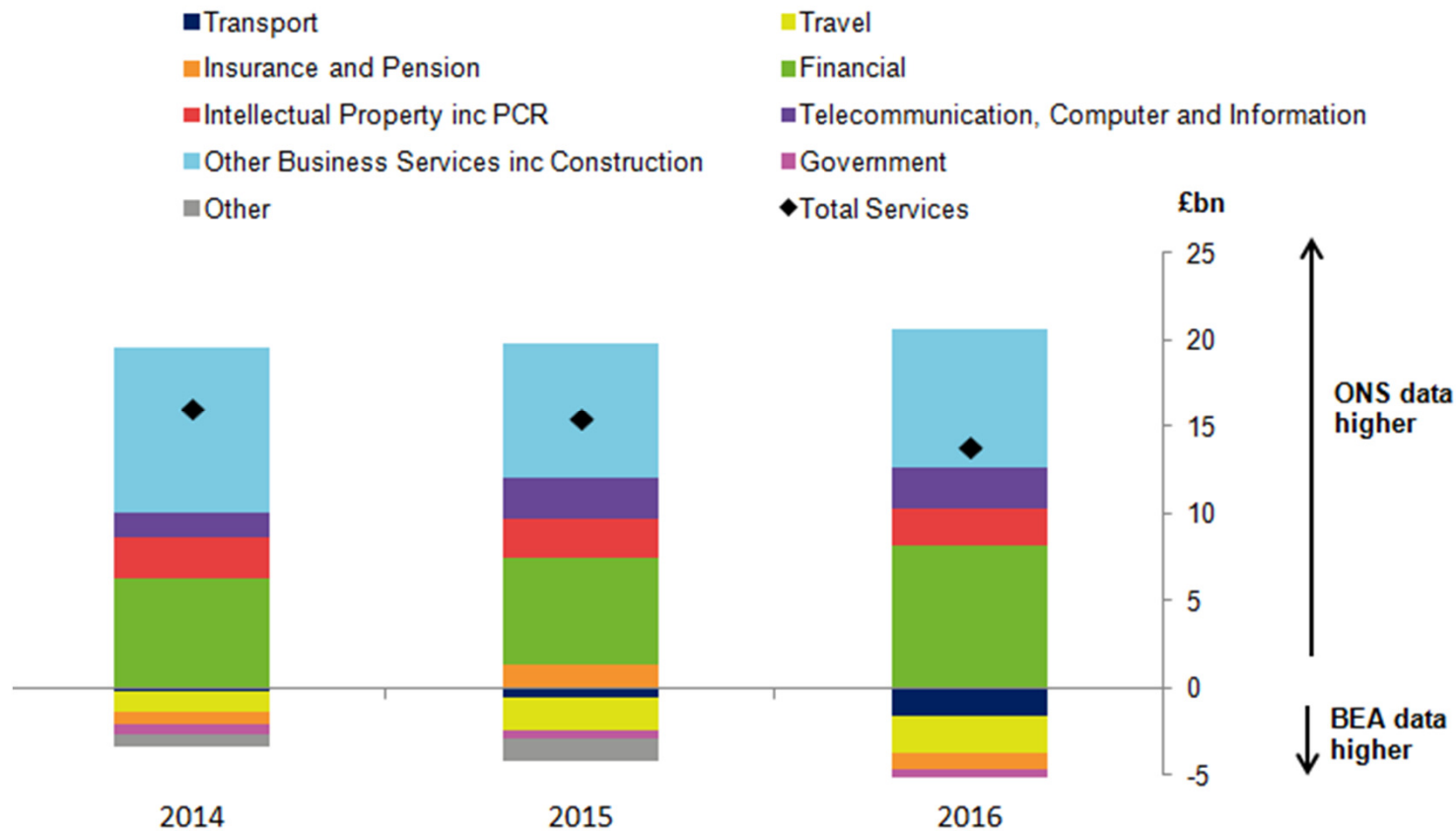


# General approach

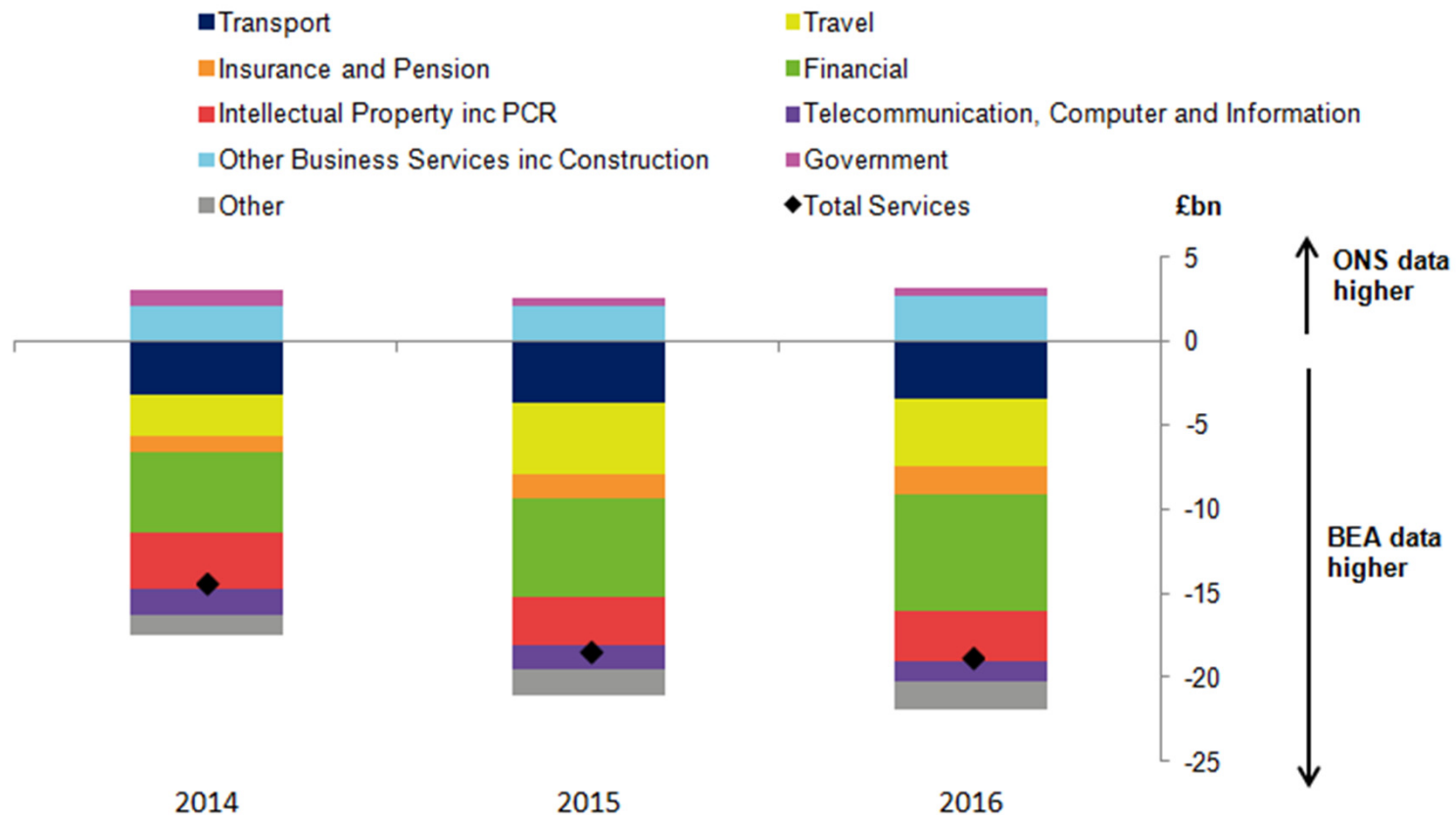
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6. Share results of asymmetries analysis conducted by each bilateral partner, agree information to be published.
  7. Continue collaborative work with bilateral partner to agree potential developments or revisions to estimates where feasible in line with respective country's revision and production practices as appropriate.
- Work so far on US and Ireland has been published:  
[Chesson, Rowe, Thomas \(2018\)](#)
  - Work with other priority countries is at earlier stages.

# Initial Results – Asymmetry between UK exports to US (ONS) and US imports from UK (BEA)



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## Definitional differences

Difference	UK exports minus US imports, 2016 (£bn)	UK imports minus US exports, 2016 (£bn)
FISIM included in services by ONS, implicitly in income by BEA	1.9	1.0
Net spread earnings included by ONS, not by BEA	2.9	n/a
Manufacturing services included by ONS, in goods by BEA	0.1	0.1
Construction imports related to work done in US included by ONS, not by BEA	n/a	0.1
Outright sales/purchases of franchises and trademarks included in services by BEA, in capital account by ONS	-0.0	-0.0
<b>Total currently identified</b>	<b>4.9</b>	<b>1.1</b>
<b>Total asymmetry</b>	<b>14.0</b>	<b>-18.8</b>

- Another difference is that the BEA include Crown Dependencies in their definition of UK whereas the ONS exclude but quantification of this difference is not currently possible

## UK/US conclusions so far

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- Methodological and definitional differences identified so far explain some of the asymmetry.
- Remaining unexplained asymmetry likely to be largely due to source data differences.
- Bilateral engagement and collaboration are key to making progress.

# Forthcoming data developments

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- BEA will continue work to enhance its trade in services statistics.
  - Reclassifying certain transactions related to intellectual property
  - Introducing a personal, cultural, and recreational services category
  - Exploring methods to estimate manufacturing services and FISIM
- ONS have doubled and re-optimised the quarterly sample for the International Trade in Services (ITIS) survey. As this is implemented it should improve industrial and geographical splits of the data.
- ONS are investigating new data sources for some service types.

# Next steps on asymmetries work

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- ONS are continuing asymmetry discussions with US & Ireland to further analyse and quantify definitional and methodological differences.
- Also reviewing methodologies and information about source data to understand statistical differences.
- ONS will continue and expand engagement with other priority countries.
- Next update article later this year.

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