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EDITORIAL

Previous Newsletters looked at various initiatives by the Commission and the Member States to improve the way in which the Intrastat system operated and to lighten the administrative burden on those providing information.

During 1996 these efforts led to some encouraging results for the future. First of all, the SLIM project allowed a group of experts with a wide range of approaches to come up with some concrete and constructive proposals for streamlining the Intrastat system. The group's report has been available since October (see pages 18). The main points are:

- reducing the amount of information to be collected in line with the main requirements for statistics on trade in goods and the difficulties encountered by businesses;
- simplifying the product classification by removing a significant number of codes from the nomenclature to be used for Intrastat and by closely involving the professional federations in the work in this area;
- making an immediate start on studies with a view to a thorough overhaul of the statistical system in order to cut the costs borne by government departments and those responsible for providing information;
- encouraging the use of modern methods of collecting and processing data in businesses and national administrations.

Improving how the Intrastat system operates is also a major concern of Eurostat and the national administrations. Various initiatives to this end include the three restricted working parties (Eurostat/Member States) that were set up with the job of making concrete proposals for harmonizing statistical methods or improving their effectiveness in areas such as methodology or data processing, checking and adjustment (see pages 14).

While the direct benefits of the simplification proposals can be expected fairly quickly, improvements in the way the statistical system operates will be a gradual process that will take longer.

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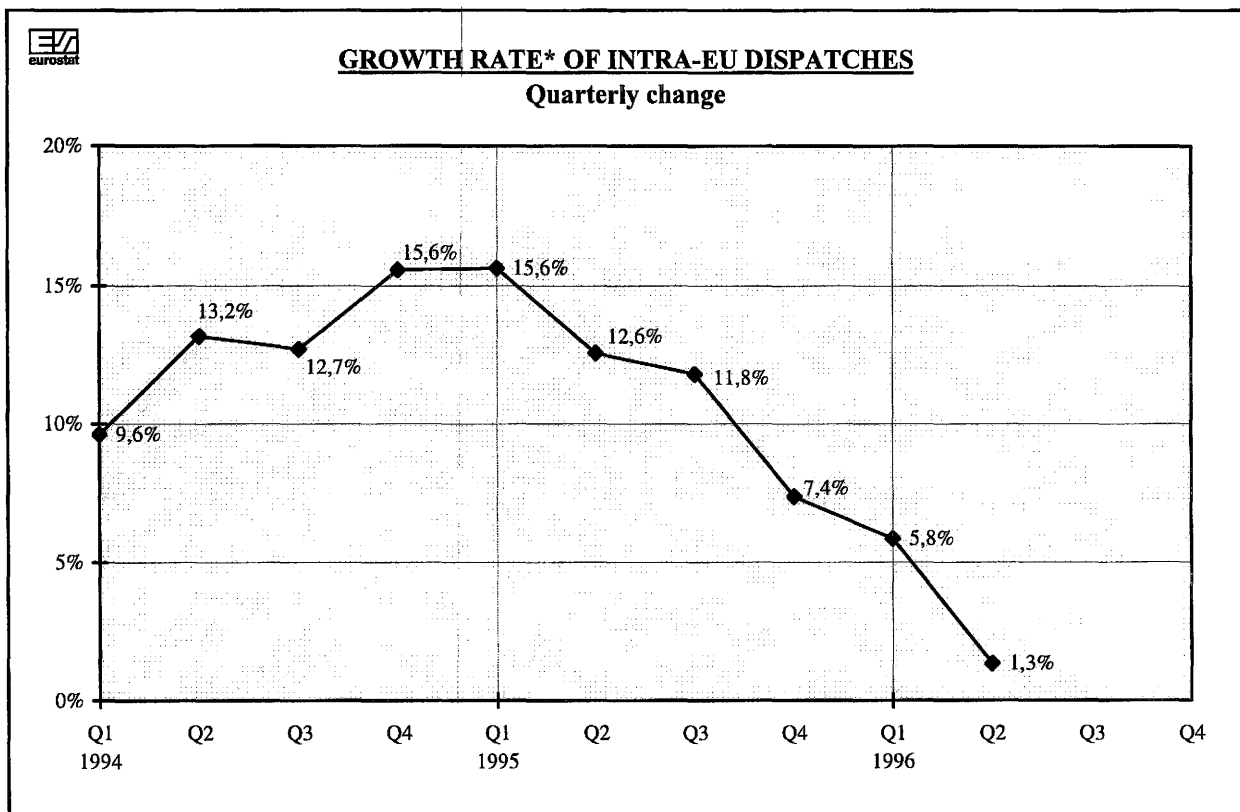
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INTRASTAT

TOWARDS STAGNATION OF INTRA-EU TRADE?

During the first half of 1996 there was a marked slowdown in trade between the Member States of the European Union, which was particularly pronounced in the second quarter. Dispatches thus increased by 3.6% compared with the first half of 1995 (5.8% in the first quarter and only 1.3% in the second). The slowdown in growth has been gradually making itself felt since the second quarter of 1995, with particularly low, or even negative, growth rates in the B.L.E.U., Denmark, Germany, Greece, France, Portugal, and Finland.



*: The growth rate is calculated in comparison with the same period of the previous year

After peaking at over 15% at the end of 1994 and the beginning of 1995, the growth in trade in goods between the Member States of the European Union (EUR15) plummeted. Thus, if we compare it with the same period of the previous year, dispatches increased by only 5.8% in the first quarter (as against 15.6% in 1995) and 1.3% in the second quarter of 1996 (12.6% in 1995).

Between the first halves of 1995 and 1996, the slowdown in growth was particularly marked for **Finland** (-7.1% for dispatches), the **B.L.E.U.** (-4.0% for dispatches, -1.1% for arrivals), **Portugal** (-2.2% for arrivals), **Denmark** (0.9% for dispatches, -2.0% for arrivals), **Germany** (-0.1% for dispatches, +0.7% for arrivals), **Greece** and **France**.

In contrast, **Italy** (13.3% for dispatches, 9.0% for arrivals) and **Ireland** (13.0% for dispatches, 13.9% for arrivals) virtually maintained their growth rates. Austria and Spain, for dispatches, and the United Kingdom and Sweden, for arrivals, also showed significantly higher growth than the European average.

**BELGIUM
AND
LUXEMBOURG**



Since the beginning of 1996, the trade of the Belgo-Luxembourg Economic Union with the other Member States of the European Union has been in decline, both for dispatches (-4.0%) and for arrivals (-1.1%). This situation is largely explained by the decline in the trade in goods with **Germany**, **France** and, to a lesser extent, the **Netherlands**, which together account for al-

most 70% of the B.L.E.U.'s intra-EU trade. Dispatches to these three partners are down by ECU 1.8 billion.

The more marked decrease in dispatches led to a reduction in the intra-EU trade surplus, which stood at ECU 5.5 billion in the first half of the year (compared with over ECU 7 billion in the same period in 1995).

DENMARK



From the beginning of 1996, Denmark saw a fall in its intra-EU arrivals (-2.7% in the first quarter, -1.3% in the second quarter). Since dispatches continued to grow - albeit slightly - over the same period, the intra-EU trade surplus increased from ECU 0.6 to almost 1.0 billion between the first halves of 1995 and 1996.

GERMANY



Germany's growth in intra-EU trade has been considerably lower than the Eu-

ropean average in 1996. In the first quarter, dispatches fell by 0.1%, while arrivals rose by only 0.7%. The trade surplus has therefore decreased slightly from ECU 12.3 billion in 1995 to ECU 11.5 billion in 1996.

The decline in dispatches was due mainly to a decrease in deliveries to **France** (ECU -1.2 billion) and the **B.L.E.U.** (ECU -0.8 billion). In contrast, there was an upward trend in dispatches to Austria and the countries of southern Europe (Italy, Spain and Portugal).

GREECE



Greece's trade deficit with the other Member States has remained virtually stable in 1996 (ECU -3.9 billion). Dispatches have increase slightly (+1.8%), while arrivals have fallen by 0.5%.

The trends in trade with its two main partners, **Germany** (main buyer) and **Italy** (main seller), are contradictory: trade with the former has decreased and that with the latter has increased.

Most Member States (all except Greece, Spain, France, Italy, and Finland) adjust the totals of intra-EU trade broken down by partner country in order to allow for non-response and the effect of the thresholds. These estimates cannot be allocated at the most detailed level of breakdown in the product classifications.

Despite these adjustments, there is a discrepancy of 6.2% in 1996 between dispatches and arrivals. Theoretically the two should tally. Eurostat considers that, since the introduction of Intrastat, dispatches are the more reliable measurement of intra-EU trade, while arrivals are under-estimated.



SPAIN

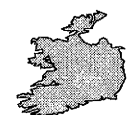
Even though it has slowed, the growth in Spain's intra-EU trade has remained among the highest in 1996: 9.5% for dispatches and 4.1% for arrivals. These results led to a reduction in the intra-EU trade deficit from ECU 3.7 billion to ECU 2.5 billion between the first halves of 1995 and 1996.

Despite the relative stagnation on these markets, the growth in Spain's dispatches to its two main partners - **France** (+13.8%) and **Germany** (+8.1%) - remained high.



FRANCE

As in the case of Germany, France's intra-EU trade declined during the second quarter of 1996: -1.4% for dispatches and -0.9% for arrivals. However, growth for the whole of the first quarter was weak but slightly positive (+1.6% for dispatches, +1.3% for arrivals). These figures resulted in a reduction of ECU 0.2 billion in France's intra-EU trade deficit for the first quarter (ECU 2.8 billion).



IRELAND

With Italy, Ireland is an exception in the context of the slowdown in trade between the Member States. Indeed, in the first half of 1996, Ireland was the only country in the Union to record

two-digit growth rates for both flows: +13.0% for dispatches and +13.9% for arrivals. Ireland's dispatches to all its partners except the **Netherlands**, the **United Kingdom** and **Austria** rose by over 10%.

The trade surplus increased by ECU 0.5 billion in 1996, from ECU 4.3 billion to ECU 4.8 billion.



ITALY

Italy's trade surplus has increased considerably in 1996, from ECU 2.4 billion to ECU 4.6 billion between the first halves of 1995 and 1996. Italy is the only European country whose dispatches (13.3%) rose more steeply than in 1995. On the other hand, the growth in arrivals (9.0%) was similar to that recorded last year.

With the relative weakness of Italy's main markets, Italian firms turned towards "new" markets, with the result that there were very marked increases in dispatches to **Greece** (+20%), **Ireland** (+25%), **Finland** (+25%) and **Sweden** (+28%).



NETHERLANDS

Although affected like the other countries by the decline in intra-EU trade, the Netherlands has nevertheless seen its intra-EU trade growing in 1996 at a rate higher than the European average, as regards both dispatches (4.9%) and arrivals (3.5%).

Between the first halves of 1995 and 1996, the trade surplus increased from ECU 17.6 to ECU 19.1 billion. This surplus however should be analysed in conjunction with its counterpart for trade with third countries, which is structurally in deficit, since a fairly large part of the trade recorded by the Netherlands as trade with the Union is only in transit on its way to or from the port of Rotterdam.



AUSTRIA

Austria's trade deficit with its European partners decreased considerably in the first half of 1996: ECU 3.9 billion (compared with 4.8 billion for the same period in 1995). This good result was due to the marked growth in dispatches (+9.6%), which was accompanied by only a small increase in arrivals (+2.6%).



PORTUGAL

During the first half of 1996, the growth in dispatches (+4.5%) and the decline in arrivals (-2.2%) meant that Portugal's intra-EU trade deficit fell from ECU 2.5 billion to ECU 2.0 billion.

Dispatches to the **B.L.E.U.** (+39%), **Austria** (+29%), **Italy** (+19%) and **Germany** (+17%) rose strongly, while those to **Spain** showed a marked decline (-6.6%).

FINLAND



After having had the highest growth in its external trade (intra and extra-EU) in 1995, at the beginning of 1996 Finland was the EU country with the sharpest decline in dispatches (-7.1%). Since there was an increase in arrivals (+3.2%), the intra-EU trade surplus fell considerably, from ECU 1.9 billion to ECU 1.0 billion.

Finland's dispatches to all its partners were stable or in decline, with the no-

table exception of those to Sweden, which increased by 15%.

SWEDEN

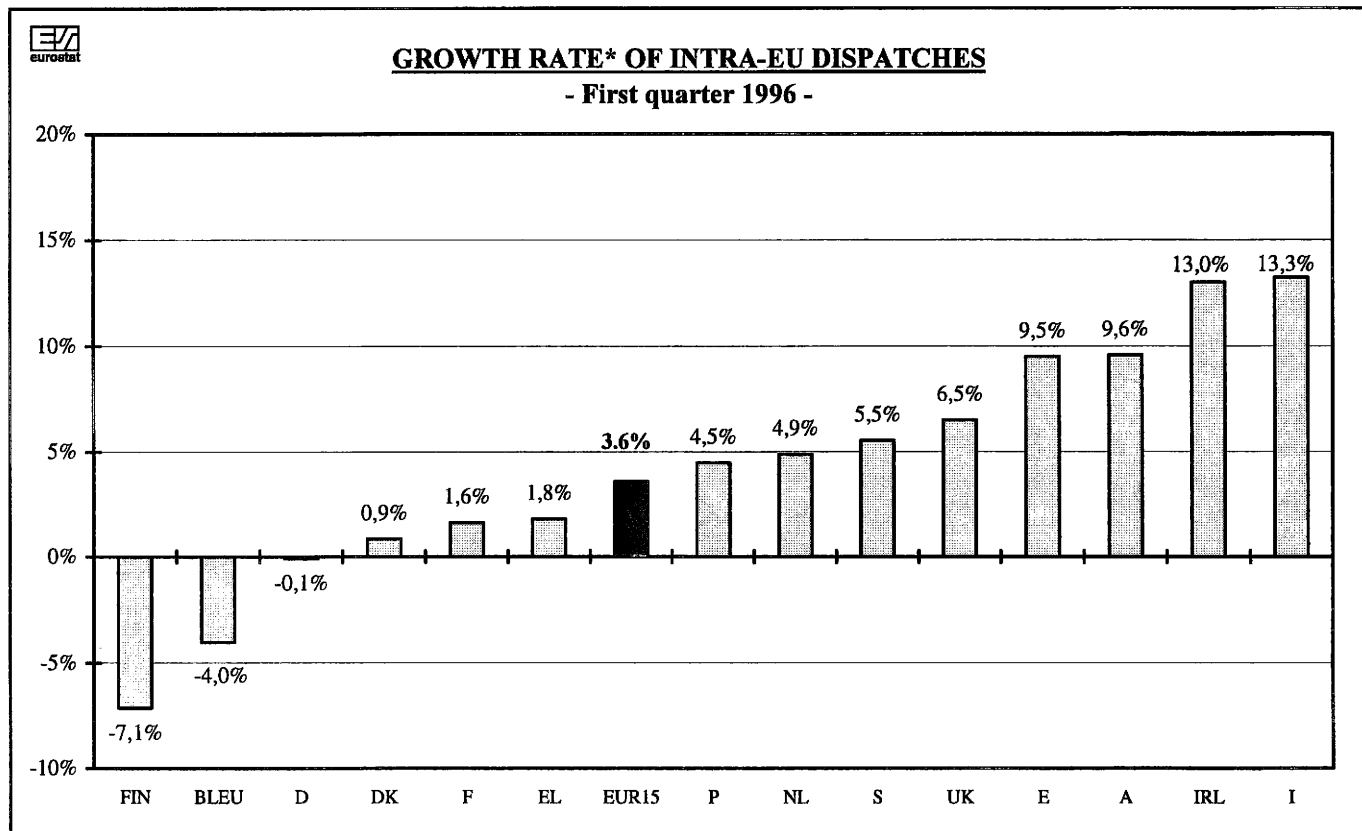


As in 1995, the growth in Sweden's intra-EU trade was well above the Community average, with +6.9% for arrivals and +5.5% for dispatches. This resulted in a surplus of ECU 1.8 billion with the countries of the European Union.

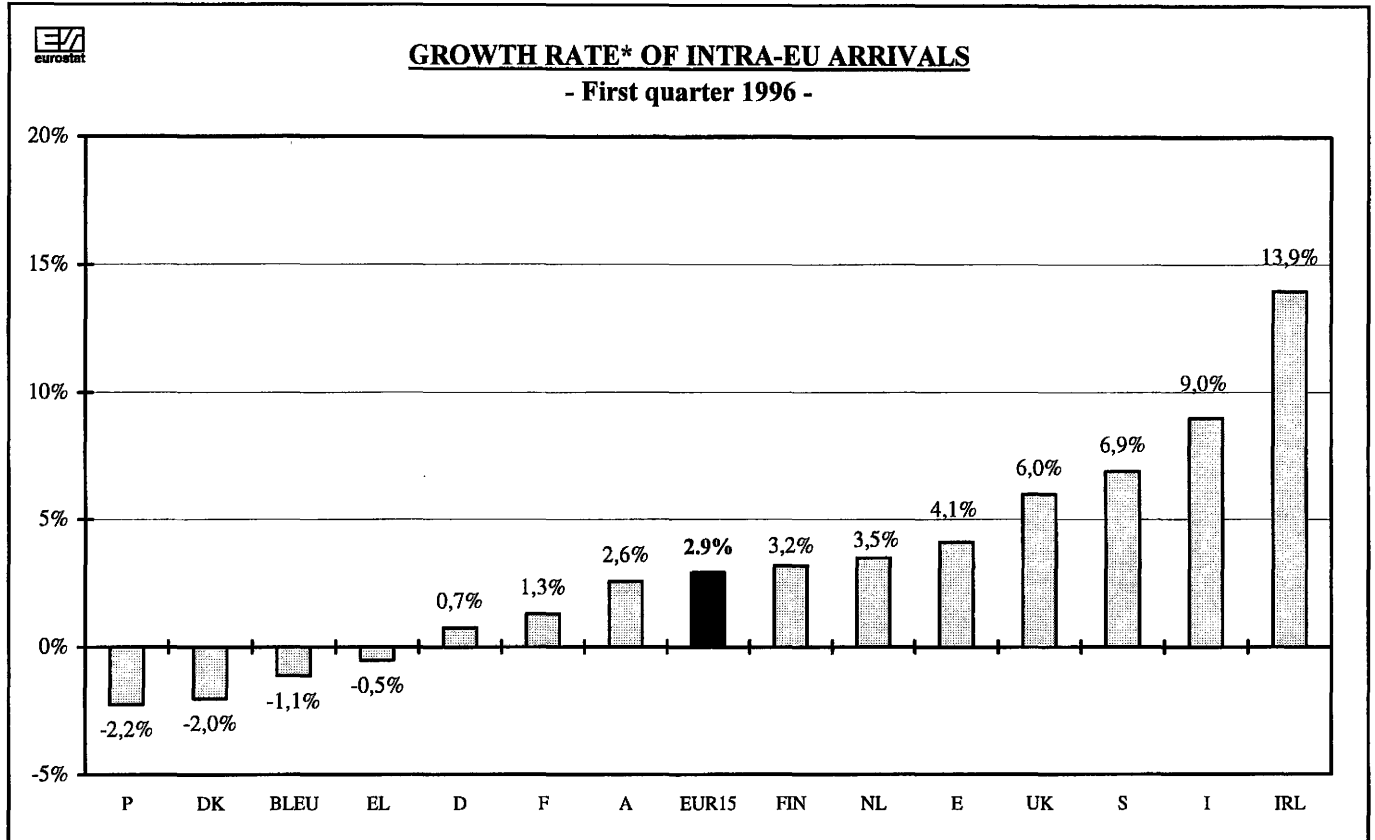
UNITED KINGDOM



The United Kingdom's trade deficit with the other countries of the European Union remained stable in the first half of 1996 (ECU 3.3 billion). While in recent years the growth of intra-EU trade has been below the Community average, the trend was reversed in 1996 with rates 3 points above this average: +6.5% for dispatches and +6.0% for arrivals.



*: The growth rate is calculated in comparison with the same period of the previous year



*: The growth rate is calculated in comparison with the same period of the previous year



TABLE 1: EVOLUTION OF INTRA-EUROPEAN UNION TRADE (EUR 15)

ARRIVALS



	1992	1993		1994		1995		January-June 1996	
	Value	Value	93/92	Value	94/93	Value	95/94	Value	96/95
EUR15	837 443	765 361	-8.6%	866 108	13.2%	952 273	9.9%	494 580	2.9%
<i>B.L.E.U.</i>	75 892	75 148	-1.0%	80 060	6.5%	89 063	11.2%	45 964	-1.1%
<i>Denmark</i>	18 740	17 877	-4.6%	20 809	16.4%	23 961	15.1%	11 841	-2.0%
<i>Germany</i>	196 685	172 679	-12.2%	190 027	10.0%	198 451	4.4%	100 471	0.7%
<i>Greece</i>	12 221	11 843	-3.1%	12 276	3.7%	13 031	6.2%	6 439	-0.5%
<i>Spain</i>	47 288	43 061	-8.9%	49 611	15.2%	56 749	14.4%	30 007	4.1%
<i>France</i>	136 682	117 743	-13.9%	134 545	14.3%	151 470	12.6%	78 356	1.3%
<i>Ireland</i>	12 502	12 129	-3.0%	14 064	16.0%	15 450	9.9%	8 723	13.9%
<i>Italy</i>	91 675	75 317	-17.8%	86 263	14.5%	94 309	9.3%	50 213	9.0%
<i>Netherlands</i>	71 137	69 330	-2.5%	79 480	14.6%	89 495	12.6%	47 268	3.5%
<i>Austria</i>	28 926	28 205	-2.5%	31 132	10.4%	38 185	22.7%	19 698	2.6%
<i>Portugal</i>	17 914	15 406	-14.0%	16 716	8.5%	18 436	10.3%	9 454	-2.2%
<i>Finland</i>	9 559	8 205	-14.2%	12 669	54.4%	14 647	15.6%	7 332	3.2%
<i>Sweden</i>	23 516	21 667	-7.9%	30 518	40.9%	34 085	11.7%	17 666	6.9%
<i>United Kingdom</i>	94 707	96 752	2.2%	107 940	11.6%	114 940	6.5%	61 148	6.0%

DISPATCHES



	1992	1993		1994		1995		January-June 1996	
	Value	Value	93/92	Value	94/93	Value	95/94	Value	96/95
EUR15	832 970	795 424	-4.5%	897 248	12.8%	1002 465	11.7%	525 449	3.6%
<i>B.L.E.U.</i>	79 917	81 804	2.4%	90 525	10.7%	101 998	12.7%	51 480	-4.0%
<i>Denmark</i>	21 243	20 963	-1.3%	23 004	9.7%	25 200	9.6%	12 794	0.9%
<i>Germany</i>	210 342	189 958	-9.7%	208 246	9.6%	222 324	6.8%	111 961	-0.1%
<i>Greece</i>	5 212	4 247	-18.5%	4 516	6.3%	4 875	7.9%	2 545	1.8%
<i>Spain</i>	36 246	35 498	-2.1%	42 970	21.0%	49 026	14.1%	27 462	9.5%
<i>France</i>	125 612	113 609	-9.6%	130 142	14.6%	145 033	11.4%	75 549	1.6%
<i>Ireland</i>	16 814	17 909	6.5%	21 058	17.6%	24 509	16.4%	13 511	13.0%
<i>Italy</i>	84 696	82 566	-2.5%	92 528	12.1%	100 318	8.4%	54 852	13.3%
<i>Netherlands</i>	94 409	93 052	-1.4%	103 723	11.5%	124 167	19.7%	66 330	4.9%
<i>Austria</i>	23 104	21 844	-5.5%	24 133	10.5%	28 623	18.6%	15 815	9.6%
<i>Portugal</i>	11 434	10 529	-7.9%	12 092	14.8%	13 952	15.4%	7 451	4.5%
<i>Finland</i>	11 830	11 008	-7.0%	14 576	32.4%	17 787	22.0%	8 342	-7.1%
<i>Sweden</i>	26 398	24 264	-8.1%	30 554	25.9%	36 199	18.5%	19 484	5.5%
<i>United Kingdom</i>	85 713	88 174	2.9%	99 179	12.5%	108 455	9.4%	57 874	6.5%

Value in millions of ECU

Note : The values of the dispatches of B.L.E.U, Germany, and the Netherlands have been adjusted for the year 1992 (including the redispaches).

Sources : COMEXT 2 and information transmitted by the Member States up to 06.11.1996

TABLE 2: QUARTERLY EVOLUTION OF INTRA-EUROPEAN UNION TRADE (EUR 15)

ARRIVALS



	Q1 95	Q2 95		Q3 95		Q4 95		Q1 96		Q2 96	
	Value	Value	95/94	Value	95/94	Value	95/94	Value	96/95	Value	96/95
EUR15	237 541	243 022	10.6%	223 493	10.1%	248 218	4.4%	249 755	5.1%	244 825	0.7%
<i>B.L.E.U.</i>	23 372	23 113	12.2%	20 236	8.6%	22 342	5.8%	23 506	0.6%	22 458	-2.8%
<i>Denmark</i>	6 070	6 014	16.5%	5 573	13.3%	6 303	7.0%	5 908	-2.7%	5 933	-1.3%
<i>Germany</i>	49 154	50 573	4.3%	47 390	2.3%	51 335	0.4%	50 864	3.5%	49 607	-1.9%
<i>Greece</i>	3 175	3 298	6.8%	3 290	13.7%	3 268	-1.6%	2 907	-8.4%	3 532	7.1%
<i>Spain</i>	13 749	15 077	17.8%	13 073	16.7%	14 850	3.6%	14 304	4.0%	15 703	4.2%
<i>France</i>	38 623	38 734	13.9%	34 805	11.4%	39 309	6.2%	39 983	3.5%	38 373	-0.9%
<i>Ireland</i>	3 798	3 858	9.9%	3 741	11.7%	4 054	8.1%	4 320	13.7%	4 404	14.2%
<i>Italy</i>	22 613	23 461	5.8%	21 747	16.7%	26 489	7.4%	25 150	11.2%	25 063	6.8%
<i>Netherlands</i>	22 607	23 070	17.3%	20 600	9.1%	23 218	8.4%	25 278	11.8%	21 990	-4.7%
<i>Austria</i>	9 534	9 672	20.8%	9 143	24.8%	9 837	18.0%	9 954	4.4%	9 744	0.7%
<i>Portugal</i>	4 716	4 955	20.1%	4 075	6.0%	4 689	-3.7%	4 730	0.3%	4 724	-4.7%
<i>Finland</i>	3 489	3 618	17.9%	3 492	19.5%	4 048	1.3%	3 743	7.3%	3 589	-0.8%
<i>Sweden</i>	8 329	8 197	9.0%	7 997	15.6%	9 562	6.5%	8 651	3.9%	9 015	10.0%
<i>United Kingdom</i>	28 312	29 382	7.1%	28 332	9.2%	28 914	-0.3%	30 458	7.6%	30 690	4.5%

DISPATCHES



	Q1 95	Q2 95		Q3 95		Q4 95		Q1 96		Q2 96	
	Value	Value	95/94	Value	95/94	Value	95/94	Value	96/95	Value	96/95
EUR15	252 162	255 102	12.6%	235 661	11.8%	259 540	7.4%	266 906	5.8%	258 542	1.3%
<i>B.L.E.U.</i>	27 043	26 591	12.9%	23 147	10.1%	25 217	5.4%	26 015	-3.8%	25 465	-4.2%
<i>Denmark</i>	6 389	6 295	11.5%	5 990	8.1%	6 526	4.7%	6 398	0.1%	6 396	1.6%
<i>Germany</i>	55 085	56 968	7.3%	53 067	5.0%	57 204	5.4%	56 513	2.6%	55 448	-2.7%
<i>Greece</i>	1 270	1 230	14.2%	1 210	7.1%	1 164	-3.2%	1 260	-0.8%	1 285	4.5%
<i>Spain</i>	12 263	12 816	13.9%	10 856	21.3%	13 090	7.1%	13 499	10.1%	13 963	8.9%
<i>France</i>	36 947	37 380	12.6%	33 096	9.8%	37 611	5.9%	38 686	4.7%	36 864	-1.4%
<i>Ireland</i>	5 890	6 064	18.1%	5 804	18.1%	6 751	13.3%	6 869	16.6%	6 642	9.5%
<i>Italy</i>	23 250	25 181	7.2%	24 865	14.7%	27 022	8.8%	26 847	15.5%	28 005	11.2%
<i>Netherlands</i>	31 410	31 834	24.7%	29 364	18.4%	31 558	13.6%	35 974	14.5%	30 355	-4.6%
<i>Austria</i>	7 258	7 173	18.1%	6 887	17.3%	7 305	13.6%	8 013	10.4%	7 801	8.8%
<i>Portugal</i>	3 656	3 476	17.6%	3 272	11.1%	3 547	8.9%	3 837	4.9%	3 614	4.0%
<i>Finland</i>	4 319	4 663	27.9%	4 208	24.0%	4 597	9.2%	4 022	-6.9%	4 320	-7.4%
<i>Sweden</i>	9 335	9 130	19.3%	8 228	20.7%	9 507	9.5%	9 500	1.8%	9 984	9.4%
<i>United Kingdom</i>	28 047	26 300	8.0%	25 667	11.4%	28 441	4.6%	29 474	5.1%	28 400	8.0%

Value in millions of ECU

Sources : COMEXT 2 and information transmitted by the Member States up to 06.11.1996

TABLE 3: STRUCTURE OF INTRA-EUROPEAN UNION TRADE (EUR 15)

BY PARTNER COUNTRIES - JANUARY-JUNE 1996 -

ARRIVALS



REPORTING COUNTRIES	PARTNER COUNTRIES														TOTAL
	B.L.E.U.	Denmark	Germany	Greece	Spain	France	Ireland	Italy	Netherlands	Austria	Portugal	Finland	Sweden	United Kingdom	
B.L.E.U.	-	0.8%	25.7%	0.2%	2.6%	20.4%	1.9%	5.8%	24.3%	0.7%	0.8%	0.8%	3.7%	12.2%	100.0%
Denmark	5.3%	-	31.4%	0.2%	1.8%	8.3%	1.7%	6.5%	9.9%	1.4%	1.6%	4.1%	18.0%	9.9%	100.0%
Germany	12.5%	3.0%	-	0.8%	5.7%	19.4%	2.0%	13.8%	18.8%	6.4%	1.9%	1.5%	3.3%	10.8%	100.0%
Greece	5.3%	2.0%	22.8%	-	5.5%	12.4%	1.6%	26.0%	9.5%	1.8%	0.6%	1.2%	1.9%	9.5%	100.0%
Spain	5.8%	1.1%	22.6%	0.6%	-	27.9%	1.3%	14.0%	6.5%	1.4%	4.1%	1.0%	2.1%	11.6%	100.0%
France	14.9%	1.4%	28.5%	0.4%	10.4%	-	1.9%	14.7%	9.8%	1.1%	1.6%	1.1%	1.9%	12.2%	100.0%
Ireland	2.6%	1.3%	12.8%	0.1%	2.0%	7.2%	-	3.2%	5.7%	0.4%	0.5%	1.0%	2.5%	60.7%	100.0%
Italy	7.8%	1.4%	31.0%	1.3%	6.9%	22.4%	1.7%	-	9.1%	3.7%	0.8%	0.9%	2.3%	10.6%	100.0%
Netherlands	16.9%	1.6%	36.2%	0.2%	3.3%	11.0%	1.7%	5.3%	-	1.3%	1.4%	1.2%	5.1%	14.8%	100.0%
Austria	4.1%	1.1%	59.3%	0.3%	1.4%	6.5%	0.5%	12.5%	7.1%	-	0.4%	0.9%	2.2%	3.7%	100.0%
Portugal	4.5%	1.1%	20.7%	0.3%	28.5%	15.5%	0.8%	11.3%	5.8%	0.8%	-	0.7%	1.6%	8.4%	100.0%
Finland	5.3%	7.1%	23.9%	0.4%	1.8%	7.1%	1.2%	5.9%	8.5%	1.7%	1.1%	-	23.2%	12.8%	100.0%
Sweden	5.4%	11.1%	29.1%	0.2%	2.1%	9.0%	1.9%	5.2%	9.8%	1.6%	1.1%	8.9%	-	14.7%	100.0%
United Kingdom	8.6%	2.2%	27.4%	0.4%	5.1%	17.8%	7.1%	9.3%	12.4%	1.1%	1.6%	2.5%	4.6%	-	100.0%

DISPATCHES



REPORTING COUNTRIES	PARTNER COUNTRIES														TOTAL
	B.L.E.U.	Denmark	Germany	Greece	Spain	France	Ireland	Italy	Netherlands	Austria	Portugal	Finland	Sweden	United Kingdom	
B.L.E.U.	-	1.3%	27.6%	0.8%	3.9%	25.0%	0.6%	7.6%	17.7%	1.4%	1.0%	0.8%	1.8%	10.6%	100.0%
Denmark	3.3%	-	34.5%	1.2%	3.0%	8.6%	0.8%	6.2%	6.7%	1.6%	1.1%	4.0%	15.9%	13.0%	100.0%
Germany	11.0%	3.2%	-	1.2%	6.3%	19.6%	0.8%	13.6%	12.9%	9.7%	1.8%	1.7%	4.2%	14.0%	100.0%
Greece	2.4%	1.3%	33.9%	-	6.8%	10.0%	0.5%	25.0%	4.3%	2.3%	1.6%	1.0%	1.9%	9.1%	100.0%
Spain	4.2%	0.9%	20.8%	1.5%	-	29.4%	0.6%	12.5%	4.6%	1.2%	11.4%	0.4%	1.2%	11.4%	100.0%
France	13.2%	1.5%	27.5%	1.3%	12.5%	-	0.8%	15.1%	7.0%	1.8%	2.1%	1.0%	2.1%	14.3%	100.0%
Ireland	6.9%	1.8%	20.1%	0.9%	3.4%	12.9%	-	5.3%	9.8%	0.7%	0.6%	0.9%	2.8%	33.7%	100.0%
Italy	5.0%	1.5%	31.7%	3.4%	9.0%	22.8%	0.7%	-	5.4%	4.2%	2.4%	0.9%	1.8%	11.3%	100.0%
Netherlands	16.9%	1.9%	34.9%	1.0%	3.4%	14.5%	0.8%	7.1%	-	2.4%	1.7%	1.0%	3.4%	11.2%	100.0%
Austria	3.1%	1.1%	59.3%	0.8%	2.9%	6.4%	0.3%	12.6%	4.1%	-	0.6%	0.9%	2.2%	5.7%	100.0%
Portugal	5.3%	2.2%	28.0%	0.5%	17.1%	18.0%	0.5%	4.9%	5.9%	1.5%	-	1.1%	2.6%	12.5%	100.0%
Finland	4.9%	5.5%	23.4%	0.8%	3.7%	8.4%	0.9%	4.6%	7.4%	1.5%	0.8%	-	19.5%	18.5%	100.0%
Sweden	8.7%	11.4%	21.4%	0.6%	3.6%	8.5%	1.1%	6.1%	10.3%	2.0%	0.8%	9.5%	-	16.2%	100.0%
United Kingdom	9.7%	2.3%	21.6%	1.2%	6.9%	17.6%	8.8%	8.4%	13.9%	1.3%	1.7%	1.9%	4.8%	-	100.0%

DATA AVAILABILITY

Status of data sent to Eurostat on 26 November 1996

① Intra + Extra:

- ✓ Detailed data (CN8 data)

② Intra / Extra:
















- Detailed data (CN8 data)
- Global data with breakdown by partner country

PERIOD	Eur.15	BLEU	DK	D	EL	E	F	IRL	I	NL	A	P	FIN	S	UK
January		✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓
February		✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓
March		✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓
April		✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓
1 May		✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓
9 June		✓	✓	✓	■/-	✓	✓	✓	✓	✓		✓	✓	✓	✓
9 July		✓	✓	✓		✓	✓	-/■	✓	✓		✓	✓	✓	✓
6 August		✓	✓	-/■		✓	✓	-/■	✓			-/■	●/-	✓	✓
September		-/■	-/■			✓		-/■				-/■			-/■
October															
November															
December															



THE CHANGES FOR 1997

Statistical thresholds for 1997 applicable for the Intrastat declaration

Member States	Currency	Thresholds			
		Assimilation		Simplification	
		Dispatch	Arrival	Dispatch	Arrival
Belgium (B) 	BFR	4,200,000	4,200,000		
Denmark (DK) 	DKR	2,500,000	1,500,000		
Germany (D) 	DM	200,000	200,000		
Greece (EL) 	DR	13,000,000	8,000,000	29,000,000	29,000,000
Spain (E) 	PTA	9,000,000	9,000,000	16,000,000	16,000,000
France (F) 	FF	250,000	250,000	1,400,000	700,000
Ireland (IRL) 	IRL	500,000	100,000		
Italy (I) 	LIT	150,000,000	150,000,000		
Luxembourg (L) 	LFR	4,200,000	4,200,000	10,000,000	10,000,000
Netherlands (NL) 	HFL	500,000	500,000		
Austria (A) 	ÖS	1,500,000	1,500,000		
Portugal (P) 	ESC	17,000,000	12,000,000		
Finland (FIN) 	FMK	550,000	300,000		550,000
Sweden (S) 	SKR	900,000	900,000		
United Kingdom (UK) 	UKL	195,000	195,000		

◆ Combined Nomenclature 1997

Contrary to the last two years, the Combined Nomenclature valid from 01.01.1997 has been published in the Official Journal in advance of the deadline imposed by Article 12 of Regulation 2658/87 (EEC) (31 October). The CN 1997 is subject to Commission Regulation (EC) No 1734/96 of 9 September 1996 and is published in the Official Journal L 238 of 19/09/96.

The Combined Nomenclature in force for 1997 is a result of important modifications without the enormous changes seen for CN 1995 and 1996, caused by the amendments to the HS and the application of the GATT agreements.

The concern of simplification of the CN is always present in the work of the Customs Code Committee, Tariff and Statistical Nomenclature Section of Luxembourg; this was

notably translated into the suppression of 30 sub-headings. Despite this, the total number of CN sub-headings has increased by about a hundred mainly because of the insertion of the tariff subheadings from Annex 8 of the Commission Regulation (EC) No 3009/95 of 22 December 1995 (concessions granted on grounds of the GATT negotiations of the article XXIV/6). In comparison the increase in 1996 was 47 sub-headings and 340 in 1995. The total number of sub-headings in CN 1997 is 10 606.

Furthermore, 43 supplementary units were created in the CN 1997 following the Customs Co-operation Council recommendation of 20 June 1995 on the use of the standardised units of quantity to facilitate the collection, comparison and analysis of the international statistics in view of the HS.

The Intrastat CN will be available in all languages on paper and/or by electronic means. Several files in different formats will cover the needs of users (national administrations, DGs, and individuals).

In order to meet the increasing demand of private users, files of the Combined Nomenclature (CN-Intrastat) can be obtained from Eurostat's information offices in Brussels and Luxembourg.

The official texts, the self-explanatory texts, the alphabetical index and the key words of the CN will be distributed by the IDEP/CN8 software



INITIATIVES CONCERNING THE IMPROVEMENT OF THE FUNCTIONING OF THE INTRASTAT SYSTEM

Following the assessment of the national statistical systems (cf. Newsletter 1-1996, p. 30), it has been decided to set up three Working Parties generally aimed at improving the operation of the Intrastat system. They will cover the following fields:

- *Working Group I:* statistical methodology and links with taxation
- *Working Group II:* processing and monitoring procedures
- *Working Group III:* data quality and adjustment

WORKING GROUP I

The first Working Group is chaired by Eurostat and comprises representatives of Belgium, Germany and Italy. It concentrates on four areas:

1. Simplifying legislation

Following the SLIM initiative (cf. the final report in the present publication), the Working Group will draw up the approved proposals for simplification of methodology in order to present them to the "Committee on Statistics relating to the trading of goods between Member States". These proposals should mainly concern the elimination of a number of items of data from the declaration (net mass for certain products, transport data etc.). The Working Group will also consider certain proposals aimed at a more radical revision of the Intrastat system (particularly the "one flow" option).

2. Specific movements

The Working Group will continue the work on harmonising Community regulations in the field of "specific movements" of goods, on the basis of the results of a large-scale study conducted by Eurostat, Belgium and Germany. For example, motor-vehicle parts, fishery products and military goods are some of the sectors concerned.

3. Adapting statistical methods with a view to improving the operation of the statistical system

This concerns various problems in connection with the rules applicable to intra- and extra-Community trade. The aim of the Working Group will be to identify requirements, set priorities and make recommendations for improving the existing rules.

The areas already identified include indirect exports/imports, adjustments to meet the requirements of the balance of payments and national accounts (in accordance with international recommendations), repairs, rentals, software etc.

The Working Group could also turn its attention to improving and clarifying the statistical rules with a view to easing the work of the parties responsible for providing information.

4. Comparing statistical and tax formalities in connection with intra-Community trade

A study is under way in cooperation with Commission Directorate-General XXI (Customs and Indirect

Taxation) with a view to identifying and comparing the statistical and tax formalities required for the various types of intra-Community trade. This project is aimed primarily at improving the statistical checks at national level.

WORKING GROUP II

Working Group II is investigating ways to improve processing and verification procedures. In particular, data control mechanisms. France is chairing this group which includes representatives from Italy, Germany, the Netherlands, the UK, and Eurostat.

The Group will examine ways to control for exhaustiveness, to ensure all enterprises which have a statistical obligation declare. It will also examine feasibility controls, which ensure the declared data is feasible and valid, and look at alternative control mechanisms such as time series and mirror statistics. These controls will be examined with a view to their efficiency and ease of implementation. The Group recognises the importance of balancing the need for accuracy and reliability with the costs of implementing controls (both in time and money).

Therefore the Group aims to identify controls of high effectiveness and efficiency which can be presented to Member States for their consideration. It is possible that some of the recommendations could also be applicable to third country trade data.

The Group's working plan is divided into two broad parts: ways to improve quality and ways to implement these controls efficiently. The Group must also discuss how to define and quantify 'efficiency' and 'effectiveness'.

Following are some initial suggestions for areas of investigation.

Improving the quality of data

The aim of controls is to ensure the validity, probability, reliability, and exhaustiveness of the data collected. In the majority of studies the issue of quality concerns two aspects: exhaustiveness and feasibility. Here, one can classify the controls by how they meet these two objectives.

□ Controls for exhaustiveness

① *Systematic follow-up of all enterprises*

This solution consists of exacting a response from all the enterprises held in the register of operators, including enterprises which have very little activity. In theory, this permits an absolute control for exhaustiveness. The problem with this method resides in the keeping and updating of the register of operators and ensuring this register is, in fact, exhaustive. In most Member States there is a small percentage of enterprises which have a legal obligation to report, but consistently refuse to do so regardless of reminders, penalties, etc.

② *Follow-up limited to the largest enterprises*

In this case, only the presence of the largest traders is verified. This method focuses on a small number of larger enterprises which have a high volume of trade. The list of enterprises is very easy to compile but is not exhaustive.

③ *Comparison with fiscal sources*

The Intrastat system permits cross-

checking of statistical information with information from fiscal sources. This permits a cross-check to control for exhaustiveness. The quality of the fiscal sources and the level of comparability will affect the usefulness of this method.

□ Feasibility controls

① *Basic controls*

The basic controls, ensuring the declaration is valid (verification of the codes etc.), are fundamental. They are in place in all the countries of the Union. How effective are these controls?

② *Control of the individual price*

More elaborate individual controls are possible, like the controls of probability on the average price (value/net mass, value/supplementary units) or other relations between variables (invoice value/statistical value). Such controls, which can be very effective, often require a table of reference which is sometimes difficult to put in place.

③ *Control of the aggregated price*

Certain probability controls at the individual level can be transposed to the aggregated level. The control on the price can be done on the average price for a given category of goods (monthly aggregates, for example). These controls at a higher level apply to fewer items and can be very selective. They can also be relatively easily automated. However, they do not detect all the visible errors at the primary level but concentrate on the errors which have statistical impact.

④ *High values*

Systematic manual controls of operations allow maximum feasibility. It is a costly method. It can only be applied to a reduced number of operations. The choice of this method is, in general, either dictated by value (e.g. operation of more than x million ECU) or by the nature of the goods (e.g. petroleum products).

□ Mixed controls

Some controls permit the detection of large individual errors and problems with the exhaustiveness of collection. In particular:

① *Follow up of time series*

An analysis of the statistical series can produce evidence of statistical anomalies. These anomalies can be an indication of error, whether an important individual error or a gap in the collection. The analysis of series can be done manually and empirically or be automated and based on a statistical model.

② *Mirror statistics*

The statistics of other Member States, available through the Comext database in Eurostat, allow a comparison of national statistics with an exterior source based on the same concepts: this is known as the, now classic, exercise of mirror statistics. These comparisons result in the same types of work and detect the same types of errors as time series analysis. One of the problems with this approach is the comparison of two sources, each of which can be the origin of the error detected.

Efficiency

The second criteria which should guide the setting up of a control system is efficiency. Absolute reliability, if such a thing is possible, would in any case be inaccessible due to cost. Therefore we must make the most of the limited means which we have at our disposal.

□ Choice of controls areas

The core of controls applied to the data collected must be created carefully. Redundancies must be managed. The level of each control has to be optimized (for example, individual price control vs. aggregated price control). For the controls of probability, regulation of criteria (e.g. price forks) is also complex work

for which the "return" or the relation "cost/results" must intervene.

❑ Choice of errors to correct

A system of classification of errors can allow us to concentrate on the correction of errors which have the biggest impact on published statistics.

Detecting an error is often much easier than correcting it. Correction often requires the return to the initial declaration, and contact with the enterprise. If the error is on an operation of very small value, the cost of correction may be disproportionate to the statistical advantage.

In the same vein, the probability controls must be calibrated in order to find a balance between too much flexibility which allows large errors to go unrecognized and a rigorousness which involves useless checks.

❑ Automatic corrections

A method which is feasible economically would be to automate corrections. This is possible in very precise cases. For example, when there is a change of nomenclature which is not ambiguous. The technique could also be extended to more complex corrections, such as calculation of net mass from a supplementary unit. In this case, the correction is a false correction, it is inexact. In any case, if the correction process is very small, this type of autocorrection may be acceptable. This point of view is in any case complementary to the conclusion of the previous paragraph - everything can not be corrected. An autocorrection is preferable to no correction at all.

WORKING GROUP III

*Kevin Williamson
Office for National Statistics, UK
Chair of the Working Group
October 1996*

❶ The Working Group, made up of representatives from the UK, Sweden, Ireland, the Netherlands and Eurostat, had its first meeting on 24 September 1996 in London. The aim of the meeting was to identify the areas of investigation open to the Group, given the other activities being carried forward by Eurostat, and to prepare a programme of work to be undertaken by the members of the Group. This note sets out the results of the discussions.

❷ Most of the discussion of the group centred around identifying a firm objective for the work of the Group. There was a consensus that this was needed for the Group to be able to have a positive effect on the quality of the statistics on trade in goods. Whilst the work of the Group was not necessarily to be constrained to looking at the problems with the data coming from the Intrastat system, this was regarded as a priority for immediate action from the Group.

❸ Discussion of previous work in the area of data adjustment highlighted a major problem in the work of the Group actually leading to an improvement in data quality. Whilst various possible methods had been detailed out before, there has been no requirement on Member States to accept the need for and actually incorporate adjustments to their Intrastat data.

❹ The Group agreed that up-to-date details of the methods possible for data

adjustment for the various factors that exist within Intrastat needed to be done, with an emphasis on what data were needed to exist for each method to be used. Linked to this, an assessment of each Member States data was needed to identify those sets of data that needed some form of adjustment, with a related Commission Regulation to be passed that required Member States to carry out such adjustments. It was felt that only with this form of obligation on countries to change their practices would improvements be seen in the Intrastat data.

❺ What is proposed is not to force Member States to use any one set method. Rather it is proposed that the range of possible methods be fully set out, so that Member States can choose whichever one suits the organisation of their Intrastat system.

❻ An additional idea in the report is for Member States to introduce some form of early estimates of the aggregate Intrastat data. This is carried out in Sweden, where a small stratified sample of PSI's is used to produce initial aggregate estimates. This idea could be taken further in the context of some of the simplifications of the Intrastat system that are being proposed, such as the extension to reporting deadlines.

❼ It is planned that the report on this work will be completed in time for the June 1997 Methods Committee. After this initial project, the Group will require the Methods Committee to decide on further areas of work. The Group also suggests Eurostat consider running a seminar or workshop on data adjustment methods, allowing more information to be passed to Member States than possible just through a written description of the systems.



INTRASTAT LEGISLATION IN PREPARATION

The Intrastat seminar that took place on 13 and 14 March 1996, together with the opinion polls that were conducted at the end of 1995, provided pointers for Eurostat's work in simplifying the Intrastat system.

The first measures that were planned were subsequently incorporated in the wider context of the SLIM initiative (Simpler Legislation for the Internal Market) which the Commission launched following a meeting of "Internal Market" ministers.

Eurostat is currently preparing the following draft regulations:

- 1 Net mass: until now the indication of net mass has been required regardless of the product.

The proposal for a regulation contains a list of about 350 headings in the Combined Nomenclature for which the indication of net mass will become optional for those providing information.

- 2 Transport data: the current Intrastat regulation requires the compulsory recording of the presumed mode of transport at the frontier of the Member State of arrival or departure; in addition, Member States can, if they wish, demand details of the port/airport of loading/unloading and the

port/airport of transshipment.

The proposal for a regulation seeks to remove these three items from the Intrastat declaration.

- 3 Value of the goods: the value to be indicated in the current Intrastat system is the statistical value by goods category and the overall invoiced amount per declaration.

The proposal for a regulation seeks to remove the statistical value in both the recording and publishing of the results. Those responsible for providing information will thus supply only the invoiced amount by goods category.



OPINION POLLS ON INTRASTAT



Eurostat and the competent authorities in the Member States conducted two opinion polls in 1995, one targeted at the parties responsible for providing statistical information and the other at statistical users. The aim was to find out more about how the Intrastat system was perceived to be working.

The initial results of these polls were presented at a seminar held in Luxembourg in March 1996. The final and complete results are available in an official Eurostat publication: «Intrastat opinion polls: The point of view of providers and users».

INTRASTAT REFORMS

① THE WORK OF THE SLIM/INTRASTAT TEAM

Following the Internal Market Ministers' meeting in Rome in February 1996, the Commission established in June four pilot projects all centred around small working groups with the aim of simplifying legislation. Intrastat was chosen as one of these pilot projects.

The successful discussions of the SLIM / Intrastat group were finalised in October 1996. The last, of a total of four, meeting of the group took place on 8 October. In the final report made to the Commission and to be discussed in the Council in November almost 30 proposals have been considered with the aim of reducing burdens on business. For the short term, the SLIM / Intrastat team has recommended a reduction of the number of data elements collected and a simplification of the commodity nomenclature. For the medium and long term, more radical proposals concerning the collection system have to be studied carefully before the final recommendations can be made for a new Intrastat system. Support measures accompany the simplification initiatives right from the outset.

Below you find the text of the final report (21 October 1996). A copy of the annex with a detailed description of all simplification proposals can be requested by contacting:

Mrs Nicole Barbarini ☎: (352) 4301 32986

Fax: (352) 4301 34339.

1. EXECUTIVE SUMMARY

The SLIM initiative announced in February 1996 has focused on simplifying single market rules.

INTRASTAT - the intra-Community trade statistical system - was chosen as one of 4 pilot projects for which simplifications were needed. For this purpose a SLIM team, consisting of representatives of 5 Member States and 5 business representatives, was established in June this year with the aim of summarizing the need for simplifying INTRASTAT legislation and outlining proposals that will reduce burdens on business. The working method of the SLIM group should also be evaluated and the results contained in a report to be submitted mid-October this year.

The SLIM/INTRASTAT report has served as basis for the Commissions report to the Council.

The SLIM team has during its 4 meetings examined 26 proposals for simplification.

The main findings and recommendations of the SLIM/INTRASTAT team are :

The INTRASTAT system has since its introduction in 1993 given rise to a number of problems and critics. Even though a more business friendly approach was chosen by bringing statistical thresholds into effect, exempting a large majority of the traders, and modernizing the data input and transmission process via for instance, the EDICOM program, INTRASTAT is regarded as burdensome especially by the SMEs. Furthermore for a majority of Member States, INTRASTAT is one of the most expensive business surveys regularly conducted. Based on calculations made in some Member States the overall annual costs of INTRASTAT for the declarants can roughly be estimated at approximately 0.75 billion ECU.

A profound problem concerning the quality of the statistics on aggregate and detailed level has continually existed at the EU level. The users of the new EU trade statistics have furthermore been facing delays which have influenced the availability and timeliness of the results.

While the mandate of the team has been to reduce business burdens, it has considered the potential impact on the quality in making its recommendations. It has endeavoured to reach an acceptable compromise between the needs of users and those of providers.

In depth studies of the problems in order to propose a remedy of the situation were decided by Eurostat and the Member States. The results of these studies - the evaluation of the national INTRASTAT systems, the opinion polls of users and declarants and the seminar on INTRASTAT and the future - have served as a valuable and very useful basis in the discussions of the SLIM team.

By taking into account the results of the INTRASTAT system experienced and the political demand for simplification, expressed by the SLIM initiative, the SLIM team recommends that from 1 January 1998 a number of data elements are either simplified or no longer collected, especially those of less interest. These simplification proposals should be announced to business as a one-package solution to minimize adaptation costs. Especially regarding the commodity nomenclature the SLIM team supports the idea of a substantial reduction in the number of subheadings. By using the Harmonized System 6-digit level as the basis, a limited number of subheadings could be added using the existing Combined Nomenclature. These additional subheadings should be selected by a joint committee consisting of Member States, sectoral federations, and Commission representatives. The urgent nature of the work of the joint committee should therefore be given priority and lead to results by 1998.

This HS-6+ nomenclature would be optional to the declarants, and it would still allow comparisons with the extra trade statistics and also be in conformity with international recommendations.

The SLIM team is also in favour of stabilizing the nomenclature by restricting the updates.

Regarding collection systems, the SLIM team recommends study on the potentiality of systems which in the future will involve fewer enterprises or otherwise substantially reduce the overall declaration burden on business and SMEs in particular. Four frameworks have been considered and some of them can even be combined. The statistical thresholds are already known from the present system. Sampling as a collection system framework seems only relevant for the aggregated figures - total value of dispatches and arrivals including partner country breakdown. A two-tier system has been considered as it offers the possibility of collecting the aggregated data

on a monthly basis by sampling and collecting the detailed commodity figures only quarterly or even less frequently. Finally the one flow system has been discussed due to the large savings offered. The introduction of such a system could, if not generalized, be considered for a group of Member States, if confirmed by studies. Interested Member States should then be encouraged to move to the one flow system.

Accompanying the introduction of the simplification initiatives, the modernization of collection systems, and return of statistical results to data providers, should be continued. The EDICOM program will contribute to this, and the SLIM team also recommends promotion campaigns and simple guidelines.

It is recommended that the SLIM team should be invited to continue further work regarding simplification of INTRASTAT.

Finally, it is the general opinion of the SLIM team, that the close cooperation with business federations is needed to take account of providers' and users' points of view whenever new or amended legislation concerning declaration of statistical information is proposed.

Regarding the working method of the SLIM team it has in fact been possible to produce the results desired with very short notice mainly due to the previous actions and examinations undertaken by Eurostat, Member States, and business federations. Equally important has been the readiness of the group members, who have all been well prepared. The meetings have been conducted and organized in an efficient manner. It has been valuable for the discussions that the group has been limited by number of members, but also that representatives of business federations, Member States, and Commission could work closely together regarding proposals for ad-

justing existing legislation. The meetings have been conducted in English and French only which has facilitated the preparation of working papers. In preparation for the meetings it has been difficult always to have the papers ready in a reasonable time. Despite the urgency of the project it was demonstrated that the summer holiday months were an obstacle to produce substantial working results.

2. SLIM INITIATIVE

2.1 General remarks

This report describes the simplification proposals for INTRASTAT, the intra-Community trade statistical system.

INTRASTAT is one of four pilot projects selected by the Commission in the SLIM initiative with the aim of reducing the burdens of single market rules on business.

2.2 Mandate of the SLIM/INTRASTAT team

The task of the SLIM / INTRASTAT team has been to

- summarize the need for simplifying INTRASTAT legislation;
- outline proposals that will meet the objective of reducing burdens on business;
- evaluate the effectiveness of the approach adopted in the pilot project.

This mandate should, however, be seen in combination with initiatives to simplify and consolidate the INTRASTAT system already taken by, and discussed in, the committee of intra-Community trade statistics chaired by Eurostat, cf below.

2.3 Members of the SLIM/INTRASTAT team

Chairman

Mr. Yves Franchet, Director General of Eurostat

Member State representatives selected according to Member States' priorities regarding the 4 SLIM pilot projects

- Mr. Kaj Pedersen, Statistics Denmark
- Mr. Jean Louis Lhéritier, D.G. des Douanes et droits indirects of France
- Mrs. Athanassia Xenaki, National Statistical Service of Greece
- Mr. Guy Schuller, STATEC of Luxembourg
- Mrs. Fiona Porter, H.M. Customs and Excise of U.K.

Representatives of business representing users and providers of data

- Mr. Didier Joannes, CEFIC
- Mr. Norry Dondelinger, UEAPME
- Mr. Yvonick Renard, UNICE
- Mr. Hans Knoop, Unilever
- Mrs. Barbara Steffner, YES for Europe

Observers

- Mrs. Pascale Gaucher, General Secretariat
- Mr. Anthony Dempsey, DG XV
- Mr. Jan Foltmar and Mr. Jerome Carriat, DG XXI
- Mr. David Lawrence, DG XXIII

2.4 Meetings of the SLIM/INTRASTAT team

The SLIM / INTRASTAT team has held 4 meetings in all, on 26 June, 9 July, 17 September and 8 October 1996.

2.5 Evaluation of the working method of the SLIM/INTRASTAT team

In considering the advantages and limitations of the working method the SLIM team would initially like to em-

phasize that it has accomplished its goal, i.e. presenting a report containing simplification proposals about INTRASTAT within the deadline (mid October 1996). It is the general opinion of the team that it would not have been possible to finalize this work within 4 months, if the results of the examinations and other documents on INTRASTAT had not been made available to the members in advance as preparation for the SLIM work.

The SLIM team would also like to stress that the final report, in its opinion, is satisfactory and represents a catalogue where the present problems of the INTRASTAT system are described and a number of relevant solutions are indicated or recommended, although they don't meet the wishes expressed by some of the members for more rapid and in depth changes to INTRASTAT.

The SLIM team would like to draw the attention to the following experiences made:

(+ indicates a positive and - indicates a negative experience or impact)

□ About the meetings

- + the meetings have been well prepared and conducted in an efficient manner
- + the time constraints have made it necessary to come up with concrete results quickly
- +/- only 4 meetings have been held, however, the lifetime of the team (approximately 4 months) was deemed too short by some of the team members
- + only 2 languages were spoken at meetings - French and English - for which interpretation was provided
- the mid summer period was not suitable to start a new project
- the members found that there had not been focus enough on debate (continued)
- +/- the presentations of the results of the seminar, opinion polls, quality studies etc; during the 2nd meeting were useful for some members, for others unnecessary

□ About the documents

- + the method had resulted in working documents of good quality
- + all documents have been available in one of the 2 languages or both
- working documents were generally sent to the delegates with too short notice

□ About the members

- + the members found that it was positive to work in a group consisting of federations, Member States and Commission representatives
- + the limited size of the group made it easy to exchange information quickly
- + dedicated members were nominated for the team, and the members have been well prepared
- + the members have all demonstrated readiness to contribute in an efficient manner through discussions or written comments
- + the need for substitution has been very low meaning that the same people in general have followed all discussions
- +/- the consultation of other Member States and federations was considered positive by some members and negative by others

□ About the organization

- + Eurostat had succeeded in "digesting" and summarizing a very large number of papers including answers from all parties involved
- + the preparation of the meetings and document distribution has been easier than with full scale meetings

3. DESCRIPTION OF THE CURRENT SITUATION

3.1 The major features of INTRASTAT

Completion of the internal market on 1 January 1993 led to the in-

roduction of INTRASTAT. This system was designed to allow the compilation of detailed monthly statistics on the trading of goods, following on smoothly from the previous state of affairs. INTRASTAT was also innovative, its salient features being as follows:

- information is collected directly from enterprises after the end of each month,
- the system is based on a close link with the system of VAT declarations enabling the Member States to check the exhaustiveness and quality of the statistical data,
- a system of thresholds has been introduced implying in general that the burdens on enterprises have been reduced substantially, however, the system should ensure detailed trade statistics with an acceptable level of accuracy,
- the modernization of data input and transmission.

A number of objectives have been accomplished successfully, e.g. the exemption of two thirds of the enterprises from any statistical obligation and the modernization of collecting and processing systems developed under, for instance, the EDICOM programme.

However, after more than three years of operation, deficiencies still exist and the functioning of the system needs to be improved.

3.2 The main weaknesses of INTRASTAT

The Commission considers INTRASTAT as too costly for all parties involved - the enterprises, especially the SMEs, the national compiling administrations and Community administrations - and the statistics produced are not of sufficient quality and are available too late. This view is shared by the majority of the SLIM team. However, some members stressed that these costs had to be compared to the costs of the system before the introduction of the internal market, however, doubts were expressed

about the appropriateness of such comparison. The benefits stemming from the large volume of detailed statistics produced on the request of the users should also be taken into account. However, some members emphasized that these users especially comprise larger enterprises and sectoral federations but few SMEs.

3.2.a Costs of the system

INTRASTAT concerns about 430,000 European enterprises. According to an opinion poll, cf. below, the enterprises on average use one day per month to finalize their statistical declaration. In general also the national administrations regard INTRASTAT as an expensive business survey. Based on calculations made in some Member States the overall annual costs of INTRASTAT for the declarants could roughly be estimated at approximately 0.75 billion ECU. Detailed studies to measure more precisely the costs of the system have been launched by Eurostat and the European Parliament.

3.2.b Quality of data

Studies carried out by Eurostat and certain Member States, e.g. based on mirror statistics and other analyses, have demonstrated inconsistency of data transmitted by the national administrations.

In 1995, total intra-Community dispatches (ECU 1010.7 billion) were ECU 46 billion - or 4.8% - higher than total intra-Community arrivals (ECU 964.7 billion), whereas these figures should be virtually identical.

Eurostat, as well as the vast majority of data users, considers arrivals to be under-recorded. If each Member State's arrivals are replaced by total dispatches from other Member States, the results are quite sobering: Germany's trade surplus in the intra-Community trade of ECU 20 billion is reduced by ECU 18.5 billion,

whilst France's deficit of ECU 6.5 billion - as shown by the figures transmitted - is doubled.

It is all the more difficult to explain, as the data are in principle harmonized and compiled using a common methodology. Non-response by many of the parties responsible for providing information are the main reason for the inaccurate results. The situation varies among the Member States and the loss in value terms caused by non-response could reach even more than 10% in a given Member State. Adjustments made by a number of the Member States have improved the overall results, however, some of these adjustments can be questioned. At the detailed product level the general inaccuracies are also reflected. The threshold system as well as the complexity of the INTRASTAT system contributes to the discrepancies in the trade figures. It can be added that the disparities revealed by "mirror" comparisons will generally increase when detailed levels of the product classification are analysed.

The representatives of some of the federations have also emphasized that a number of the companies that experience difficulties with the system and its details often see no interest in spending much time and hence money on filling in a form which, according to them, is of no interest to them at all.

3.2.c Availability of results

Even though the considerable delays observed during the first two years of operation have now been reduced, some countries are still experiencing major delays, particularly with the transmission of the detailed results. The recent trend is, however, positive. At the beginning of October, detailed results at intra-Community level for the first two quarters of this year were nearly available for all Member States. Further improvement by Eurostat of production and dissemination of the results by Eurostat is requested and the necessary actions will be taken.

3.3 Principal actions

Facing this situation, Eurostat and the national administrations decided to undertake several actions of which the most important results are summarized below.

3.3.a Evaluation of national INTRASTAT systems

In order to identify the most suitable and effective methods of improving the way INTRASTAT works, it was thought necessary to first evaluate each country's INTRASTAT system. On the basis of a highly detailed questionnaire, each of the Member States was visited between October and December 1995 by teams of experts from the Member States and Eurostat.

The most important finding is without doubt the diversity at both operational and administrative levels within the Member States. This diversity of national systems has a direct impact on the quality and comparability of statistics on intra-Community trade. The solutions and resources used at national level to improve the situation also vary, depending to a large extent on the resources allocated to INTRASTAT in each Member State.

Propositions are ready for elaboration with the aim of improving and harmonizing the INTRASTAT system regarding: the statistical method, processing and checking procedures, and methods of adjusting data.

3.3.b The opinion polls

These polls had several purposes: to provide a better picture of the burden on the parties responsible for providing information, to compare this with user needs, to assess the way the operation of the system is perceived by the various parties concerned, and to introduce components that would facilitate the search for solutions in the future. In all,

4 700 information suppliers and almost 2 000 users were questioned in 12 Member States.

Although the points of view of declarants on the one hand and users on the other differ, one has to find a balance between these two interests. An important conclusion from the opinion polls was that the simplification of the nomenclature was the most important measure of simplification requested by the providers. The view expressed by the users regarding the change from CN8 to HS6 showed that 24% were in favour of this simplification, 29% were against and 47% were indifferent. Another important measure mentioned by the providers was to reduce the number of data elements.

3.3.c The seminar on the future of INTRASTAT

Last March, Eurostat held a seminar on the future of INTRASTAT that brought together some 400 participants representing all parties concerned: national and Community authorities, business federations, data users and suppliers, etc.

Generally speaking, several participants in the seminar indicated the usefulness of reliable INTRASTAT statistics, and there was a tendency to think it premature to make radical changes to the system in the short term.

The participants in the seminar emphasized the need to rapidly investigate adjustments and simplifications that would reduce the burden on enterprises as a whole (not just SMEs) and improve the way the system works. The continued modernization of systems for collecting, processing, and disseminating data was also deemed a priority.

3.3.d The EDICOM action plans

The work programs under the EDICOM project which introduced au-

tomated collection and transmission (by means of telematics networks and informatics tools) have contributed to easing the burden on enterprises by reducing the general declaration and processing costs.

The majority of national administrations and enterprises agree that these programs should be continued. A new Council decision on EDICOM is in the process of adoption and should allow the project to continue for the coming 3 years.

4. SUMMARIZING PROPOSALS FOR SIMPLIFICATION

4.1 General considerations

The investigations described above demonstrate the profound concern and interest which exist to improve the situation and introduce simplifications.

In this context the users must be prepared to see reduced presentations in the statistics in order to pave the way for simplifications when the declarations are filled in to reduce burdens on the enterprises.

Speaking of intra-Community trade statistics, it is the opinion of the SLIM team that simplification is not a goal in itself. When simplifying measures are discussed it is, from the SLIM teams' point of view, necessary to take action which results, not in superficial solutions, but which will ease the burdens on business and have a positive or at least not an unacceptable impact on the quality of the trade statistics.

However, a number of other aspects have also been considered with regard to intra-Community trade statistics.

- The collection of trade data from the enterprises should, as far as possible, be based directly on information in the accounting systems and should be adapted to other recording habits of business.
- Business has to supply an important amount of data and information to the public administrations. To reduce the information providing burden as much as possible the data elements needed for trade statistics have to be kept to a strict minimum implying that data elements which may be interesting to some users have to be left out. Only data elements which are regarded as absolutely indispensable are recommended for collection in the INTRASTAT system.
- The data elements should represent a core list covering EU needs. National needs that are not met by this core list will have to be covered by national legislation, within the limits set by Community legislation.
- The commodity classification in the INTRASTAT system should allow comparability with trade statistics on trade with non-EU countries and also allow compliance with international recommendations and at the same time should reconcile the needs of the majority of the users with the interests of the providers of the data.
- The proposals presented aim at reducing the overall costs of INTRASTAT.
- An implementation period has to be taken into account to allow a smooth adaptation by business and administrations of the INTRASTAT rules, and the rules should be flexible enough to take into account the differences between Member States in administration, technology etc.
- A number of proposals, especially those concerning data elements, will have significant results if implemented as a package.
- Future Community legislation regarding trade statistics should favour an output oriented approach.
- It is assumed that in the medium term the present VAT regime including VIES will continue unchanged.

4.2 Coverage of the simplification proposals

The SLIM / INTRASTAT team has, during its work, discussed and considered 31 initiatives for the short, medium, and long term. The majority of these, 26, were included in the annexed proposal sheets describing in detail the scope and effects of each proposal. The remaining 5 on prolongation of transmission deadlines, access to VIES data, link to the future VAT system, simpler legislation and appropriate penalty regimes were found not to simplify burdens on business and have therefore been disregarded. They should, however, be discussed in another context.

In its final recommendations the SLIM team has used nearly half of the proposals described in the annex, which also included the detailed comments and positions of the SLIM team members, and Member States and federations consulted.

It should be emphasized that recommendations in the report expressed by the SLIM team cover positions of unanimity or majority. Minority positions are reflected in this annex.

The proposals aim at:

- Reducing the Community data requirements as much as possible, comprising a core list representing the data that are definitely needed to produce intra-Community trade statistics covering the basic user needs.
- Using a simplified nomenclature based on the Harmonized System containing sufficient flexibility and stability to serve a majority of user needs and allowing comparisons with trade statistics regarding non-EU countries.
- Launching studies regarding adjustments in the present, or introduction of a new, collection system for INTRASTAT, which will reduce the burdens on business as much as possible.

To obtain the best and most efficient implementation it is proposed to launch

- Accompanying measures that will promote and ease the introduction of the revised INTRASTAT requirements and framework, and also improve the dissemination of the results.

4.2.a Reduced data requirements

These proposals comprise proposal sheets 1.1-1.6, 1.11

□ *Mandatory elements*

For data elements which are at the present mandatory, in the sense that Member States have to collect them and consequently all declarants have to provide them the following simplifications are proposed:

- The net mass should not be collected for those products where a supplementary quantity unit exists, which normally also is the unit in which the product is traded and which is available to the enterprises.
- The information on mode of transport should be abolished due to difficulties in providing reliable data by the enterprises.
- The statistical value, defined on a cif and fob basis is a theoretical concept, which should be substituted by the invoice value available in the book-keeping system of the enterprises.
- Regarding the nature of transaction, the SLIM team recognizes that this information plays an important role in classifying the transactions for balance of payments and national accounts statistics, and it contains important information regarding the present link to the fiscal system (VAT data).
However, the SLIM team recommends study on whether the amount of detail currently collected is necessary, and whether the data could be collected in a separate or existing survey at a lower cost.
- Declaring the value in another currency, other than the national, would provide flexibility to the declarants.

However, the SLIM team would question the final results of simplification if additional data has to be supplied (currency).

□ *Optional elements*

For the data elements which are optional, i.e. for which the Member States may choose to collect this information within the limits set by Community legislation, the following simplifications are proposed:

Eventhough a majority of the SLIM team recommends the abolition of the country of origin, it should be emphasized that this information has a strategic importance for a significant number of Member States, who argue that country of origin must be retained. However, the SLIM team acknowledges that the information is frequently incomplete and inaccurate. It therefore recommends that a study is undertaken into the reliability and costs and benefits of the data.

Regarding the remaining optional elements, the SLIM team advocates the abolition of these from the INTRASTAT system in the short term. These data elements comprise

- port of loading in the Member State of dispatch;
- port of unloading in the Member State of arrival;
- statistical procedure;
- region of destination in the Member State of arrival;
- region of origin in the Member State of dispatch;
- port of transshipment for goods in transit;
- delivery terms in those Member States that have already chosen to base the calculation of the statistical value on the invoice value and insurance and transport costs.

□ *Declaration deadline*

Finally, the SLIM team also favours a greater flexibility regarding the deadline for the INTRASTAT declaration so that it is more in line with that of the tax declaration or business periodic reports, which are often composed of 4 or 5 week periods. The prevailing deadline of 5-10

working days could be prolonged, but this should be discussed in detail at the national level.

□ *Implementation of the proposal measures*

The SLIM team strongly recommends that the simplification proposals concerning the data elements are presented to the enterprises in a one-package solution, which will entail the lowest adaptation costs for enterprises as well as for the administrations.

The one-package solution will, at the same time, give the impression of several advantages compared to a periodic announcement covering groups of, or individual, proposals.

Most of the measures concerning the data elements can probably be implemented rather quickly, i.e. from 1 January 1998. However, consideration should be given to allow necessary time for preparation by the enterprises and the administrations as well.

□ *Conclusion*

The SLIM team favours the abolition of net mass for selected products and suppression of mode of transport, the use of invoice value instead of statistical value, and abolition of all optional data elements except country of origin for the short term and a prolongation and flexibility of the reporting deadline. The SLIM team recommends study on the flexibility of collecting nature of transaction in alternative ways (sampling), and to study the significance and reliability of the country of origin information.

These simplification proposals should be announced to business as a one-package solution, which after implementation, will provide the most efficient reduction of burdens on business.

4.2.b Nomenclature

These proposals are contained in proposal sheets 2.1 - 2.7.

It seems obvious that in the present system the commodity code information has given rise to special classification and maintenance problems, and a solution must be found.

The proposals that have been discussed cover a wide range.

- Restructuring
- Reduction of subheadings
 - remove tariff subdivisions and limit new subdivisions
 - Harmonized System 6 digits
- Stability

In the discussions of the SLIM team a restructuring of the Combined Nomenclature (CN) with a wider scope than just removing tariff subdivisions was not regarded as a helpful simplification measure in practice due to the big changes which would be caused by its introduction. These would tend to outbalance the theoretical advantages.

However, when discussing nomenclature the SLIM team finds that two aspects should be in focus. One aspect being a substantial reduction in the number of subheadings in the nomenclature. The other aspect being stability, for instance by restricting amendments to take place only every second year.

The SLIM team would favour a modulated approach solution based on the HS-6 level. A limited number of additional subheadings, chosen among the existing CN subheadings, should be introduced for certain sectors, e.g. textile, steel, and others.

A joint committee with representatives of sectoral federations, Member States and Commission services should be established to consider the justifications for these additional subheadings in view of establishing a list of subheadings to be submitted to the INTRASTAT committee.

Such a solution, which would solely concern INTRASTAT, would bring the number of commodity codes from the present

10,500 down to approximately 6,500 - 7,000. This nomenclature would be stabilized by introducing adjustments every second year except for changes imposed by amendments in the CN.

The new nomenclature, HS-6+, should be optional to the declarants, who may continue to use the CN. The detailed results on intra-Community trade will, however, be made available to the users according to the HS-6+ level.

The recommended solution concerning nomenclature is not contained in one single proposal sheet, rather it is a combination which in the opinion of the SLIM team, represents the best compromise. With this proposal the SLIM team feels that it will be possible to reconcile and balance the declarants' demands for simplification with the user needs for relevant subdivisions. The comparability with trade statistics concerning non-EU countries will be ensured as well as conformity with international recommendations.

The SLIM team recommends that the negotiations to finalize the HS-6+ are started immediately with the sectoral federations to achieve results by 1998.

Conclusion

Introducing the idea of Harmonized System-6+ as the commodity nomenclature, the SLIM team emphasizes the need for a substantial reduction in the present commodity nomenclature allowing a limited number of subheadings to be introduced to cover specific user needs. The selection of these additional subheadings should be made from the existing CN and should be under the responsibility of a joint committee with representatives of sectoral federations, Member States and Commission services. The HS-6+ nomenclature should be optional to the declarants. Using this nomenclature for the presentation of the detailed results of intra-Community trade statistics would still allow comparisons to be made with the extra trade statistics and would cover international trade statistics rec-

ommendations. The SLIM team recommends furthermore to reduce the number of updates thereby creating stability.

4.2.c Collection system frameworks

When it comes to collection system frameworks the simplification proposals cover a wide range, which would directly or indirectly reduce burdens on business in general and especially be of benefit to the SMEs. The SLIM team would like to emphasize that these collection systems have been discussed in detail, but that further studies and examinations are absolutely necessary to provide and clarify the expected results before the most suitable solutions for the longer term can be recommended.

The systems framework proposals comprise

- thresholds (proposal sheets 1.7-1.10)
- two tiers system (proposal sheet 3.1)
- sampling (proposal sheet 3.2)
- one flow system (proposal sheet 3.3)

□ Thresholds

The present system already allows for raising the level as long as the quality aspects are guaranteed according to the regulation. This can be done in some Member States while in others there seems no room for extension. It also allows for national branch / activity defined thresholds, which can be introduced under the assumption that the quality requirements are not violated. However, introducing sector / branch defined thresholds may, for the most diversified sectors, necessitate declarations from more enterprises than today, and would for the administrations, give rise to different management problems. One being how to deal with companies that are trading/producing goods in several sectors. The SLIM team finds the benefits of such a complex threshold system questionable.

It should be noted, based on general experience from the present system, that a single EU threshold would raise difficulties due to the varying economic conditions and business structure in the Mem-

ber States. If the highest threshold applied today were used the quality of the statistics in a number of Member States would be seriously affected. If the lowest threshold applied were generally used, it would impose declaration burdens on a number of enterprises formerly exempt from INTRASTAT.

However, refinement of the statistical threshold system can be envisaged. For instance, by allowing the companies just above the threshold to report with another periodicity, for example by reporting in one year and then having 3 years off. Another way could be to introduce quarterly, biannual or annual reporting for these smaller companies.

The SLIM team recommends that studies are undertaken to examine the feasibility of this approach.

Finally, the SLIM team would also like to point to the advantages of application of the transaction threshold in the present system, which especially benefits those traders with consignments of low value.

□ Two tier system

Assuming that only aggregated figures will be collected on a monthly basis to cover the needs of balance of payments and producing key indicator figures on the trade balance, the detailed commodity/country figures could be collected quarterly or with even lower frequency.

Regarding the aggregated figures it seems possible to combine the two tier system with a sampling routine as the basis for calculating the total trade figures. Initial studies show that probably more than 90% of all the enterprises having EU trade will not have to contribute with data to the value/partner country breakdown. The detailed figures collected quarterly may be based on a threshold system of a similar type to the present system.

The SLIM team recommends study on the implications of such a system which would alleviate burdens on enterprises and the technical feasibility of this proposal.

□ *Sampling*

A collection system based on sampling alone does not appear feasible at the most detailed level of the nomenclature and in the SLIM team there is little support for using sampling as a basis for these figures.

However, as a basis for calculating more aggregated trade figures, sampling could be an alternative to the present system.

The sampling system can in fact be combined with the other 3 collection system frameworks described, and the SLIM team recommends further studies in this field.

□ *The one flow*

This system has potentially the biggest impact on reducing the number of traders involved. The present 430,000 enterprises in INTRASTAT could, in a one flow system based on export data, be reduced markedly. The thresholds would have to be revised, but it can be estimated that with a threshold of 50,000 ECU of annual trade less than 300,000 enterprises would have to report their detailed dispatches. With a threshold of 100,000 ECU the number of declaring enterprises would be less than 200,000.

The administrations would also benefit from the reduced number of declarations and traders. Secondly, it is the only proposition on collection systems which would result in a significant reduction in burdens without losing any mandatory data elements.

The one flow system could be combined with the threshold system and/or the sampling system and/or the two tier system. The one flow system could cover only the detailed figures, the aggregated figures still being collected in a two flow environment. It could be envisaged, if confirmed by studies, that the one flow system could be applied by only a group of Member States if a general implementation meets obstacles in the medium term. Interested Member States should then be encouraged to introduce such a system and EU legislation should be adapted accordingly.

The one flow approach would also necessitate full harmonization and treatment of specific trade flows not yet harmo-

nized. Special procedures to handle the important and delicate issues governing confidentiality must be agreed. The loss of statistical autonomy calls for close cooperation between the Member States and procedures for problem resolution should be developed.

The SLIM team recommends that these, and other framework questions, have to be examined thoroughly before a final recommendation can be put forward.

□ *Conclusion*

Due to fundamental divergences of the opinions expressed by the members of the SLIM team no actions with direct impact on the collection system could be recommended.

However, the SLIM team recommends analysis of the different options - thresholds, two tier system, sampling and the one flow system - and their possible combinations in detail and examination of their effects and potentiality to involve fewer enterprises or otherwise reduce the overall declaration burden on business.

If confirmed by these analyses an introduction of the one flow system could be envisaged for a group of Member States, provided that a general solution could not be found.

4.2.d Support measures

The measures that support the introduction of a revised INTRASTAT system comprise the following (ref. proposal sheets 4.1 - 4.3).

The support measures are general initiatives that will make it easier for the enterprises to "swallow the statistical declaration pill". It is worth noting that the support measures are favoured and found important by all Member States or federations.

The advantages of these measures are that they do not reduce information, but ease the declaration and improve the quality of the data collected.

Regarding the proposals for the short term concerning reducing the number of data elements, the SLIM team would like to state clearly that there is an urgent need to start some of the support measures to prepare the ground for these changes.

It is important that the national administrations, supported as appropriate by Community institutions, assist the enterprises and provide help-desk services on a wide scale to them. In a number of Member States well functioning help desks have already been established, while in others this still needs to be done.

The further development of electronic declaration systems is regarded as a primary tool to ease the burdens on business. The adoption by the Council of the EDICOM decision will contribute to the continuation of these activities.

Conclusion

The SLIM team recognizes that increased use of electronic declaration systems to collate and declare data is an important means of reducing burdens on business. The SLIM team recommends that national administrations actively promote the use of such methods. The actions should be continued without further delay. The EDICOM program will contribute to this.

The SLIM team also welcomes simpler legislation, but is aware that the complexity that is often found in legal texts reflects the need to cover differing situations in the Member States as well as the fact that the wording is the result of negotiations and compromises. The SLIM team finds it even more important that the administrations present the rules and guidelines to the declarants in a clear and understandable way in the form of instructions and other information material (guidelines, keywords and retrieval systems for codes and documentation).

The SLIM team would also like to see more statistical information returned to

the declarants to strengthen the interest for trade statistics and by that motivate the enterprises regarding their declaration obligation.

4.3 Time schedule

Concerning the short term package to simplify data elements, two legal proposals (Regulations on net mass and mode of transport) have already been prepared by the Commission. The necessary preparation of legal texts, hearings etc. regarding the remaining proposals for the short term have partly been initiated and will be the subject of discussions in the coming meetings of the INTRASTAT committee. The team recommends that these proposals come into force on 1 January 1998.

The negotiations to finalize the HS-6+ nomenclature should be started immediately with the sectoral federations to achieve results by 1998.

The studies regarding the collection systems should be accomplished within the next 2 or 3 years.

The support measures should be started immediately.

5. SUMMARY OF RECOMMENDATIONS

Taking into account the experiences since the introduction of the INTRASTAT system and the initiative of the Commission to reduce burdens on business.

Taking into account that there is a continued need for detailed intra-Community trade statistics.

The SLIM team recommends that a number of data elements are either simplified or no longer collected, especially those of less interest. Especially regarding the commodity nomenclature, the SLIM team supports the idea of a substantial reduction of subheadings in the present commodity nomenclature. By proposing a nomenclature based on the Harmonized System 6-digit level and introducing a limited number of subheadings it will be possible to cover the majority of user needs. The selection of these additional subheadings should be made from the existing CN and should be under the responsibility of a joint committee with representatives of sectoral federations, Member States and Commission services. The HS-6+ nomenclature should be optional to the

declarants. Using this nomenclature for the presentation of the detailed results of intra-Community trade statistics would still allow comparisons to be made with the extra trade statistics and would cover international trade statistics recommendations. The SLIM team is also in favour of stabilizing the nomenclature by restricting the updates.

Regarding collection systems the SLIM team recommends study on the potentiality of systems, which in the future will involve fewer enterprises or otherwise substantially reduce the overall declaration burden on business especially SMEs, before final recommendations can be made.

Accompanying the introduction of the simplification initiatives, the actions on modernization of collecting systems, e.g. the EDICOM project, should be continued, and the SLIM team supports promotion campaigns and simple guidelines.

It is recommended that the SLIM team should be invited to do further work regarding simplification of INTRASTAT.

Finally, it is the general opinion of the SLIM team that close cooperation with business federations is needed to take account of providers' and users' points of view whenever new or amended legislation concerning the declaration of statistical information is proposed.

The annex which is referred to in the report contains a detailed description of all the simplification proposals made and can be obtained by contacting Mrs Nicole Barbarini ☎: (352) 4301 32986 Fax: (352) 4301 34339.



② **WRITTEN CONTRIBUTIONS** **TO THE INTRASTAT II SEMINAR OF 13-14 MARCH 1996**

Intrastat II, a system recording only intra-Community dispatches: Is it feasible or not ?

Mr. F. Spagnoli, National Bank of Belgium

1. FLAWS IN THE CURRENT INTRASTAT SYSTEM

1.1 The burden on enterprises

There is no need to look very far to discover a number of shortcomings in the current Intrastat system. It is generally seen as a heavy burden on companies even though Intrastat is objectively much simpler than the customs system which is still in force for extra-Community trade. The institution of a threshold by virtue of which some two-thirds of operators on the intra-Community market are exempt from the Intrastat formalities (at least in Belgium, but also in most other Member States), the few variables to be reported (some of the statistical data remain, but customs data have been dropped) and monthly reporting instead of a declaration to be completed for each border crossing, considerably reduce the burden. It is nevertheless still considered excessive, and enterprises regularly insist that further simplification can be envisaged (e.g. the goods classifica-

tion could be simplified, as could details of net mass etc.).

1.2 Quality of statistical results

As regards quality, and detail in particular, opinions are negative right across the European Union. The question has to be asked whether it is still wise to cling to the detail of the current classification or if data still need to be collected in such detail. The fact remains, however, that users still desire the fullest detail. There is, however, no escaping the fact that the level of detail in the results before Intrastat was set up was far from brilliant in terms of quality, as reflected in the mirror statistics.

But the current system does not only fall short in terms of the level of detail. How, for example, are acquisitions in partner countries systematically lower than dispatches in the mirror statistics?

1.3 Availability of statistical results

The availability of intra-Community trade figures leaves much to be desired, even three years on, and in most

Member States. Only a few Member States are in a position to comply with the legal deadlines for transmitting data to Eurostat but, we may legitimately wonder, at what price in terms of quality?

2. THE NEED FOR CHANGE IN THE SHORT TERM

There is therefore no doubt that the Intrastat system needs to be reviewed in the short term. Our view is that we cannot wait for the final VAT system before undertaking this review. There is too much uncertainty concerning the content of the final system and when it will come into force. Any change in the VAT legislation has to be taken into account, of course. That is why we wonder if, under a final VAT system, we can continue to count on the data mentioned in the famous "two boxes" that is the basis for managing the record of Intrastat declarants and checking declarations and statistical results. There is no sense in waiting, in any case. Action has to be taken even if, when the final

VAT system is applied a few years from now, the Intrastat system then has to be revised one more time.

The uncertainty surrounding the final VAT system should be given no consideration, or at least for as long as we have no further information on the final direction this is to take. This uncertainty must not lull us into a passive attitude to Intrastat. Our vision of the future Intrastat II system, as set out below, is of a system which can be incorporated into the VAT system as it stands currently, which retains a link with the VAT records and which, in common with the current Intrastat system, can be adjusted to the final VAT system. But above all it is a vision of a system which would put an end to a number of failings of the current system.

3. INTRASTAT II

We envisage an Intrastat II which, while broadly identical to Intrastat I, is distinguished by the fact that Member States would be able voluntarily to record only intra-Community dispatches. Each Member State would use the figures for other Member States' dispatches to work back to its own intra-Community acquisitions. Needless to say, the main simplifications proposed for Intrastat I (simplified nomenclature, net mass etc.) can also be envisaged in the new system.

4. ADVANTAGES AND DISADVANTAGES OF THE SYSTEM OF RECORDING ONLY DISPATCHES

There follows a brief statement of the shortcomings of the current sys-

tem and an attempt to predict the effect of introducing the new system.

4.1 The burden on enterprises and authorities

Only exporters would make a declaration under the new system. Approximately two-thirds of the enterprises obliged to declare under the current system would therefore be exempt. This is doubtless the least disputed advantage. The burden on national authorities would undoubtedly not be reduced to the same degree, in that the resources freed in this way would have to be assigned to improving quality and the availability of the results for dispatches. Which brings us to the second point...

4.2 The quality of the results

Some Member States fear that there is no guarantee of the quality of acquisition figures obtained from other Member States' dispatch figures. This overlooks the poor quality of the current acquisition figures by comparison with dispatch figures. European Union Member States exported ECU 183.9 billion in intra-Community trade, while intra-Community imports were only ECU 172.1 billion. These figures are for the first quarter of 1994, but the periods before and after it also show the same trends. In certain cases, what is more, it would be preferable under the current system for certain Member States to disregard their own acquisition figures and to use their trading partners' dispatch figures.

The fears of declining quality under the new system are unfounded. The quality of dispatch figures will inevitably improve for the very reason that the national authorities will be able to free resources and apply them to improving the quality of dispatch results.

The average quality of current acquisitions figures is doubtless bound up with the fact that an acquisition declaration for Intrastat is often harder to complete than a dispatch declaration, for several reasons:

- ① A firm's acquisitions are often occasional and frequently involve goods which are not regularly imported (investment goods, office supplies etc.). Knowledge of the product is less than satisfactory, and the wrong code may be assigned; the declaration is therefore difficult, and quality suffers as a result. Exporters, on the other hand, know their products better because, more often than not, they export the same product (or product range) and they are the producers. They are therefore in a better position to complete the declaration properly and it will therefore be better quality.
- ② Importers often tend to be smaller than exporters, with fewer resources and less time to devote to Intrastat.
- ③ For acquisitions, there is one more detail to be provided in certain Member States: the country of origin. Unlike exporters, importers often do not have this information and are thus obliged to carry out an additional investigation.

4.3 Availability of results

Critics fear that the introduction of a "one-way" recording system will further delay the availability of Intrastat results, given that everyone would have to wait for the slowest Member State before publishing the figures. It is already clear that a one-way recording system can only be used with an effective system of penalties. The European Commission will have to have a more effective system of penalties for Member States which fail to meet their deadlines.

Furthermore, delays in publication are apparently not so much due to delays in data processing by the national authorities as to relatively high rates of non-response or late responses. The non-response rate for acquisitions is higher than for dispatches and not just because there are more importers than exporters, even if that is significant. The fact that more importers are obliged to make an Intrastat declaration automatically entails more non-responses. Considerably more significant, however, is the fact that an acquisition declaration is often harder to complete than a dispatch declaration, for the reasons cited at 4.2 above. These difficulties delay the return of declarations. If the collection of acquisition data is abandoned, the non-response problems inherent in acquisitions are abolished, too. Dispatch results will therefore be available sooner.

The single factor which could make for greater availability is the fact that the national authorities would be relieved of some two-thirds of their workload (this varies from one Member State to another) once acquisitions were no longer recorded. Considerably greater resources would therefore be available for processing dispatches, and the results would accordingly be available much sooner.

4.4 Country of origin

What of the country of origin? This information will not be available under the new system. When acquisitions are built up from dispatches, the country of destination will become the country of origin. Intra-Community trade is currently only published by this provenance as determined by the rules of the country of choice. The country of origin is extra information solely presented in specialist publications. Some Member States no longer require this information.

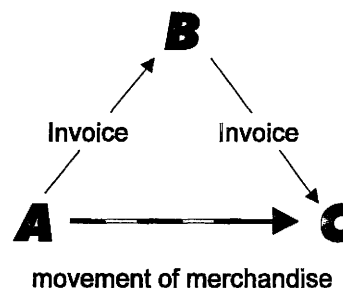
If however, Member States wish to have the country of origin specified in the new system, there remain two options:

- ❶ either the country of origin is required on the dispatch side, with the advantage that the exporter is often in a better position to know this than the importer;
- ❷ or additional investigations are made to determine the origin of the products.

The first solution would appear to be the wiser. This additional information cannot be said to increase the burden on exporters. As stated above, exporters often have this information. Indeed, the net effect would be to reduce the burden, because many exporters will no longer have to make an acquisition declaration under the new system.

4.5 Triangular trade

Of triangular trade? The intermediary in triangular trade (B in the figure) buys merchandise from a supplier in another Member State (A) and sells it on to a customer in a third Member State (C). The merchandise goes directly from the original supplier (A) to the end customer (C).



The external trade statistics track only the real movements of the goods. The intermediary Member State (B) is rightly not involved in the current Intrastat sys-

tem because it is not concerned by the movements of the merchandise. The supplier in Member State (A) has to declare a dispatch to Member State (C), and the customer in Member State (C) declares an acquisition from (A).

That is the theory. In practice, however, the supplier in Member State (A) is not always aware that the merchandise does not always follow the same path as the invoice. In other words, he is not always aware of the real destination of the goods. If this is so, he will be inclined not to declare the real country of destination of the goods (C), but the destination of the invoice (B) for the dispatch statistics of Member State (A). This is also so under the current system. If, under the new Intrastat II system, Member State (B) compiles the figures for dispatches from the other Member States and thus includes those from Member State (A) to establish its acquisitions, there is the risk of Member State (B) recording triangular trade as an acquisition from (A). Under the new system, the error inherent in the current system will be duplicated, given that the error in the dispatch figures of the original supplier (dispatch to an intermediate Member State and not to the real Member State of destination, movement of invoice rather than movement of merchandise) will also be contained in the acquisition statistics of the intermediate Member State. At present, this error does not occur in the statistics of the intermediate Member State, but it will in future with the new system.

From the standpoint of Member State (C), another type of problem will arise with acquisitions. The current system may give rise to the following error: the end customer in Member State (C) reports an acquisition from the intermediate Member State (B) instead of an acquisition from the original sup-

plier (A) in his acquisitions declaration, i.e. the course of the invoice is reported rather than the course of the goods. This error will not arise in the new system, because Member States will no longer collect acquisitions data, but the replacement will not be any more correct. The acquisitions results of Member State (C) are produced on the basis of the statistics of the other Member States, in which the movement (A)-(C) is not always recorded.

There is a solution to this problem, but it has considerable consequences. We may decide no longer to monitor the real flow of goods but to record the transfer of ownership. This presents an additional advantage in making the external trade statistics and the balance of payments statistics more directly comparable, something for which the UN has also called.

4.6 Statistical value

Statistical values differ from acquisition to dispatch. The value for dispatches includes the cost of transport and insurance on the national territory. For acquisitions, the costs on the foreign territory have to be added. Taking the case of a dispatch from Belgium to Greece of goods to the

value of ECU 200 000, let us say that the transport costs come to ECU 5 000, ECU 500 thereof incurred on Belgian territory and ECU 4 500 on foreign territory. The statistical value reported on the Belgian exporter's dispatch declaration will therefore include the ECU 500 (statistical value ECU 200 500). Under the current system, the Greek importer completes an acquisition declaration for this transaction on which the statistical value is not increased by ECU 500 but by ECU 3 900, for example, representing the costs incurred outside Greece, part of the ECU 5 000 costs for the full trajectory. The balance of ECU 1 100 refers to the costs from the Greek border to the destination in Greece. Under the new system, Greek statistics will no longer record the ECU 3 900 in the value of the goods acquired, but the ECU 500, since acquisitions are the inverse of the dispatches by the other party. In other words, the statistical value on acquisition will no longer correspond to the value at the national border but that at the border of the exporter country.

This problem is easily resolved using a coefficient. The argument that the declarant always determines the correct statistical value under the current system cannot be sustained. The value reported is often in fact the "amount

invoiced" and takes no account of the dispatch terms.

4.7 Place of origin and place of destination

Number of Member States ask for "origin" on dispatch (i.e. where the goods delivered were dispatched or perhaps even produced) and "destination" on acquisition (i.e. the destination for which the goods were dispatched). "Destination" will no longer be available under the new system. There is a case to be made for establishing how significant this information really is (and Eurostat does not require it, in any case) and whether it cannot be obtained otherwise (e.g. annual survey).

4.8 Conclusion

Clearly the disadvantages of the new system, as set out here, are outweighed by the benefits. A final solution could be to ask exporters to declare their customers' VAT numbers. This means that the Member State of arrival does not lose the importer information and there is no extra burden entailed in declaring the customer's VAT number because this information is required by the VAT authorities.





Contribution of the Instituto Nacional de Estatística, Portugal, to the discussion of the Intrastat II system

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1. FOREWORD

The Intrastat system came into force in all Member States of the European Union on 1 January 1993, and was to be applied during the transition period beginning with the creation of the Single Market and ending with the future introduction of the single tax system.

The Intrastat system was set up in response to the need to maintain knowledge of all commercial flows between the Member States in spite of the abolition of customs formalities and controls affecting the exchange of goods between European Union Member States.

As a result of the design and the initial operation of this new method of collecting and processing statistical data, the quality of the statistics on intra-Community trade suffered by comparison with those available up to 1992 and led to series breaks in the statistics produced since 1988.

Nevertheless, this information is still of considerable importance:

- at Community level, for assessing the development of the internal market in various areas, such as the management and guidance of agriculture and fisheries, devising commercial policy, regional development policy and competition regulations;
- at national level, where it is important, on the one hand, that the avail-

able information should adequately describe each Member State's position vis-a-vis every other Member State while, on the other, it is a fundamental support for economic policy options (as well as serving as a privileged source of information for the national accounts and the balance of payments, in particular);

- further still, at the level of European enterprises, since, regardless of their position on the world market, they carry out the bulk of their transactions within the Community. Not only are they primary providers of information, they are also preferential users of statistical results in assessing the markets in which they operate and determining their position in these.

2. A BRIEF ASSESSMENT OF THE INTRASTAT SYSTEM IN PORTUGAL

The operation of the system in Portugal can be analyzed from several viewpoints:

a) Intra-Community trade within total international trade

The Portuguese economy is open to a significant degree, reflecting the importance of its international trade links.

Analysis of overall foreign trade shows that the Portuguese economy is heavily committed to the internal market of the EU. In 1994, approximately 71% of arrivals and 76% of dispatches arrived from and went to other EU Member States.

It is therefore of supreme interest to have as detailed as possible a picture of what is by far the largest part of Portugal's international trade. There can be no doubt as to the need for such information at national and Community level, or for the need to obtain statistical data presenting the various degrees of influence on the different regions nationally and right across the Community.

b) The parties responsible for providing statistical information

With the creation of the Intrastat system, enterprises became direct suppliers of information which had previously been a by-product of customs formalities.

Enterprises may provide the information themselves or pass this obligation to a third party, although transferring this does not reduce their responsibility for the substance of their information. Declaring third parties provide a service by acting as an intermediary between the PSIs and the statistical authorities just as, pre-1993, they provided the link between economic agents and the customs services.

Generally speaking, the change in the data collection circuit whereby the customs administration has been eliminated

and third-party services are now extensively sought to complete and submit declarations, has significantly reduced the costs enterprises incur in performing this task.

Another significant phenomenon has been the slow reduction in the use of the services of one or more third parties since 1993. Declaring third parties remain significant, nevertheless, since some 50% of all operators continue to draw on their services.

c) *Statistical thresholds*

The Intrastat system also saw the creation of a system of statistical thresholds, applied at various levels with the objective of rationalizing data collection and reducing the statistical burden on enterprises. The obligation on enterprises to provide statistical information can thus be greatly attenuated or abolished entirely.

Since the thresholds are expressed as the value of dispatches or arrivals, enterprises' responsibilities are accordingly graduated according to the annual value of their intra-Community dispatches or arrivals.

In 1993, Portugal set thresholds for arrivals in two categories: the assimilation threshold at a value of ESC 8 million, and the simplification threshold at a value of ESC 12 million. For dispatches, a single (assimilation) threshold applied at a value of ESC 17 million.

These values guaranteed coverage rates and deviations in relation to the overall results which met the requirements for quality information in terms of the results by goods and by partner countries as laid down in the Community regulations.

The institution of the statistical thresholds reduced the statistical burden on declarants for approximately 50% of intra-Community operators. The number of enterprises was therefore substan-

tially reduced, from approximately 36 600 enterprises in 1991 and 1992 to 19 900 in 1993, although the loss in terms of the overall value of transactions was a mere 2% of value.

The statistical thresholds were adjusted in 1994, when the choice was made only to operate an assimilation threshold at a value of ESC 12 million for arrivals and at ESC 17 million for dispatches. The categories and values of these statistical thresholds have remained unchanged since.

d) *The link with the tax authorities*

The Intrastat system expects an administrative source, for example the tax authorities, and more specifically their VAT departments, to carry out an indirect control without thus imposing an extra burden on the parties responsible for providing information (PSIs).

The link with the tax authorities should make it possible to build up and maintain the register of intra-Community operators and, by drawing on the "two boxes" information in regular tax returns, should also enable the quality of the statistical data collected to be checked.

In compiling its register of intra-Community operators in 1993, the INE took the statistical copies of the Single Administrative Documents processed in the database for 1991 and 1992 as statistical models for identifying enterprises' tax numbers and establishing the annual values of their intra-Community trade. This basic information was supplemented by the variables identifying their names and postal addresses by cross-referencing these with the INE's central register of enterprises for the purposes of a general mailing campaign to promote the Intrastat system. Subsequently, in the light of the statistical thresholds, further direct measures were taken, going into greater detail.

Since 1993, the register of operators has been managed and updated via the sta-

tistical declarations and by contact with economic operators in the light of the quarterly information obtained from the tax authorities, which, in addition to completely identifying operators, also gives the value of their acquisitions from, and their dispatches to, other EU Member States.

Analysis of these quarterly and annual values enables checks to be conducted on the degree of compliance by each operator, the incidence of non-response and values below the assimilation threshold, and enables new operators to be identified.

e) *Data availability*

Data availability is conditioned by a number of factors: the reference period concerned, the deadline for submitting statistical declarations, the information burden entailed, the very media on which they are transmitted and, lastly, the processing and control methods required for producing the results.

The reference period for intra-Community trade is still the calendar month (as it was prior to 1993), although currently, multiple operations by one operator in a given month are reported in a single monthly statistical declaration (rather than via as many single administrative documents as there were transactions, as was the practice before 1993). Marshalling transactions in this single declaration also reduces the burden on PSIs.

It is compulsory for operators above the set statistical thresholds to provide the data, and it is obligatory for them to do so within ten working days following the reference period concerned. In practice, only around one-half of PSIs meet this obligation, and responses increase with time, mainly as a result of the monthly reminders sent out.

The Intrastat system has also substantially reduced the statistical data to be provided by every economic operator, thus further reducing the burden on en-

terprises. In addition to the compulsory variables at Community level, the INE also collects the "region of origin/destination" and the "port/airport of loading/unloading" of dispatches and arrivals. The data which have posed the greatest difficulties for PSIs and caused numerous processing errors are those involving the coding of goods and dependent variables such as net mass, supplementary units and the valuation of these same goods. The coding of goods, based on the Combined Nomenclature at 8-digit level, is undoubtedly the greatest difficulty facing PSIs, in that it is highly technical and broken down. This is one aspect which did not ease the burden on economic operators. The underlying philosophy in valuing goods is the same as that in existence pre-1993, as also applied in trade with third countries. The valuation of ancillary costs to the national border, which PSIs are often totally unaware of, is the major demand made on them by the declaration of the statistical value of goods, and has not reduced the burden on enterprises, either.

The statistical declarations may be made on media ranging from the traditional paper forms to modern data-transmission media (diskettes, magnetic tape, or telecommunications). The INE has made a substantial effort to design home-grown software for electronic data collection, tested it with various operators to fine tune it, and it will soon be distributed for use in the computerised collection of data from operators who so wish and have the minimum conditions for operating it. At the moment, however, all data is collected on paper.

The Intrastat system demanded a whole reworking of the entire process of processing and collecting data. The national statistical institutes have assumed all the burden of publishing and distributing technical support to PSIs in the form of user manuals, the declaration forms and the necessary classifications, with particular emphasis on the CN and soon the IDEP/INE. They have also assumed responsibility for managing a register of several thousand operators and receiv-

ing data and quality-controlling these between this register and that of the tax authorities. The production of intra-Community statistics also requires an extensive effort to collect and monitor the quality of monthly declarations, record these on computer, validate them, analyse and assess erroneous and supposedly correct information and, lastly, to perform final processing and disseminate the declared and estimated data to national and international users.

The INE has dealt with the delays in making information available which were observed in 1993, and currently manages to disseminate data in the twelfth week following the reference period, which leaves a persistent two-week delay in making available information on intra-Community trade.

f) Data quality

The INE endeavours to ensure the reliability and accuracy of the statistical data collected within the Intrastat system by a number of controls carried out on the information throughout the production process and by using instruments to ward off any decline in quality.

One of the factors which bears heavily on the overall data quality is a persistent non-response rate from a significant body of PSIs. Reducing the non-response rate from 10% of total operators and from 2 to 3% of total value has proved extremely difficult. However, routine postal reminders, qualified reminders by telephone or registered mail and, in the final instance, the threat of civil proceedings make it possible to considerably reduce these rates by the end of the year to approximately 2-3% by number and to 1-2% in value terms.

The information not collected because of non-responses, added to what is not collected below the thresholds, works against the compilation of time series for studying operations.

In an attempt to make up for some of this information loss, the INE corrects the overall data by Member State using the CN at two-digit level and the National Accounts classification. These corrections are carried out quarterly, although the results are translated for each month of the quarter.

A further factor weighing against data quality is the requirement to break down the coding of goods as far as the CN permits. There can be no doubt that handling a classification with more than 10 000 codes makes demands in terms of knowledge and time which many enterprises are not prepared to meet. Bearing in mind that the bulk of these codes exist to meet customs needs, the wisdom of retaining them for purely statistical purposes may legitimately be queried.

Using a control from outside the Intrastat system, such as the information received from the tax authorities, is extremely useful and enables the level of quality obtained within the system to be assessed. This assessment is made at the level of the overall results for each flow of goods and by comparing the registers of operators maintained for fiscal and statistical purposes. The INE's analysis of the overall values for 1993 and 1994 underlines the quality of the data collection, because the values do not differ greatly. Arrivals show greater discrepancies, pointing to a tendency to underestimate these, while dispatches come closer to tallying in that, as a rule, the values declared to the INE for this flow tend to be higher than those declared for VAT. Comparison of the registers of operators identifies any exceeding the assimilation threshold, new operators, and non-responses for statistical purposes. Following this analysis, each operator concerned is requested in writing to provide a statistical response or justify their failure to respond. These measures have revealed various errors in completing periodical tax returns (e.g. the inclusion of values for the provision of services in the "two boxes") which cause considerable bottlenecks in analyzing and processing tax data.

Lastly, mirror statistics deserve a mention as a further means of assessing the quality of the system. Intra-Community trade statistics compile data on the exchange of goods between EU Member States and provide totals for each Member State's arrivals and dispatches from and to every other Member State. These statistics allow the values recorded for both flows to be compared in both Member States of origin. This comparison does not, of course, yield compatible results, because there are various levels of discrepancies for any Member State considered. This happens in spite of the serious commitment made to legal and methodological harmonisation. In any case, it cannot be concluded that the system produces poor-quality statistics. The quality doubtless still leaves something to be desired, but differences would emerge between bilateral flows using any other system, as indeed they did between Community partners prior to 1993.

Furthermore, in terms of statistical output, it is not easy to identify a case where there is as clear a methodological regression in relation to the previous situation as with the Intrastat system. It is common knowledge that, with the abolition of the administrative formalities associated with the removal of frontiers, there is no adequate alternative to the loss of information exhaustively collected by an administrative procedure.

3. PROSPECTS FOR THE INTRASTAT II SYSTEM

The prospects for the Intrastat II system in the near future evidently depend on the assessment made by Eurostat and the Member States of the last three years' events. In this respect, there can be no question that the ratio between data quality and the associated costs for the authorities responsible for the system has deteriorated significantly since 1993.

Furthermore, there can be no doubt as to the close administrative links between the Intrastat system and the VAT recovery system, and there can equally be no doubt as to the need, as the tax system undergoes change, to maintain some link which is commensurate with the constraints imposed by the new tax recovery system to be introduced in the country of origin of the goods.

Nevertheless, what information is currently available on the progress of the tax dossier indicates that the complexity of the issues at stake and the foreseeable long haul towards adopting solutions justify giving serious thought to introducing, as swiftly as possible, changes in the Intrastat system which are not liable to be called into question by the development of the new VAT system.

A statement of position on more detailed aspects of the Intrastat II system entails giving thought to the full broader picture, with particular emphasis on the views of the statistical authorities concerned, and an appraisal of the difficulties and needs of the whole range of players in the system, i.e. the providers and the users of the statistical data.

There is every reason to think that the current pressing needs for information on trade between EU Member States will continue to obtain, without any very significant change, when the final system comes into force.

Recent surveys of the providers and users of these data by the former 12 EU Member States will point to some pertinent conclusions. Accordingly, in the light of the first results of the surveys conducted in Portugal, it is possible to illustrate some especially significant situations.

The questions raised as regards meeting these needs concern a number of areas:

□ The detail required in the information to be provided by operators and presented to users; the application of an extremely technical and wide-ranging

Combined Nomenclature in an attempt to continue to match the intra- and extra-Community trade statistics; or the use of a list of products (PRODCOM) in an attempt to link the statistics on enterprises and those on industrial production.

In this regard, the results of the surveys conducted in Portugal are clear, since it is in the users' interests to continue to rely on very detailed classifications, while it is also clearly in their interests to retain a single classification for intra- and extra-Community trade. This notwithstanding, they are in favour of simplification, at most to the level of the six-digit Harmonised System, although they are not opposed to the provision of information in line with a new product classification (PRODCOM). In any case, most use the current CN with a limited level of codes (from 2 to 10). Where PSIs are concerned, they face evident difficulties in coding their products to so fine a degree as the CN, even using a limited number of codes (between 2 and 50 for arrivals and between 1 and 10 for dispatches). Nevertheless, of all potential amendments to the current system, the simplification of the product nomenclature ranks undisputed first.

This will be one of the fundamental elements in adopting the final Intrastat system. It is clear that retaining the current CN system without drastic simplification will prolong high costs and the negative repercussions on the quality of the system. Failing this, adopting the six-digit HS seems the next-best option in our view, in that it will guarantee the close links to extra-Community trade, substantial simplification and a significant reduction in costs for the simple reason that it is a more stable classification which only undergoes significant structural changes every three years. It is also true that it is important to remain close to the production statistics, but this will be possible if the match between the HS and PRODCOM is guaranteed.

□ As regards the periodicity of the information to be required of PSIs and for dissemination to users, the choice is be-

tween maintaining the current monthly reference period or extending this to a quarterly period or even a combination of the two, whereupon monthly data would be used for the dissemination of global results for short-term analyses and the quarterly data would be used for disseminating detailed results particularly intended for analyzing the markets for the different products.

In this regard, the surveys indicate that users require detailed intra-Community trade data monthly, quarterly or annually. PSIs do not consider the periodicity of data one of the most important aspects of simplifying the system, in that a significant percentage would prefer to extend the legal deadline for the monthly responses (ten working days after the reference period) so as to be able to enter more and better-quality data on their declarations.

There can be no doubt as to the continuing importance of having monthly data for prompt analysis, giving a picture of the development of national links with the other EU Member States, but it will be possible to meet this need without going into more detailed levels of observation. There is therefore a strong case for continuing to collect data in more aggregated forms every month and making detailed data available every quarter.

□ The system of observation
Various methodological and practical

solutions may be adopted in using the exchange of goods between EU Member States, ranging from the monitoring of a single flow of goods, via a system of sample surveys to replace the statistical thresholds, to totally merging the statistical survey within the tax survey.

From the INE's point of view, considering the enormous institutional and technical obstacles which the tax authorities would doubtless raise to merging fiscal and statistical observation, opting to use a single flow seems to offer the greatest potential for rationalizing the Intrastat system and to go further than simplifying the Combined Nomenclature or changing the data collection periods. Dispatches seem the more advisable flow, although arguments concerning the final dossier are bound to have significant weight in the final decision. Sound reasons, such as the smaller number of enterprises involved in the collection process (or looked at from another angle, potentially more enterprises exempt from declaration) and the greater links with a physical basis of production, will have to be taken into consideration, to say nothing of the fact that the administrative and organisational repercussions in the Member States could thus be minimized.

From these points of view, the results of the surveys conducted in Portugal seem to indicate that data users and providers do not see the benefits of monitoring only

one flow or of a sample survey to collect information. In this last regard, PSIs agree with maintaining a system of thresholds, albeit without altering their values. As for merging the tax returns and statistical declarations, a significant body of PSIs have pointed to this solution as one possibility for simplifying the current system.

In organization terms, due weight has to be given to the important aspect of the institutional and technical links between Eurostat and the national statistical authorities. It is understood that new methodological and technological solutions (via the growing importance of which the new transmission media and data processing methods are bound to assume) will have to continue to safeguard an autonomous role for the national authorities in compiling and disseminating this statistical information as well as in the bilateral links with other Member States. This approach would not be excessively hampered by a serious drive to harmonize procedures between Member States, by the existence of guarantees of satisfactory operation of the new system, and by the need to define reciprocal bilateral obligations for national compilation and dissemination of high-quality results in good time.



EDICOM - COMEXT

COMEXT: EUROSTAT'S DATABASE ON EXTERNAL TRADE

Based on the client/server concept, COMEXT is Eurostat's reference database on external trade, enabling access to data from Member States of the European Union and more than 100 other non-member countries, including the USA, Japan and EFTA (European Free Trade Association) countries.

Thanks to the highly flexible nature of the system, COMEXT provides users with access to several types of source data of various structures via a single interface. Information is presented according to the various domains, which in turn are broken down into data sets (sets of homogeneous data classified according to the specified nomenclatures). More than 200 nomenclatures (codes and headings) can currently be accessed.

The following are examples of what the database contains:

- monthly, quarterly and annual data on the external trade of the Mem-

ber States of the European Union, according to various product nomenclatures: the Combined Nomenclature (CN), the Harmonised System (HS), NIMEXE, the Standard International Trade Classification (SITC) or the Classification of Economic Activities in the European Communities (NACE);

- the annual data in the United Nations database on external trade (COMTRADE). This domain covers external trade in most countries of the world (broken down by country and by area), according to the SITC (revision 2 and 3), from 1980 onwards;
- the annual data of the EFTA countries, according to the HS from 1988 onwards.

COMEXT is intended to present the whole range of data on external trade. To this end, it is planned to introduce other domains in the coming months, including data from the International Monetary Fund (IMF), data from the countries of Eastern Europe, the ex-

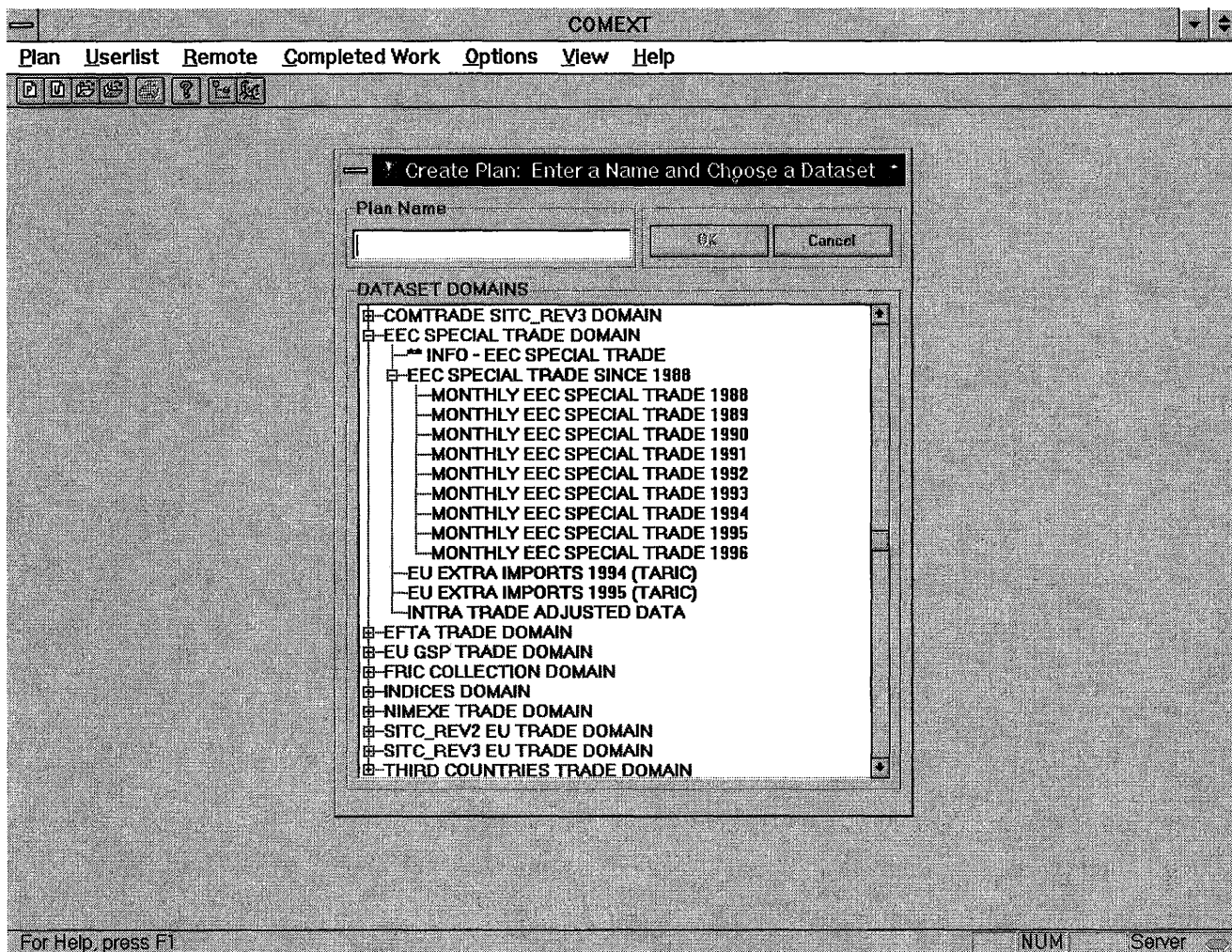
ternal trade indices of the Member States of the European Union and non-member countries (TREND and VOLIMEX) and the seasonally-adjusted external-trade data of the European Union.

COMEXT can also be used to construct aggregates (sets of codes), apply dates of validity and/or weightings to certain codes, obtain time series or follow the development of codes over time (change to a code or definition of a code, for a product or a country).

Lastly, COMEXT offers two modes of data extraction:

- ① *interactive extraction*, which is preferred for small-scale requests;
- ② *batch extraction*, which is used for larger scale requests.

Whatever type of extraction is chosen, there are numerous data processing options:



- display and downloading of data files (in spreadsheet or word processing form, flat format etc.) onto hard disk, the network disk or onto diskette;
- printing the results into a tabular form defined by the user;

- creating flat files for loading into other databases, subsequent processing in a spreadsheet, etc.

connection. The recommended configuration is a PC Pentium with 16 MB.

Those wishing to access COMEXT need to have a PC with an external

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TELECOMMUNICATIONS FOR THE INTRASTAT DATA COLLECTION SYSTEM

The following two reports continue our series about the use of telecommunications for Intrastat data collection. In earlier newsletters there were already articles from the Netherlands and Finland (1/1995), from Belgium and the United Kingdom (2/1995), and from Luxembourg and France (1/1996).

AUSTRIA ÖSTAT

By Gerhard ECKER, Östat

With Austria's entry into the European Union at the start of 1995, the Austrian Central Statistical Office (ÖSTAT) was faced with the need to collect directly from firms trade data which had previously been forwarded by the customs authorities. At this point in time INTRASTAT had already been in force for two years. ÖSTAT, operating as the sole reporting point, was thus able to benefit from the experience of the other Member States in determining the best form of data transmission.

It was decided that in addition to the written reporting on forms (form N), only electronic reporting in EDIFACT format (CUSDEC/INSTAT) would be allowed by ÖSTAT. However, this was only possible because the software package IDEP/KN8 developed by EUROSTAT was available from February 1995 in a version suitable for Austria.

The only output option at first was the diskette. In September 1995 the tele-

communications module - once again supplied by Eurostat of course - was provided to an initial group of interested parties, but it was not used very often.

IDEP version 4.0 (January 1996) had an integrated telecommunications module and was made available to the some 1 900 users at that time. The telecommunications option is easy to use and enables the EDIFACT reporting to be sent directly via a Hayes compatible modem with the X-modem protocol.

The settings for the modem (reset, initialization, baud-rate, COM interface etc.) are pre-set in the IDEP program, but they can be manually changed depending on the type of modem. The call number of the ÖSTAT mailbox is also provided in this menu and has only to be augmented by the prefix or setting for internal company telephone systems. Once the USER-ID provided by ÖSTAT and a password have been entered, the module is ready for use.

INTRASTAT downloading takes place as follows: once the data have been converted into EDIFACT format, the ÖSTAT mailbox, ORACOMM, is dialled directly and the EDIFACT data are

transmitted. At present, around 180 IDEP users (out of 2 600) take advantage of this option. With the increasing use of telebanking and the corresponding purchases of modems by companies, the number of firms using the modem option will increase sharply in the near future.

Working in cooperation with the Eurostat helpdesk, the ÖSTAT-IDEP hotline was able to reduce the initial transmission difficulties to such an extent that only a few isolated problems remain to be solved. At present there is a campaign to get all reporting firms using the modem option to provide details of their modems' operating settings. This should enable newcomers to the modem option to receive assistance more quickly.

Data transmission can also be carried out with any terminal program, as instructions on using the ORACOMM mailbox are provided when the USER-ID is issued.

This is necessary, as several reporting firms either use other software products to produce INTRASTAT data or convert their data into EDIFACT format on mainframe computers, and IDEP would therefore be an unnecessary roundabout path.

In addition, reporting firms also have the option of using a clearing point, whereby a flat file is transmitted to the clearing point, which then converts the data and forwards the resulting EDIFACT file directly to the ÖSTAT mailbox. Lastly, the X.400 standard can also be used to transmit the data.

**IRELAND - VIMA
OFFICE OF THE REVENUE
COMMISSIONERS**

By Gerard McCrory, VIMA

Ireland has 6 700 PSIs returning INTRASTAT data to VIMA (VIES INTRASTAT MUTUAL ASSISTANCE), the Irish administrative body that collects and prepares trade data for the Irish Central Statistical Office and EUROSTAT. 6 400 PSIs return arrivals and 1 600 dispatches. The Value Added Network (VAN) INET has offered tele-transmission services to PSIs since 1/1/1993. This VAN was set to accept Customs Import/Export on Direct Trader Input by computer. PSIs who utilise this service for Customs Entry, tended, through their agents, to avail of an INTRASTAT module to transmit trade data. PSIs enter and leave this service provision. INET receive the data from members of the VAN using IBM compatible PCs, a V22bis Hayes modem or other communications option (e.g. X.25) and PCX400 INET communication module to send data. VIMA have a dedicated PC-server on site in Dundalk. On a daily basis the INET mail box is accessed by VIMA and the INTRASTAT data down-loaded and processed.

The number of PSIs using the INET facility dropped from 270 in 1995 to 232

in 1996. The reason for this was that some PSIs changed agent or decided to return INTRASTAT data directly to VIMA.

Since 1993 VIMA has promoted the IDEP (Intrastat Data Entry Package). This promotion is focused on PSIs that submit large numbers of lines on paper and the object is to encourage these PSIs to convert their INTRASTAT returns into electronic format. IDEP is a useful tool in this project. PSIs are visited on-site by teams and, where required, demonstration and training in IDEP may be given on a lap-top computer. Installation of the software may be made on-site. VIMA offer a Help line to support users who use the IDEP package and updates are automatically sent to registered users.

We are now in a position to begin testing the Telecom module of IDEP to accept information on a PC-server by telecom transmission. To date we have 253 IDEP users. Should we be successful in encouraging these users to use the telecom module this will increase our usage of EDI to almost 500 users or 7% of our PSI base. This will help to improve the timeliness of our electronic returns and encourage PSIs to implement EDI for INTRASTAT returns.

The VIMA IDEP project team has identified that the development cost of inter-

facing a PSIs financial software with IDEP, with a view of importing the data, may be an obstacle to converting from a print output to an electronic message. Double entry of financial/trade information may be avoided in the PSIs information database if the import facility of IDEP is used. Any PSI that has already a print option to produce INTRASTAT data from their financial software may convert the print file into a delimited ASCII file which may be picked up by IDEP for transmission to VIMA electronically. VIMA are presently trying to encourage software developers to interface their Financial software with that of IDEP. Success in this area would be of great benefit in expanding our EDI trader base.

Also under consideration at present is the feasibility of providing INTRANET & INTERNET services in the Revenue Commissioners Office, VIMA's parent body. This will provide further possibilities for the future of information interchange through EDI technology.

It is the policy of VIMA to encourage PSIs to make INTRASTAT returns by electronic means. In achieving this objective the timeliness and cost efficiency of the operation in VIMA is improved. By offering our services to PSIs we hope to help our PSI client base to improve their INTRASTAT management systems and keep in touch with advancing communications technologies.



CONFORMITY LABELLING OF SOFTWARE FOR COMPILING THE DECLARATION ON THE TRADING OF GOODS

Antoine EGEA,

Main collection officer at the Statistical Department
of the Directorate-General for Customs and Indirect Taxes, France

A WAY TO IMPROVE DATA QUALITY

Since 1 January 1993 statistics on the trading of intra-Community goods have been collected via the declaration on the trading of goods. This declaration contains the statistical information required by the Intrastat system, but also, on dispatch, the VAT numbers of the European clients of French enterprises. These latter are used to compile the quarterly list of foreign sales as part of the system of monitoring intra-Community VAT. Some few months after the introduction of this new system, the statistical department of the Directorate-General for Customs and Indirect Taxes realized that the capacity of enterprises to transmit reliable and exhaustive data depended as much on the extent of their substantive knowledge of the new requirements as on the means at their disposal to compile and transmit their declarations under appropriate conditions.

AN OBJECTIVE: TO PROMOTE THE ELECTRONIC TRANSMISSION OF DECLARATIONS

This is why, by introducing the system for computerized transmission

of the declaration, the customs authorities sought to provide enterprises with both a legal and technical framework, and the tools to help them fulfil their obligations, using modern processes to compile and transmit their declaration. This approach fitted in perfectly with the EDICOM programme, which pursues the same objective of modernisation on a European Union scale.

AN INNOVATIVE LEGAL AND TECHNICAL FRAMEWORK

On a legal level, an Act of 31 December 1992 made the declaration on the trading of goods the first wholly electronic French administrative declaration. This Act provides for the signing of a convention between the declarant and the authorities of the regional collection centres.

This convention defines different ways of ensuring, in a simple but effective manner, the authenticity of the party responsible for providing information and of checking the integrity of the data by allocating a password and systematically transmitting an acknowledgement.

On a technical level, the specifications describing the various authorized modes of transmission (magnetic me-

dia, Telecoms), the protocols used (file transfer, X400 electronic mail), data formats (CUSDEC/INSTAT message and proprietary formats) have been published and widely distributed to enterprises and to computer services companies.

In addition to the publication of specifications, the authorities provide all the data needed to produce an electronic declaration, for example the instruction manual for the CUSDEC/INSTAT message, but also code tables in electronic file form (combined nomenclatures or country codes) which make it possible to check the validity of the information.

TOOLS FOR ENTERPRISES

Since the same rules apply to all, the enterprises may choose between several solutions :

- developing their own internal applications which comply with the specifications drawn up by the customs authorities,
- using the IDEP/CN8 European software, distributed by private companies,
- having recourse to the market by purchasing available products: to date, about ten companies are offer-

ing products which can be used to make declarations on the trading of goods.

In the above cases, all such products should be integrated as far as possible with the information systems of enterprises in order to avoid re-input and ensure greater reliability.

Such integration may take the form of an interface, which, as in the IDEP, offers the dual advantage of user-friendliness and systematic checking of information.

However, some service companies also offer software combined with other applications upstream (factoring, accounting, logistics, purchase/sale, etc.) or downstream, using Telecom interfaces.

CONFORMITY LABELLING OF SOFTWARE: QUALITY PROMOTION

To supplement the system, the customs authorities encourage computer services companies to offer quality software, giving enterprises every opportunity to meet their declaration obligations under optimum conditions.

For example, the customs authorities award a conformity label to software which allows the declarations to be drawn up in accordance with the conditions defined in the specifications.

These specifications impose two main obligations on computer services companies:

Firstly, the obligation to draw up the declaration on the trading of goods in

the form of a CUSDEC/INSTAT message complying with EDIFACT international standards.

Secondly, to check the validity of all the coded fields of the declaration by incorporating all updated code tables in the software. These tables should obviously be supplied free of charge to all companies on request.

These two main obligations should ensure that the declaration produced is correct both in terms of substance and form.

Furthermore, even if these functions are not obligatory, the customs authorities encourage computer services companies to provide scope for importing data and aggregating output lines. These two functionalities help prevent re-input, increase data reliability, and significantly reduce the volume of data transmitted.

Following in-depth tests, the CONEX company has now obtained conformity labels for its EDISTAT software operating under Windows. The software of three other companies, Cosmos Consultants, RGBI, and Logimatique are in the process of receiving conformity labels. With each program modification, new tests are carried out to check the conformity of the updated product.

IDEP/CN8 AND APPROVED SOFTWARE ARE COMPLEMENTARY

PSIs receive special information on approved software via a list accompanying the list of IDEP/CN8 distributors, which is widely circulated

by the various information relays: Regional Customs Directorate, Chambers of Commerce, SIMPROFRANCE, EDIFRANCE, ODASCE (1), CFCE (2)...

As a result of conformity labelling, the IDEP/CN8 software, while it provides a standard of reference, is not the only product available to enterprises.

Other market software can also find a niche, by providing additional functionalities, interfaces with other applications or by operating under another environment (WINDOWS, UNIX...).

In conclusion, it can be said that enterprises have a very wide choice of tools for electronically compiling and transmitting their declaration on the trading of goods. The role of the customs authorities is to propose clear and accessible specifications and to provide wide publicity both for the IDEP/CN8 software and for other software where the quality level has been checked.

(1) Office for development through automation and simplification of external trade

(2) French External Trade Centre

THE DEMATERIALISATION OF THE STATISTICAL DECLARATION. THE EXPERIENCE OF THE FRENCH GROUP NAF NAF - CHEVIGNON

by Marie-Véronique Magat

Katia Palsky

Import Department, Chevignon, NAF NAF Group

Most readers will be familiar with NAF NAF and Chevignon, which are two labels in the clothing trade.

Specialisation in the textiles field means that both the customs treatment of our business transactions and the logistics angle are extremely specific.

Our group has a turnover of 1 212 million FF and has a distribution network which is particularly widespread in the European Community because of various types of marketing.

NAF NAF has branches in Germany, Belgium, Spain, the United Kingdom, Greece, Italy, Portugal and the Netherlands. It is represented by agents in Austria and Sweden and is involved in direct sales in Luxembourg.

Chevignon is involved in wholesale trade and distributes its products through sole distributors and agents throughout the European Community.

Nowadays, the group can supply its branches and other retail outlets in record time using integrated logistics and with the same logistic approach as for our domestic market. Our logistic platform allows us to manage more than ten million items a year for every type of outlet (our own branches and other clothing stores), with about six million items destined for the European Community.

Our turnover for intra-Community distribution amounted to 157 million FF in the last financial year, involving

about 35 000 headings (non-aggregated headings) in Intrastat declarations every month.

When the new rules were introduced on 1 January 1993, like every other firm involved in intra-Community purchases and sales we were required to submit declarations on trade in goods. We set out to discover which department was best equipped to compile these declarations. In view of the scale of our activities in the European Community, we come under level 1, the highest level for compulsory declarations. The requirement to file a detailed declaration with the necessary statistical value meant that there was a considerable response burden from the moment the new rules on the intra-Community movement of goods were introduced.

It took a fairly long time, several months, before we came up with the best solution for our group. The import department was finally chosen to bear the responsibility of filing the declarations. The complex nature of the customs classification for textile products was a decisive factor in this choice.

Unfortunately, during this phase we could not find any software compatible with our data processing system. We were forced to develop, in-house, a data processing package that allowed us to list the various flows of arrivals and dispatches under the relevant tariff heading.

Our declarations were transmitted on printed forms, the layout of which had been approved by the CISD (interregional centre for data input in France) where our declarations are sent.

We very quickly realised that the main problem could be summed up in three words: information, reliability, acquisition. The lack of compatibility between the various types of software being used meant that we were involved in gathering data, looking for missing information and checking everything heading by heading. The whole process was too cumbersome to be viable.

Towards the end of 1994 the CISD office in Lille that we deal with told us about the IDEP/CN8 software. We quickly got in touch with department C/1 of the directorate-general of the customs authorities to arrange a demonstration. Since our main concern was finding something that was compatible with our own data processing facilities so that we could handle declarations in an integrated manner, we took a system designer from our own data processing service along to the IDEP/CN8 demonstration.

After looking at the potential of the product, we quickly decided to buy the IDEP/CN8 software. At the time, there was an even greater need to do so because of the merger of Chevignon with NAF NAF. Since Chevignon was involved in a great deal of trade in the European Community, the amount of work involved in completing declarations was rising to threatening levels.

This choice marked the start of a period of analysing the flows of data that ended up in the intra-Community declarations.

The fact is that the declarations refer to the whole company and not just one department. Adequate results cannot be provided by simply using the IDEP/CN8 software in a single department, without looking at what is happening in the other departments concerned.

The actual problem is how to get reliable information on time.

The biggest and hardest task was centralising all the information needed for the declarations. The fact is that the 17 items of information needed to complete the declaration are scattered around various departments: purchasing, accounts, exports, imports, and logistics.

We had to review the various procedures used in the company and draft specifications. The first job, with the backing of our management board, was to get the idea across to all the departments concerned and to involve them in completing the declarations by ensuring that the information they supplied was reliable. A few examples spring to mind:

- using the INCOTERMS correctly;
- completing forms properly;
- checking customer reference numbers.

A procedure was devised for all the departments which thereby ensured that the way of inputting data was the same. To this end, we had to alter some aspects of business management such as invoicing, inputting product or

customer files, and inputting purchasing invoices. We also had to incorporate some information for the IDEP/CN8 software that was not handled by our business software.

Our data processing department, in liaison with the import department, was closely involved at this stage in setting up successful interfaces between our different types of software: business management, supply management and IDEP/CN8.

The data processing environment at NAF NAF that the IDEP/CN8 software had to slot into was as follows:

- UNIX operating system throughout the group;
- PRET 4 business management software used by Chevignon, with data bases under ORACLE;
- COLOMBUS management software used by NAF NAF with data bases under PROGRESS.

The user environment consisted primarily of Pentium PCs with WINDOWS. We decided to install IDEP/CN8 on a stand-alone PC.

The data processing department devised a procedure for interfacing and importing data that was compatible with IDEP/CN8. At the same time, we updated the various basic files that were needed for the IDEP/CN8 software: the customer and product files. There were a number of interfacing changes:

- ① extraction of data from business management;
- ② extraction of data from supply management;

- ③ merging of these two sets of data;
- ④ conversion to delimited ASCII format (one of the formats recognised by the IDEP/CN8 interface module) of the fields for the declaration.

A program applied to these data makes it possible to identify any discrepancies and to correct them before incorporation in IDEP/CN8:

- wrong reference number;
- field checks.

Following this correction stage, a header is created for the declaration and the ASCII file is inserted using an IDEP/CN8 interface module. The declaration is thus complete.

Completing our declarations on magnetic media now takes us about one day per month, including regular updating of the basic files. Thanks to our computer interface and the IDEP/CN8 software we can meet the deadlines for transmitting the information to the customs authorities.

Our experience has highlighted the performance of the IDEP/CN8 software in terms of multiple interfacing. But if it is to be exploited to the full by a large company, it needs to be thoroughly analysed with regard to the collection, alteration, and integration of different information, as well as to the procedures for updating the various basic files before each type of application.

Despite of the special features of our group, we feel that some of the results of how we went about computerising the Intrastat declaration can be applied to other firms.





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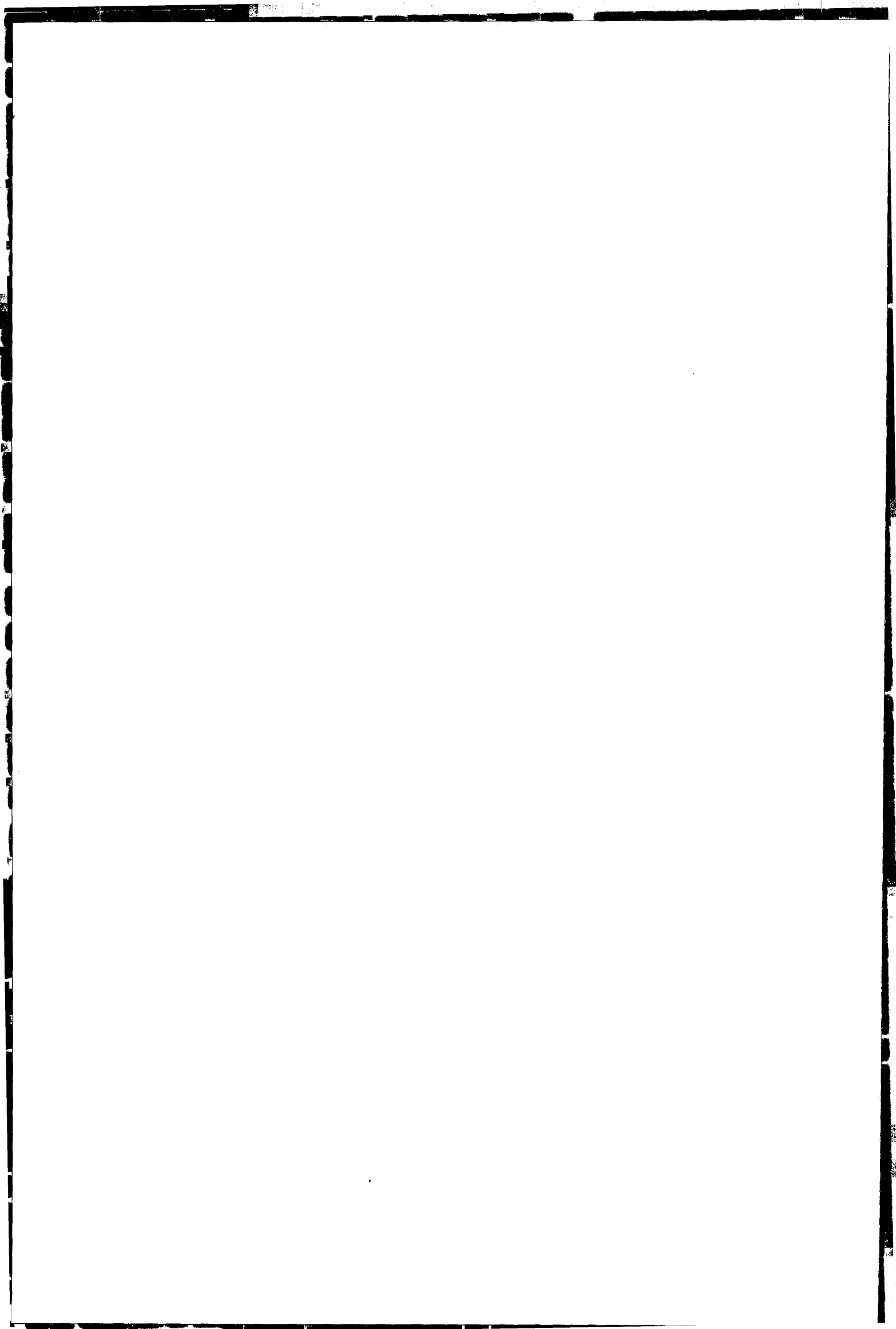
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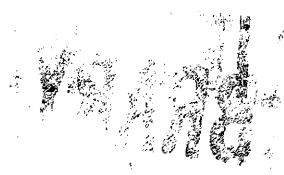
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