

## Modernisation of the Intrastat survey

The data collection system of the European Union (EU) on the **trade in goods between Member States – Intrastat** was introduced in January 1993 together with the introduction of a single market, when single customs declarations ceased to be used as a data source for the intra-EU trade in goods statistics. Intrastat data, along with Extrastat data (trade in goods with third countries), are used in the compilation of the balance of payments of the Republic of Croatia and the calculation of the gross domestic product (GDP) as well as in trade policy formation, macroeconomic analysis, market analysis and other indicators. Data users are various international and national institutions, national and foreign business entities and many others.

The Intrastat is seen as the largest business survey in the European Union. In 2019, a total of 6 381 business entities participated in the Intrastat reporting in the Republic of Croatia, of which 5 328 reported on arrivals, 2 984 on dispatches and 1 978 were obligated to report on both flows.

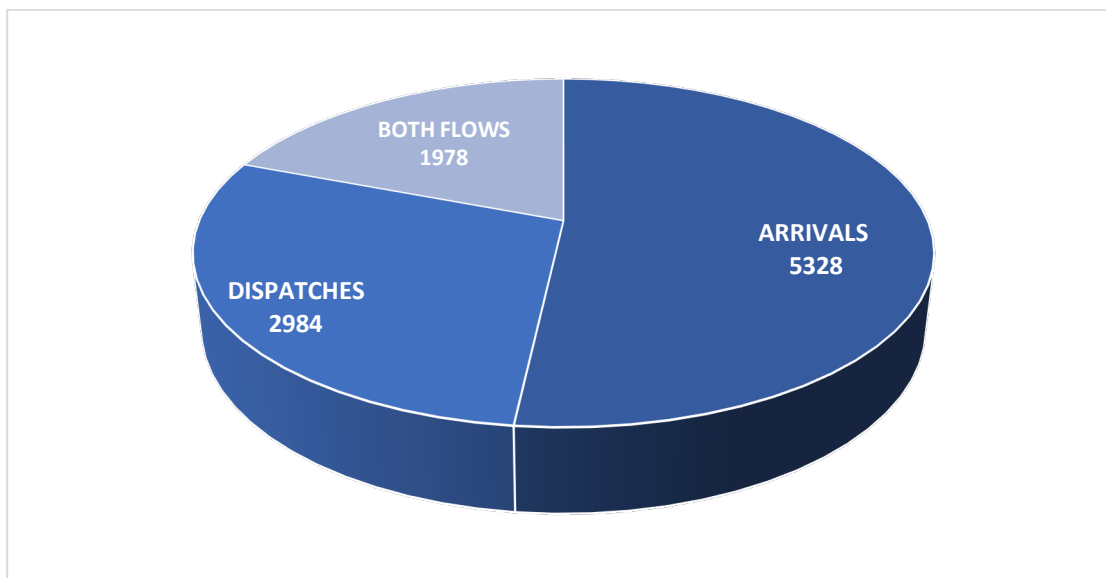


Figure 1 The number of business entities which reported for the Intrastat in the Republic of Croatia in 2019

From the very introduction of the Intrastat, it was clear that the reporting obligation represented a burden for enterprises, which resulted in a number of methodological changes and legal amendments in the Intrastat system in its 20-year long history. However, those changes did not affect its key characteristics, but rather enabled Member States to exempt small enterprises from the reporting obligation without any significant contributions to the data quality.

In spite of the changes, the Intrastat survey still represents a huge burden for reporting units, which is why two approaches are being considered for some time now aimed at reducing it: **raising the exemption thresholds and introduction of a single flow reporting system**. In addition, Eurostat requires from the Member States to additionally disburden the reporting units by **reducing the volume of data** to be collected.

1. **Raising the exemption thresholds** – the main goal of this approach is to exempt as many small enterprises as possible from the Intrastat reporting obligation. In earlier phases of the Intrastat simplification, minimum coverage rates were reduced from initial 99% to current 97% for dispatches and 93% for arrivals. A limitation of this approach lays in the fact that every reduction of coverage requires more estimated data on non-collected trade. This approach is still under consideration at the EU level.

2. **Single flow reporting system** – since there are fewer enterprises reporting on dispatches than on arrivals, the proposal of that system was based on the collection of data only on dispatches, while the second flow (arrivals) would have been collected through the mirror statistics with a partner Member State. However, in spite of substantial feasibilities to reduce the burden, the single flow system contains certain risks and disadvantages that go beyond its advantages. The most important one is the loss of control over the import statistics since it will be entirely determined by exports of the partner country. Another disadvantage of the single flow system is the asymmetry of the mirror statistics between Member States, in which process the introduction of the single flow system could have a significant impact on the import statistics, foreign trade in goods balance, balance of payments and GDP of the Member States.

3. **Reduction of volume of data to be collected** – to this end, a survey on the burden level by individual fields on the Intrastat form, i.e. on data to be collected, has been carried out at the European Union level on a selected set of reporting units. The majority of business entities stated that the collection of data on statistical value represents a huge burden to them, which is why the Croatian Bureau of Statistics considers the idea of cancelling the collection of data on statistical value in both flows.

## Completed and current projects aimed at the modernisation of the Intrastat survey

### 1. SIMSTAT Project (2012 – 2016)

In 2012, Eurostat presented the first **proposal on the exchange of microdata for the dispatch flow between Member States** as an answer to the European Council requirement on the modernisation of the Intrastat system aimed at reducing the administrative burden on reporting units. On 24 May 2012, the European Statistical System Committee (ESSC) agreed on main principles of the exchange of microdata and decided to launch a pilot project of the exchange of microdata entitled **SIMSTAT**.

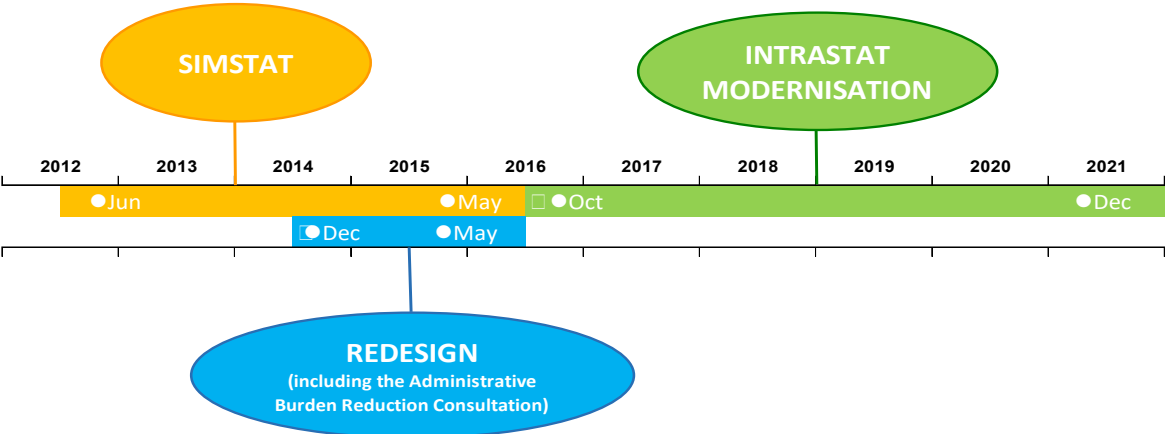


Figure 2 Eurostat projects aimed at modernising the Intrastat survey

The SIMSTAT pilot project included both technical and statistical aspects of the microdata exchange between Member States national bodies in charge of the Intrastat survey. The technical aspects referred to the establishment of the IT exchange system, testing of system functionality, reliability, security, integrity as well as of network traffic and big data management. Statistical aspects related to timeliness, accuracy (coverage, estimates, revisions, confidentiality, validity) and comparability of exchanged data to collected ones at the national level.

After the SIMTAT project of microdata exchange had been successfully completed, ESSC concluded, at the meeting held in May 2016, that the preconditions for the establishment of a modernised data collection system in the intra-EU trade in goods, which is based on the exchange of microdata, had been reached.

## **2. Intrastat Redesign Project (2014 – 2016)**

The strategic goal of the project was to gather information for ESSC on a new method of data collection on trade in goods between Member States. As a part of the project, quantitative (current expenditures, potential expenditures, etc.) and qualitative (SWOT) analyses were done. One of the tasks in the project included the estimate of administrative burden on reporting units. To that end, a survey was carried out, which provided conclusions that served as a starting point for modernisation.

## **3. Intrastat Modernisation Project – Microdata Exchange (MDE) (2016 – 2020)**

Before exchange and use of microdata could be initiated in Member States, it is necessary to set up the legislation – the Framework Regulation Integrating Business Statistics – FRIBS, which is being prepared and planned to enter into force in January 2022.

This approach accepts the principle according to which data available in the European Statistical System (ESS) need not be collected more than once. Data on dispatches within EU Member States will serve as data sources on arrivals in the intra-EU partner Member States.

### **Advantages of the microdata exchange:**

- Reduction of administrative burden on Intrastat reporters on the arrival side
- Guarantee that statistical data are of high quality.

Microdata are confidential by definition, which is why the security of data is extremely important while exchanging them between Member States. In addition, they also have to be protected while delivering them to Eurostat, according to EU regulations. A set of rules for checking the validity of data is in place, which will be implemented while delivering microdata in order to ensure their maximum quality.

Exchange of microdata enables for a large number of enterprises either full (in cases when a particular enterprise is obligated to report only on arrivals to Intrastat) or partial (in cases when a particular enterprise is obligated to report on both flows to Intrastat) exemption from the reporting obligation. Since there are fewer enterprises on the side of dispatches than on the side of arrivals, a system of the microdata exchange based on collecting only data on dispatches will result in a substantial reduction of the burden on reporting units.

## **Collection of new variables**

It was suggested that, while collecting data on dispatches, Member States should additionally collect VAT ID numbers of a trading partner in a Member State on the side of arrivals as well as information on the country of origin of goods.

The Croatian Bureau of Statistics and the Ministry of Finance, Customs Administration, are getting prepared (technically, IT infrastructure, etc.) in line with Eurostat's recommendations for the collection of new variables, which will be optional until FRIBS comes into force.

All enterprises/Intrastat reporters in the Republic of Croatia will be kept timely informed on all news regarding the new approach to data collection.

All information regarding the planned changes will be available at the Eurostat web page:

[https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Intra-EU\\_trade\\_-\\_exchange\\_of\\_micro-data#Intrastat\\_.E2.80.93\\_system\\_for\\_collecting\\_data\\_on\\_intra-EU\\_trade\\_in\\_goods](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Intra-EU_trade_-_exchange_of_micro-data#Intrastat_.E2.80.93_system_for_collecting_data_on_intra-EU_trade_in_goods)