

Twinning Project Contract: GE 16 ENI ST 06 18

Strengthening the Capacity of the Georgian Statistical System

Component 1: “Component 1: “Development of External Sector Statistics”

Sub-component 1.1: “Mirror Comparison in International Merchandise Trade Statistics”

MISSION REPORT

Activity: 1.1.D (RS) “Discussions and summarizing of the findings and future initiatives on asymmetries”

Mission carried out by
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February 3rd – June 1st 2021

Version: Final



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List of Abbreviations

EC	European Commission
EU	European Union
MS	EU Member State
RTA	Resident Twinning Adviser
RTAA	Resident Twinning Adviser Assistant
ToR	Terms of Reference

1. General comments

This mission report was prepared within the EU Twinning Project "Strengthening the Capacity of Georgian Statistical System". It describes the final mission within component 1.1: Mirror Comparison in International Merchandise Trade Statistics.

The purposes of the mission were:

- Discussion of the results and findings of the asymmetry studies
- Discussion of possible recommendations and future initiatives on asymmetries
- Finalisation of the asymmetry report describing the results achieved within the project

The consultants would like to express their gratitude to all officials and individuals met for the kind support and valuable information which they received during the mission.

The views and observations stated in this report are those of the consultants and do not necessarily correspond to the views of the European Union, GEOSTAT, Statistics Denmark, or other statistical institutions involved in the implementation of the project.

2. Assessment and results

2.1 Assessment of the mission

In total, four meetings were held during the mission. Before the first meeting, Geostat had drafted major introductory sections of the final report. Moreover, letters had been sent to EU-partner countries requesting help in the investigation of specific asymmetries. During the first meeting, both the draft introductory section of the report and the feedback from partner countries were discussed in depth. Feedback from the partner countries to a wide extent confirmed the hypotheses already put forth within the project regarding the potential reasons behind the observed asymmetries. Following the initial meeting, three subsequent meetings were held focusing on the final report of the subcomponent. Between each meeting Geostat expanded the report and incorporated detailed feedback from the experts. As a result, it was possible to finalise the report, thereby achieving the final objective of the mission.

2.2. Results

It is the opinion of the experts that the work carried out within the subcomponent has been successful and that the objectives of the subcomponent have been achieved. First and foremost, it has been possible to shed more light on the potential reasons behind the asymmetries in ITGS between Georgia and the EU.

Following a well-established tradition within asymmetry studies, work within the project has been based on a categorisation of reasons for asymmetries. The overall categorisation of reasons which has been applied is this:

- 1) Reasons which are inherent to the ITGS methodology
- 2) Wrongful application of ITGS methodology in one or both of the involved countries
- 3) Reporting mistakes

The work done within component 1.1. indicates that 1) and 2) are only of minor importance for the asymmetries in ITGS between Georgian and the EU. Within the project, only one major deviation from the official IMTS guidelines has been identified when reviewing the ITGS production in Geostat. This deviation

concerns the application of country of consignment instead of country of origin in Georgian import statistics. However, as EU export is compiled by the country of consignment, not the country of origin, this deviation will reduce asymmetries rather than create them. Therefore, the experts support the conclusion that the principles behind the compilation of ITGS in Geostat are not a major reason behind the asymmetries in question.

In contrast, the work within the subcomponent indicates that wrongful reporting of country of last known destination and country of origin is the main reason behind asymmetries in ITGS between Georgia and the EU. The problem is mainly related to goods in transit through Georgia. For instance, it can happen that goods are exported to the EU from countries like Azerbaijan and Armenia, but shipped to the EU from Georgian ports. While these goods are only in transit through Georgia, it can happen that Georgia is recorded as country of origin in the EU customs declaration. This will lead the EU to record import from Georgia, while Georgia records no export. The result is asymmetries in the data between the EU and Georgia as well as in the data between the EU and the actual country of export. Similar cases can appear for import.

3. Conclusions and recommendations

As stated above, wrongful reporting of country of last known destination/country of origin for goods in transit through Georgia appears to be the main reason behind asymmetries in Geostat/EU data. This conclusion also defines the framework within which a potential reduction of asymmetries must be achieved. As the asymmetries do not appear to stem from a single, identifiable difference in methodology, it is not possible to point to a single measure which might result in a major reduction of asymmetries if applied by Geostat. In contrast, the asymmetries seem to appear from a variety of reporting mistakes by a range of reporting units in a number of the involved countries. This means asymmetries must be solved and reconciled on a case by case basis. Within the project, there have been cases where it was possible through contact to traders to establish the correct country of origin/country of destination which should be allocated to traded goods. In such cases, traders have been instructed to report correctly. However, due to the complexity of trade, only a limited number of cases could be solved within the project. Therefore it is the recommendation of the experts that resources should be allocated to further work, both in Geostat and in Eurostat and national statistical authorities in the EU Member States, with a view to solving asymmetries by contact to local traders on a case-by-case basis and with a special focus on goods transiting through Georgia.

Annex 1. Terms of Reference

EU Twinning Project GE 16 ENI ST 06 18

January 29th – June 2nd 2021

Component 1: Development of External Sector Statistics

Sub-component 1.1: Mirror Comparison in International Merchandise Trade Statistics

Mandatory results and benchmarks for sub-component 1.1:

- Mirror Comparison in International Merchandise Trade Statistics (IMTS) accomplished

Indicators of Achievement (baseline and targets):

- Availability of reasons for asymmetries in International Merchandise Trade Statistics (IMTS)
 - **Baseline:** 2019 - Reasons for asymmetries in International Merchandise Trade Statistics (IMTS) are not available
 - **Target:** April 2021- methodological problems identified and/ or data quality issues Results prepared
- Number of GEOSTAT Staff familiar with mirror comparisons
 - **Baseline:** 2019 - n/a
 - **Target:** March 2021- At least 3 staff members trained

Activity 1.1.D (RS): Discussions and summarizing of the findings and future initiatives on asymmetries

1. Purpose of the activity

To discuss and work on the below mentioned subjects:

- Discussion of the results and findings of the asymmetry studies
- Discussion of possible recommendations and future initiatives on asymmetries

2. Expected output of the activity

- Main methodological differences with partner countries are identified
- Main reasons for major asymmetries with selected countries are identified
- Recommendations for further initiatives on asymmetries
- Draft plan for communication of the findings and results of the component to the counterparts (RS/MoF and NBS) and other major users
- Mission Report written
- Draft report describing results and findings of the investigation



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Annex 2. Persons met

Geostat

Ms. Maka Kalandarishvili, Head of External Trade and Foreign Investments Statistics Department

Ms. Eka Jananashvili, Head of External Trade Statistics Division,

Mr. Otari Bunturi, Chief Specialist of External Trade Statistics Division,

Mr. Bachuk Bokuchava, Senior Specialist External Trade Statistics Division,

Mr. Irakli Zoidze, Senior Specialist External Trade Statistics Division,

Mr. Beqa Benidze, Senior Specialist External Trade Statistics Division.

RTA Twinning Team

Mr. Steen Bielefeldt Pedersen, Resident Twinning Advisor

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