

DOF ECONOMIC BULLETIN ON TRADE DATA DISCREPANCY

Trade data discrepancy occurs when trade data reported by a country differ from those reported by its trading partners. This occurs due to a variety of reasons, including the following:

1. Timing differences;
2. Smuggling;
3. Valuation differences;
4. Differing treatment of re-exports and transshipment;
5. Wrong attribution; and
6. Misinvoicing. 1/

A comparison between trade data reported in the IMF Direction of Trade Statistics and the Philippine Statistics Authority (PSA) shows that trade data discrepancy declined from 26.7% in 2016 to 25.1% in 2017 but this rose to 26.8% in 2018 due primarily to export discrepancy.

Import data discrepancy declined from 28.0% in 2016 to 26.7% in 2017 and further to 24.6% in 2018. This implies less of the problems described above.

Export data discrepancy declined from 24.8% in 2016 to 22.9% in 2017 but rose to 30.0% in 2018. In 2018, PSA statistics show 1.8% decline year-on-year (YOY) but trading partner data indicate an 8.2% increase. This implies data collection problems on exports.

TRADE DISCREPANCY	DATA	2016	2017	2018
(US\$ million)				
MERCHANDISE (IMF)	EXPORTS	76,382	89,097	96,377
MERCHANDISE (IMF)* /	IMPORTS	116,748	131,018	144,524
MERCHANDISE (PSA)	EXPORTS	57,406	68,713	67,489
MERCHANDISE (PSA)	IMPORTS	84,107	96,093	108,928

TRADE DATA DISCREPANCY	51,616	55,309	64,485
TOTAL TRADE (IMF)* /	193,130	220,115	240,901
TOTAL TRADE (PSA)	141,514	164,806	176,417
EXPORT DATA DISCREPANCY	18,975	20,384	28,889
MERCHANDISE EXPORTS (IMF)	76,382	89,097	96,377
MERCHANDISE EXPORTS (PSA)	57,406	68,713	67,489
IMPORT DATA DISCREPANCY	32,641	34,925	35,596
MERCHANDISE IMPORTS (IMF)*	116,748	131,018	144,524
MERCHANDISE IMPORTS (PSA)	84,107	96,093	108,928
TRADE DATA DISCREPANCY (%)			
Total trade	26.7%	25.1%	26.8%
Merchandise exports	24.8%	22.9%	30.0%
Merchandise imports	28.0%	26.7%	24.6%
GROWTH RATE, YOY (%)			
Merchandise exports (IMF)	-0.5%	16.6%	8.2%
Merchandise exports (PSA)	-2.4%	19.7%	-1.8%
Merchandise imports (IMF)	4.6%	14.0%	9.4%
Merchandise imports (PSA)	18.3%	14.3%	13.4%

* / Adjusted for insurance and freight on imports

Sources of basic data: Philippine Statistics Authority and IMF, *Direction of Trade Statistics*

DOF View

The drop in trade discrepancy data for imports indicates the upgraded capability of tax collectors to assess and collect properly tax revenues from taxpayers. Automation of trade processes thru the TradeNet will further reduce trade data discrepancy, improve revenue collectors' capabilities and at the same time, facilitate trade.

The rise in export data discrepancy implies the need for data collection improvements. Analysts have noticed significant adjustments last year on previous year data. Preliminary data on exports for end-2017, initially released at US\$62.875 billion was adjusted to US\$68.7 billion last March 2018 was adjusted by 8.5%

(US\$5.8 billion) as of March 2019, a year later. Transaction-based data using TradeNet will minimize this discrepancy.

1/ “Accounting for Discrepancies in Bilateral Trade: The Case of China, Hong Kong, and the United States”, Michael J. Ferrantino and Zhi Wang Office of Economics, U. S. International Trade Commission. April 2007.

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