

# Trading processing for goods: a different view from the past on Italian trade flows?

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# Outline

**Methodological issues: the old and the new accounting standards**

**Quantitative impact of the new standards on NA/BP trade data**

**The impact on the relationship between NA/BP and IMTS data**

**A snapshot on processing services in Italy**



# IMTS v NA/BP data: old and new standards

Statistical standards:	Flows recorded by:			
	IMTS (international merchandise trade statistics)	NA/BP (national accounts and balance of payments)		
	exports and imports of goods	exports and imports of goods	exports of services	imports of services
<b>Unaffected by change in standards</b>	All cross-border flows, independently of change in property	---	---	---
<b>Old standards (ESA 1995, BPM5)</b>	---	Transactions between residents and non-residents (independently of change in property and thus equal to IMTS cross-border flows)	---	---
<b>New standards (ESA 2010, BPM6)</b>	---	Only transactions between residents and non-residents entailing a change in property <sup>(2)</sup>	Fees received by residents for processing in Italy foreign-owned goods (without a change in property)	Fees paid to non-residents for processing abroad Italian goods (without a change in property)

# Advantages ...and potential drawbacks

## Advantages

- Better description of growing internationalization of production
- Higher internal consistency of national accounts
- A step towards the «disinflation» of gross trade flows

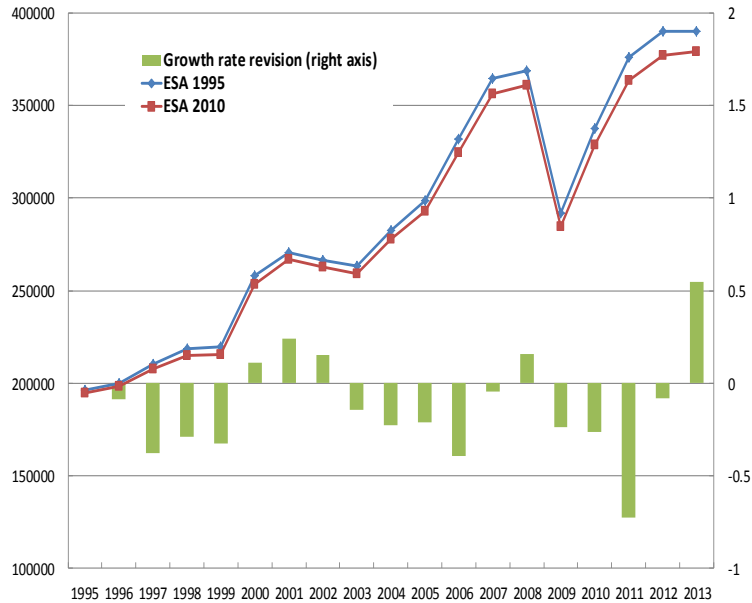
## Potential drawbacks

- Disconnect between NA/BP data and IMTS statistics
- Implications for the geo-sectoral analysis of trade flows

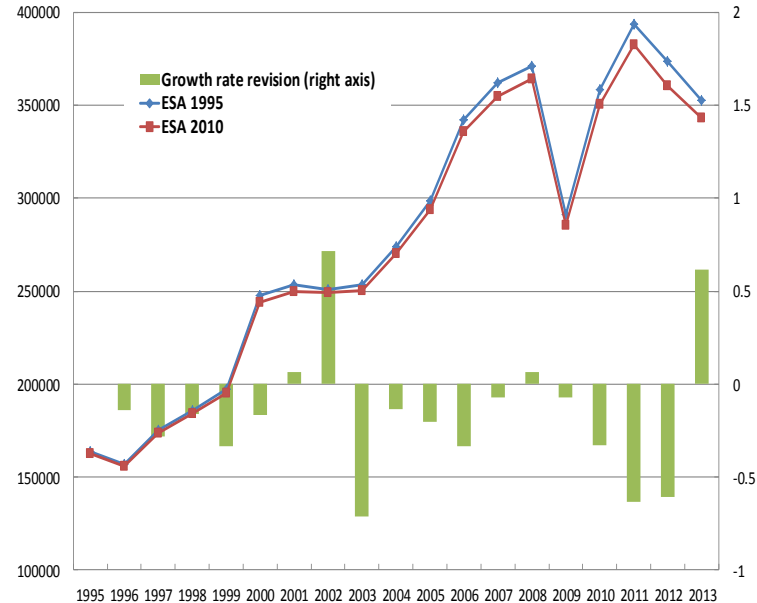


# Impact of the new standards on NA/BP trade data

**Goods exports**  
(at current prices)

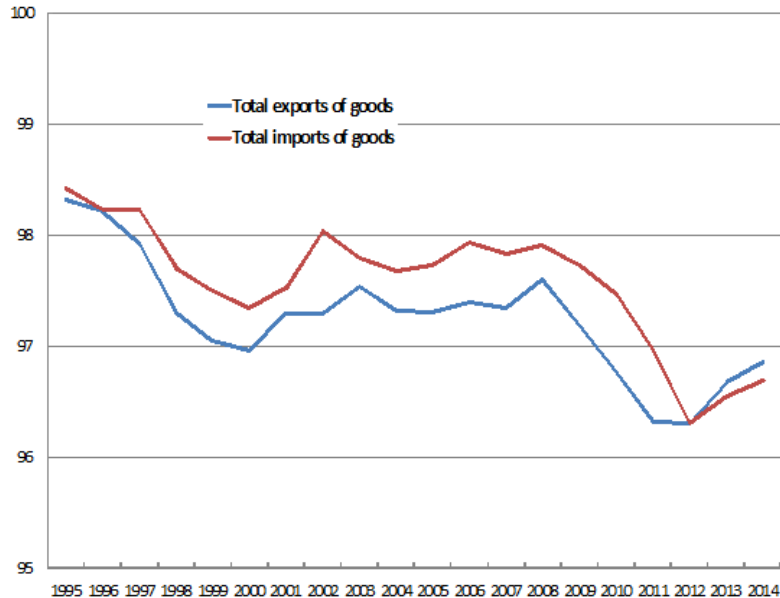


**Goods imports**  
(at current prices)



# The relationship between NA/BP and IMTS data ...

Percentage ratio between NA/BP and IMTS data  
at current prices



Goods imported or exported for processing are no longer recorded

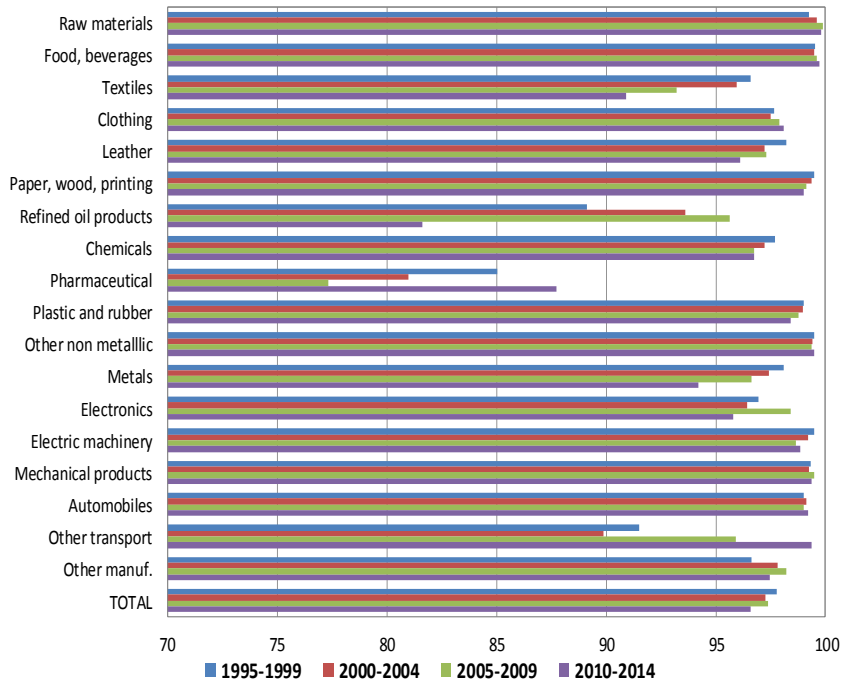
➔ *NA/BP flows smaller than their IMTS counterparts*

➔ *The overall discrepancy larger for exports than for imports*

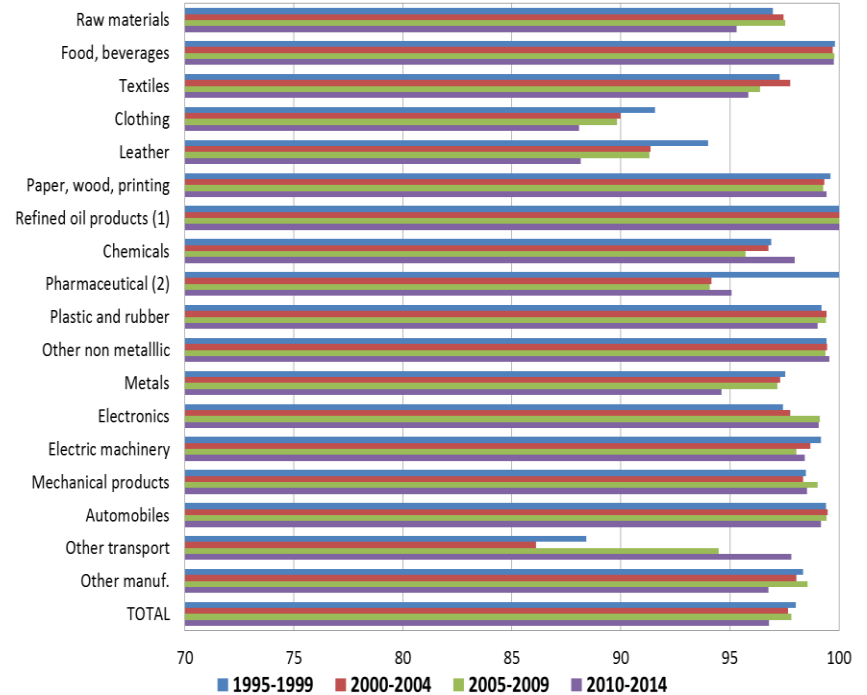
➔ *Large swings over the recent period*

# ... by sector ...

## a) exports

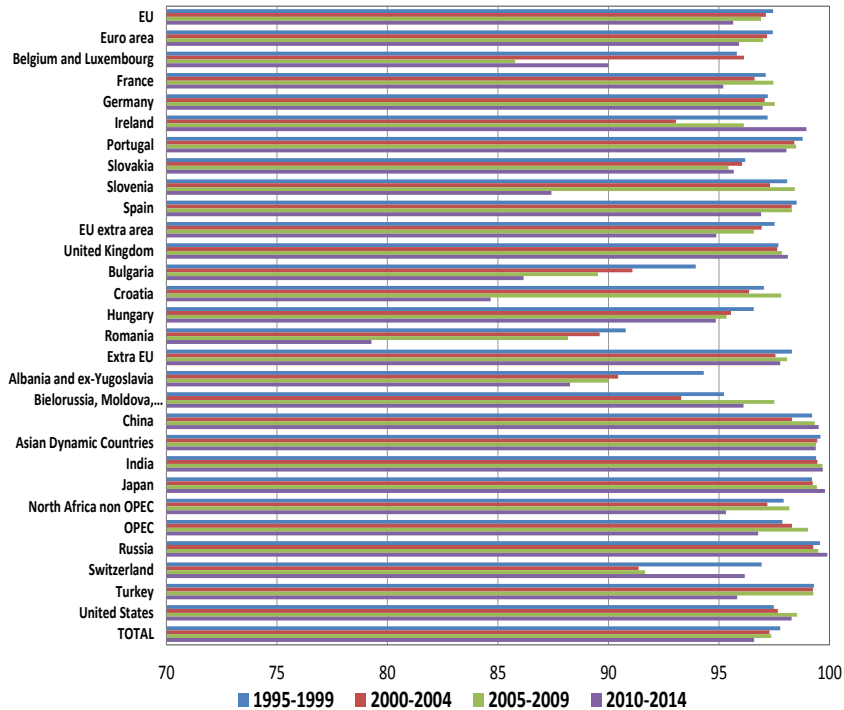


## b) imports

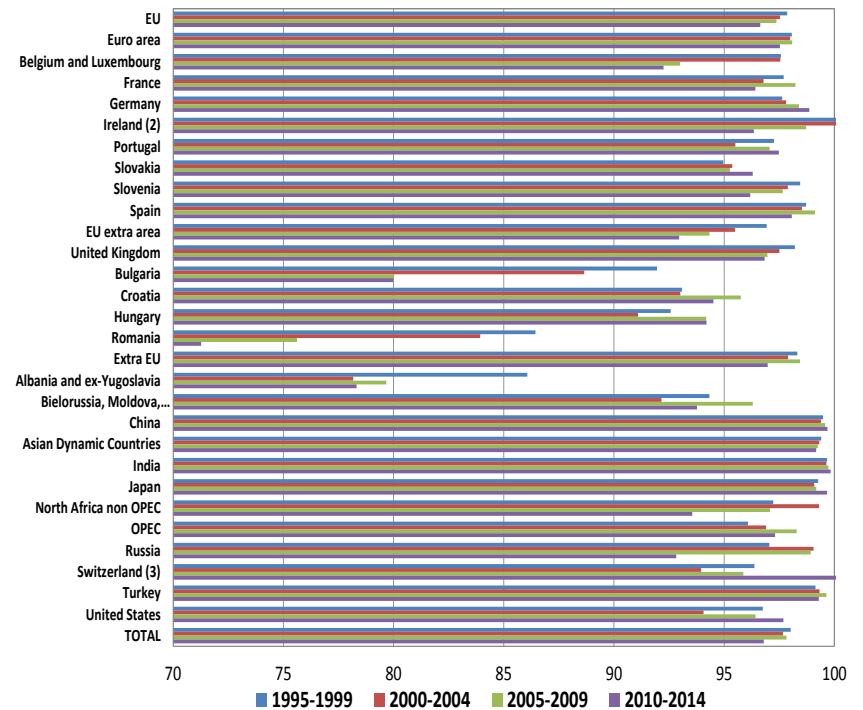


# ... by country ...

## a) exports



## b) imports





# ... and the effect on the composition of goods trade

**Sectoral composition of goods trade - differences between NA/BP data and IMTS**  
(percentage points)

Products:	Exports						Imports					
	Composition in 2010-14, NA/BP data	Differences between NA/BP and IMTS composition					Composition in 2010-14, NA/BP data	Differences between NA/BP and IMTS composition				
		1995-99	2000-04	2005-09	2010-14	Average 1995-2014		1995-99	2000-04	2005-09	2010-14	Average 1995-2014
Raw materials	1.9	0.0	0.0	0.0	0.1	0.0	19.6	-0.1	0.0	-0.1	-0.3	-0.1
Food, beverages	7.0	0.1	0.1	0.1	0.2	0.1	7.6	0.2	0.1	0.1	0.2	0.2
Textiles	2.4	-0.1	-0.1	-0.1	-0.1	-0.1	1.7	0.0	0.0	0.0	0.0	0.0
Clothing	4.6	0.0	0.0	0.0	0.1	0.0	3.0	-0.2	-0.2	-0.3	-0.3	-0.2
Leather	4.3	0.0	0.0	0.0	0.0	0.0	2.1	-0.1	-0.2	-0.1	-0.2	-0.1
Paper, wood, printing	2.1	0.0	0.0	0.0	0.1	0.0	2.6	0.1	0.1	0.0	0.1	0.1
Refined oil products	3.7	-0.1	-0.1	-0.1	-0.7	-0.2	2.9	0.3	0.3	0.3	0.1	0.3
Chemicals	6.6	0.0	0.0	0.0	0.0	0.0	9.4	-0.1	-0.1	-0.2	0.1	-0.1
Pharmaceutical	4.2	-0.3	-0.6	-0.7	-0.4	-0.5	5.1	0.1	-0.1	-0.2	-0.1	-0.1
Plastic and rubber	3.7	0.0	0.1	0.1	0.1	0.1	2.3	0.0	0.0	0.0	0.1	0.0
Other non metallic	2.5	0.1	0.1	0.1	0.1	0.1	0.9	0.0	0.0	0.0	0.0	0.0
Basic metals	7.2	0.0	0.0	-0.1	-0.3	-0.1	8.0	0.0	0.0	0.0	-0.2	-0.1
Metal products	4.6	0.0	0.0	0.0	0.0	0.0	1.8	0.0	0.0	0.0	-0.1	0.0
Electronics	3.2	0.0	0.0	0.0	0.0	0.0	7.4	-0.1	0.0	0.1	0.2	0.1
Electric machinery	5.5	0.1	0.1	0.1	0.1	0.1	3.7	0.0	0.0	0.0	0.1	0.0
Mechanical products	18.7	0.3	0.3	0.4	0.5	0.4	6.3	0.0	0.1	0.1	0.1	0.1
Automobiles	6.9	0.1	0.1	0.1	0.2	0.1	7.6	0.2	0.2	0.2	0.2	0.2
Other transport	3.1	-0.2	-0.3	0.0	0.1	-0.1	1.6	-0.2	-0.3	-0.1	0.0	-0.1
Other manuf.	5.6	-0.1	0.0	0.1	0.0	0.0	2.9	0.0	0.0	0.0	0.0	0.0
Other goods	2.4	0.0	0.0	0.0	0.1	0.0	3.3	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>100.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>100.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

# A snapshot on processing services in Italy: sectors ....

**Sectoral composition of exports and imports of processing services**  
(percentages)

	Exports				
	1995-99	2000-04	2005-09	2010-14	mean
Pharmaceutical	16.2	22.2	31.8	27.3	24.4
Chemicals	11	15.2	9.4	6.6	10.5
Refined oil products	5.4	7.7	7.1	19.5	9.9
Other transport	11.8	15.5	8.2	3.8	9.8
Electronics	9.1	8.1	7.2	2.9	6.8
Metal products	3.5	4	7.8	9.2	6.1
					<b>67.5</b>
	Imports				
	1995-99	2000-04	2005-09	2010-14	mean
Clothing	14.4	14.8	20.3	25.3	18.7
Other transport	15.1	27.1	10.6	5.5	14.6
Leather	7.8	9.4	13	16.9	11.8
Electronics	21.7	10	6.3	3.4	10.4
Metal products	4	3.9	8.7	14.1	7.7
Mechanical products	8.6	6.8	6.9	2.4	6.2
					<b>69.4</b>

➤ Exports and imports of processing services are highly concentrated across sectors

➤ The sectoral composition changed significantly over time

# .... and countries

## Geographical composition of trade in processing services

(percentages)

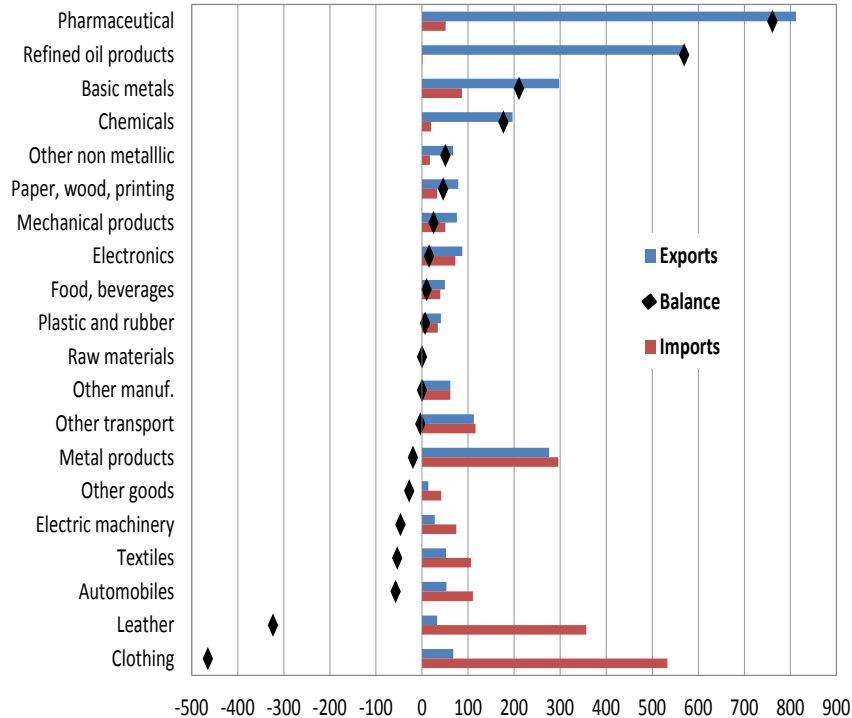
	Exports				
	1995-99	2000-04	2005-09	2010-14	mean
<b>EU</b>	<b>71.2</b>	<b>66.7</b>	<b>69.9</b>	<b>55.1</b>	<b>65.7</b>
<b>Euro area</b>	60.7	57.1	58.2	44.1	55
Germany	19.9	17	18.5	14.7	17.5
France	15.8	11.7	10.2	7.5	11.3
<b>EU extra area</b>	10.5	9.6	11.7	11.1	10.7
United Kingdom	8.4	7.7	5.8	7.9	7.5
<b>Extra EU</b>	<b>28.8</b>	<b>33.3</b>	<b>30.1</b>	<b>44.9</b>	<b>34.3</b>
Switzerland	3.5	7.3	14.1	33.4	14.6
	Imports				
	1995-99	2000-04	2005-09	2010-14	mean
<b>EU</b>	<b>76.8</b>	<b>76.6</b>	<b>73.4</b>	<b>68.7</b>	<b>73.9</b>
<b>Euro area</b>	54.2	50.9	32.5	27.6	41.3
France	18	18	5.5	7	12.1
Germany	17.9	17.6	14.5	11.3	15.3
<b>EU extra area</b>	22.6	25.8	40.9	41.1	32.6
Romania	7.8	11.1	21.7	23.7	16.1
<b>Extra EU</b>	<b>23.2</b>	<b>23.4</b>	<b>26.6</b>	<b>31.3</b>	<b>26.1</b>
Albania and ex-Yugoslavi	3.1	4.7	6.9	10.9	6.4
United States	8.3	6.5	5.4	3.5	5.9

## Main 3 countries by product (2010-14)

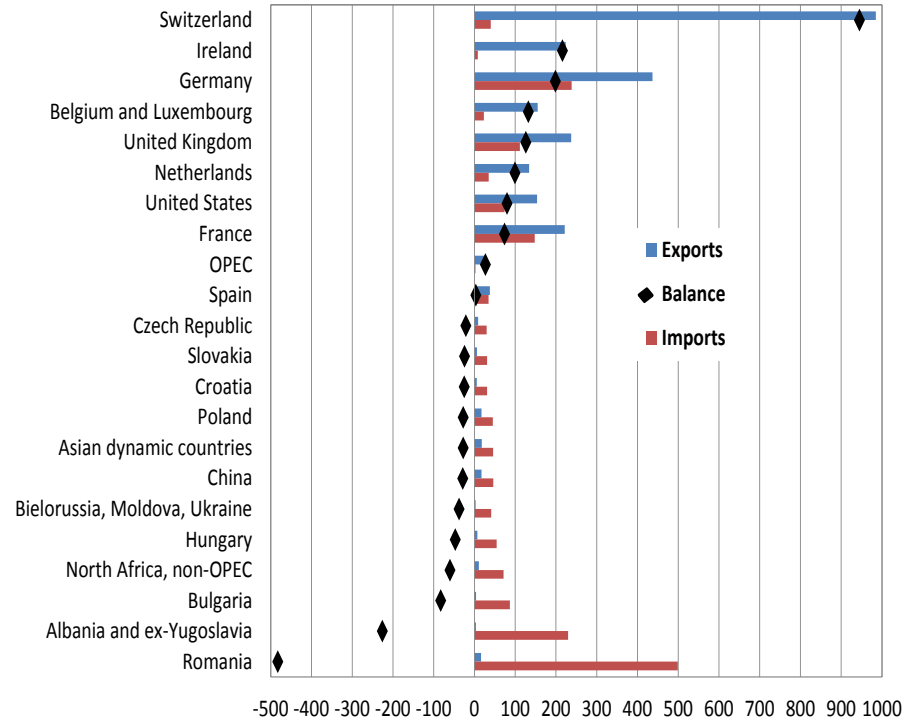
Exports	Country 1	Country 2	Country 3
Pharmaceutical	Switzerland	Ireland	Germany
Refined oil products	Switzerland	United Kingdom	France
Basic metals	Switzerland	United States	Germany
Metal products	Germany	France	United Kingdom
Chemicals	Germany	Netherlands	United Kingdom
Other transport	France	United States	United Kingdom
Imports	Country 1	Country 2	Country 3
Clothing	Romania	Albania and ex-Yugosl	North Africa, non-OPEC
Leather	Romania	Albania and ex-Yugosl	Bulgaria
Metal products	Germany	United Kingdom	France
Other transport	France	Germany	United Kingdom
Automobiles	United States	Germany	Japan
Textiles	Romania	Hungary	China

# ... and balances (2010-14 averages)

## by sector



## by country



Thank you!

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