



Statistics
Canada

Statistique
Canada

Canada



Statistics Canada
www.statcan.gc.ca



International Data Sharing Agreements

**Group of Experts on National
Accounts: measuring global production**

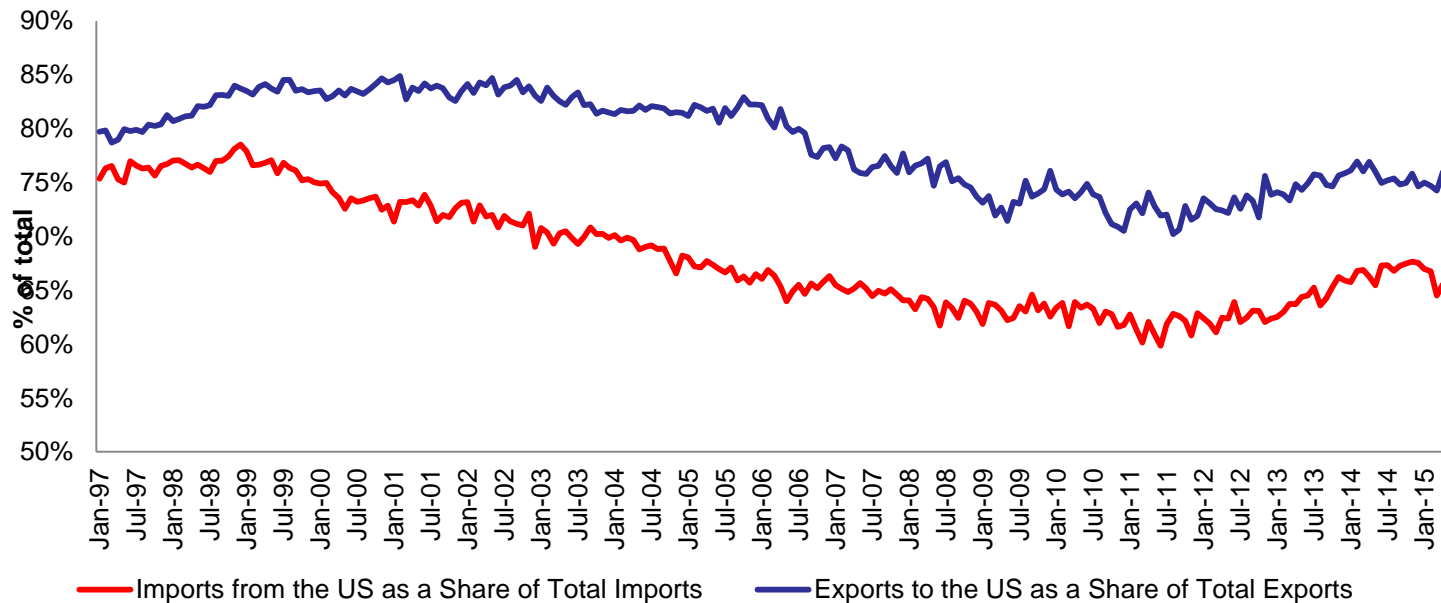
Statistics Canada

July 2015



Canadian – US International Trade in Goods

Canada's International Trade in goods with the United States

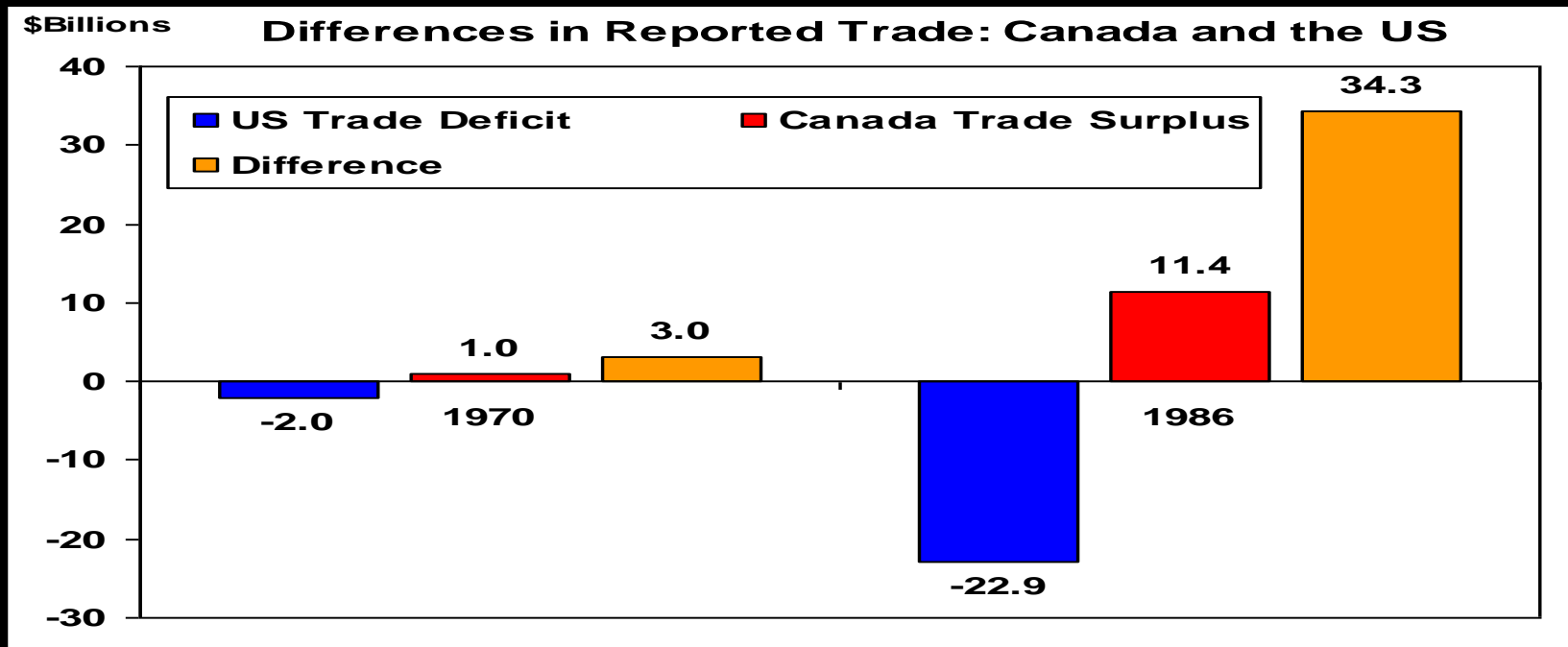


- The US is by far the largest Canadian Trading Partner. Canada is the US' X largest trading partner.



Canadian – US International Trade in Goods

- Prior to the data exchange, trade asymmetries were large and growing making it difficult for analysis and trade negotiations'





Background

- In 1987, Statistics Canada, the customs arm of the Canada Revenue Agency, the United States Census Bureau (USCB) and the United States Customs Service began discussions on the possibility of entering into an international data sharing agreement by which import statistics between the countries would be exchanged.
- These import statistics would then be used in the reporting of each country's exports to each other. In that same year, a memorandum of understanding was signed by the four parties noted above and by 1990 the data exchange was in effect.
- This paper discusses the Memorandum of Understanding on the Exchange of Import Data between Canada and the United States and presents the factors that have contributed to its success over the last 25 years. It is hoped that this paper stimulates international discussion concerning cross-territory data sharing agreements, leading to a greater use of these types of agreements, given the increasingly global nature of the economy.



Structure of the Agreement

- The strength of the Memorandum of Understanding on the Exchange of Import Data between Canada and the United States lies in its simplicity. It is five pages in length and contains five articles and two annexes. The memorandum of understanding (MOU) is structured as follows:
 - Preamble
 - Article 1 – Information Sharing
 - Article 2 – Problem Resolution and Monitoring
 - Article 3 – Operational Modifications
 - Article 4 – Costs
 - Article 5 – Entry into Force, Modification and Termination

- In addition to the above noted articles, the MOU contains Annex 1, outlining the data development work each partner needed to undertake before the MOU could take effect; and Annex 2, which outlines the manner and frequency by which the data are exchanged.



Preamble – Motivation for the Agreement

- For a data sharing agreement to be successfully implemented there needs to be clear motivation—an overriding benefit that is greater than the cost of developing, maintaining and administering the agreement. In the case of the Canada-US Data Exchange the motivating factors are:
 - There is a significant volume of trade between Canada and the United States:
 - Trade agreements, trade disputes and trade negotiations rely on accurate measures of trade:
 - Import statistics are more accurate than export statistics; and,
 - Harmonized concepts, classifications and processing bring about greater symmetry

- The first factor that has contributed to the success of the MOU is the fact that the motivation for the agreement was incorporated into the agreement itself.



Article 1 – Information Sharing

- Article 1 of the MOU identifies the information that will be exchanged between the parties to the MOU. It contains four sub-sections.
 - The first sub-section deals with the data points to be exchanged;
 - The second sub-section details the use of the data;
 - The third sub-section identifies data development work that is required before the MOU can take effect; and
 - The fourth sub-section outlines the delivery mechanism.



Article 1 – Information Sharing (Data Exchanged)

- The article is both vague and prescriptive. The vague/prescriptive nature is an indication of where the parties are willing to accept risk and where they are not willing to accept risk.
- The parties are willing to have a more or less carte-blanche exchange, of information provided that the data does not include information which identifies individuals, businesses or corporations (i.e. the US cannot give Canada information about US firms and Canada cannot give the US information about Canadian firms).
- It should be noted that the countries are allowed to share information collected about individuals and corporations in the partner country. For example, the U.S. can collect information about Canadian businesses and provide Statistics Canada and the Canada Border Service Agency with this information.



Article 1 – Information Sharing (Use of Data)

- *“The information exchanged is to be used by the receiving party exclusively for statistical purposes, subject to the laws and regulations of the supplying party regarding the dissemination of confidential business information.”*
- This is important in two respects. The fact that it can only be used for statistical purposes is not surprising, but what may be surprising is that it cannot be used for anything else, such as monitoring, regulatory or enforcement purposes. This is an important restriction.
- The second, more substantial item is that each partner agrees to ‘adopt’ the laws and regulations of the supplying party regarding the dissemination of confidential business information. This means that the United States adheres to Canadian laws and regulations and Canada respects American laws and regulations regarding the dissemination of confidential business information.



Article 1 – Information Sharing (Data Development)

- *“The Parties agree that those data elements not presently available from import entry documents are described in Annex I to this Memorandum of Understanding.”*
- The agreement not only directs the partners to provide existing information, it also binds them to develop additional information.
- This clause was incorporated for two reasons. First, it ensured that the partners were no worse off (with respect to data holdings and data elements) once the agreement took effect. Secondly, an important part of any data sharing agreement is the harmonizing of concepts, methods and data elements.
- This sub-article also ensured that once all changes were made, both Canadian imports and American imports were harmonized to as great an extent as possible with respect to classification, code sets and data elements.



Article 1 – Information Sharing (Data Exchange)

- *“The Parties agree that information is to be exchanged in a manner and at a frequency mutually agreed upon by the Parties as described in Annex II to this Memorandum of Understanding.”*
- The sub-article is somewhat vague—reserving the detail for Annex 2—which provides significant specifications with respect to data elements, record layouts, the medium to transmit the data and the parties that can receive the data.



Article 2 – Problem resolution and information sharing

- *“The Parties will each designate an official to be part of a committee of four persons, comprising one representative from each party, to monitor the administration and implementation of this Memorandum of Understanding. The Committee will resolve technical problems that may arise and will report to the Parties on the activities of this Memorandum of Understanding. The Committee will meet at least annually, or more frequently if necessary. The office of chairperson will rotate annually among these four Committee members.”*
- The MOU calls for the establishment of a committee of four persons who will be responsible for the overall implementation and monitoring of the MOU. This committee is empowered to handle the day-to-day operations and any technical problems that may arise. This section does not outline how unresolved problems are to be dealt with.



Article 3 – Operational Modifications

- *“The Committee members will provide to each other reasonable prior notification of any intended changes regarding the production and availability of the data exchanged between the two countries.”*
- The intent of this article is to ensure that consultation takes place; with changes being implemented only after all parties have had sufficient time to adapt.



Article 3 – Operational Modifications

- A recent example of the use of this article was when the USCB was requested to increase the timeliness of the release of their international merchandise trade estimates, from roughly 45 days to 35 days following the reference period.
- The implementation of this change had to be coordinated with both Statistics Canada and the Canada Border Service Agency (CBSA). Not only did Statistics Canada and the CBSA need to ensure that the USCB received the data in time to meet the new timeline, but Statistics Canada also had to commit to moving up its release date, since the two agencies have an operational constraint requiring both parties to release their monthly international merchandise trade statistical release at the same time.



Article 4 – Costs

- *“All expenses incurred in the provision of import data under this Memorandum of Understanding or its annexes will be paid by the country supplying such data.”*
- The fifth success factor is that the partners not only agree to the implementation costs but also the ongoing costs associated with administering the agreement. This is important because at the time the agreement was signed, the on-going costs were unknown—in some respect each agency was writing a blank cheque to the other, indicating that they were prepared to make substantial investments to ensure the agreement remains in effect.



Article 5 – Entry into Force, Modification and Termination

- *“Any Parties to this Memorandum of Understanding may at any time propose modifications to it; such modifications as are adopted shall be in writing signed by all Parties. The respective Parties of each country may withdraw from this Memorandum of Understanding one year after notifying in writing to each of the other Parties of the other country of such intent.”*
- The final article of the MOU lays out the framework for modifying or terminating the agreement. This section notes that any change must be on a consensus basis and that termination is possible but each party must be given at least one year to adapt their systems and processes to deal with any change.



Some Challenges

- In both 1996 and 2013, the United States government shut down operations for short periods, with staff from all departments, including the USCB, locked out of their workplace. USCB staff were not able to transmit the import data to Canada, nor were they available to receive transmissions from Canada. In both cases, while the lockout was short-lived, both the USCB and Statistics Canada had to delay their release of the international merchandise trade statistics.



Some Challenges

- Recently the US Census Bureau agreed to release certain quarterly aggregate trade data (all country / commodity aggregates) 15 days following the reference period. Statistics Canada is not able to achieve the same release schedule.
- As part of the decision, the US Census Bureau consulted with Statistics Canada to ensure that the data released would not identify any key Canadian Trade aggregates.



Some Challenges

- Trade by Enterprise Characteristics information is becoming an increasingly important dataset in both Canada and the US.
- The current data exchange poses a major challenge because Canada Exports (via US Imports) and US Exports (via Canadian Imports) do not contain a business identifier. Canada and the US only receive names and addresses.
- Both Canada and the US are looking to open up the MOU to require the collection of each countries' business identifier.
- Canadian Importers would need to report the Employer Identification Number (EIN) of the US exporter and US Importers would need to report the Business Number (BN) of Canadian Exporters.

Possible Extensions

- Foreign Affiliate Statistics
 - The United States Department of Commerce has asked Statistics Canada to look into the possibility of exchanging Canada and U.S. microdata pertaining to the operations of foreign affiliates in each country's economic territory.

- Regional Supply-Use Tables
 - Recently, a proposal was put forward by the United States International Trade Commission to build a North American supply-use table to better analyze global value chains operating in the North American market. In order to strengthen the quality of these tables it would be beneficial to access certain suppressed or company level data. Memorandums of understanding are being established to facilitate this work.



Possible Extensions

- Data confrontation exercises – Trade and Investment
 - Another example would be to leverage international statistical conferences to engage in data confrontation activities. A major step forward in this regard is the recently initiated efforts at the OECD to facilitate bilateral data confrontation as a supplement to the OECD Working Party on Trade in Goods (WPTGS) and Services at its March 2015 meeting.