Methodological notes of international trade in goods (change of ownership)

International trade in goods (change of ownership)" refers to data based on a change of ownership between residents and non-residents.

The statistics of international trade in goods (change of ownership) shows the export and import performance of the Czech economy, i.e. also the trade balance of the Czech Republic. International trade in line with this notion takes place in a moment, when Czech residents and non-residents trade with each other; from this perspective, cross-border movements of goods as such may not be the deciding factor.

Information on cross-border movements of goods, supplemented by other data sources, such as VAT tax returns and industrial statistics data, is the data source for international trade in goods (change of ownership) calculations. The goods, which are only moved from the territory of the Czech Republic or onto it by non-residents, are not understood as exports and imports. Conversely, trade carried out between residents and non-residents on the territory of the Czech Republic is considered as exports and imports, which is possible due to the involvement of the Czech Republic in the European single market.

The information on cross-border movements of goods is a total of physical flows of goods to/from EU Member States and to/from non-EU countries. Data on goods, which are the subject of cross-border movements of goods between EU Member States are submitted by the reporting units to the Customs Office on the Intrastat form along with data on dispatching or receiving of the goods. Data on movements of goods with non-EU countries (Extrastat) are reported in customs declarations. The collection of such data and primary checks thereof are provided by the General Directorate of Customs in the Czech Republic.

In compliance with binding EU regulations, the surveying of data on international trade is regulated by the Act No 242/2016 Coll., the Customs Act, as amended. For data collection in the Intrastat system, the surveying is governed by the Order of the Government of the Czech Republic No 333/2021 Coll. implementing certain provisions of the Customs Act in statistics, as amended by Government Regulation No 442/2023 Coll.

From the statistics of international trade in goods (change of ownership) perspective, the values of **exported goods** declared at the border crossing directly by residents and taken from Intrastat and Extrastat data and the values of goods purchased by foreign entities (non-residents) on the territory of the Czech Republic and taken from VAT tax returns submitted by non-residents in the Czech Republic are considered exports.

The values of **imported goods** declared at the border crossing directly by residents and taken from Intrastat and Extrastat data and the values of goods sold by foreign entities (non-residents) on the territory of the Czech Republic and taken from VAT tax returns submitted by non-residents in the Czech Republic are considered imports.

This way, solely the data for non-residents (foreign entities) are adjusted when translating from data on the cross-border movements of goods to the concept of international trade in goods (change of ownership). Values of exports and imports of goods reported by Czech entities remain unchanged and therefore they are identical in both statistics.

Since data in VAT tax returns do not include information on the commodity structure of purchases and sales of nonresidents in the Czech Republic, the commodity structure is derived from the commodity structure of cross-border transactions of non-residents and from industrial statistics data (i.e. of entities, which sell their production to non-residents already on the territory of the Czech Republic).

Further information at: <u>https://www.czso.cz/csu/czso/2-vzonu_m</u>.

In accordance with the methodology of Eurostat, selected data for exports and imports of military equipment and weapons for the current period are for safety reasons included in other goods codes and another territorial structure so that the macroeconomic aggregate of international trade in goods is not influenced.

EU (European Union) – 27 member states:

Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden.

Eurozone 20 (Euro area – monetary union of 20 European Union member states):

Austria, Belgium, Croatia, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Slovakia, Slovenia, Spain.

Since 2020, data on international trade in goods have been recalculated by an updated method based on a higher level of detail. See Update of the compilation method – International trade in goods (change of ownership).

The data for individual quarters of 2021 and 2022 are final. The data for individual quarters of 2023 and 2024 are preliminary. Casual differences on the last digit position arise from rounding off the figures.

Data for companies, which are subject to the reporting duty and which failed to report data (non-response), has been imputed according to exports and imports these companies reported in the previous period. Data for companies exempted from the reporting duty were estimated on the basis of the data given in the VAT return forms. The data, which were not available from the VAT return forms, are estimated on the basis of the values for previous periods.