

Six Common Issues to address when analyzing Australian Import or Export Statistics

Introduction

This paper examines 6 common issues that can arise when analyzing Australian Import or Export statistics and how to deal with them. An understanding of these issues will enable a more accurate and detailed analysis to be undertaken.

A successful analysis of Australian import or export statistics will enable you to:

- Analyze market shares
- Monitor market size, growth/decline characteristics
- Assess volume and price movements
- Monitor competitor activities and identify new potential sales opportunities
- Identify market segments and analyze them separately
- Identify new entrants into the import/export market or a change in market structure
- Identify transport costs and initial purchase prices
- Analyze Australian trade regionally (by State) and
- Analyze transshipment.

ISSUE 1. Can I Identify Companies Involved with Australian Export or Import trade?

Unfortunately, due to strictly enforced Privacy Laws in Australia, Australian import or export statistics do not include any company or importer/exporter information. This sort of information is not available from any source in Australia as its release is against Australian Law.

In some instances, you may be able to deduce company information where you are able to combine trade statistics with other market knowledge you may have. For example:

- a) Let us assume your competitor has factories and warehouses in Jakarta (Indonesia) and you are confident they are the only company exporting to Australia from that location. In these circumstances, imports from Jakarta may be deduced as your competitor company imports
- b) Second example - you believe you and your competitor are the only firms exporting from Fremantle (Western Australia) to Japan. You are then able to subtract from Fremantle to Japan exports, your own exports, to estimate your competitors exports volumes and prices.

ISSUE 2. How are Products Coded in trade statistics? What are HS Codes?

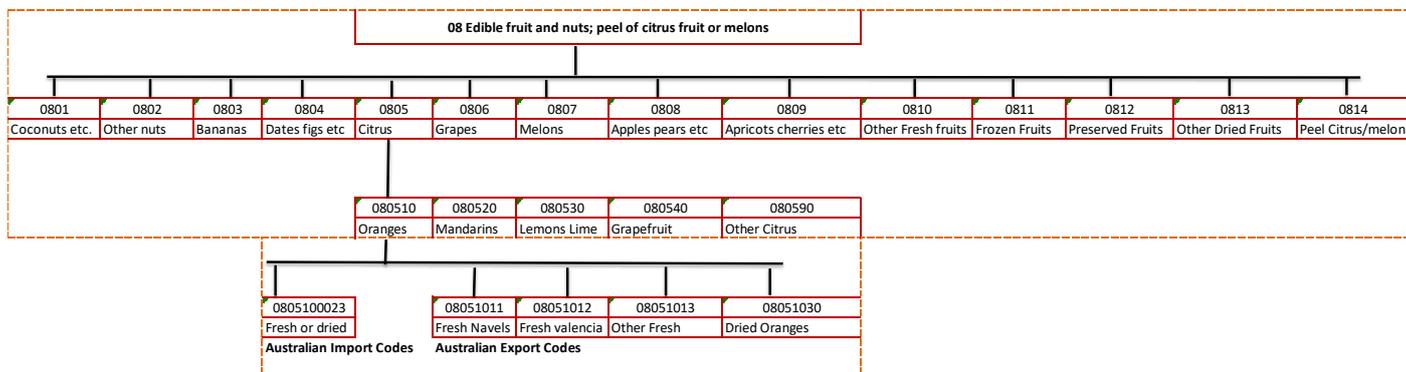
When products are exported or imported their trade is measured in terms of HS codes. All products have a HS code. The HS codes are an international hierarchical system of coding from 2-digits down to 8 or 10-digits. To demonstrate how the coding system works, the table below shows Australian Import and Export codes for "Oranges".

At the 2-digit level all fruits and nuts are coded under the 2-digit code 08. Under Code 08 there are 14 different 4-digit codes of which one is 0805 Citrus Fruit. Under the 4-digit code 0805, there are 5 different 6-digit citrus fruit codes. Oranges is found under code 080510 - Fresh or Dried Oranges.

Down to the 6-digit level all countries use the same codes as it is an international standard that they adhere to. So, all countries will classify oranges under code 080510. However, countries can choose to further subdivide to an 8 or 10-digit level if they wish. These 8 or 10-digit codes will comprise the original 6-digit codes (the first 6 digits) and any further digits the country chooses. These 8 or 10-digit codes are then unique to each country. International standardization is only down to the 6-digit level.

In the example below Australia does not subdivide imports of oranges but does subdivide exports of oranges as shown. Exports of Oranges are an important export product for Australia, so Australia has chosen to further subdivide the 6-digit code to be able to undertake more detailed or product specific analyses.

HS Coding System – an example - Oranges



ISSUE 3. How to Select the Correct HS code?

The first step in any trade analysis is to select the correct HS code for your product. At TradeData we offer you:

- a Free to assist you; or
- we are happy to assist - send us an email describing your product(s) we will find the correct code for you.

ISSUE 4. Does the HS code accurately represent my product to enable accurate analysis?

It is an important initial step to judge how well the chosen HS code represents your product. The best HS codes are those that represent homogeneous products – that is codes that represent products that are similar. An example is the Australian export code of 08051011 = Fresh Navel Oranges. If it is a Fresh Navel Orange, it is not a Valencia Orange, or a lemon and so on. This code well describes the product.

Other HS codes may have several products within them. However, if the different products are quite distinctive in terms of their characteristics, a meaningful analysis can usually be undertaken. An example is the Australian import code 9018120043 - Ultrasonic scanning apparatus. Within this code most imports arrive from China and the USA with a price range of between \$50 and \$700 a machine. However, there are significant import volumes at prices between \$7,500 and over \$10,000 a unit. Obviously, these higher priced machines are quite different to the lower priced 500 machines. If you were knowledgeable in this industry, you would be able to relate these higher priced imports to individual market segments and it would be sensible to analyze them separately to the lower priced machines.

Dividing import or export statistics into discrete market segments is one of the more important analyses that can be undertaken using trade statistics. TradeData can assist you to undertake these analyses.

The last HS code example is one where the code does not well represent an individual product and is Australian import code 8443990071 = Parts for paper feeders for photocopying apparatus. This code will have a wide range of different parts included within it. In this instance, other than very general information on the total value of imports, little meaningful analysis can be undertaken with this data.

Once you have selected your correct code it is important then to assess how accurately the code(s) represents your product(s) and will this then enable accurate analysis. TradeData are happy to assist in this.

ISSUE 5. Why, for some HS codes, are Quantities not recorded?

In some instances, where HS codes do not well represent a single or small number of products, no quantities are required to be recorded. This was the case with the above example with Australian import code 8443990071 - Parts for paper feeders for photocopying apparatus. The reason for not recording quantities is that the individual items that make up the HS code are so varied that any quantity measure would not be an accurate measure of anything.

ISSUE 6. What are Confidential data and why is it confidential?

The Australian import and export data are collated by the Australian Bureau of Statistics (ABS) and they operate under Government Legislation that require them to collect information but also prohibits them from releasing information where activities of individuals or firms can be identified. The way the ABS balances these two conflicting objectives is to first release trade information and then restrict data where a firm/individual can demonstrate that the release of the data would be likely to enable their identification. These determinations are regularly reviewed and often change.

An example – let us assume for a HS code there are relatively low volumes of imports from a wide range of countries, and large volumes arrive from Japan and South Korea into the Port of Melbourne. Let us also assume there is a single major distribution company that has warehousing facilities in Melbourne, and they are the only firm importing from Japan and South Korea. That distributor may then apply to the ABS who, when considering the evidence, may decide to restrict the release of Port and State details and the release of import volumes from Japan and South Korea. In this instance the ABS sums imports from Japan and South Korea into a new country called “No Country Details”. The results are all imports are still measured and available for analysis, but that it would not be possible to separately identify imports from Japan and South Korea or into which ports they arrive. These details have been restricted due to these confidentiality concerns.

There are different levels of confidentiality with the most extreme of no information at all released down to less extreme level where some Countries, Ports or States are restricted.

If confidentiality of information is likely to be an issue, please contact us and we will advise you on the best way to proceed.