An Alternative Approach for Estimating Imports Uses and Industry of Destination - The Case of Israel

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One of the main challenges in economic statistics today is the classification of imports by use and industries-of-destination. Such classification provides an important analytical economic framework, and is one of the main components in the compilation of Supply, Use and Input-Output tables.

The main approach presented in the literature is based on differentiating between direct and indirect imports. For direct imports, the total value of imports for each industry is calculated using business surveys and then allocated to commodity groups through a general distribution based on imports data by commodity. The uses of indirect imports are allocated using broad assumptions such as the proportionality assumption.

In this paper, an alternative approach is proposed, based on the creation of a classification table of uses and industries-of-destination by commodity and importer. This table facilitates the compilation of statistics that take into account the weight of each commodity and importer at any given period.

In this approach, the uses of imports for selected commodities are assessed using administrative data. For the remaining commodities, imports are identified as direct or indirect based on the importer's industry in the business register. Importers classified as wholesale or retail trade in the business register are considered indirect while the remaining importers are considered direct. A complementary survey of selected importers is used to identify those that import commodities for both direct use and resale.

The uses of direct imports are defined according to the commodity description, and the industry-of-destination is assessed using the business register. Indirect imports uses and industries-of-destination are assessed via survey.

The case of Israel is presented, including examples of the use of administrative data and practical guidelines on how to maintain and update the classification table. Survey methodology is described, including population, questionnaire, quality management, integration and analysis.