Country report on trade statistics in Kyrgyzstan

1. Current situation

Under the market relations, economy of the Kyrgyz Republic underwent significant changes. One of the first fundamental changes took place in trade. The number of economic entities increased sharply. Many enterprises changed the type of ownership. The number of private enterprises has increased significantly and many of them belong to physical (private) persons.

In spite of changes in economy and trade the National Statistical Committee of the Kyrgyz Republic has been collecting statistical indicators, producing volumes of retail and wholesale trade in accordance with All-Union Classification of Economy Branches until 2000. This classifuicat6ion was used by all CIS countries and was not linked with international classifications. According to All-Union Classification of Economy Branches catering branch (restaurants, bars, cafes, dining rooms and other enterprises supplying with finished food) was classified as retail trade sector.

The widespread indicator of trade is total retail trade turnover including catering, which shows mainly expenditures of population for purchasing goods and meals out of home.

In the past, wholesale trade carried out distributive functions to provide retail trade and catering with goods for further resale from national stocks of goods produced in the country and imported from other countries and wholesale trade was not included in total trade.

In recent years, wholesale trade has changed its functions. It implements intermediate role in supplying retail trade enterprises with goods as retail trade enterprises prefer to work directly with enterprises-producers and large importer of goods.

Shuttle traders (physical persons) who travel abroad to procure goods are engaged in wholesale trade and they supply all types of market with goods and this is typical for developing countries.

At present, Kyrgyz statisticians pay primary attention to the application of international concepts and methods along with introduction of international classifications.

Since 2000, to compare statistical indicators with international standards, the National Statistical Committee has started to produce main statistical indicators by type of economic activity.

To provide comparability of statistical data with international ones the National Statistical Committee develops state classifications on the base of international analogues and recommendations. Thus, this is how we can harmonize state classifications with international classifications of UN and European Union. National specific peculiarities are reflected in state classifications in accordance with rules and recommendations of international organizations.

Trade turnover volumes (retail and wholesale) are produced in accordance with the state classification of types of economic activity of the Kyrgyz Republic (GKED) which is comparable with international classifications (NACE-ISIC) on 3-digits level (class level) and it provides international comparability and allows to be independent from governmental bodies avoiding the efforts to manipulate conceptual provisions.

Retail trade was broken up into the following codes of economic activity GKED – NACE (ISIC)):
- Code 50: Automobile and motorcycle trade, their maintenance and repair, which also includes motor fuel retail trade;
- Code 52: Retail trade, excluding automobile and motorcycle trade, covering repair of household appliances and articles of personal use.

So-called public catering is included into the code GKED 55 – hotels and restaurants with the classification of selected types of food enterprises – restaurants, bars, canteens, cafes and other fast food enterprises, supply with finished food, as well as enterprises providing short-term residence.

The source of information for producing sales and services volume of all types of economic activity for legal persons is the regular state statistical reporting (monthly, quarterly, annual); small enterprises of all types of activity – integrated reporting (quarterly, annual).

As the enterprises owned by physical (private) persons work with license they are exempted from providing statistical information to statistical offices by the law. The sources of information are the results of census of trade enterprises, hotels and restaurants. The National Statistical Committee has developed the methodology of calculation of sales and services volume on units owned by physical persons for regional statistical offices. Censuses of enterprises of all types of ownership are conducted once in 3 years.

Statistical register of enterprises is used to identify enterprises owned by legal persons. The register is also used for sampling of enterprises to conduct sampling surveys. The National Statistical Committee has prepared the methodology (concepts, definitions and rules) to define main and secondary types of activity.

To produce selected statistical indicators on trade by type of economic activity consumer price statistics department of the National Statistical Committee prepared methodological provisions with the list of main methodological materials on trade statistics. These provisions also have general concepts of types of economic activity in trade, hotels and restaurants, main concepts and sources of information to produce sales and services volumes.

While preparing the methodology international classifications and recommendations, and in particular selected UN recommendations on trade were taken into account.

Such methodological materials are needed to produce reliable information on trade and services in accordance with the state classification of types of economic activity on regional and central level and compare statistical indicators according to international standards and single methodology.

The methodology has been developed by NSC to organize and conduct census of enterprises (trade, hotels, petrol stations, maintenance and repair of motor vehicles, household appliances and articles of personal use).

Full enumeration censuses of trade enterprises are conducted once in 3 years. All economic entities owned both by legal and physical persons are enumerated. Census results allow to control the situation in consumer market, know the total number of enterprises and their infrastructure, sales and services volumes, number of employee, etc.

Besides estimates of sales and services volumes in trade, hotels and restaurants we calculate indices of volume monthly.

The National Statistical Committee has developed the methodology of calculation of retail trade and chargeable services volume indices to compare indices of physical volume and calculate them by single methods in regional statistical offices on national level.

All methodological materials were reviewed and approved by scientific and methodological councils and collegiums of NSC.

The main methodological materials on trade used in the Kyrgyz Statistics were sent to UN Statistics Division in February 2005.

II. Classifications

The following main state classifications are used in Trade Statistics:
- The state classification of types of economic activity (GKED) - (NACE – ISIC);
- Classification of administrative and territorial division of the Kyrgyz Republic and settlements;
- All-Republican classification of types of ownership;
- The state classification of organizational and legal forms;
- The state statistical classification of products and services;
- Classification of types of enterprises;
- Other state classifications of Kyrgyzstan.

III. Statistical and reporting units

Single state register of statistical units and Register of business activity containing active statistical units are the database for collection of statistical information from enterprises. Sampling of enterprises for conduction of sampling surveys on various topics is implemented on the base of these registers.

The National Statistical Committee has developed the methodology containing the concepts and definitions of units of activity type, local and reporting units, definition of main and additional types of economic activity. As a rule, the main type of economic activity is the type of activity with value added higher of value added of any other activity carried out by the same unit.

International recommendations and standards were used to prepare definitions of statistical and local units.
- Statistical units: economic entities to be covered by statistical observations located on the territory of Kyrgyzstan and registered according to the legislation. Usually, statistical units are the same as reporting units.
- Local units – enterprise or its part geographically located in certain place and conducting one ore several types of activity.

IV. Items of trade statistics data and its main concepts.

Trade statistics of Kyrgyzstan develops the following main items of data:
services and sales turnover, index of volume by each types of economic activity; number of shops, drugstores, and their sales space; number of booths (stalls); number of food enterprises (restaurants, cafes, bars, canteens etc), patrol stations selling motor fuel; enterprises providing maintenance and repair of motor vehicles, repair of household appliances and articles of personal

use (stations, studious, ateliers, workshops etc.), structure of turnover by goods, grouping of enterprises number of employees, type of ownership, legal form, expenditures of trade enterprises, regional statistics of enterprises etc. Definitions of these indicators are provided in methodological documents.

Main definitions:

Turnover is an indicator characterizing the process of exchange of goods to money. Turnover reflects value of goods, seller's proceeds, purchaser's expenses to procure goods and the level of satisfaction of the population in goods.

Retail trade turnover – sales (resale) of new and used goods in cash to population for personal consumption and use in households.
Retail trade volume includes sales of goods through shops, drugstores, booths and stalls, patrol stations, and other network related to services, mail-order selling, sale on aircrafts and trains, auction, through Internet etc. Sales of goods in markets are also classified as retail trade volume.

Wholesale turnover - sale (resale) of new and used goods to tradesmen, industrial, administrative and professional consumers or to other wholesale dealers, as well as persons acting as sales agents.

Turnover of restaurants, bars, canteens and other enterprises to supply finished food – sale of finished food and drinks, as well as procured food for on-the-spot consumption.

Turnover of hotels and other places for short-term stay – volume of proceeds for the provision of places for short-term stay.

Goods structure of turnover – volume of sales of each product or product group in total turnover. It gives quality estimation on consumer demand satisfaction process and shows the distribution of costs to procure various goods.

Volume of proceeds – from rendered services for repair and maintenance of automobiles and repair of household appliances, provision of places for short-term stay – part of turnover which characterizes sales of these services.

Inventories – products in trade, as well as products at the disposal of a producer.

The Index of turnover volume – relative volume, which allows to measure changes in times:

The base for trade and services – sale and storage premises, shops, supermarkets, trade houses, booths, kiosks, restaurants, bars, canteens, markets, petrol stations, hotels, workshops, ateliers, maintenance stations and other, its equipment, sale and sales checks, IT, communications means and transport means, number of employees.

Data sources and data collection methods

Data sources are enterprises. As mentioned above, large and medium enterprises owned by legal persons provide regular information (monthly, quarterly and annual), small enterprises provide integrate information (quarterly and annual).
As per physical persons data sources are census results providing volumes of sales and services by type of economic activity. These indicators are calculated by regional statistical offices in accordance with the Methodology approved by the National Statistical Committee. Monthly,

quarterly and annual reports (thematically questionnaires) of enterprises and organizations are the source of data for legal persons.

Collection methods.

Data collection for short-term indicators, such as turnover of sales and services from enterprises owned by legal persons is done by phone with further submission of these data on hardcopy. Small enterprises submit the data to statistical offices by place of location.

There is a vertical structure of information flow in the country and the district statistical offices collect information from enterprises and statisticians of district statistical offices carry out arithmetical and logical control, completeness of coverage.

District statistical offices also capture data and send these data to regional statistical offices where completeness of coverage, data capture is checked again and aggregate data by region are produced by regional statistical offices.

Regional statistical offices forward aggregate data to the Main Computing Center of the NSC where national data are produced.

Consumer market statistic department of the NSC conduct economic-statistical analysis of indicators, publishes and disseminates these indicators. Moreover, this department produces statistics indicated in the program of statistical works, which is approved by the Government.

Estimates of volume of sales in various types of markets are formed on the basis of quarterly sample survey of sales in markets by special methodology approved by the NSC. Once in quarter, statisticians during two days (1-working day and 1-wekend day) conduct goods sales survey to estimate the average proceeds of one salesman per day. Data on the number of salesmen is reported by administrations of markets. These volumes are included into total volumes of sales and services of districts and oblasts of the country.

6. Indices and activities results.

Index of volume is used for estimation of activities results of economy and every type of activity; it is one of the main statistical indicators, which characterize the situation of every type of activity, and its estimation is one of the methods of controlling formation of turnover volume.

Index of volume – approximant volume that allows to measure changes in time of sales and services to the population both by total volume and by product.

Dynamics of every type of activity is estimated by two indices:

- Index of cost volume in actual prices
- Index volume in comparable prices

In actual prices it is estimated by comparing over time the sum of turnover of the reference period with the sum of base period.

As per comparable prices we compare turnover both reference and base periods using Laspeyres formula with CPI for goods and services.

Index of volume of each type of activity are estimated monthly in comparison with the corresponding period of previous year, with previous month, by quarters and total for period from the beginning of the year.

To estimate index of volume of turnover both by regions and country we use a single methodology of calculation, which was approved by the NSC.

Change of turnover volumes by growth rates at comparable prices are also estimated by country. There might be several causes for sharp increase or decrease: increase in the number of trade enterprises – shops, markets, booths etc, increase of average proceeds of one 1 seller, or mistakes omitted in completing total trade turnover indicators in questionnaires.

Moreover, to measure the performance of each type of activity we use indicators of profitability and losses of enterprises, other indicators showing financial and economic activity of enterprises owned by legal persons.

7. Production of trade data in SNA

While measuring GDP by production method the type of activity "Trade; repair of automobiles, household appliances and articles of personal use" includes services of wholesale and retail trade without adjusting commodities and services related to the distribution of commodities. This group also includes services related to the repair of automobiles, installation and repair of household appliances and articles of personal use.

Gross trade output is formed as a difference between proceeds (turnover) from sale of goods, works and services and purchase prices of goods which were sold without processing (this indicator is called distribution margin or gross trade income). In addition, after introduction of business statistics we have made pilot estimates of output and intermediate consumption. Output was estimated in the following way: purchases minus sales, plus changes in stock-in-trade intended for sale. Intermediate consumption – consumed goods and services consumed in the process of production i.e. in this case – materials used for reworking and resorting, costs for advertising, communication costs, communal costs, expenses of representation, rental fees etc. Intermediate consumption is adjusted for holding profits and insurance service. Gross value added is estimated as a difference between output and intermediate consumption.

As per repair of automobiles, household appliances and articles for personal use output is the volume of rendered services, intermediate consumption is estimated using the single scheme.

As turnover volumes are mainly produced by small private enterprises and individual entrepreneurs SNA estimates are produced in appropriately – by type of property and institutional sectors.

Data on retail trade and services to the population are significant since it is an important source for producing GDP by expenditures. It is the main source to estimate the components of households final consumption.

It is necessary to note that the share of non-observed economy is large in trade and services. In 2003 the share of NOE in GDP (estimated by production) was nearly 13% out of 17% by all types of activities.