Application of Passive Confidentiality in Turkey

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Outline

1. **What is active/passive confidentiality**
2. **International recommendations**
3. **Implementation in Turkey**
4. **Conclusion / recommendations**

1. What is Active/Passive confidentiality ?

Active confidentiality : is applied when National Statistical Authorities checks all data before disclosure and take the initiative to suppress data automatically (without informing the exporter or importer concerned) when data allows to identify directly the amount of trade carried out by the exporter or the importer**.**

General rule: data are disclosed only if there are at least 3 reporting companies, without one dominating company

Passive confidentiality : means that the exporter or the importer concerned has to take the initiative and ask the National Statistical Authorities to keep the data confidential. The combinations of around 10,000 commodity codes broken down by trading partner must entail numerous examples where only one or perhaps two enterprises are involved in the trade. This means that the information provided to users would be significantly reduced under a system of active confidentiality. That is why passive confidentiality is generally applied in the field of external trade statistics

Remark: Data with direct identification of importing/exporting companies are always confidential

1. What is Active/Passive confidentiality ?

Active confidentiality is generally the principal referred to in basic national statistical laws for most statistical domains (households and business statistics)

The application of active confidentiality to external trade statistics would have severe consequences on the quality of statistics: in many countries more than half of detailed data (product X partner country level) would need to be hidden

➔ This is why passive confidentiality is applied in the field of external trade statistics in almost all countries.

➔ It is recommended to state clearly the use of passive confidentiality in national statistical laws.

UN Recommendation

UNSD recommendations (IMTS Concepts and definitions, rev 3; par. 10.3)

For trade statistics it is common practice that trade data are made confidential **only when the trader requests so** and the statistical authority finds the request **justified** based on the confidentiality rules. This approach to confidentiality is called "passive confidentiality" as opposed to "active confidentiality" which aims to systematically prevent the identification of any statistical unit in the disseminated data, thereby disclosing individual information. In view of the high demand for detailed trade statistics and the burden and potential difficulties of applying active confidentiality to trade statistics, it is **recommended that passive confidentiality is applied as much as possible**, unless the use of active confidentiality is already the established, desired and accepted practice.

It is further **recommended** that in suppressing data due to confidentiality, any information deemed confidential (suppressed) be reported in full detail at the **next higher level** of commodity and/ or partner aggregation that adequately protects confidentiality. Countries might develop other measures which can serve the same purpose of protecting confidentiality while making information available to the best possible extent

UN Recommendation

➢   General rules for protecting confidentiality normally require that the following two factors should be taken into account when deciding on the confidentiality of data:

    a)   Number of units in a tabulation cell and

    b)   Dominance of a unit's or units' contribution over the total value of a tabulation cell.

➢   The application of this general rules in each statistical is the responsibility of national statistical authority

EU Legal basis

➢ Extrastat/Intrastat legislation makes the use of **passive confidentiality** methodology compulsory for EU Member States

Confidentiality in Turkish Stastical Law (No:5429)

➢ For the data considered confidential due to the indirect identification in **foreign trade statistics**, these confidentiality rules are implemented *when a statistical unit applies with a written application* requiring consideration of its data as confidential.

➢ It means TurkStat applies Passive Confidentiality rules.

Regulation on Confidentiality

Confidentiality in tabulated data

➢ (1) Individual data can be brought into service in tabulated form by classifying according to their various properties.

➢ (2) The data in a cell is considered as confidential where;
   a) If the number of statistical unit is *less than three*,
   b) In cases that the number of statistical unit is three or more, if any of the statistical units forms *80% of the information at that cell* or *two units form more than 90% of that cell*, in any cell of the table created by aggregating the individual data.

➢ (3) Confidential data can be published only as combined with other data so as not to allow any direct or indirect identification.

➢ The rulers of the institutions and organisations producing official statistics shall take all measures to prevent any illegally access, use or revelation of the confidential data.

Use of Individual Data (Article 14)

➢ Individual data may be given with the written permission of the Presidency after obscuring those parts which may lead to direct or indirect identification and on the condition that such data is used in "*scientific studies*" without any reference to distinct statistical units.

➢ People who are entitled to use individual data cannot give these data to third parties.

How to apply

➢ Written application should include

- ➢ VAT number of statistical unit
- ➢ Address and contact information
- ➢ Flow,
- ➢ For which commodity code(s) will be confidential

Application Form

How to evaluate

- ➤ Value at CIF for Imports and FOB for exports are evaluated

- ➤ Applied for the data after the period of application letter

- ➤ 12-month data are analyzed for decision

- ➤ At the end of the year, all applications are monitored by TurkStat, if confidentiality is continue or not. If not, statistical unit is informed.

How to implement

Apply on

➢ Commodity codes

➢ Commodity and partner country

➢ Commodity, partner, transport, customs, province for some crucial commodities

➢ Value / Quantity / Value and Quantity

How to implement

Apply on

➢ Commodity codes are transformed into same chapter (such as 2700.00.00)

➢ New codes for each of classification

How to disseminate

Foreign Trade by BEC Classification

Year	BEC	BEC name	Import Dollar
2012	7	Goods not elsewhere specified	174.174.412
	21	Unprocessed materials incidental to industry	3.928.618.419
	22	Processed materials incidental to industry	16.538.768.162
	31	Unprocessed fuels and oils	349.598.728
	41	Capital goods (except transport equipment)	6.687.662.271
	42	Parts of investment goods	2.412.475.337
	51	Otomobiles	1.196.355.531
	53	Parts of transportation vehicles	2.851.012.844
	61	Durable consumption goods	1.015.472.336
	62	Semi-durable consumption goods	1.503.731.545
	63	Non-durable consumption goods	1.343.745.113
	111	Unprocessed materials of food and beverages	785.756.016
	112	Unprocessed of food and beverages	227.320.017
	121	Processed materials of food and beverages	505.365.403
	122	Processed of food and beverages	348.346.857
	321	Gasoline	466.888.406
	322	Processed fuels and oils	3.575.136.400
	399	Confidential data	10.179.005.704
	521	Transportation vehicles incidental to industry	1.575.617.682
	522	Transportation vehicles not incidental to industry	25.675.131
	Year total:		**55.690.726.314**

How to disseminate

Foreign Trade by ISIC Classification

Year	ISIC	ISIC name	Import Dollar
2012	31	Manufacture of electrical machinery and apparatus n.e.c.	2.322.274.556
	32	Manufacture of radio, television and communication equipment and apparatus	1.355.691.428
	33	Manufacture of medical, precision and optical instruments, watches and clocks	1.052.624.204
	34	Manufacture of motor vehicles, trailers and semi - trailers	3.549.273.246
	35	Manufacture of other transport equipment	1.491.205.980
	36	Manufacture of furniture; manufacturing n.e.c.	768.163.709
	40	Electricity, gas, steam and hot water supply	31.929.779
	51	Waste and scrap	2.558.829.679
	74	Other business activities	185.177
	92	Recreational, cultural and sporting activities	10.659.168
	93	Other service activities	105.831
	99	Confidential data	10.179.005.704
Total of year:			23.319.948.461

Share of confidential information in trade data

	2010		2011	
	Exports	**Imports**	**Exports**	**Imports**
Number of confidential ComCodes	26	18	33	18
Number of traders requesting confidentiality	7	8	7	8
Affected trade as share of total trade (%)	1.2%	13%	1.4%	14.5%

Conclusion & Recommendations

1. Use passive confidentiality in external trade statistics

2. Include a clear statement in national Statistical Law about the use of passive confidentiality for external trade statistics

3. Inform clearly private companies about their possibilities to request confidentiality for their trade

4. When data are made confidential, keep data available at the most detailed possible level of classification (keep at least the real Chapter HS2 to hide data)

5. Assess periodically the need to confidentialise

TURKSTAT

Thank you
for your attention!