



SYSTEM OF DETECTION OF OVER- AND INFRASTRUCTURE IN SPANISH FOREIGN TRADE

Description

Procedure for detecting deviations in the prices of goods from Spanish foreign trade from the average prices at which these goods are traded in the countries of the European Union. The available database includes several million records generated for a period from 1986 to 2007, covers all jurisdictions and countries with which Spain has or has had a commercial activity, and is disaggregated by up to ten digits of the nomenclature Tariff of the European Union. The data are based on the disaggregated external trade statistics of the Directorate General of Customs and the official external trade statistics of the European Union produced by Eurostat. The SAS statistical program was used to calculate the percentage change and in absolute terms between:

- A.) The average prices of all the products of the tariff nomenclature of the European Union.
- B.) Average annual prices of exports and imports from Spain with the rest of the world.

In addition, the coefficients of variation between the two prices have been calculated for the products imported into Spain and for the products exported from Spain to the rest of the world and throughout the period indicated. For some goods have been calculated the prices in volume, for other unit prices, for a third group have been calculated the two modalities. In collaboration with the statistical services of the General Directorate of Customs, some items of the nomenclature have been discarded due to the extreme heterogeneity of the goods they include and other reasons that force them to discard some items for non-suspect errors and omissions. A continued inventory of such errors and potential omissions has been and continues to be made in order to improve the quality of the data offered and thus raise the percentage of sensitive data. Once discarded these distorting elements can be concluded that

A. In cases of imports into Spain from the rest of the world.

A1. When the average price of goods in the European Union is greater than the average price at which they are imported into Spain, there are reasonable indications that an undocumented entry of capital into Spain is taking place via imports: value is positive.

A.2. When the average price of goods in the European Union is less than the average price at which they are imported into Spain, there are reasonable indications that an undocumented outflow of capital from Spain is taking place via imports: Value is negative.

B. In cases of exports from Spain to the rest of the world.

B.1 When the average price of goods in the European Union is greater than the average price at which they are exported from Spain, there is reason to believe that an undocumented entry of capital into Spain is taking place via exports Value is negative.

B.2 When the average price of goods in the European Union is less than the average price at which they are exported from Spain, there are reasonable indications that there is an undocumented departure of capital to Spain through exports: The value is positive.

How does it work

The University of Florida (USA) has developed a similar database for trade between the US and the rest of the world ("International Trade Alert"), however the data offered by this database have not been subjected to a filter qualitative as it is the case of the data that are offered here, which raises considerably the reliability of the same ones. Another innovative aspect is that the prices with which they are compared - the external trade data provided by Eurostat - reflect the foreign trade in one of the most regulated areas of the world - the European Union - which gives an additional reliability to The calculated deviations. Finally, another contribution with respect to the database pointed out, is that the data that are compared to each other are organized following the same disaggregation in ten digits. This is possible because this disaggregation is the same for Spanish and EU foreign trade. The levels of disaggregation of the database developed for North American trade generate more inaccurate data because it compares data from nomenclature - the European Union and the US - that although they are very similar for the level of disaggregation of six digits, are not for eight-digit disaggregation. The most important contribution, however, is that these data refer to the Spanish foreign trade with the rest of the world:

1. It allows governments to detect and calculate the circulation of opaque money through foreign trade with Spain and from Spain with the rest of the world.
2. It allows governments to conduct risk analyzes to combat tax fraud and the flight of capital through the falsification of foreign trade data.
3. It enables the forces in charge of repressing money laundering to refine their pursuit of money of illegal origin. The low rate of interception of money laundering activities following the current methods - due diligence system, etc. - makes this illegal money detection route more profitable and effective.



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4. Improving the achievement of greater successes in the fight against fraud increases the economic maneuverability of governments and, ultimately, the welfare of the whole society. This is a particularly sensitive aspect given the delicate fiscal situation in Spain.

5. Enables greater success in the fight against crimes prior to money laundering (drug trafficking, coercive prostitution, trafficking in persons, illegal arms trade, etc.).

Where has it been developed

This database was created and developed by the research group of Dr. Armando Fernández Steinko, professor of Sociology at the UCM. This researcher has been a consultant to the INI group and a visiting researcher at several European research institutes. He has been part of several European research teams on issues related to the strategy of multinational companies, work in the new economy and implementation of the European Directive for the constitution of European Public Limited Companies. He has also been a visiting professor at several European and American universities and has given specialized courses on money laundering to the Supreme Judicial Council of Ecuador and to the Ministry of the Interior of Spain. His team includes the following researchers:

-Juan Díez Nicolás, Professor of Sociology of the UCM. He has been rector of the National University of Distance Education (UNED), as well as Director of several public and private research centers (Public Opinion Institute, CIS, CIRES, etc.). He is an expert in demographic processes, public opinion, the empirical study of values (he is an active member of the Executive Committee for the World Values Study and president of ASEP), electoral systems and organized crime.

- Araceli Manjón-Cabezas, Professor of Criminal Law at the UCM. He has collaborated with official institutions in the evaluation of various penal reforms. He is a member of the Complutense Institute of Comparative Law and specializes in jurisprudence on issues of drug trafficking, organized crime, terrorism advocacy, citizen security, corruption and money laundering, issues on which he has drafted numerous official reports.

And also

The database is entirely available. Queries can be made, either using the SAS program or through the ACCESS program. The research team offers:

1. Sale of data.
2. Carrying out tailor-made studies for the agencies concerned, based on the exploitation of these data.

Responsible Researcher

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