

ACC SUBCOMMITTEE ON STATISTICAL ACTIVITIES
Twenty-ninth session
Geneva, 15, 16, 19 June 1995
Item 2 of the provisional agenda

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12 June 1995

Task Force on Service Statistics
Third Meeting
30-31 May 1995 at the OECD in Paris

REPORT

1. The meeting was chaired by Messrs. Kincannon and Blades; Mr. Veil and

Ms. Chadeau served as Secretaries. It was attended by:

- Mr. Gill from the IMF
- Mr. Karsenty and Ms. Belkhodja from WTO
- Messrs. Roman, Reeh and Wurm from EUROSTAT
- Mr. Richter from UNCTAD
- Mr. Roberts from UNSD

Item 1: Adoption of the Agenda

2. The discussions were based on the draft agenda of 23 May which was adopted without modification.

Item 2: Adoption of the Minutes of the Second Meeting

3. The minutes of 23 May which incorporated comments by Participants were adopted.

Item 3: Consideration of the Report of the United Nations Statistical Commission on the Work of the Task Force

4. Mr. Kincannon presented the Report and explained the action taken by the Statistical Commission. It endorsed the plan to set up an inventory of activities and requirements in the trade-in-services area, sought clarification on the proposed manual and requested to reconsider the publication of a yearbook. A report on the work of the Task Force has to be submitted to the ACC Sub-Committee on Statistical Activities and to the Working Group on International Statistical Programmes and Coordination for their next meetings.

Item 4: Inventory of Activities and Requirements of International Institutions relating to Trade-in-Services Statistics

5. Mr. Veil presented the OECD draft and explained that this version incorporated additional contributions made since the second meeting of the Task Force. He proposed to add summaries of the WTO and EUROSTAT notes on their requirements. Mr. Roman suggested to annex lists of relevant publications. Both ideas were accepted, and all participants agreed to reflect on possible complements to the note.

Item 5: Framework on Statistical Requirements by GATS

6. Mr. Karsenty presented the WTO document "Trade in Services as defined in the GATS: Basis for a Statistical Framework". He pointed out that its aim is to clarify issues and possible options relating to the statistical needs of GATS. It addresses the basic question of whether, and to what extent, existing statistical domains are appropriate to GATS needs. An analysis of the relationship between modes of supply and relevant statistical domains (BOP, ET, FDI and production statistics) and the significance of these statistics is carried out. It is shown that none of these domains in its current state fully corresponds to GATS needs. Thus, a conclusion is that there are two possible options: the radical approach which implies the development of a new statistical system with a view to providing information by modes of supply, and the pragmatic approach which involves adapting existing statistical systems to the needs of the GATS. The paper questions the feasibility of the radical approach, and concludes that the pragmatic approach has to be adopted.

7. Participants agreed that the pragmatic approach, consisting in the adaptation of existing statistics to GATS needs, is the only realistic one.

8. There was also a consensus that the WTO document is a valuable basis but requires elaboration in several respects. This mainly applies to detailed linkages between modes of supply and the relevant statistical systems (BOP, ET, FDI and production statistics) , the reconciliation between the WTO Services Sectoral Classification List and the newly-developed IMF and OECD-EUROSTAT trade-in-services classifications, and the geographical breakdown of BOP data. Pilot surveys relating to individual countries and specific sectors were mentioned as approaches that would allow to involve national compilers and private service industry associations.

9. Mr. Gill invited the Members of the Task Force to attend the next meeting of the IMF Committee on Balance of Payments Statistics on 25-26 October 1995, as it will address these issues.

Item 6: Technical Assistance

10. Mr. Karsenty reported that WTO - which had agreed to serve as focal point for assembling material for technical assistance - received a contribution from the IMF. It was agreed that the other agencies represented would transmit, in the near future, material usable for training purposes and lists of trade-in-services experts.

11. Mr. Veil presented a note from ESCAP requesting the Members of the Task Force to participate in and to contribute to the planned ESCAP Seminar on Statistics on Trade in Services scheduled for November 1995. OECD is prepared to comply with this request, and the WTO and the IMF probably will do so, too. There was also agreement to request UNSD to inform the Task Force on the activities of the regional UN agencies in this area.

Item 7: An International Trade-in-Services Yearbook

12. Mr. Gill presented the IMF note "Some Preliminary Thoughts Relating to a Prospective Publication Devoted to Trade-in-Services Statistics". The purpose of this note is to initiate the discussions relating to a number of topics to be considered: topical coverage, bilateral data, publication content, modalities of production, cost and revenue considerations, timing of publication, etc. The IMF is presently engaged in the transition to the Fifth Manual. It is not yet known to which extent Members will respond to the new data requirements, so that the modifications of the IMF Balance-of-Payments Yearbook caused by this transition have to be decided at a later stage. Hence, a decision on a trade-in-services yearbook cannot be envisioned in the near future.

13. Mr. Veil presented the OECD note "Considerations Regarding an International Trade-in-Services Yearbook". It proposes to elaborate a yearbook in three parts. The first would be a printed publication presenting disaggregated global country data and summary tables for the main service categories. The second would also be printed a give sources and methods and the definitions of individual items contained in the country tables. The third would be a CD-ROM presenting available bilateral data.

14. There was a consensus that it is premature to decide on the creation of an international trade-in-services at the present, and that the issue should be taken up at the next meeting on the basis of additional reflexion and new information. Following a suggestion by Mr. Richter, it was considered advisable to analyse the degree of comparability of the three publications presenting trade-in-services data, produced by the IMF, OECD and EUROSTAT.

Item 8: Trade-in-Services in the Globalisation Context

15 Mr Wurm presented the EUROSTAT notes "The Definition of Establishment Trade Statistics: EUROSTAT Task Force Preliminary Report" and "Internationalisation in Service Industries: Contribution of General Enterprise Statistics". He pointed out that the objective of the EUROSTAT Task Force is to elaborate rules for the recording of trade realised through a "commercial presence" in another country as indicated in the GATS. This raises problems of linkages of Establishment Trade with Foreign Direct Investment, and particularly the concept of control and of the definition of variables (activities and products) to be collected. He underlined the importance of general enterprise statistics for data collection on ET. The provisional solutions suggested in the notes will be discussed at the next meeting of the EUROSTAT ET meeting in June 1995.

16. Participants proposed to replace the term "establishment trade" which can be misleading, by "foreign affiliates' trade". They agreed that these statistics should be conceived as a subset of foreign direct investment statistics and, consequently, their concepts should be consistent with the OECD Benchmark Definition of Foreign Direct Investment.

Item 9: Future Work Programme

17. Participants agreed to check the note "Activities and Requirements of International Institutions relating to Trade-in-Services Statistics" (Item 4) and to propose complements that appear useful, particularly additional details on requirements and lists of relevant publications.

18. In the context of the WTO Framework on Statistical Requirements of GATS (item 5):

- a. EUROSTAT offered to contribute a paper that sets out the links between classifications of activities (NACE), products (CPC) and trade-in-services (classification of the GNS of GATT).
- b. WTO will draft a detailed cross-classification of modes of supply and the items of the OECD-EUROSTAT trade-in-services classification in line with Box 2 of the WTO Document (" Inadequacies of Statistical Domains with Regard to Modes of Delivery"), and a reconciliation of Annex 1 of the WTO Document (" Services Sectoral Classification List") with the OECD-EUROSTAT classification. These drafts will be circulated to Participants for comments.

- c. OECD will bring together information on the geographical breakdown of OECD Countries trade-in-services data.
- d. WTO will produce a comparison of the trade-in-services data published by the IMF, OECD and EUROSTAT.

19. At the next meeting, the scope and content of a manual on trade in services will be discussed.

Item 10: Preparation of the Report to the ACC Sub-Committee on Statistical Activities

20. It was decided to draft this report in line with paragraph 5 of the Report of the Statistical Commission on its Twenty-eighth Session on the Task Force on Service Statistics, relating to the action taken by the Commission/

Item 11: Other Business

21. Under this heading, the involvement of national experts in the work of the Task Force was discussed. It was agreed, in line with Mr. Roberts' suggestion, to consider a technical session with national experts on foreign affiliates' trade.

Item 12: Next Meeting

22. The next meeting will be held at UNCTAD Headquarters in Geneva on two days of the period from 16 to 19 January 1996.