

Revising the Manual on Statistics of International Trade in Services

Consultation document and questionnaire on draft chapters and annexes

August 2008

This consultation document sets out the progress in and plans for the project to revise the Manual on Statistics of International Trade in Services. It refers to drafts of all the chapters and selected annexes, and sets out some questions, proposals and options regarding outstanding issues. The revised draft Chapters and annexes can be browsed or downloaded at <http://unstats.un.org/unsd/tradeserv/TFSITS/msits.htm>. It is the second worldwide consultation in the revision process and the draft chapters and annexes presented were guided by the responses received to the first consultation in 2006.

The consultation document is addressed to both compilers and users of trade in services statistics in all the member countries of the UN, IMF, WTO and EU as well as to interested international organisations.

The views of your organisation are invited by **24 November 2008**.
Please send your comments to tradeserv@un.org with copy to std.servstat@oecd.org

Introduction

1. The Manual on Statistics of International Trade in Services (MSITS) was first published by six agencies¹ at the end of 2002². It represented an important advance in providing a clearer, more detailed and comprehensive system for the measurement of services trade. While it is primarily a guide for statistical compilers, it is also a useful tool for Governments and international organizations that use statistical information in connection with international negotiations on trade in services. MSITS provides a framework to address the information needs of trade negotiations and analysis, in particular with respect to the General Agreement on Trade in Services, which came into effect in January 1995.

2. The revised MSITS is constructed with some elaboration on two basic frameworks:
- i) for services trade between residents and non-residents - the IMF Balance of Payments Manual Sixth Edition (BPM6), which is expected to be finalised late this year or early next year;
 - ii) for foreign affiliates statistics – the concepts and definitions are consistent with the System of National Accounts 2008 (2008 SNA), those of the OECD Handbook on Economic Globalisation Indicators (HEGI), the OECD Benchmark Definition of Foreign Direct Investment 4th Edition (BD4), and Regulation (EC) No 716/2007 of the

¹ European Commission, International Monetary Fund, Organisation of Economic Co-operation and Development, United Nations, United Nations Conference on Trade and Development, and World Trade Organization

² See <http://unstats.un.org/unsd/tradeserv/TFSITS/manual.htm>

European Parliament and of the Council on community statistics on the structure and activity of foreign affiliates.

3. In addition, a new chapter five discusses the measurement of the modes of supply of services and makes new recommendations.
4. MSITS is based on 2008 SNA, and BPM6. But MSITS goes beyond the traditional national accounting concept of trade to consider how services are delivered internationally from a perspective more familiar to trade and market access negotiations.
5. The Interagency Task Force on Statistics of International Trade in Services (TFSITS) plans to produce an updated MSITS by the end of 2009 for approval by UN Statistical Commission (UNSC) in 2010.
6. The main changes for the revision of MSITS are:
 - the incorporation of the relevant BPM6 and 2008 SNA changes. For example the main trade in services classification, the Extended Balance of Payments Services Classification (EBOPS), has been reviewed. It remains a disaggregation of the trade-in-services classification in BPM6. Some further limited changes and options for EBOPS are proposed to take into account the needs and suggestions raised in the 2006 worldwide consultation and proposals that have come from national accounts and policy analysts;
 - for foreign affiliates statistics the text is aligned with the recently published BD4;
 - the measurement of modes of supply of services is discussed in greater detail and new recommendations are set out in Chapter 5;
 - the revision of other linked frameworks such as for Foreign Direct Investment and the Tourism Satellite Account Methodological Recommendations have been incorporated into the text;
 - the incorporation of changes in the activity and product classifications International Standard Industry Classification (ISIC) and the Central Product Classification (CPC), but concordances are not expected to be completed until 2009;
 - other suggestions arising from the worldwide consultation in 2006 have been taken into account;
 - this document sets out a series of issues and questions on the draft material and some remaining options for change for the revision. The remaining options for change mainly but not entirely relate to new EBOPS items, details of Chapter 5, the analytical annex and additional material on issues that cut across goods and services trade.

Progress and Planned Revision Timetable for MSITS:
May 2006 – July 2006 Worldwide consultation period on scope of MSITS update and issues to be included.
August 2006 to January 2007 TFSITS to review worldwide consultation responses on updating MSITS and draft (annotated) outline of updated MSITS. Draft new chapter on Modes
February 2007 - March 2008 TFSITS to draft updated MSITS;
September 2007 Present early draft MSITS chapters to OECD-Eurostat Expert meeting on Trade-in-services Statistics for comment
October-November 2007 TFSITS Progress Report to IMF BOP Committee and UN Statistical Commission
April 2008 TFSITS meeting Vienna to review draft material including a joint session with the TF on International Merchandise Trade Statistics to discuss treatment of cross-cutting issues
April to July 2008 TFSITS agree draft chapters and annexes and prepare worldwide consultation on these, setting out remaining options for change in the revision.
August to October 2008 Worldwide consultation on draft of revised MSITS.
24 September 2008 Presentation of the draft Manual to the OECD Working Party on Trade in Goods and Trade in Services Statistics (Paris)
25 September 2008 TFSITS meeting Paris to review revision progress and plans
November 2008 to February 2009 TFSITS to review comments and re-draft MSITS chapters
March-April 2009 TFSITS meeting and joint meeting with TFIMTS Bangkok i) to review comments; and review the revised Chapters; ii) review need for extra cross-cutting material affecting goods and services
June 2009 Finalise draft of MSITS Chapters and annexes;
Summer 2009 Prepare revised EBOPS-CPC and other concordances;
July–September 2009 Post the draft for final review, contacting countries to explicitly inform them about the possibility for input to this review and to publicize with Expert Groups;
September 2009 TFSITS meeting Paris;
November 2009 prepare submission to UNSC 2010 in coordination with TFIMTS as appropriate;
Spring-Summer 2010 prepare MSITS publication.

Issues and questions for worldwide consultation on the revision of MSITS

Issues and questions for Chapter 1

7. In MSITS Chapter one, the paragraphs 1.18-1.31 include a summary list of recommendations with priorities for implementation. This was done to encourage the progressive production of a core data set to enable a reasonable degree of international comparability of data for users. These have been amended to strengthen the recommendations on partner country data.

Question 1.1

Do you agree with the amended list of priority recommendations as presented in Chapter 1?

Yes No.

Question 1.2

If not, please suggest any modifications to the priority recommendations.

Question 1.3

Do you agree with the new order of priority in the recommendations in Chapter 1?

Yes No.

Question 1.4

If not, please suggest any amendments to the order of recommendations.

Question 1.5

Do you have any other comments or suggestions regarding Chapter 1?

Issues and questions for Chapter 2

8. Chapter 2 discusses the information needs of GATS and trade negotiations on international trade in services, describes relevant aspects of standard statistical systems and classifications related to trade in services, and outlines the recommended statistical response to trade policy and analytical needs. The chapter has been revised to align with other revised statistical frameworks.

9. Following advice received from the previous consultation, a detailed discussion on modes of supply has been elaborated in Chapter five of the revised Manual and some of the discussion on modes that was in Chapter two of the 2002 edition has consequently been omitted.

Question 2.1

Do you have any comments on the revised draft of chapter 2?

Issues and questions for Chapter 3 and EBOPS

10. Chapter 3 sets out trade in services between residents and non-residents of an economy in the framework of the balance of payments. The Extended Balance of Payments Services Classification (EBOPS) is an elaboration of the IMF Balance of Payments services components, as set out in BPM6 Chapter 10. Thus changes to the BOP main components on e.g. manufacturing services/goods for processing, merchanting, telecommunications, computer and information services, post and courier services, financial services, insurance services, charges for the use of intellectual property, and travel are automatically reflected in EBOPS.

11. Some further changes to Chapter 3 are required. It will still be necessary to review the definition of types of service in EBOPS for updating and clarification and examples given. Incorporation of the final list of EBOPS items (as yet undecided) with their descriptions will have to be made.

12. Following the advice of the previous worldwide consultation there should be no significant change in the level of detail of EBOPS. There is nonetheless a need to review the detailed items of EBOPS and its memorandum items. A number of changes to EBOPS have been reviewed by the TFSITS and are submitted as proposals for your comment. These proposed changes are set out in Annex 1 for ease of reference.

Question 3.1

For the proposed EBOPS standard items do you agree with the proposals?

Yes. No.

Are there any of these that should be excluded from the standard EBOPS?

Are there any additional items that should be included?

Comments:

Question 3.2

For the proposed EBOPS supplementary items do you agree with the proposals?

Yes. No.

Are there any of these that should be excluded from the supplementary EBOPS items?

Are there any additional items that should be included?

Comments:

Question 3.3

In a small number of cases there are proposals to indicate a suggested further breakdown of EBOPS in the descriptions only, without any recommendation to countries to report the breakdown. This is partly to help clarify the descriptions, alignment with CPC and to assist those countries where particular services are important to identify further national breakdowns that might eventually be useful internationally. Do you agree with the proposals?

Yes. No.

Question 3.4

Apart from Tourism and Audio-visual services, the TFSITS has discussed a number of new alternate aggregations or groupings that may be of interest for particular analyses. Some of these were proposed by countries in the 2006 consultation. These are set out below.

For each proposed aggregation or grouping please indicate whether it should be included or not in the MSITS with any comments that you may have. Some of the proposals have not yet been fully defined and inclusion would require agreement of a definition before end 2009. Some suggested definitions of these groupings are included in Annex 1 below.

Proposed new alternate aggregations or groupings: Please indicate your preferences in the table with a tick(✓)

Description	Include	Do not include	Don't know	Comment
Computer software transactions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Call centre services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Trade in services between related enterprises	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental Transactions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Education services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Question 3.4 (i)

Are there any other alternative groupings that should be included? If yes please describe in sufficient detail.

Yes. No.

Question 3.4 (ii)

Do you agree with the suggested definitions of alternative groupings in Annex 1 below?

Yes. No.

If not how might you alter these definitions?

Question 3.5

Two alternative presentations in services are given in BPM6 Chapter 10. One is for transport (by mode or by passenger/freight) and the second is for travel (by purpose of travel or type of expenditure). Should the revised MSITS give priority to particular alternatives (see examples below)?

Question 3.5 (i) For Transport		
a) Give priority to transport broken down by mode	Yes. <input type="checkbox"/>	No. <input type="checkbox"/>
b) Give priority to transport broken down by passenger/freight/other	Yes. <input type="checkbox"/>	No. <input type="checkbox"/>
c) Neither has priority for each country to decide?	Yes. <input type="checkbox"/>	No. <input type="checkbox"/>
Comments:		
Question 3.5 (ii) For Travel		
a) Give priority to purpose of travel?	Yes. <input type="checkbox"/>	No. <input type="checkbox"/>
b) Give priority to type of travel expenditure?	Yes. <input type="checkbox"/>	No. <input type="checkbox"/>
c) Neither has priority for each country to decide?	Yes. <input type="checkbox"/>	No. <input type="checkbox"/>
Comments:		

Question 3.6

Do you have any other comments or suggestions regarding Chapter 3?

Issues and questions for Chapter 4

13. Chapter 4 sets out a framework for measuring the activities of foreign-controlled affiliates, which form a subset of statistics on activities of multinational enterprises. This framework is the main basis for measuring supply of services through commercial presence. The revised chapter has been aligned with HEGI and BD4 for issues concerning Foreign affiliates, coverage and the determinants of foreign control of firms.

14. Changes to ISIC, Revision 4, have been reviewed to revise the ISIC Categories for Foreign Affiliates (ICFA).

Question 4.1

Do you have any comments or suggestions regarding Chapter 4?

Issues and questions for Chapter 5

15. The new Chapter five provides a detailed explanation of modes of supply including new material on mode 4. It provides recommendations on the measurement of trade in services by mode.

Questions: 5.1

Do you think the text and examples are sufficiently clear? Yes No.

Comments:

Question 5.2

Do you agree with the approximate allocation of services to a dominant mode or modes as set out in the text and the table on page 22 of Chapter five?

Yes. No.

Comments:

Question 5.3

Do you have any other comments or suggestions to improve Chapter 5?

Issues and questions related to MSITS Annexes

The Manual contains a number of annexes. Two draft annexes (on tourism satellite accounts and on analysing the trade in services data) have so far been prepared and are available on the TFSITS website.

Issues and questions for annex VI: The Manual, IRTS 2008 and the Tourism Satellite Account Recommended Methodological Framework

This annex has been updated to reflect the revised Tourism Satellite Account: Recommended Methodological Framework, its concept of tourism and the concept of travel in this Manual.

Question A.1

Do you have any comments on this revised Annex?

Issues and questions for annex VII: Analysing the trade in services data

The purposes of producing data on trade in services include informing trade policy and facilitating economic and trade analyses. Following the strong support expressed in the 2006 worldwide consultation for the principle of an analytical annex. A draft annex has been prepared by the TFSITS.

Question A.2

Do you find analytical themes proposed in the annex useful? Yes No.

Comments:

Question A.3

Do you have any other comments or suggestions regarding the content of the proposed analytical annex?

Question A.4

Do you agree that a new analytical annex along the lines of the draft provided should be included in MSITS to assist users in adding value to the basic statistics?

Yes. No.

Comments:

16 A number of issues affect both services and goods trade, whether in balance of payments or international merchandise trade statistics. It has been suggested that the connections between manuals may need to be clarified. Currently, a Box has been inserted in Chapter 3 (after paragraph 3.60) which explains the differences between BOP and IMTS, with special focus on differences involving trade in services.

Question A.5

Do you agree to have this text in Chapter 3?

Yes. No.

Or, Do you believe that a separate Annex on Cross-cutting issues related to goods and services trade would be necessary? Issues covered could include manufacturing services, computer software, intra-firm trade, goods under merchanting, maintenance and repair, and input-output tables.

Yes. No

Comments:

Concordance annexes

17- The concordance annexes still need to be updated and this is planned provisionally for 2009.

General question

Having gone through the consultation document and questionnaire do you have any further issues, comments or suggestions regarding the update of MSITS?

Responses should be sent to tradeserv@un.org with a copy to std.servstat@oecd.org by 24 November 2008

Thank you for your input.

Further information on the work of the Interagency Task Force on Statistics of International Trade in Services can be found at <http://unstats.un.org/unsd/tradeserv/TFSITS/default.htm> and the Task Force can be contacted at Std.servstat@oecd.org.

Annex 1

EBOPS 2010(Draft proposals)

(New EBOPS proposals are shown with shading indicating if they are standard EBOPS items (labelled A), supplementary EBOPS items (labelled B), for descriptions only (labelled C), or alternative groupings (labelled D). Unshaded EBOPS items are direct from the draft BPM6 as in June 2008 and are automatically regarded as standard EBOPS items.)

- 1 Manufacturing services on physical inputs owned by others
 - 1.1 Goods for processing in reporting economy
 - *Goods sent (Credit), Goods received (debit)
 - 1.2 Goods for processing abroad
 - *Goods sent (Credit), Goods returned (debit)
 - * these supplementary EBOPS items are intended to assist reconciliation with customs-based merchandise trade statistics

- 2 Maintenance and repair n.i.e.

- 3 Transport
Alternative 1 by mode
 - 3.1 Sea transport
 - Passenger *Of which: Payable to border and seasonal workers*
 - Freight
 - Other
 - 3.2 Air transport
 - Passenger *Of which: Payable to border and seasonal workers*
 - Freight
 - Other
 - 3.3 Other modes of transport*
 - Passenger *Of which: Payable to border and seasonal workers*
 - Freight
 - Other
 - 3.4 Post and courier services

- *Extended classification of other modes of transport
 - 3.5 Space transport
 - 3.6 Rail transport
 - 3.6.1 Passenger
 - 3.6.2 Freight
 - 3.6.3 Other
 - 3.7 Road transport
 - 3.7.1 Passenger
 - 3.7.2 Freight
 - 3.7.3 Other
 - 3.8 Inland waterway transport
 - 3.8.1 Passenger
 - 3.8.2 Freight
 - 3.8.3 Other
 - 3.9 Pipeline transport A**
 - 3.10 Electricity transmission A**
 - 3.11 Other supporting and auxiliary services

- For all modes of transport**
Alternative 2 transport presentation
- 3a.1 Passenger
 - Of which: Payable by border, seasonal, and other short-term workers*
 - 3a.2 Freight
 - 3a.3 Other
 - Post and courier
 - Other
- 4 Travel
- 4.1 Business
 - Acquisition of goods and services by border and seasonal workers
 - Other
 - 4.2 Personal
 - Health-related
 - Education-related
 - Other
- For both business and personal travel
Alternative presentation for Travel
- 4a.1 Goods
 - 4a.2 Local transport services
 - 4a.3 Accommodation services
 - 4a.4 Food-serving services
 - 4a.5 Other services
 - Of which:*
 - Health services
 - Education services
- 5 Construction
- 5.1 Construction abroad
 - 5.2 Construction in the reporting economy
- 6 Insurance and pension services
- 6.1 Direct insurance
 - 6.1.1 Life insurance B
 - 6.1.2 Freight insurance B
 - 6.1.3 Other direct insurance B
 - 6.2 Reinsurance
 - 6.3 Auxiliary insurance services
 - 6.4 Pension and standardized guarantee services
- 7 Financial services
- 7.1 Explicitly charged and other financial services
 - 7.2 Financial intermediation service charges indirectly measured (FISIM)
- 8 Charges for the use of intellectual property, n.i.e.
- 8.1 Licenses to reproduce and/or distribute computer software A
 - 8.2 Licenses to reproduce and/or distribute audiovisual and related services A
 - 8.3 Outcomes of research and development A
 - 8.4 Franchises and trademarks licensing fees A
- 9 Telecommunications, computer, and information services
- 9.1 Telecommunications services
 - 9.2 Computer services
 - 9.2.1 Computer software A
 - Of which Originals B
 - 9.2.2 Other computer services A
 - 9.3 Information services
 - 9.3.1 News agency services

- 9.3.2 Other information services
 - 10 Other business services
 - 10.1 Research and development services (*Subject to further discussion in SNA R&D group*)
 - 10.2 Professional and management consulting services
 - 10.2.1 Legal, accounting, management consulting, and public relations
 - 10.2.1.1 Legal services
 - 10.2.1.2 Accounting, auditing, bookkeeping, and tax consulting services
 - 10.2.1.3 Business and management consulting and public relations services
 - 10.2.2 Advertising, market research, and public opinion polling
Possible new supplementary item
Convention, trade-fair and exhibition organisation services (CPC Ver.2 8596) B
 - 10.3 Technical, trade-related and other business services
 - 10.3.1 Architectural, engineering, scientific and other technical services
Possible new supplementary items
 - 10.3.1.1 **Architectural services (CPC Ver. 2 832) B**
 - 10.3.1.2 **Engineering services (CPC Ver.2 833) B**
 - 10.3.1.3 **Scientific and other technical services (CPC Ver.2 834) B**
 - 10.3.2 Waste treatment and de-pollution, agricultural and mining services
 - 10.3.2.1 Waste treatment and de-pollution
 - 10.3.2.2 **Services incidental to agriculture, forestry and fishing
CPC Ver.2 861 A**
 - 10.3.2.3 **Services incidental to mining, and oil and gas extraction
CPC Ver.2 862 A**
 - 10.3.3 Operational leasing services
 - 10.3.4 Trade-related services
 - 10.3.5 Other business services n.i.e.
Possible inclusion in description only
Employment services: search, placement and supply services of personnel (CPC Ver.2 851) C
- 11 Personal, cultural, and recreational services
 - 11.1 Audiovisual and related services
 - 11.2 Other personal, cultural, and recreational services
 - 11.2.1 Health services
 - 11.2.2 Education services
 - 11.2.3 Other
Possible inclusion in description only
Cultural services (CPC Ver.2 962 - 964)
Sporting and Recreational services CPC Ver.2 965-969 C
- 12 Government goods and services n.i.e.

Supplementary items

- 1 *Gross insurance premiums*
 - 2.1 *Gross premiums--life insurance*
 - 2.2 *Gross premiums--freight insurance*
 - 2.3 *Gross premiums--other direct insurance*
- 2 *Gross insurance claims*
 - 3.1 *Gross claims--life insurance*
 - 3.2 *Gross claims--freight insurance*
 - 3.3 *Gross claims--other direct insurance*
- 3 *Architectural services (CPC Ver.2 832) B*
- 4 *Engineering services (CPC Ver.2 833) B*
- 5 *Scientific and other technical services (CPC Ver.2 834) B*
- 6 *Convention, trade-fair and exhibition organisation services (CPC Ver.2 8596) B*
- 7 *Embassies and consulates B*
- 8 *Distribution services B*

Alternative EBOPS

groupings

- 1 *Tourism-related services in travel and passenger transport*
- 2 *Audiovisual transactions*
- 3 *Computer software transactions D*
- 4 *Call-centre services D*
- 5 *Related - unrelated trade dimension for total services D*
- 6 *Environmental services or environmental transactions D*
- 7 *Health services D*
- 8 *Education services D?*

***N.B 3-9 are so far proposals without an agreed definition.
For 3-9 below definitions are suggested ones for comment***

Definitions of alternative groupings

1. *As defined in BPM6*
2. *Updated from MSITS 2002*
3. *Computer software transactions; would be a grouping of computer software goods; computer software services; and licenses to distribute or reproduce computer software;[need to align with Ch 3 eventually]*
4. *Call centre services are discussed in the draft MSITS Chapter 3 but the components are not separately identified in MSITS under current proposals*
- 5 *“Related” trade is trade between units linked by a foreign direct investment relationship, as defined in BPM6 and BD4*
6. *Environmental transactions [This proposal will be recast in terms of CPC Ver.2]*

It includes the following sub-items:

 - i) *Environmental services (this sub-item is closely related to the BPM6 item Waste treatment and depollution)*

Solid and hazardous waste management and recycling activities (CPC Prov. 9402 Refuse disposal services; CPC v1.1 942 Refuse disposal services)
Wastewater collection, treatment and purification services (CPC Prov. 9401 Sewage services; CPC v1.1 941 Sewage services)

Cleaning services for public facilities, sites and roads (CPC Prov. 9403 Sanitation and similar services; CPC v1.1 943 Sanitation and similar services)
Protection of ambient air and climate (CPC Prov. 9404 Cleaning services of exhaust gases; CPC v1.1 949 Other environmental protection services n.e.c.)
Remediation and cleanup of soil and water (CPC Prov. 9409 Other environmental protection services n.e.c.; CPC v1.1 949 Other environmental protection services n.e.c.)
Noise and vibration abatement (CPC Prov. 9405 Noise abatement services; CPC v1.1 949 Other environmental protection services n.e.c.)
Protection of biodiversity and landscape (CPC Prov. 9406 Nature and landscape protection services; CPC v1.1 949 Other environmental protection services n.e.c.)
Other environmental and ancillary services n.i.e. (CPC Prov. 9409 Other environmental protection services n.e.c.; CPC v1.1 949 Other environmental protection services n.e.c.)

- ii) **Environmental research and development services** (CPC Prov. 85300 Interdisciplinary research and experimental development services; CPC v1.1 81300 Interdisciplinary research and experimental development services)
- iii) **Environmental consulting services** (CPC Prov. 86721, Advisory and consultative engineering services; CPC v1.1 83131, Advisory and consultative engineering services)
- iv) **Environmental impact assessment services** (CPC Prov. 86721 Advisory and consultative engineering services; CPC v1.1 8333 Engineering advisory and pre-design services)
- v) **Charges for the use of intellectual property relating to environment**

7 Health services = health services in travel +health services in personal cultural and recreational services
8 Education services = Education services in travel +Education services in personal cultural and recreational services