

Regional seminar on international trade statistics for Arab countries
12-14 June, Amman, Jordan
Report of the meeting

1. The opening session of the meeting was chaired by Mrs Maysaa Mohammed, the acting director general of the Arab Institute of Training and Research in Statistics. Opening statements were made by the deputy director general of the Department of Statistics of Jordan and by the chief of Trade Statistics Branch of the UN Statistics Division on behalf of the director Paul Cheung. Both statements underlined the importance of international trade in economic growth and the importance of measuring international trade with high quality trade statistics both for trade in goods and trade in services.
2. ESCWA presented its work on trade statistics in the region. It gave an overview of seminars conducted on SITS (Beirut, 2004; Cairo, 2007; Damascus, 2009; and Oman, 2011). Country missions were held to Kuwait, Oman, UAE, Egypt, Yemen, and Syria. Similarly, seminars were organized on IMTS (Amman, 2007; Cairo, 2008; Istanbul, 2009; and Rome, 2009) and institutes in several countries were visited. ESCWA also presented the outcome of the questionnaire which it conducted among the seminar participants over the last month. 12 countries replied (Oman, Yemen, Tunisia, United Arab Emirates, Qatar, Somalia, Sudan, Mauritania, Libya, Palestine, Jordan and Iraq) and indicated some challenges in institutional arrangements and the collection of SITS data.
3. UNSD explained the purpose and context of the seminar. The main purpose is to convey the message to the countries that trade statistics need to stay relevant. These statistics should be used for national planning purposes and should therefore be adequate to help answering policy questions. Internationally, new recommendations for statistics of trade in goods and services were adopted in 2010, which aimed at gradually improving the quality and relevance.
4. UNSD made the connection of the current event to the Global Forum on Trade Statistics, which took place in February 2011. High-level policy makers, well-known researchers and chief statisticians addressed at that time the question if we are compiling and disseminating the right numbers on international trade. The policy makers stated that broad awareness should be raised regarding the fact that the production processes have changed and, now involve many countries with trade as the link of moving intermediate inputs. This is important for the development strategies. Researchers and statisticians underlined the associated needs of data for the analysis of global value chains.
5. Value chain analysis shows (in general) the value-added of goods and services in the production process, whereas global value chain analysis shows the value-added of goods and services through the trade of the products in the geographically fragmented production process. Data on the multi-nationals and their foreign affiliates, as well as data on outsourcing of business functions, linking trade and business statistics and measuring trade in value-added all help in filling parts of the data needs.

6. UNSD introduced the new recommendations for international trade statistics. Those for international merchandise trade statistics did not change the underlying basic principle of measuring the physical movements of goods crossing the border, but did add some important new data elements, namely the valuation of the imports of goods in terms of FOB, the country of assignment in both imports and exports, the mode of transport and the customs procedures, especially to identify trade for inward and outward processing.

7. The new recommendations for MSITS 2010 reflect the changes introduced in the 6th edition of the Balance of Payments, notably the addition of “Manufacturing service on input owned by others” and “Maintenance and repair services” as main components for trade in services. Otherwise, MSITS 2010 stresses a gradual increase in the availability of more details both in the services categories (of EBOPS 2010) and in the breakdown by partner countries.

Travel and Transportation services

8. Axel Behrens of Eurostat gave a presentation on the developments in the measurement of travel services within the European Union context. He highlighted that *Travel* is defined as covering goods and services, for own use or to give away, acquired from an economy, by non residents during visits to that economy. It includes goods and services consumed in the supplying economy, such as accommodation, food and beverages, transport within the economy visited, but excludes the international carriage of persons, which is covered in passenger services under transport services. It also includes goods taken out of the economies visited, such as gifts, souvenirs, and other articles purchased for own use.

9. Travel includes estimated values of products (such as accommodation), that may be provided free of charge. It also includes the acquisitions of goods and services by border, seasonal and other short-term workers, and acquisitions of students and medical patients away from their country of residence for a period of one year or more. Tourism excludes these from the definition. Travel excludes purchases of valuables and consumer durables above a custom threshold (tourism includes all irrespective of the threshold). Travel also excludes expenditure on international passenger transportation (included in EBOPS 2010 passenger transport) which tourism includes except for border, seasonal and other short-term workers. To highlight the link between balance of payments and tourism statistics, MSITS 2010 includes a supplementary item, Tourism-related services in travel and passenger transport (see paragraph 3.130).

10. The Department of Statistics of Jordan explained the inbound and out bound travel survey which is conducted about every four years, most recently in 2010/2011. The Ministry of Tourism and the Central Bank participate in this exercise. The Saudi Arabian Monetary Authority presented in detail the data collection procedures for the travel of pilgrims to Mecca and Medina. In total, about 18 million pilgrims visit Saudi Arabia each year.

11. The Central Bank of Turkey gave an overview of its arrangements to collect, compile and disseminate trade in services statistics with special attention to the collection of data in transportation services. Whereas it uses mostly ITRS for the imports of services, it prefers to use enterprise surveys for exports. Enterprise surveys provide the opportunity to explicitly ask question on the type of services, payments, and partner countries. Enterprise surveys are used for transportation services, insurance services, legal services, postal and courier services, telecommunication services and news agency services.

12. After the presentations, four groups of about 9 participants were constructed, which were asked to discuss the challenges faced in their countries to collect and compile statistics for the trade in travel services and transportation services. The outcome of the groups' discussions can be summarized as follows:

- (i) In some countries, visas are used as the administrative record to calculate the visitors. However, not all visitors are required to have visas.
- (ii) Where the sales of airline tickets are used, the problem arises that trade in services should be based on the basis of residency and not on the basis of nationality.
- (iii) Some countries use household surveys to get information on total expenditures of outbound travel. However, it is not clear what the population frame should be to gross up the sample results.
- (iv) Fixed rates are used to estimate the cost of freight as percentage of total trade. These rates differ among the countries and are not regularly benchmarked.
- (v) It is a problem that the Central Banks have no legal backing to conduct surveys.

FATS, FDI and other business services

13. The presentation of Robert Yuskavage showed the data collection, compilation and dissemination issues as encountered in the preparation of FATS and FDI statistics by US BEA. In outward FDI, a resident enterprise establishes a lasting interest in an enterprise located in another economy, where lasting interest is defined as the direct or indirect ownership of 10 per cent or more the voting power. Foreign affiliates represent a subset of the FDI population, where the enterprise is majority-owned. The picture below shows the relation between FDI and FATS.

14. The data sources for FATS could be FDI surveys or special designed FATS surveys. For inward FATS, the business surveys for resident enterprises can be used. To determine control, US BEA uses business registers to determine mother companies and foreign affiliates and then follows-up to get additional information. The basic FATS information covers number of enterprises, number of employees, sales, value added and exports and imports of goods and services.

15. US BEA conducts a comprehensive benchmark survey every 5 years with a low reporting threshold. In interim years it conducts an annual survey with higher threshold. On inward FATS and FDI, data are linked to the establishment surveys of the US Census

bureau to obtain more information on the enterprises. FATS cover the enterprises which are classified according to the services industries of the ICFA.

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16. The UNSD consultant Robert Yuskavage had also prepared a presentation on the category “Other business services” (OBS) which is a main service component of the BOP and the EBOPS 2010 consisting of R&D services, professional and management consulting services, technical, and trade-related services. It does not include computer services and information services which are included in EBOPS category 9. These types of services are often associated with offshore outsourcing and business process outsourcing. In this regard, enterprise surveys are often the most effective means of achieving relatively high coverage of both receipts and payments for OBS transactions and ensuring adequate coverage of affiliated trade, which accounts for a significant share of transactions for activities such as management and administrative services. In 2009, (ignoring some nuances on US-based foreign and foreign-based US affiliates) roughly 50% of OBS exports and even more for OBS imports of the United States were supplied by foreign affiliated firms.

17. The Ministry of Industry and Trade of Jordan gave a presentation on the establishment and development of the qualifying industrial zones (QIZ), which started at the end of the 1990s and concerns the textile and garment industries for exports. Enterprises established in the QIZ work under special trade agreement between the USA, Jordan and Israel. The QIZ provide first of all employment to Jordan (mostly to women) and help the Jordan economy to grow since most QIZ enterprises are under ownership of Jordanians.

18. Turkey presented the collection and compilation of the remaining services, such constructions, insurance and postal and courier services. Information on transactions of construction services or finance services is collected partially via ITRS, whereas information on insurance services is collected via dedicated surveys to resident insurance companies and from the customs declarations for the insurance of freight. Transactions of legal services, postal and courier services, telecommunications services and news agency services are collected via ITRS on the import side and through enterprise surveys on the export side.

19. After the presentations, four groups of about 9 participants were again constructed, which were asked to discuss the challenges faced in their countries to collect and compile statistics for the trade in all other services but travel and transportation services. The participants were also asked to discuss the FDI surveys and the challenges of linking trade to business statistics. The outcome of the groups’ discussions can be summarized as follows:

- (i) ITRS often includes financial and other fees, which should not be part of service being measured;
- (ii) Estimation methods are sometimes too simplistic, like using a fixed inflation rate to estimate the current year’s services trade based on last year’s data;

- (iii) Recreational and cultural services are difficult to measure due to the wide variety of services it can include;
- (iv) Coordination of the Central Bank and the NSO is necessary, especially to conduct enterprise surveys;
- (v) Quality aspects of surveys need to be addressed, such sampling strategies and non-response.

Institutional arrangements and data dissemination

20. The Statistical Office of Morocco made a presentation on the institutional arrangements in the country. The Exchange Office (EO) is responsible for the development, publication and dissemination of trade statistics, balance of payments and international investment position. A computerized system enables the EO to collect customs data on imports and exports of goods without delay. The EO has also understandings with other agencies, such as central bank (Bank Al-Maghrib) and the Treasury Directorate, to provide information needed for Trade Statistics on a regular basis.

21. National Statistical Office and the Exchange Office signed a partnership agreement in 2009 with the following objectives:

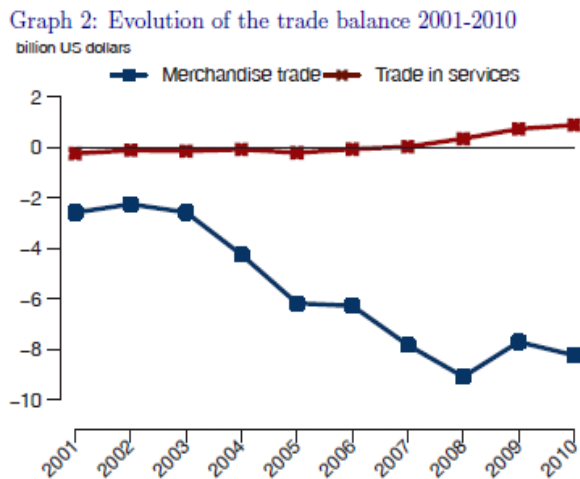
- o To develop better data exchange mechanisms;
- o To develop a framework for collection and compilation of statistics on foreign trade;
- o To develop statistics on foreign trade in accordance with international standards;
- o To improve coordination and increase capacity building for international trade statistics;
- o To develop institutional mechanisms through conduct of periodic surveys;
- o To share data and access to information produced by the two institutions, as necessary to accomplish their missions;
- o To exchange scientific and technical experience in the areas of collection, processing and analysis of statistical data;
- o To harmonization national accounts statistics with those of the balance of payments and transactions in goods;
- o To produce statistical indicators on foreign trade;
- o To implement international standards (2008 SNA, BPM6 and IMTS 2010);
- o To organize seminars, workshops, training and skills development;
- o To realize common studies and research in the field of foreign trade.

22. Moreover, an expert committee was created with the following terms of references:

- o To develop a framework for collection and compilation of statistics on trade in services with specific references to:
 - Exploring the possibility of conducting periodic benchmark surveys and other surveys,

- Identification of important services categories for which surveys are to be undertaken,
- Preparation of enterprise frame(s)
- o To standardize the concepts & definitions, classifications and other methodological issues related to the trade statistics

23. UNSD gave a presentation on data dissemination, especially on presenting trade in goods and services in the same context, such as given in the below graph on the evolution of the trade balances for trade in goods and services of Jordan from 2001 to 2010.



General discussion and recommendations

24. In the final round of group discussions, the participants were asked to reflect on the possibilities of (1) establishing or maintaining an expert committee for international trade statistics (like in Morocco), (2) conducting an inbound/outbound travel survey (like in Jordan), (3) conducting enterprise surveys for exports of services (like in Turkey), (4) conducting an FDI survey (like in Jordan and Syria), and (5) linking trade and business statistics (as is done in Italy or Austria).

25. Whereas most countries saw the value and possibility of addressing points 1 to 4, almost none were ready to start linking trade and business statistics. There was some discussion on the legal basis of a national committee for trade statistics. It was generally agreed that the various institutes should establish commitment to this committee or task force through signing of a memorandum of understanding. Regarding the enterprise surveys, the main issues are the funding to conduct surveys, the available expertise, the lack of a full business register and the legal basis for conducting surveys.

26. A proposal of the recommendations of this seminar is given in the annex of this report. It was agreed that the organizers will follow-up with the participants in 6 months to inquire about the first results of implementing these recommendations of the seminar.

Closing

27. Mr. Nsour, Director General of the Department of Statistics of Jordan, graciously closed the meeting by thanking participants, resource persons, support staff and the representatives of the organizing institutes for their contributions. All participants received a certificate of participation from Mr. Fathi Al-Nsour, Mrs Maysaa Mohammed (AITRS), Mr. Majed Hamoudeh (ESCWA) and Mr. Ronald Jansen (UNSD).

Annex

REGIONAL SEMINAR ON INTERNATIONAL TRADE STATISTICS FOR ARAB COUNTRIES
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Recommendations

1. It is recommended that each country establishes a committee or task force for international trade statistics, which consist of representatives of all national institutes responsible for the collection, compilation or dissemination on international trade statistics, covering both trade in goods and trade in services, as well as statistics of FDI and foreign affiliates. The committee should have clearly defined Terms of Reference which are part of a memorandum of understanding signed by all parties involved. The agreement and terms of reference of the expert committee of Morocco (see paragraphs 20 and 21 of the report) can serve as an example. The committee should meet regularly.
2. To properly measure the international trade in travel services, it is recommended to follow the practice established in Jordan of conducting an extensive inbound/ outbound travel survey every 4 or 5 years.
3. Given the highly concentrated trade in services on the export side, it is recommended to conduct comprehensive enterprise surveys for the exports of some specific and economically relevant service categories, such as construction services, air transport services, sea transport services, telecommunication services, legal services, computer services and postal and courier services.
4. Within the context of the recommendations of MSITS 2010 and the relation of trade and globalization, it is recommended that all countries conduct an FDI survey on a regular basis, and that the survey contains at least one question asking if the company is involved in the international trade of services or goods. In addition, it should be attempted to derive some FATS statistics from the FDI survey based on majority ownership.
5. It is recommended that countries explore the possibility of linking trade and business statistics. This includes linking customs records to enterprises, linking trade in services to enterprises and linking business surveys (such as FDI or FATS) to trade in goods and services.
6. It is recommended that specialized hands-on training in the compilation of statistics of international trade in services will be organized for the Arab countries. This training will be based on the Compilers Guide for MSITS 2010 and will work with concrete examples of country questionnaires and practices. The training is envisioned for late 2013 or early 2014.