

**UNSD Regional Workshop on Travel and
International Tourism Consumption**

**Overview of the new Manual of
Statistics on International
Trade in Services
(MSITS 2010)**

Roseau, Dominica 14-17 May 2013

Why are statistics on international trade in services needed in the WTO?



Decision-making



Market access



Negotiate



Compare



Quantify



Dispute settlement

**Useful for economic analysis
also for the private sector**

Measuring trade in services: Where is the **problem?**

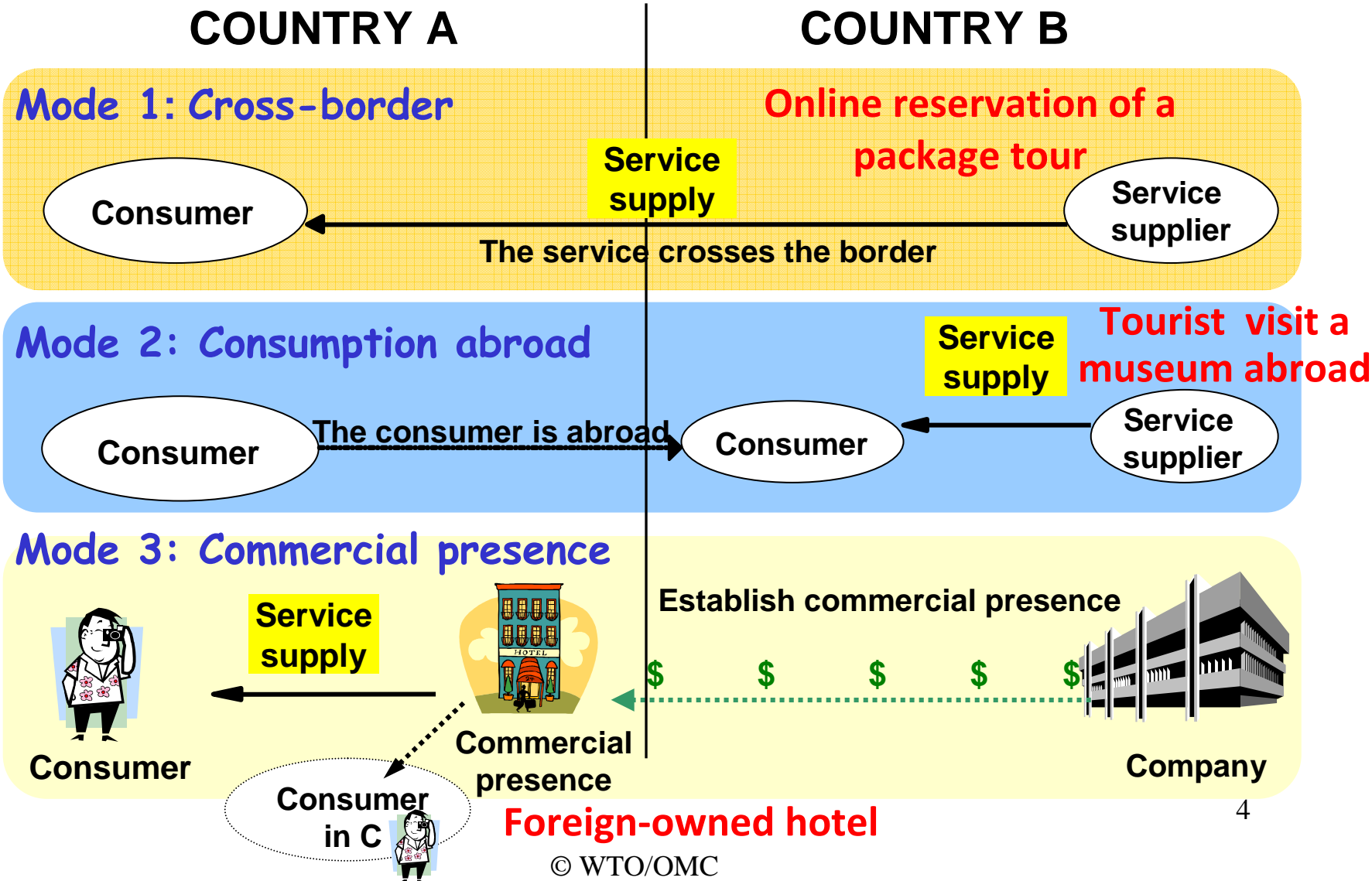
Goods

“cross-border”

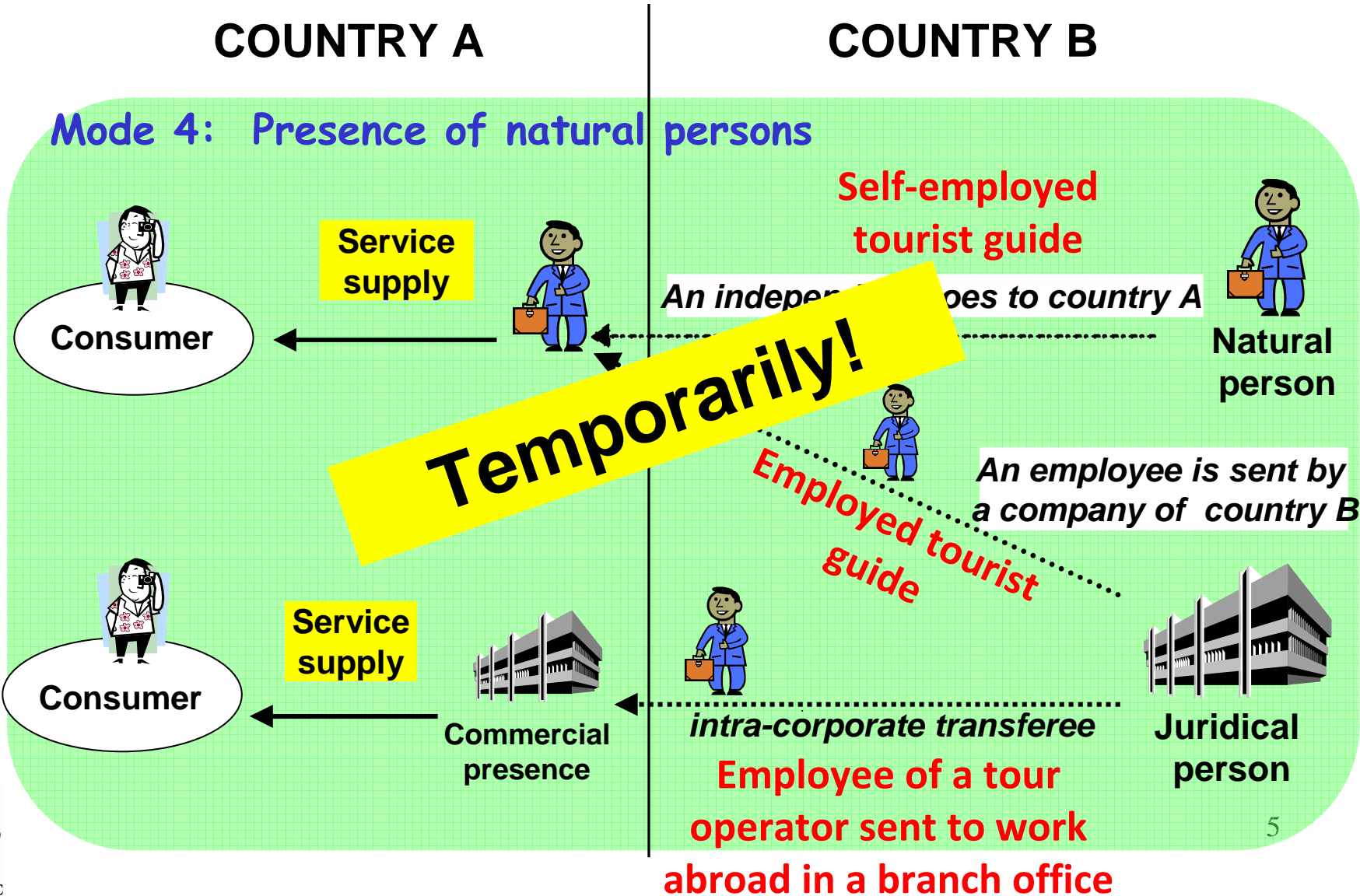
Services

- Mode 1: “cross-border”
- Mode 2: “consumption abroad”
- Mode 3: “commercial presence”
- Mode 4: “presence of natural persons”

The GATS Modes of Supply (1/2)



The GATS Modes of Supply (2/2)





Interagency Task Force on Statistics of International Trade in Services



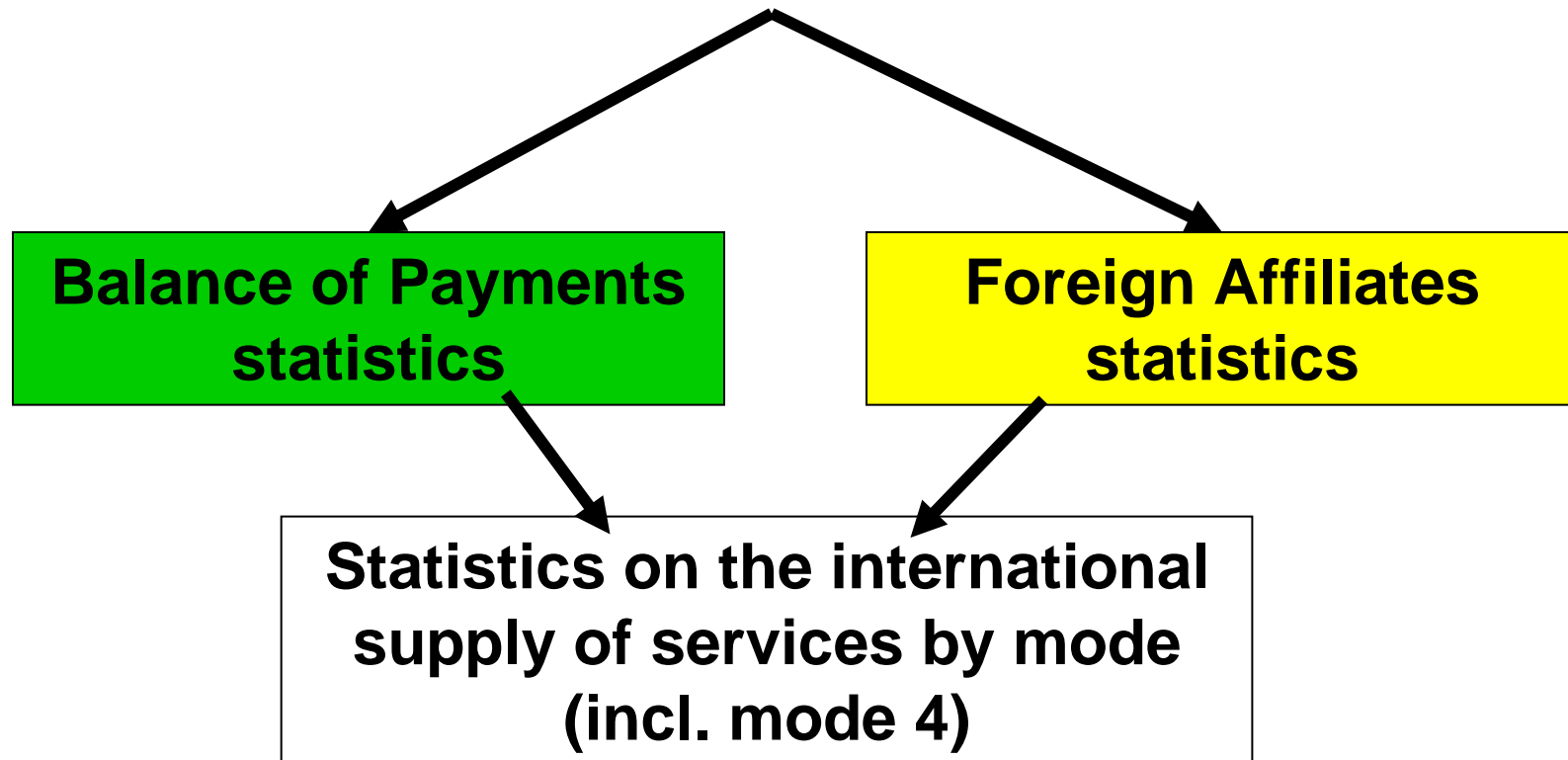
Published in **2010**

Why a revised Manual?

- **Incorporate the BPM6 and SNA 2008 revisions
ISIC Rev.4, CPC Rev. 2**
- **Need guidance on measuring GATS Modes of Supply, in particular Mode 4**
- **New recommendations on activities of foreign affiliates**

The Manual on Statistics of International Trade in Services (MSITS 2010)

Guidelines and recommendations on the measurement of trade in services



Structure of MSITS 2010



Chapter I – General introduction and foundations

Chapter II – Conceptual framework for the development of statistics on international trade in services

Chapter III – Services transactions between residents and non-residents

Chapter IV – Foreign affiliates statistics and international trade in services

Chapter V – Statistics on the international supply of services by modes

Annexes

MSITS 2010 Annexes

2010 EBOPS classification

ISIC Rev.4 Categories for Foreign Affiliates (ICFA Rev.1)

***Extract from the GATS Services Sectoral Classification
List GNS/W/120;***

***Clarifying the relationship between MSITS 2010 and
tourism international recommendations***

Online annexes

<http://unstats.un.org/unsd/tradeserv/tfsits/msits2010/annexes.htm>

EBOPS, CPC, Ver.2

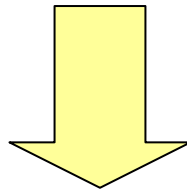
EBOPS 2010 - Services Sectoral Classification List **GNS/W/120**

**EBOPS 2010 - ISIC, Rev.4 Categories for Foreign Affiliates in
services (ICFA, Rev.1)**

Services Transactions between Residents and Non-residents

BPM6 – Why a revision of services?

**Strict application of the
change of ownership criterion in SNA 2008**



Reclassification of goods and services items

**Some items moved in Services Account
from Goods Account and viceversa**

**Need for more information on international
trade in services compared to 1993**

BPM6 Main Services Components

- 1. Manufacturing services on physical inputs owned by others**
- 2. Maintenance and repair services n.i.e.**
- 3. Transportation**
- 4. Travel**
- 5. Construction**
- 6. Insurance and pension services**
- 7. Financial services**
- 8. Charges for the use of intellectual property n.i.e.**
- 9. Telecommunications, computer and information services**
- 10. Other business services**
- 11. Personal, cultural and recreational services**
- 12. Government goods and services n.i.e.**

EBOPS 2010

Extended Balance of Payments Services Classification

- **What is it?**
- product-based classification,
- consistent with and more detailed than 12 BPM6 services components,
- including additional memorandum items and complementary groupings.
- **How can it be used in the framework of GATS?**
- Manual provides a **table of correspondence** between EBOPS 2010 and GATS list of services W/120.

Foreign affiliates statistics and international trade in services



Foreign Affiliates Statistics (FATS)

- **What are FATS useful for?**
 - Provide a measure of Mode 3 (commercial presence)
 - Help understand the phenomenon of globalisation.
- **What do FATS measure?**
 - Range of indicators on the activity of controlled foreign affiliates
 - Inward and outward FATS
 - With a particular focus on services

Firms Covered by FATS

- **Control criteria**

Majority-controlled foreign affiliates

(a single foreign investor owns more than 50% of voting power at each stage of the ownership chain):

Includes subsidiaries

Excludes associates

- **Types of producers**

All affiliates (i.e. producing goods, services)

- **Supplementary firms where relevant (e.g. multiple controllers)**

Statistics on the international supply of services by modes

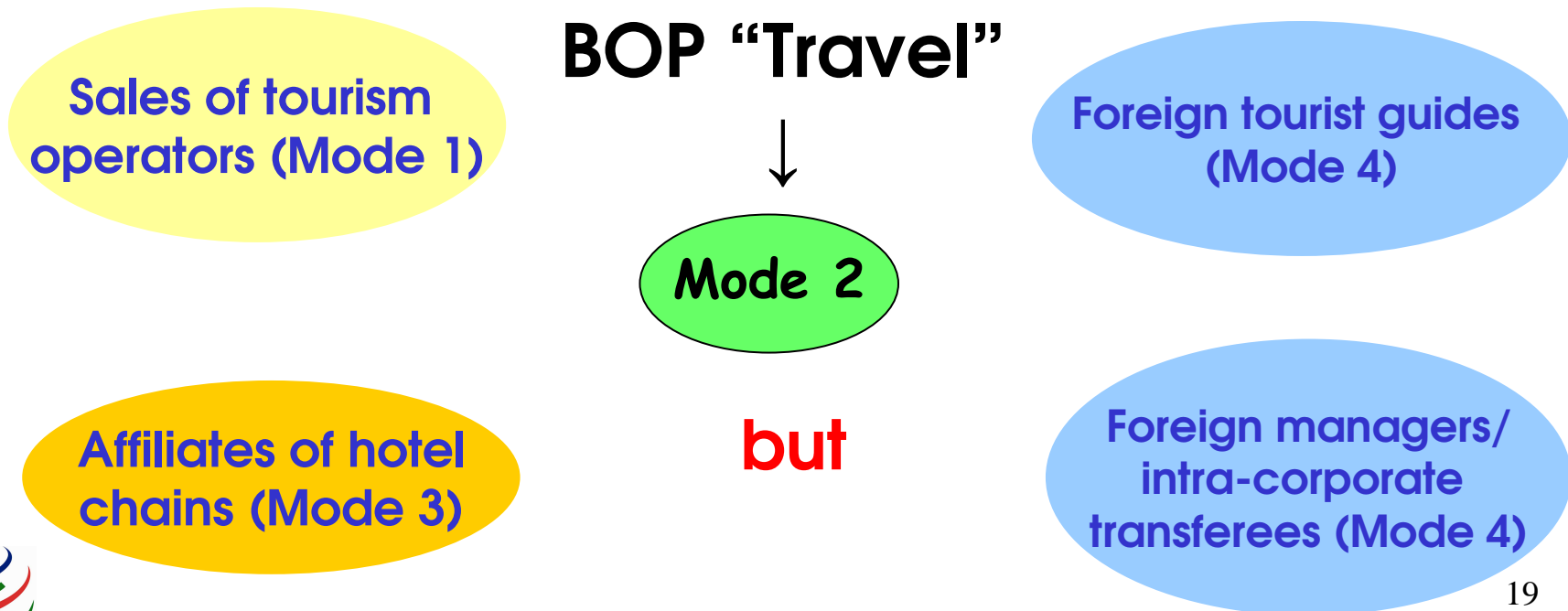


An example: Tourism

GATS W/120 list

- Hotels and restaurants
- Travel agencies and tour operator services
- Tourist guide services
- Other services

4 modes of supplying services





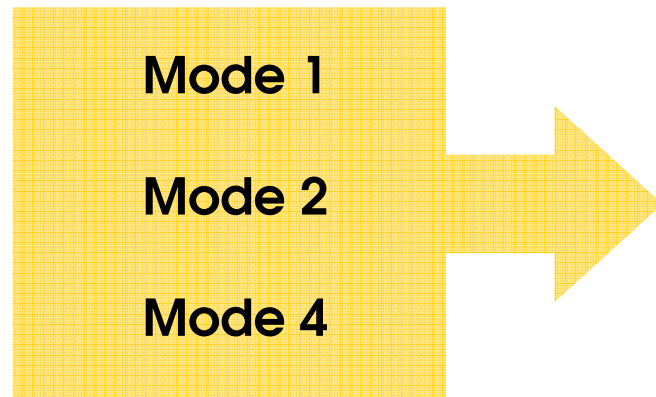
What do we need to measure?

1) Value of services trade flows

2) Additional indicators

**Value of
service trade**

GATS Modes of Supply and Statistical Domains: The simplified approach



**Balance of Payments
Services Statistics**

**Mode 4: Remittances and
compensation of employees are not
measures of mode 4 trade**




**Foreign Affiliates Statistics
(FATS)**



Simplified allocation of BPM6/EBOPS services items to Modes of Supply

Services predominantly delivered through

Mode 1

- Transportation services 
- Telecommunications services
- Information services
- Insurance and pension services
- Financial services
- Charges for the use of intellectual property n.i.e
- Operational leasing (in “Other business services”)
- Trade-related services (in “Other business services”)

Mode 2

- Travel (only services acquired) 
- Supporting and auxiliary services to carriers in foreign ports (in Transport)
- Maintenance and repair services n.i.e.
- Manufacturing services on physical inputs owned by others 

Simplified allocation of BPM6/EBOPS services items to Modes of Supply

Services predominantly delivered through

Mode 4

- Services incidental to agriculture and forestry
- Services incidental to mining, and oil and gas extraction

But for services delivered through Modes of Supply:

Mode 1

?

Mode 4

CHALLENGE

Computer services

- Professional and management consulting services (in Other business services)
- Architectural, engineering, scientific and other technical services (in Other business services)
- Personal, cultural and recreational services



Additional indicators to analyze trade in services

on Mode 3 (FDI and FATS)

- FDI stocks and flows in services
- number of foreign affiliates, of employees, value of assets (FATS).

on Mode 4:

Number (stocks and flows) of:

- Contractual services suppliers
- Intracorporate transferees and foreign persons directly recruited
- Services sellers/persons responsible of setting up commercial presence

(Migration/tourism statistics)

MSITS 2010: Recommended core elements

1. Implement **IMF BPM6** recommendations
2. Compiling BOP data according to **EBOPS 2010**
 - priority to most important sectors in the economy
 - identify the main trading partner at the total level
3. Collect complete **FDI statistics**
4. Record **basic FATS variables**
 - identify the main trading partner

MSITS 2010: Other recommended elements

5. Complete implementation of **EBOPS 2010** including supplementary items
6. Compile additional **FATS variables**
7. Separately identify trade between related and unrelated parties
8. Allocate services transactions and FATS sales to **GATS modes of supply**
9. Collect statistics on the number of natural persons under the **GATS framework**