

## REPORT OF THE INTER-AGENCY TASK FORCE ON STATISTICS OF INTERNATIONAL TRADE IN SERVICES TO THE UN STATISTICAL COMMISSION 2004

### Introduction

1. In late 2002, six participating agencies of the Inter-agency Task Force on Statistics of International Trade in Services<sup>1</sup> (Task Force) jointly published the *Manual on Statistics of International Trade in Services (Manual)*. Hard copy editions in English, Chinese, and Spanish were published in 2003. An electronic edition in English is available free from the agencies' websites<sup>2</sup>. Hard copies can be purchased<sup>3</sup> from the United Nations.
2. The work of the Task Force now focuses on:
  - (i) promotion of the implementation of the *Manual* through various means. Progress with implementation is being monitored with attention given to data quality assessment;
  - (ii) development of compilation guidance;
  - (iii) mode 4<sup>4</sup> - the development of an appropriate framework and guidelines for the compilation of data related to the international movement of individuals to provide services.

### Implementation of the *Manual*

3. In 2003 the UN Statistical Commission suggested that the future work on implementation of the *Manual* should focus on improving the quality of data, rather than introducing more detailed statistics.

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<sup>1</sup> Comprising Eurostat (the Statistical Office of the European Communities), International Monetary Fund (IMF), Organisation for Economic Co-operation and Development (OECD), United Nations Conference on Trade and Development (UNCTAD), United Nations Statistics Division (UNSD), and the World Trade Organization (WTO).

<sup>2</sup> <http://unstats.un.org/unsd/tradeserv/default.asp> is the UNSD web address for the *Manual*.

<sup>3</sup> Statistical papers, No.86 (United Nations publication, Sales No. E.02.XVII.11).

<sup>4</sup> In the terminology of the General Agreement on Trade in Services: mode 4 is the provision of services through the presence of natural persons. Mode 4 is described in paragraphs 2.19-2.21 and 2.94-2.97 of the *Manual*, and Annex 1 of the *Manual* more fully addresses issues of definition and measurement. The *Manual* does not develop a framework for the statistical measurement of all services provided through mode 4.

4. The Task Force met twice in 2003, on April 11 in Paris and November 3-4 in Washington. The Task Force reviewed the implementation by countries of the guidelines contained in the *Manual*, and noted that encouraging progress had been made. Implementation is being monitored and progress to date was summarized in a presentation prepared by the OECD for the November Task Force meeting. The implementation monitoring strategy includes looking at trade in services data reported by countries for balance of payments and foreign affiliates' trade and at the detail provided in relation to the core recommendations of the *Manual*, and sets out some tools for data quality assessment.

5. The data quality assessment currently only covers balance of payments trade in services and rests at present on i) a Eurostat-OECD methodological soundness questionnaire sent out in 2003<sup>5</sup> - responses to which are currently being tabulated; and ii) use of mirror statistics for bilateral and multilateral assessment of international data comparability.

6. Other achievements during 2003 included from OECD a new paper publication of statistics of international trade in services by partner country<sup>6</sup> and from the World Trade Organization, in response to a request from the World Bank, with material contributed by members of the Task Force, a training module on *Measuring Trade in Services*.

7. Future implementation plans include:

- UNSD, using its experience with the trade statistics database (COMTRADE), to create a database system which will be able to process, store and disseminate statistics of international trade in services in accordance with the requirements set out in *Manual* including trade by service category and partner country.
- UNSD, in cooperation with other members of the TF on Statistics of international trade in services, conducting a series of regional workshops, mostly for developing countries, to promote use of international standards in compilation of data on trade in services, in maintenance of appropriate databases, as well as to identify measurement problems for further analysis and possible solutions.

### **Compilation Guidance**

8. The Task Force agreed that compilation guidance related to the *Manual* should be modular by theme, with individual modules to be reviewed through consultation with compilers and then to be published on the Web and in hard copy. This modular approach will facilitate the updating of the guidance, and will provide an efficient means of distribution to compilers. The Task Force has identified two main themes on which immediate work is focused – the provision of compilation guidance on (i) alternative methods of compilation of the *travel services* component of the Extended Balance of Payments Services classification and (ii) statistics on the activities of foreign affiliates (FATS). For the first of these, IMF staff will work in association with the World Tourism Organization (WTO/OMT) and the Chairman of the Eurostat Technical

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<sup>5</sup> Methodological Soundness Questionnaire sent to all OECD and EU (including EU candidate) countries.

<sup>6</sup> *OECD Statistics on International Trade in Services: Detailed Tables by Partner Country, 2003 Edition*

Group Travel to build on the work previously produced for Eurostat by a consultant. This group will first develop an outline structure for a module that would serve as a model for future modules produced by the Task Force. The development of guidance for travel services will use this structure and incorporate existing compilation guidance, including that of the *Balance of Payments Compilation Guide* and the guidelines for travel surveys that have been developed by WTO/OMT. Guidance will be for the classification recommended in the *Manual*, but will bear in mind possible changes that may be introduced as a result of the revision of *BPM5*.

9. Regarding the development of compilation guidance for FATS, UNCTAD is preparing a set of four volumes that will comprise a training manual to assist countries in the compilation of statistics about foreign direct investment and the operations of transnational corporations. The Task Force will ask UNCTAD to consider producing guidance, in cooperation with OECD and Eurostat, on the compilation of FATS statistics, consistent with the *Manual*, within this framework.

10. Areas identified for the development of compilation guidance in the future include construction, engineering, insurance and financial services, households' transactions, and compensation of employees. No timetable has been set for these developments.

#### **Developments relating to Mode 4 statistics**

11. The *Manual* does not include guidelines for the collection and dissemination of statistics relating to mode 4 supply of services, although Annex 1 to the *Manual* describes this mode of supply and describes existing statistics that provide some information in this area. The UNSC, created the Task Force in 1994, but UNSD established in September 2003 a technical sub-group of the Task Force that will work to develop (i) a methodological report that will elaborate Annex 1 of the *Manual* and (ii) guidelines for the collection of data on this mode of supply of services. A copy of the draft terms of reference for this sub-group is attached at Annex 1. The terms of reference includes provision for the involvement of national experts in the work of the sub-group.

#### **Coordination Issues**

12. The Task Force has provided comments to the IMF on services-related issues in the draft Annotated Outline for the revision of *BPM5*. Further Task Force involvement is envisaged with the revision process.

**Terms of Reference**  
**Technical Sub-Group on Movement of Natural Persons (MNP)- Mode 4**

**OBJECTIVE**

Under the guidance of the Interagency Task Force on Statistics of International Trade in Services, the sub-group should elaborate annex 1 on movement of natural persons of the Manual on Statistics of International Trade in Services. The outcome should be on the one hand a methodological report on the measurement of the supply of services through movement of natural persons and on the other hand a data collection guide for this mode.

The conceptual development of mode 4 should be undertaken with reference to international statistical recommendations on national accounts, balance of payments, international trade in services, labour and migration statistics. Therefore, the interagency sub-group should comprise of national accountants, balance of payments and international trade specialists, migration and labour statisticians, and other relevant expertise.

It has been recognized that while a broad approach to mode 4 statistics is necessary, in first instance, the link between trade in services statistics and migration statistics should be further explored.

**TERMS OF REFERENCE**

The Terms of Reference of the Technical Sub-Group includes the following tasks:

- identify conceptual issues related to the measurement of mode 4;
- produce recommendations for measuring supply of services through the movement of natural persons that can be applied by countries at different levels of statistical development;
- identify data sources that may be relevant and assess their feasibility and reliability;
- study the use of statistics describing the movement of persons across international borders, including:
  - o comparison of available vs. necessary/desirable indicators
  - o evaluation of applicability (level of proximity) of existing indicators
  - o proposals for changes / enhancements to existing indicators
  - o evaluation and recommendations of use of data from different types of administrative registrations
  - o possible estimation procedures
- prepare data collection guidelines

## **OUTPUTS**

A methodological report that elaborates and replaces Annex 1 of the Manual . In addition, data collection guidelines will be developed on mode 4 that should be included in the future data collection guidelines for international trade in services statistics.

## **ORGANIZATIONAL PROCEDURES**

The work of the sub-group will take place under the guidance of and report to the Interagency Task Force on Statistics of International Trade in Services. The UNSD will act as the Secretariat of the sub-group.

Initially the main modus of communication of the sub-group will be email and when necessary videoconference to establish a clear agenda following the identification of the scope of the issues. Based on the agenda, a time line for the preparation of the issue papers will be prepared which should lead up to the drafting of the report on the concepts, measurement and classification of the delivery of services through movement of natural persons.

## **MEMBERS**

The interagency sub-group consists of the following members:

- United Nations Statistics Division (UNSD)
  - Economic Statistics Branch (ESB) – International Trade in Services and National Accounts Statistics
  - Demographic and Social Statistics Branch (DSSB) – Migration Statistics
- Organisation for Economic Co-operation and Development (OECD)
- International Labour Organisation (ILO)
- International Monetary Fund (IMF)
- United Nations Conference on Trade and Development (UNCTAD)
- World Trade Organisation (WTO)
- The World Health Organization (WHO)
- UNESCO Institute for Statistics (UIS)
- EUROSTAT
- National country experts