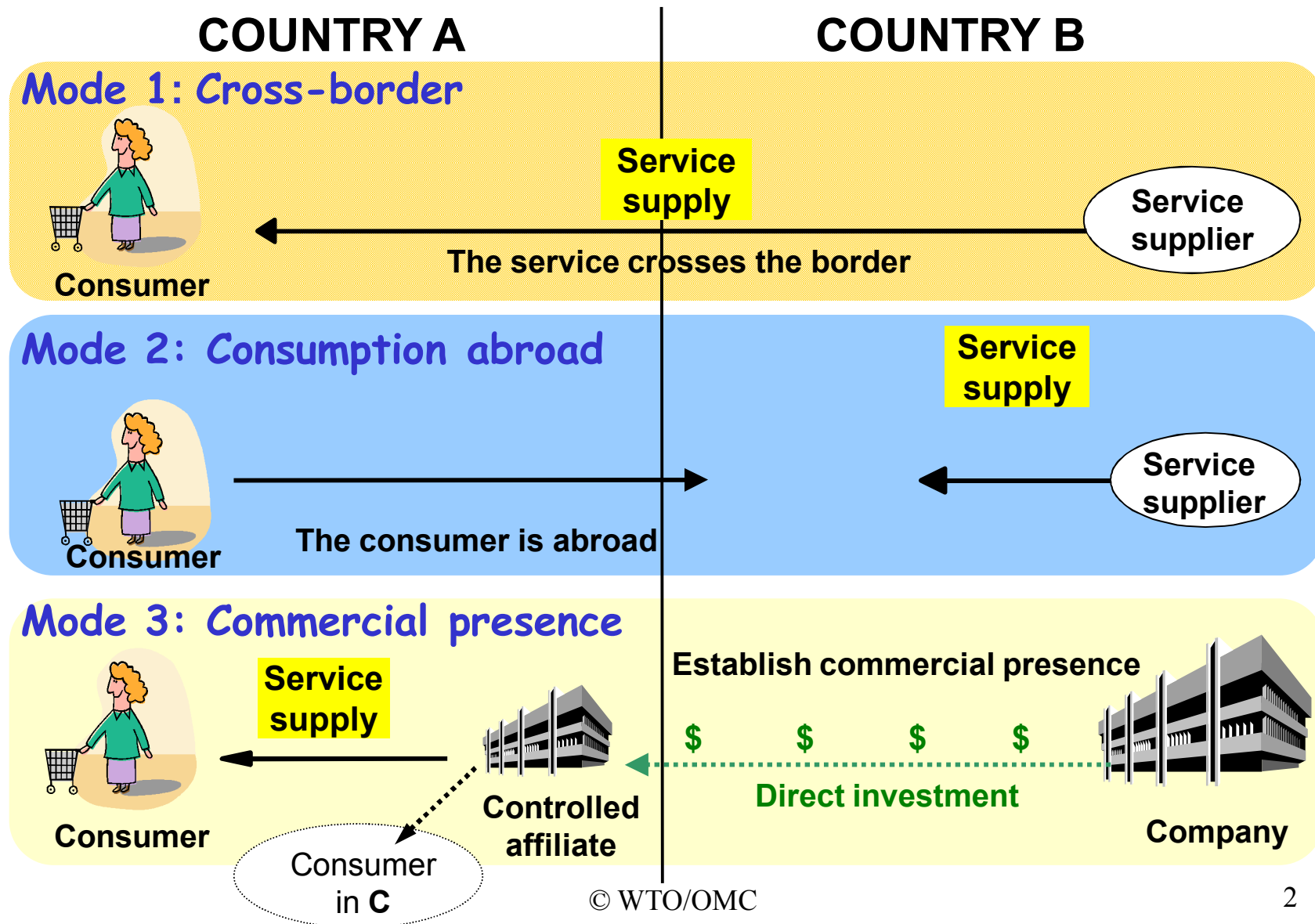


**UNSD APEC ASEAN International Seminar  
on Trade and Tourism Statistics**

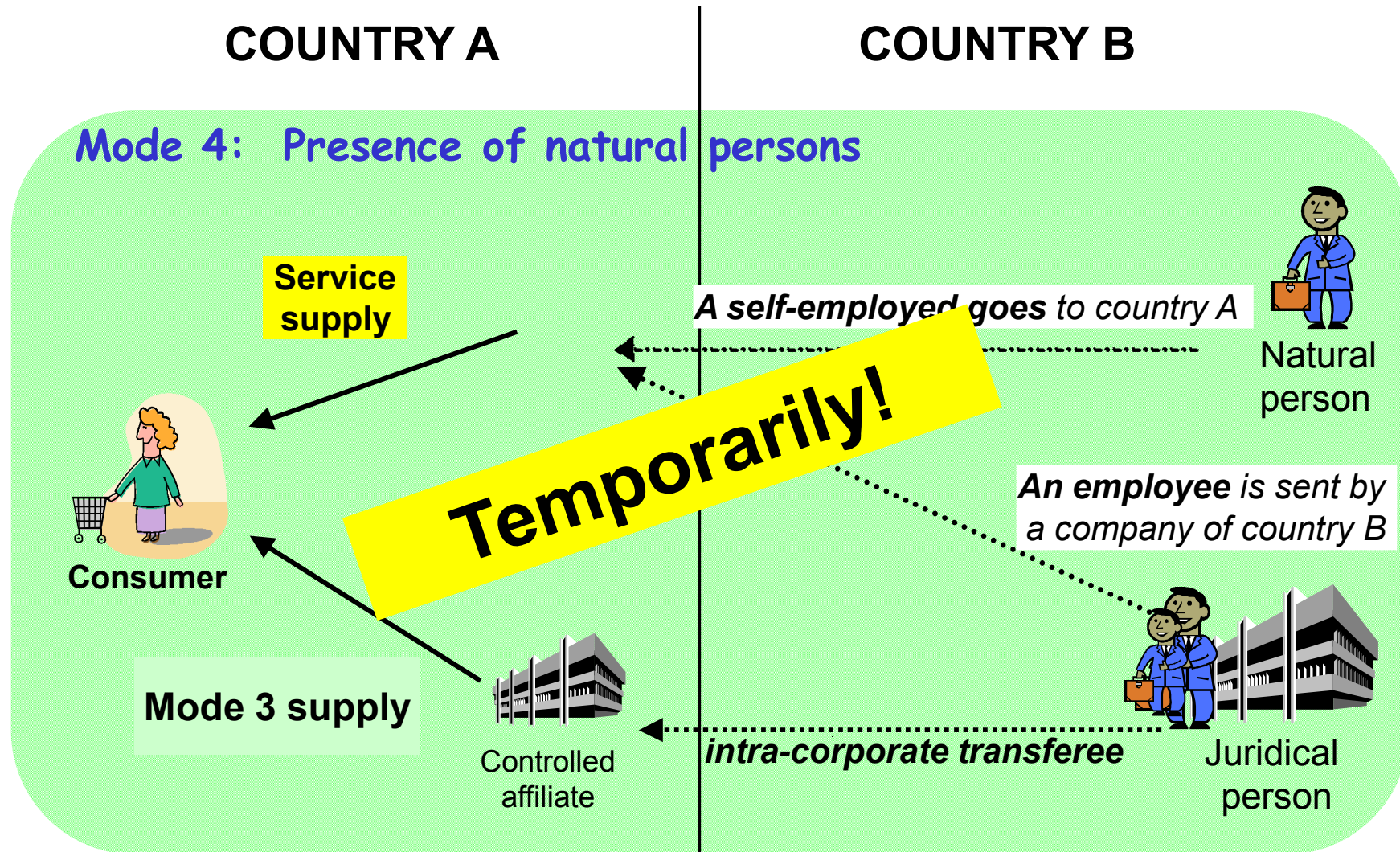
**Measuring  
Trade in Services by  
Modes of Supply  
(WTO)**

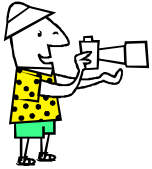
Jakarta, 7-10 October 2013

# The GATS Modes of Supply (1/2)



# The GATS Modes of Supply (2/2)





# 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**

### **BOP "Travel"**



Sales of tourism operators (Mode 1)

Affiliates of hotel chains (Mode 3)

Mode 2

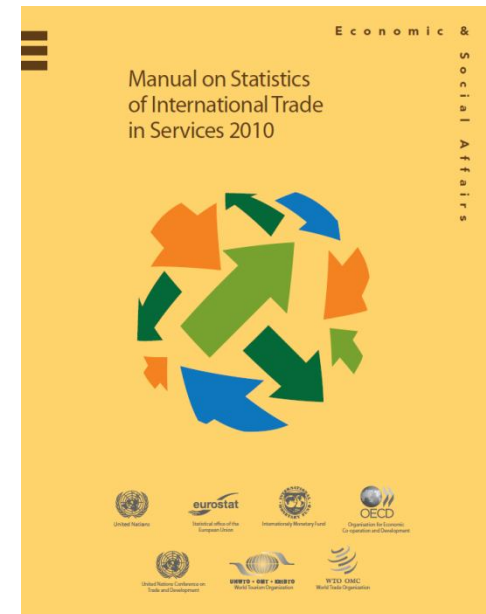
**but**

Foreign tourist guides (Mode 4)

Foreign managers/ intra-corporate transferees (Mode 4)

# Chapter V in MSITS 2010

- **Defines GATS modes of supply**
- **Clarifies Mode 4 coverage in statistical frameworks**
- **Identifies relevant information needs for measuring modes of supply**
- **Proposes a simplified approach to allocate the value of services transactions to modes of supply**
- **Identifies additional indicators for the analysis of international trade in services**

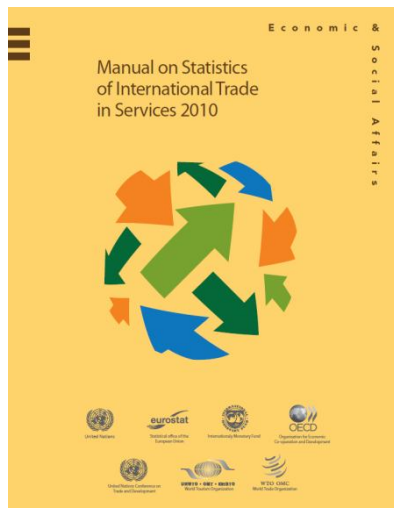




# What do we need to measure?

## 1) Value of services trade flows

- By type of service product (by activity for FATS)
  - By origin and destination
  - By relation between the parties



## 2) Additional indicators

Value of  
service trade

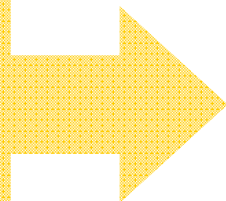
# GATS Modes of Supply and Statistical Domains: The simplified approach



Mode 1

Mode 2

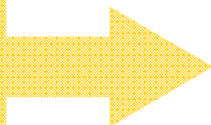
Mode 4



**Balance of Payments  
Services Statistics**

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

Mode 3



**Foreign Affiliates Statistics  
(FATS)**



# Mode 4 categories in statistical framework?

## ***Contractual service suppliers***

- Self-employed (independent) service suppliers
- Employees of foreign service suppliers

**Value of trade**

***Intra-corporate transferees and persons directly recruited by the foreign affiliate***

***Services sellers / Persons responsible for setting up commercial presence***



# Simplified allocation of FATS and EBOPS data to modes of supply (1/2)

	FATS (sales or output) *	Balance of payments trade in services					
	Mode	Mode(s)					
	3	1	2	4	1 and 4	2 and 4	3 and 4
<b>Manufacturing serv. on inputs owned by others</b>	X		X				
<b>Maintenance and repair services n.i.e.</b>	X		X				
<b>Transport</b>	X	X					
• Passenger	x	x					
• Freight	x	x					
• Post and courier services	x	x					
• Other	x						
– <i>Serv. to domestic carriers in foreign ports (and vice-versa)</i>	x		x				
– <i>Other</i>	x	x					
<b>Travel</b>			X				
• Goods							
• Local transport services			x				
• Accommodation services			x				
• Food-serving services			x				
• Other services			x				
<b>Construction</b>	X						X
• Goods							
• Services	x						x
<b>Insurance and pension services</b>	X	X					
<b>Financial services</b>	X	X					
<b>Charges for the use of intellectual property n.i.e. **</b>	X	X					

\* In territory where affiliate established. If not possible to breakdown by EBOPS 2010 product, by activity using ICFA Rev.1

\*\* Certain degree of uncertainty regarding certain charges

# Simplified allocation of FATS and EBOPS data to modes of supply (2/2)

	FATS (sales or output)		Balance of payments trade in services			
	Mode	Mode(s)				
		3	1	2	4	2 and 4
<b>Telecom., computer, and information services</b>	<b>X</b>					
• Telecommunications services	X					
• Computer services	X					
• Information services	X					
<b>Other business services</b>					<b>X</b>	
• Research and development services					X	
• Professional and management consulting services					X	
• Technical, trade-related and other business services						
– Architectural, engineering, scientific, other technical services					X	
– Waste treatment -depollution, agri. and other services	X					
o Waste treatment and de-pollution services	X					
o Services incidental to agriculture, hunting, fishing and aquaculture	X			X		
o Serv. incidental to mining and quarrying	X			X		
– Operational leasing services	X	X				
– Trade-related services	X	X				
– Other business services	X				X	
<b>Personal, cultural, recreational and educational services</b>	<b>X</b>				<b>X</b>	
<b>Government goods and services n.i.e.</b>						
• Government goods n.i.e., Credits and debits						
• Government services n.i.e., Credits						
• Government services n.i.e., Debits						
– Commercial services purchased in host economies						
o Government units in diplomatic and similar enclaves					X	
o Personnel from home economy and dependants			X			
– Other commercial serv. n.i.e purchased by government					X	
– Non-commercial services acquired by government						
<b>Distribution (wholesale, retail trade) services</b>	<b>X</b>	<b>X</b>				

Implementation based on existing data....

CHALLENGE

# Options to assess Modes of supply in surveys



## 1. Did the service delivery involve physical presence of service provider?

Yes? Then, **how** was most of the service value provided (time/resources)?

Mostly by fax, email, etc.



Mode 1

Natural person at the end  
(e.g. to supervise)

The person's knowledge  
was essential  
to deliver the service



Mode 4

## 2. Require in services surveys allocation by each GATS mode of supply

## 3. Require estimated share of services inputs for Mode 4 services trade

Business...

Example n.1  
New Zealand

4.4 in the guide for further details and page 21 for country codes. Round answers to the nearest thousand. For example, if your answer is \$127,138 record as:     1 2 7

WTO provided comments on the questionnaire

Country codes	
<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/>
\$NZ (000s)	\$NZ (000s)

**Accounting, tax, and auditing services**  
*Include* book-keeping services, compilation of financial statements, preparation of tax returns, tax planning services, and other services provided to clients (see section 10).  
*Don't include* financial advisory services (see section 10).

**Legal advice and other...**  
*Include* revenue from professional services.

Overall response rate was 88%  
Of all the enterprises surveyed, 55.2% responded with data, while 32.8% reported no data.

**15** How were your...

**Note:** For each country column, please **estimate** a percentage breakdown on how the services were delivered to the client (see section 6 of the guide).

- Delivered from New Zealand to a customer overseas eg by Internet, phone, mail.
- Delivered to an overseas customer by a New Zealand employee, temporarily working abroad.
- Delivered to an overseas customer, temporarily in New Zealand.

	<input type="text"/> <input type="text"/> <input type="text"/> %	<input type="text"/> <input type="text"/> <input type="text"/> %
	<input type="text"/> <input type="text"/> <input type="text"/> %	<input type="text"/> <input type="text"/> <input type="text"/> %
	<input type="text"/> <input type="text"/> <input type="text"/> %	<input type="text"/> <input type="text"/> <input type="text"/> %
<b>Total</b>	<b>1 0 0 %</b>	<b>1 0 0 %</b>



12



**Exports of services by mode of supply and broad service type**  
 Year ended 30 June 2011  
 NZ\$(million)

Broad service type	Mode of supply <sup>(1)</sup>		
	Cross-border supply <sup>(2)</sup>	Presence of natural persons <sup>(3)</sup>	Consumption abroad <sup>(4)</sup>
Information and communication technology services	642	69	14
Financial services	189	2	1
Trade and sales services	55	34	20
Business services	83	66	25
Technical and professional services	343	137	9
Intellectual property	469	...	...
Miscellaneous services	136	84	12
Entertainment and recreational services	219	71	24
Services not elsewhere classified	43	--	1
<b>Total</b>	<b>3,424</b>	<b>463</b>	<b>105</b>

teachers abroad for less than 1 year

engineers abroad

Source: Statistics New Zealand

Dominant **Mode 1 (85.8%)**, due also to NZ geographical isolation

## Exports of services by mode of supply and country

Year ended 30 June 2011

NZ\$(million)

Country	Mode of supply <sup>(1)</sup>				
	Cross-border supply <sup>(2)</sup>	Presence of natural persons <sup>(3)</sup>	Consumption abroad <sup>(4)</sup>		
American Samoa	7	--	--		
Austria	10	--	--		
Australia	1,264	143	42		
Bangladesh	C	C	C		
Belgium	7	--	--		
Bermuda	14	--	--		
Brazil	19	--	--		
Canada	37	3	1		
Chile	9	4	--		
China, People's Repu	57	8	4		
Cook Islands	3	1	--		
Denmark	C	C	C		
Ecuador	C	C	C		
Fiji	16	6	--		
France	58	1	1		
Germany	39	2	4		
Hong Kong (SAR)	20	2	4		
Indonesia	9	7	--		
Ireland	19	4	--		
India	27	3	1		
Italy	7	1	--		
Japan	98	4	7		
Korea, Republic of	11	--	2		
Mexico	11	1	--		
Malaysia	26	5	--		
Netherlands	31	6			
Papua New Guinea	5	25			
Philippines	31	4			
Qatar	C	C	C		
Russia	2	--	--		
Samoa	7	2	--		
Saudi Arabia	4	2	--		
South Africa	10	2	--		
Spain	21	1	--		
Sri Lanka	C	C	C		
Sweden	10	1	--		
Switzerland	26	2	--		
Singapore	138	8	6		
Taiwan	16	2	1		
Thailand	8	1	--		
Tonga	10	1	--		
United Arab Emirates	23	39	--		
United Kingdom	224	18	6		
United States of Ame	750	103	14		
Sum of all other count	288	-	34	-	9
<b>Total</b>			<b>3,424</b>	<b>463</b>	<b>105</b>



C confidential  
 -- amount too small to be expressed

Source: Statistics New Zealand

New Zealand: Table on exports of services by partner and by mode

**Example  
n.2  
India**

# Reserve Bank of India

## Computer and IT Enabled Services Exports Survey

(d) Exports - Major Areas: Total Invoice value in Rupees [**including** billing to subsidiary(s)/ associate(s) abroad] during the reference period to major countries/ regional groups

Exports - Regional Groups	Amount (Rupees)
(i) USA	
(ii) Canada	
(iii) Europe	

### 6. Exports - Modes of Supply

Total invoice on software and IT services exports as per the Modes of Supply during the reference period

Exports - Modes of Supply	Amount (Rupees)
Services rendered to foreign entities/persons from Indian office (Cross border supply)	
Consumption of services by foreign entities/persons in India (Consumption abroad)	
Onsite services provided by deputing employees abroad (Presence of natural persons)	
<b>Total</b>	0



# India - International Supply of Computer Services, IT-Enabled Services and BPO by Mode, 2010-11



Size of transactions (million USD)	Amount (million USD)					Per cent Share in Total			
	Mode 1	Mode 2	Mode 3	Mode 4	Total	Mode 1	Mode 2	Mode 3	Mode 4
< 0.2	31	2	4	-	37	82.3	5.9	11.8	-
0.2-2.2	325	4	29	11	369	88.1	1.2	7.7	3.0
2-22	2298	29	160	42	2528	91.0	1.1	6.3	1.6
> 22	35062	0	8097	9879	52985	66.2	0.0	15.3	<b>18.5</b>
<b>Total</b>	<b>37715</b>	<b>35</b>	<b>8290</b>	<b>9879</b>	<b>55919</b>	<b>67.4</b>	<b>0.1</b>	<b>14.8</b>	<b>17.7</b>

Source: Reserve Bank of India Monthly Bulletin (October 2012), converted to US dollars by WTO.



# 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 2-4:

### 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)***

# Modes 2-4, migration, tourism statistics (1/2)



Purpose of trip or migration		Length of stay of individuals		
		Less than 3 months	3 to 12 months	more than 12 months
<b>RSIM Rev.1 categories</b>	<b>IRTS 2008 categories</b>			
	Visitors			
	Personal			
	Holiday, leisure and recreation			
	Visiting friends and relatives			
	Education and training			
	Health and medical care			
	Religion/pilgrimages			
	Shopping			
	Transit entering eco./legal territory			
	Other			
	Business and professional (no employer-employee relationship with entity established in compiling economy)	X		
	<b>Contractual service supply:</b>	X		
	- <b>self-employed</b>	X		
	- <b>employed</b>	X		
	<b>of which intra-corporate</b>	X		
	<i>Serv. sales/ commercial pres. negotiation</i>			
	- <b>serv. salespersons/ commercial pres. of serv. producer negotiation</b>	X		
- <i>commercial pres. of goods producing company negotiation</i>				
Other (incl. meetings, conferences, etc)				

**Categories of the UN Recommendations on Statistics of International Migration, revision 1:**

Non-Migrant categories

Migrant categories

# Modes 2-4, migration, tourism statistics (2/2)


Purpose of trip or migration	Length of stay of individuals			
	Less than 3 months	3 to 12 months	more than 12 months	
<b>RSIM Rev.1 categories</b> Employment (migrant workers, employment-based settlement) <i>Intra corporate transfer:</i> - <b>in services producing company</b> - <i>other</i> <i>Directly recruited by a foreign established:</i> - <b>services producing company</b> - <i>other</i> International civil servants <i>Other</i> Trainees Family reunification/formation Family based settlement; Ancestry based settlement Retiree settlement <b>Entrepreneurs and investors settlement</b> a Humanitarian reasons (refugees, etc.) Border workers; Frequent crossers; Nomads Transit not entering economic/legal territory Diplomatic/consular personnel; Military pers.				
			X	
			X	

**Categories of the UN Recommendations on Statistics of International Migration, revision 1:**

Non-Migrant categories

Migrant categories

## **Mode 2** number of persons...or trips

- Tourism biggest group of interest, mainly trips
- ... but number of students or patients abroad to consume services also of great interest
- Possible sources:
  - Migration authorities or other administrative sources (e.g. specialised ministries)
  - Visitor survey  Model border survey
  - Specialised sectoral survey of establishments receiving foreigners (trade in services survey?)
  - Household survey, labour force survey

## For which categories should we measure the number of mode 4 persons (or trips)?

Natural persons	
<b><i>Contractual services suppliers</i></b> -Self-employed - Employees of foreign service suppliers	<b>Yes</b>
<b><i>Intra-corporate transferees and directly recruited by foreign affiliate</i></b>	<b>Yes</b>
<b><i>Services sellers - Persons responsible for setting up commercial presence</i></b>	<b>Yes</b> (less important)

# Mode 4 number of persons: possible sources

- Migration, other administrative sources
- Censuses
- Specialised enterprises, prisons, or trade in services (in particular for contractual suppliers)
- Household survey, (in particular for labour force survey)
- Visitor survey → Model border survey

Simple questions to identify mode 4....  
but with breakdowns by natural persons,  
occupations (type of service supplied), skills, etc.

# Elements of a **Successful Strategy** for Improving Trade in Services Statistics



**Efforts by national agencies** in charge of statistics

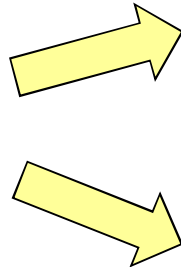
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**Governments' readiness to give resources to statistics**



**Cooperation**



**Between national institutions** (CBs, NSO, Ministries...)

**Between international and regional institutions** (i.e., APEC) in support of national initiatives



**Effective technical assistance**