

Regional Seminar on International Trade Statistics

Services Modes of Supply - FATS



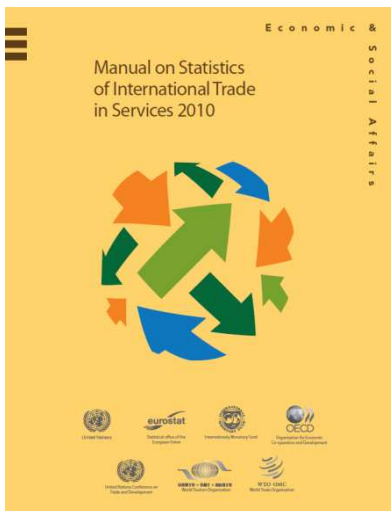


What do we need to measure?

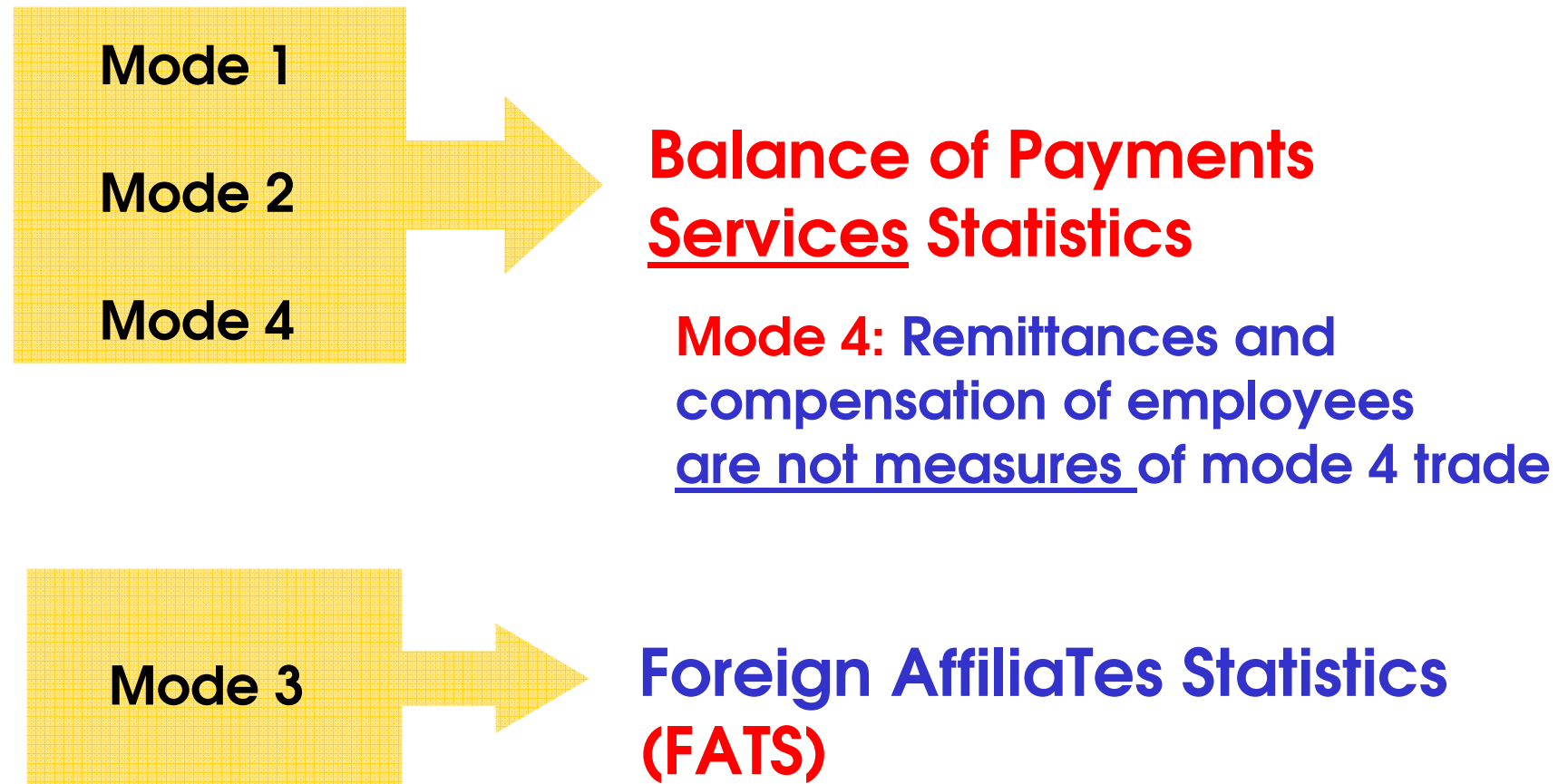
1) Value of services trade flows

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

2) Additional indicators



GATS Modes of Supply and Statistical Domains: The simplified approach



Business

Example
New Zealand

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

Country codes

\$NZ (000s)

\$NZ (000s)

Accounting, tax, and auditing services

Include book-keeping services, compilation of financial statements, preparation of tax returns, advice to tax authorities, tax planning

Don't include financial 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.

%

%

Total

1 0 0 %

⁴ %





Exports of services by mode of supply and broad service type

Year ended 30 June 2011

NZ\$(million)

Broad service type	Mode of supply ⁽¹⁾		
	Cross-border supply ⁽²⁾	Presence of natural persons ⁽³⁾	Consumption abroad ⁽⁴⁾
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	345	137	9
Intellectual property	469
Miscellaneous services	136	84	12
Entertainment and recreational services	219	71	24
Services not elsewhere classified	43	--	1
Total	3,424	463	105

teachers abroad for less than 1 year

engineers abroad

Source: Statistics New Zealand

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

BOP services allocation to modes: Compiler's Guide suggestions

- Simplified allocation as suggested in MSITS2010, using a step-by-step approach for improvement
- **Direct data collection**
 - **At least for services sectors of interest**
- Model based estimates
- Starting with travel (/tourism) and mode 2

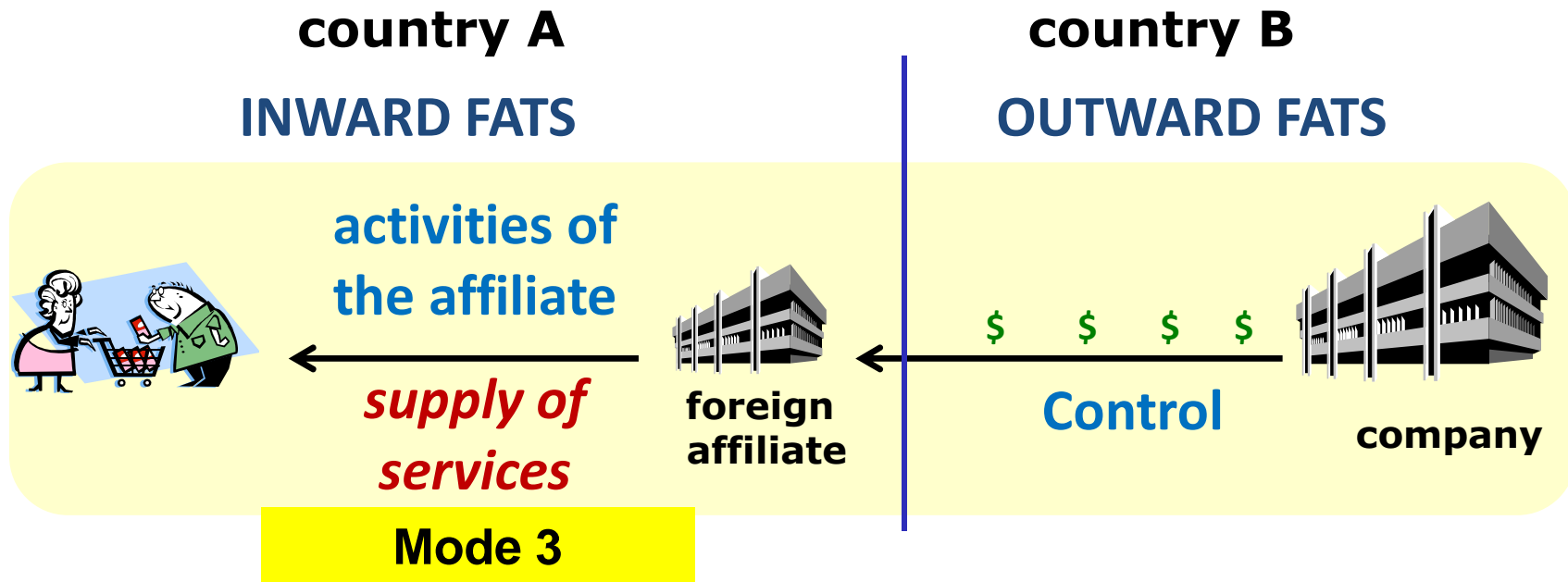
FATS – Foreign Affiliates Statistics

Guidelines for measuring the activity of foreign affiliates

- **What are FATS useful for?**
 - Focus on services measuring 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

FATS – what they are

Summary of the statistical framework



Foreign direct investment statistics (FDI)

=> (international) financial transactions / positions

FATS

=> indicators of the activity of the foreign controlled enterprises

Economic Variables for FATS

Most are drawn from SNA 2008

Basic FATS variables
(minimum recommended by MSITS2010)

- Sales (turnover) and/or output
- Employment
- Value added
- Exports and imports of goods and services
- Number of enterprises

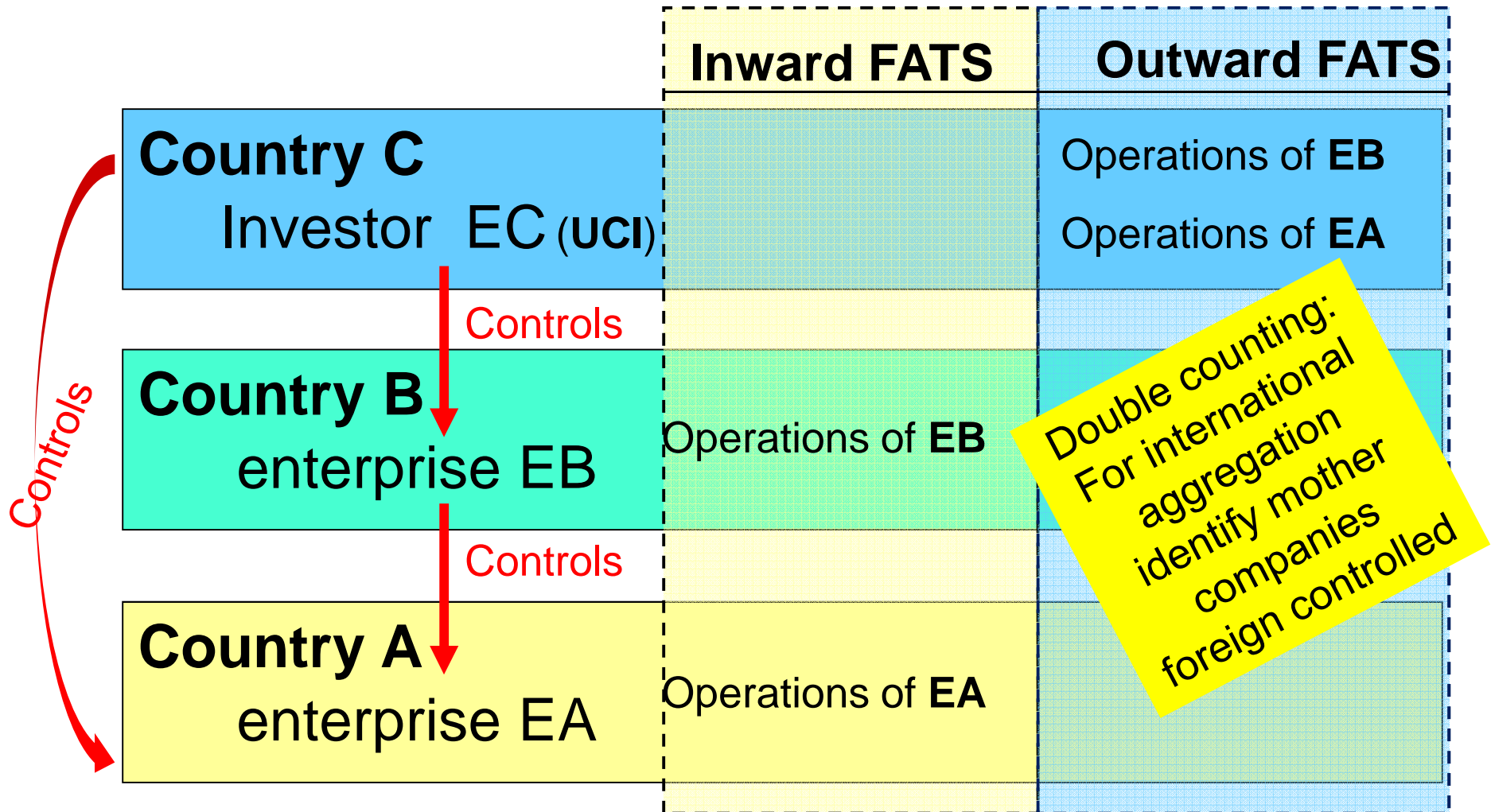
- Assets
- Compensation of employees
- Net worth
- Net operating surplus
- Gross fixed capital formation
- Taxes on income
- Research and development expenditures
- Purchases of goods and services

Additional FATS variables

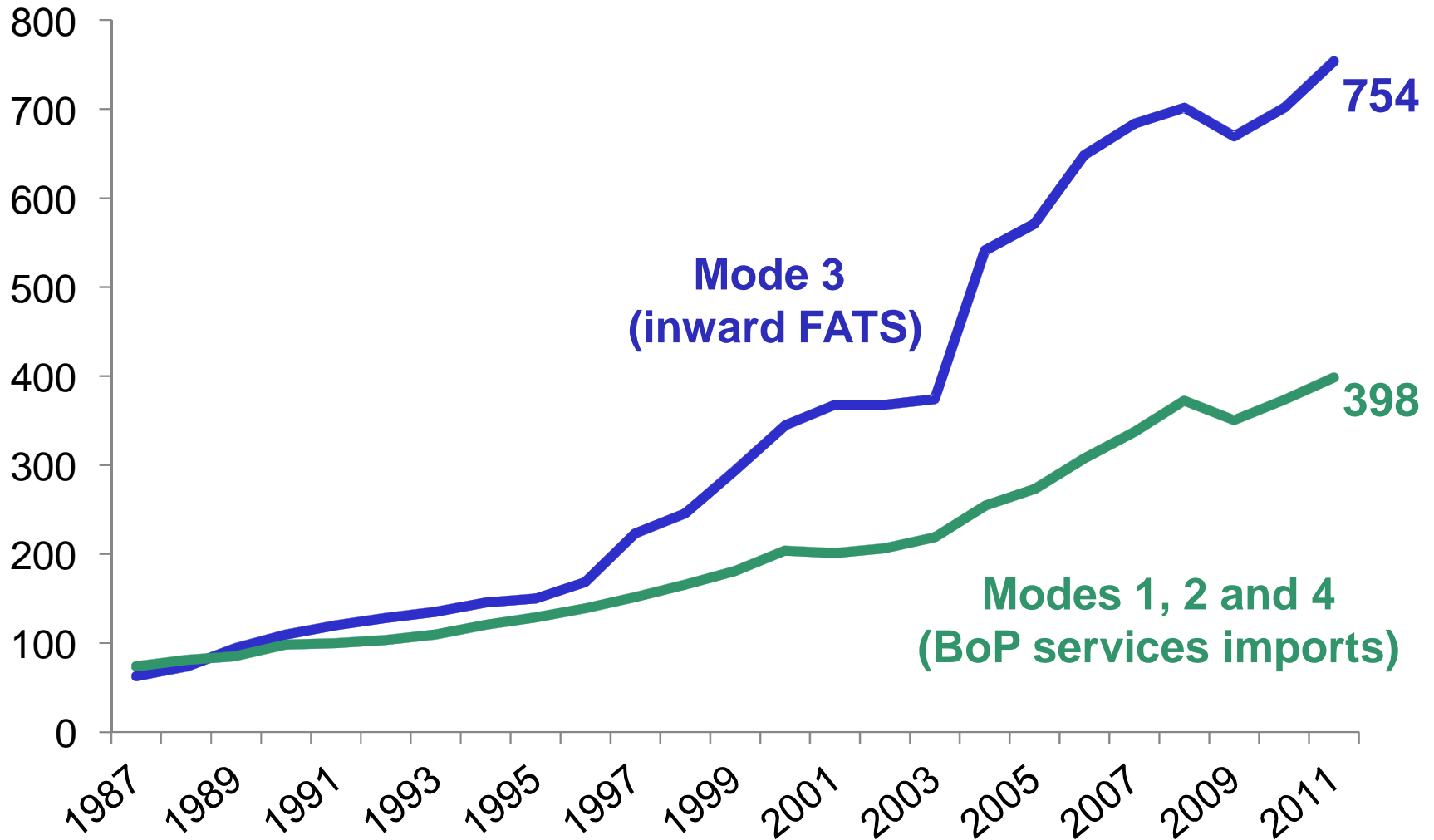
Classification by Partner, by Activity and by Product

- **FATS variables classified as a first priority by partner:**
 - Country of foreign direct investors (inward FATS)
 - Country of operations of affiliates (outward FATS)
- **FATS variables classified as a first priority on an activity basis** (basis compatible with ISIC)
- **Long-term priority...**
 - FATS variables such as sales, imports and exports should also be broken-down by **product** according to EBOPS 2010 (at least total goods and total services)

Recording of Inward and Outward FATS



Services Supplied to United States (billion USD, 1986-2011)

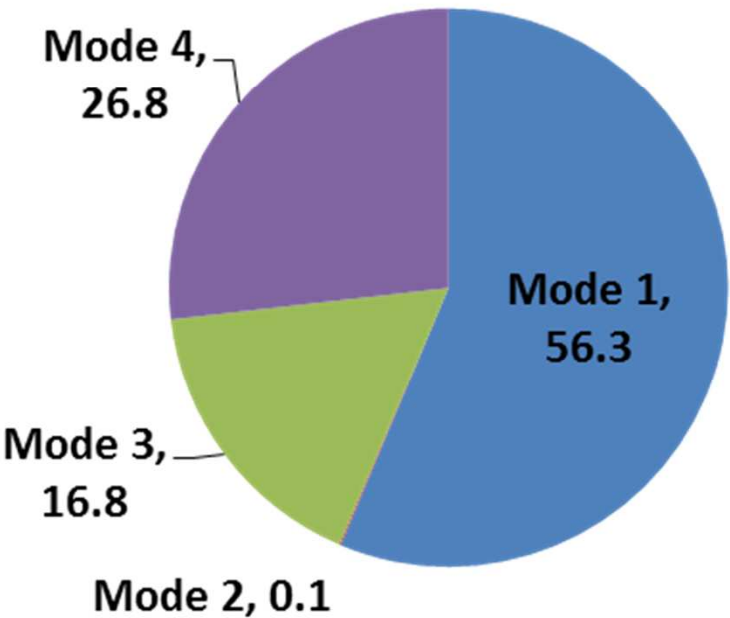


Source: Bureau of Economic Analysis, U.S. Department of Commerce, October 2013

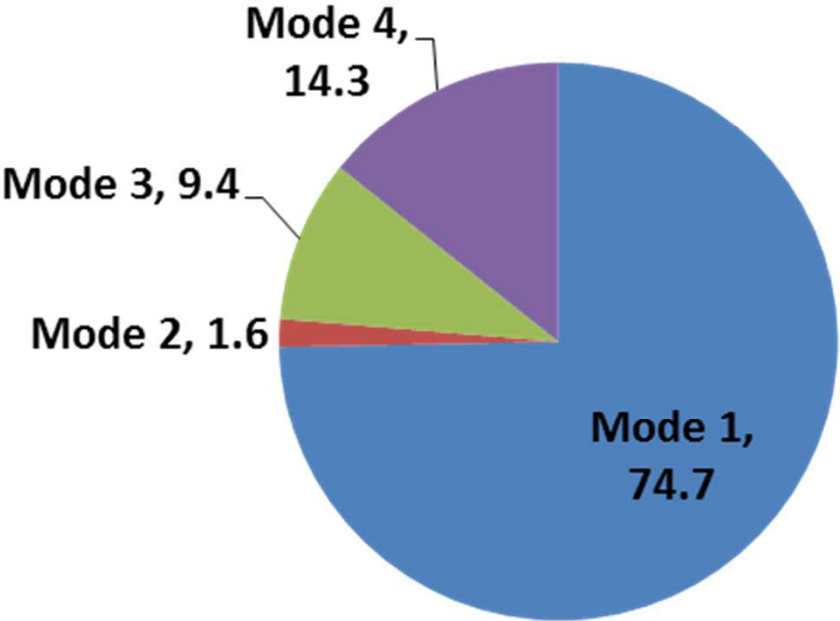


India - International Supply of Computer Services, IT-Enabled Services and BPO by Mode (%)

2008-09



2012-13



Source: Reserve Bank of India Monthly Bulletin (March 2014).



Why do we need additional indicators?

- **Need further information:** monetary and non-monetary indicators (as indicated in MSITS 2010)
- **Quantitative data for services:** same as interest in the value and volume of merchandise trade
- Some data readily available, but need for more: developing existing sources or creating new ones



More focus on mode 2 and mode 4
quantitative indicators: number of persons



Measuring Modes of Supply and FATS

New experiences??

+ Brazil

+ New Zealand

+ Honk Kong, China

+ Colombia

+ Spain

+ Canada

+ Germany

+ United States

+ Austria

+ Zambia

+ Others...

- **External stimulus/cooperation** often needed (e.g. Trade ministry), in particular for BOP compilers
- Respondents (and users) to be “**educated**”, need to keep relevant records (cost effectiveness)
- More information, **enhancing quality** of survey
- Need to evaluate existing sources and identify all **synergy** effects (e.g. micro-data linking)
- When not collected: mechanical/simplified allocation

