Reducing trade in services data asymmetries

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Why?

• Improving quality of trade in services statistics
• Integrated approach: Improve basic data as input to balance of payments/national accounts
• Services trade data asymmetries can be significant: Interpret data economically? Decision/policy making-negotiations?
• More attention with OECD-WTO TiVA project…. international trade matrix should be perfectly symmetrical, complete and consistent (SUT/NA)
Number of economies reporting EBOPS trade data

Share of regional exports of commercial services covered by bilateral flows * (2011)

- North America: 97%
- South and Central America: 37%
- Europe: 93%
- Middle East: 15%
- Africa: 5%
- Asia: 79%
- CIS: 76%

* The colours, boundaries, denominations, and classifications in the map do not imply, on the part of the WTO, any judgement on the legal or other status of any territory, or any endorsement or acceptance of any boundary.
Trade in Services Data Quality

• Huge increase in data availability, in particular for BOP based services: EBOPS and partners
• But quality.....? (and metadata....??)
• Asymmetries are not new
• And some discussed for a long-time:
  – IMF Balance of Payments Committee (next slide)
  – OECD TIS experts discussions
• Less attention on services although they are large, in particular at more detailed level
(TIS) Bilateral Asymmetries

Different types of asymmetries:

- Bilateral (two countries)
- Mutilateral-regional (e.g. intra-ASEAN)
- Global (World): for services, exports > imports
## Global current account (im)balances

**Table 1. Global Balances on Current Account, 2006–2012**

(In billions of U.S. dollars)

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</thead>
<tbody>
<tr>
<td><strong>Current account balance</strong></td>
<td>224.2</td>
<td>346.8</td>
<td>260.4</td>
<td>272.6</td>
<td>384.3</td>
<td>408.9</td>
<td>399.2</td>
<td>328.1</td>
</tr>
<tr>
<td>Goods balance</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Credit</td>
<td>11,717.4</td>
<td>13,609.1</td>
<td>15,728.4</td>
<td>12,223.0</td>
<td>14,928.6</td>
<td>17,905.5</td>
<td>18,053.7</td>
<td>320.1</td>
</tr>
<tr>
<td>Debit</td>
<td>11,531.7</td>
<td>13,338.8</td>
<td>15,476.2</td>
<td>11,942.7</td>
<td>14,540.2</td>
<td>17,481.0</td>
<td>17,614.7</td>
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<tr>
<td>Services balance</td>
<td>73.4</td>
<td>122.5</td>
<td>73.4</td>
<td>61.6</td>
<td>63.5</td>
<td>100.9</td>
<td>80.0</td>
<td>82.2</td>
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<tr>
<td>Credit</td>
<td>2,884.8</td>
<td>3,445.9</td>
<td>3,862.8</td>
<td>3,480.7</td>
<td>3,805.8</td>
<td>4,261.0</td>
<td>4,340.6</td>
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</tr>
<tr>
<td>Debit</td>
<td>2,811.4</td>
<td>3,323.4</td>
<td>3,789.4</td>
<td>3,419.2</td>
<td>3,742.3</td>
<td>4,160.2</td>
<td>4,260.6</td>
<td></td>
</tr>
<tr>
<td>Primary Income balance</td>
<td>-49.3</td>
<td>-49.1</td>
<td>-71.7</td>
<td>-36.0</td>
<td>-41.2</td>
<td>-74.3</td>
<td>-69.1</td>
<td>-55.8</td>
</tr>
<tr>
<td>Credit</td>
<td>3,157.0</td>
<td>4,068.0</td>
<td>4,027.5</td>
<td>2,985.4</td>
<td>3,171.5</td>
<td>3,612.2</td>
<td>3,500.7</td>
<td></td>
</tr>
<tr>
<td>Debit</td>
<td>3,206.2</td>
<td>4,117.1</td>
<td>4,099.2</td>
<td>3,021.3</td>
<td>3,212.7</td>
<td>3,686.5</td>
<td>3,569.8</td>
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<tr>
<td>Secondary Income balance</td>
<td>14.3</td>
<td>3.2</td>
<td>6.4</td>
<td>-33.2</td>
<td>-26.3</td>
<td>-42.3</td>
<td>-50.6</td>
<td>-18.4</td>
</tr>
<tr>
<td>Credit</td>
<td>811.0</td>
<td>922.3</td>
<td>1,038.8</td>
<td>977.4</td>
<td>999.4</td>
<td>1,114.9</td>
<td>1,126.0</td>
<td></td>
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<tr>
<td>Debit</td>
<td>796.7</td>
<td>919.1</td>
<td>1,032.3</td>
<td>1,010.7</td>
<td>1,025.7</td>
<td>1,157.2</td>
<td>1,176.6</td>
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</table>

Source: IMF Committee on Balance of Payments Statistics 2013 annual report
World Trade in commercial services, million USD

Source: UNCTAD-ITC-WTO trade in services dataset, BPM5 basis
World Trade in Transport services, million USD

Source: UNCTAD-ITC-WTO trade in services dataset, BPM5 basis

-12.5%
World Trade in Computer and information services, million USD

Source: UNCTAD-ITC-WTO trade in services dataset, BPM5 basis
World Trade in Financial services, million USD

Source: UNCTAD-ITC-WTO trade in services dataset, BPM5 basis
Swiss trade in service vs. “mirror”, billion USD

<table>
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<th>Year</th>
<th>Switzerland exports to World</th>
<th>EU imports from Switzerland</th>
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<tbody>
<tr>
<td>2010</td>
<td></td>
<td></td>
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<td>2013</td>
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Reducing asymmetries

• Some reasons clear: timing, differences in data sources and compilation methodologies, different recording thresholds, difficult geographical identification, misallocations...

• Some ways of reducing asymmetries in services:
  – « bottom-up » approach: study of causes and reconciliation
  – « top-down » approach: mathematical model allocation
And what now?

- Roles at national level
- Roles at international/regional level
- Asymmetries
  - Common understanding of how to classify services
  - Common concepts and definitions
  - Compiling detailed bilateral statistics
  - Compiling detailed types of services
  - Develop some asymmetry indices with mirror data
## International databases

<table>
<thead>
<tr>
<th>Publication</th>
<th>Coverage</th>
<th>By type of service</th>
<th>By partner country</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMF Balance of Payments Statistics</td>
<td>IMF members</td>
<td>BPM6</td>
<td>No</td>
</tr>
<tr>
<td>Eurostat Database</td>
<td>EU members, total EU, euro area, EU candidate countries</td>
<td>EBOPS</td>
<td>Over 200 partners</td>
</tr>
<tr>
<td>OECD Statistics on International Trade in Services</td>
<td>OECD members; Hong Kong and Russian Federation for partner detail</td>
<td>EBOPS (and additional detail)</td>
<td>Over 200 partners</td>
</tr>
<tr>
<td>UN ServiceTrade</td>
<td>Around 200 economies</td>
<td>EBOPS</td>
<td>Over 200 partners</td>
</tr>
<tr>
<td>UNCTAD-ITC-WTO's Trade in Services dataset</td>
<td>Around 200 economies</td>
<td>EBOPS</td>
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Existing initiatives

• Canada – United States regular work on BOP, including services (substitutions)
• United States – India “Offshoring” U.S. GAO reports (2005-06)
• Eurostat Travel technical group
• Eurostat Intra-EU work to reduce asymmetries (top-down)
• Others?
Some things to know

• Who are your main partners? Which are your most traded services?
• Asymmetric burden distribution between countries!
  – level of trade in services different (number of partners, number of services exported/imported)
  – countries with most impact on global figures have most burden to cope with to reduce asymmetries
• Sharing micro data difficult (forbidden??)
• Who is right... or “best”? Source, compilation method? Internal balancing of BOP at national level
Future work at international level

• Friends of Chair: Trade and Globalization

• OECD Working Party on Trade in Goods and Services Statistics (WPTGS), March 2014
  – Asymmetry reports (for services limited to intra-OECD): Asymmetry Index and Relative Asymmetry, by partner and partner/service
  – Organize future bilateral meetings (back to back with WPTGS)

• Task Force on International Trade Statistics (10/14):
  – Coordination role
  – Results from OECD + others to expand to all countries

• Roles of experts groups