PLANNED ACTIVITIES IN 2010-11 TO IMPLEMENT THE 2010 MANUAL ON STATISTICS OF INTERNATIONAL TRADE IN SERVICES

Statistics Department

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1 This paper was prepared by Thomas Alexander of the IMF's Statistics Department. The views expressed herein are those of the author and should not be attributed to the IMF, its Executive Board, or its management.
I. INTRODUCTION

The IMF is a member of the interagency Task Force on Statistics of International Trade in Services (TFSITS), which has drafted the 2010 Manual on Statistics of International Trade in Services (2010 MSITS). The IMF drafted Chapter III of the MSITS, “Services Transactions between Residents and Nonresidents” and also made a substantial contribution to the development of the updated Extended Balance of Payments Services Classification (2010 EBOPS). The IMF has ensured that both Chapter III of the MSITS and the 2010 EBOPS are fully consistent with the concepts and definitions established in the sixth edition of the Balance of Payments and International Investment Position Manual (BPM6). In this regard, Chapter III and the 2010 EBOPS reflect an elaboration of the BPM6 concepts and classifications relating to international transactions in services and do not introduce new or different approaches to those in BPM6.

This note provides an overview of the activities recently undertaken or planned by the IMF for 2010 and 2011 to assist member countries in improving statistics on international trade in services. These activities are conducted as part of the IMF’s broader mandate to assist countries in improving the quality of the balance of payments statistics. Thus, we have not developed specific programs for implementing the 2010 MSITS but the programs to improve the balance of payments statistics and implement the BPM6 will take account of the needs of statistical agencies to improve statistics on international trade in services. The activities cover the following three areas: developing compilation guidance, training, and technical assistance.

II. DEVELOPING COMPILATION GUIDANCE

The IMF considers the timely completion of the BPM6 Compilation Guide (BPM6 CG) as a key element of the strategy to implement the BPM6. With the completion of the BPM6, work on the BPM6 CG has started in earnest. The BPM6 places greater emphasis on the compilation of the services account relative to previous balance of payments manuals. The BPM6 CG will therefore seek to address compilation questions related to these new recommendations.

A. Work plan

The IMF has established a team to draft the BPM6 CG. The team is now being broadened to include representatives of national statistical agencies and international organizations who are interested in contributing to the BPM6 CG and have expertise in the relevant subject areas. The contributions of country representatives will not be restricted to any particular area of the BPM6 CG; however, it is expected that these contributions may focus on areas relating to data collection and estimation. Most of the work will be conducted through the electronic exchange of documents rather than through face-to-face meetings.

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2 The following six agencies serve on the TFSITS and jointly developed the MSITS: United Nations, European Commission, International Monetary Fund, Organization for Economic Cooperation and Development, United Nations Conference on Trade and Development, and World Trade Organization.
The IMF has had interactions with the World Tourism Organization (UNWTO) on contributing to the sections of the *BPM6 CG* relating to travel and tourism statistics. The impetus for this work is based on longstanding collaboration between the IMF and UNWTO on issues relating to statistics on travel and tourism. The UNWTO has already submitted a draft of some material for the *BPM6 CG*.

The IMF is expected to complete a first draft of most of the chapters of the *BPM6 CG* in time for the next meeting of the IMF Committee on Balance of Payments Statistics, which is tentatively scheduled for October 2010. Draft chapters will be placed on the IMF website (a special page will be created) for comment on a continuous basis, as they become available. Although a firm timeline has not been adopted, the *BPM6 CG* may be finalized at the end of 2011 or shortly thereafter. We also plan to publish the *BPM6 CG* as a “living document” on the internet so that it will be updated and augmented as the need arises.

**B. Structure of the *BPM6 CG***

The *BPM6 CG* will include a separate chapter on the compilation techniques that could be used to estimate resident-nonresident transactions in services, drawing on other chapters that examine the various sources of data. The chapter will examine separately the items that are derived through explicit or direct estimation techniques and the items that are derived implicitly or indirectly. The *BPM6 CG* is expected to focus on three broad groups of components: new items in the services account; items where the recommendations have changed substantially; and items that users have expressed difficulty in implementing. Therefore, the key components of the services account to be examined in the *BPM6 CG* are as follows:

a) **Manufacturing services on physical inputs owned by others:** This is a new item in the services account that records transactions previously included in the goods account. The *BPM6 CG* will therefore examine the alternative sources of data that could be used as the merchandise trade statistics may not be suitable.

b) **Travel:** The estimation of travel credits in the balance of payments is closely linked to the estimation of visitor/tourism expenditure as recommended by the 2008 *International Recommendations for Tourism Statistics*. The section will review the differences between travel credits and visitor expenditure estimates and will show how the balance of payments item could be derived from the visitor expenditure data.

This section will also examine the various source data that could be used to estimate travel such as data from an international transactions reporting system, partner country data, and records of credit card companies. The section will pay particular attention to estimating travel in the absence of border controls and will examine the various methods to estimate the movement of individuals.

For travel debits, the section will examine both direct and indirect methods including how household budget survey data could be used to estimate travel debits.

d) **Insurance services:** This section will follow from the examples provided in the *BPM6*, look at more difficult cases, and review the various sources of data that could
be used to estimate insurance services. In particular, the section will explore instances of claims volatility and the implications of improper treatment of claims on the estimates of services.

e) **Treatment of intellectual property:** This section will review the treatment of various intellectual property products that may span various balance of payments items as presented in Table 10.4 of the BPM6 and Table 3.1 of the MSITS. It will also clarify the treatment of originals.

f) **Financial Intermediation Services Indirectly Measured:** This section will elaborate on the selection of the reference rate and will illustrate how the service charge may be estimated under various economic and financial situations.

The TFSITS is expected to begin work on producing compilation guidance to accompany the 2010 MSITS following the completion of the BPM6 CG. The sections on services transactions in the BPM6 CG are expected to be the basis for the compilation guidance relating to Chapter III of the MSITS. The MSITS Compilation Guide will therefore complement the material in the BPM6 CG and the IMF will collaborate in developing the relevant sections.

### III. Training

The IMF conducts courses in balance of payments statistics. These include a six-week course at the IMF Headquarters, which is conducted annually, and regional courses of two weeks duration that are hosted by national agencies or at the IMF’s regional training centers. The number and location of the regional courses vary, and we usually conduct two to three courses a year alternating amongst the regional centers. These courses focus broadly on the balance of payments statistics; however, considering the changes in the BPM6 as they relate to services, the courses place additional emphasis on the compilation of statistics on international trade in services.

In addition to the courses in balance of payments statistics, we have completed and planned a limited number of courses on compiling statistics on services more broadly. The planned and completed courses in services for 2009 and 2010 are as follows:

- November 2009: Four-day seminar for China at the request of the State Administration for Foreign Exchange.
- January 2010: Five day course in Slovenia for participants of transition countries in South East Europe.
- June 2010: Five day course in Singapore for countries of the Asia and Pacific region.

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3 The IMF offers courses in regional training centers located in Abu Dhabi, Austria, Brazil, China, India, Singapore, and Tunisia.
We are now developing training plans for 2011. The IMF will also consider requests from individual government agencies and regional institutions as they arise.

IV. TECHNICAL ASSISTANCE

Technical assistance missions generally cover a range of balance of payments issues; missions focusing on a single account or a single item in the accounts are rare, in part due to the high demand for broad balance of payments missions. We have not conducted technical assistance to solely cover services statistics and do not plan to conduct such missions in the near future. Due to the extent of the changes in the services account, technical assistance missions being conducted in 2010 and 2011 focus increasingly on assisting countries in implementing the new guidelines on transactions in services. These guidelines require the development of new data sources that may not exist in many countries and the implementation of new compilation techniques that may not be familiar to the compilers. Such is the case with manufacturing services on physical inputs owned by others, insurance services, and charges for intellectual property.

The IMF has conducted or has planned over 70 weeks of technical assistance in balance of payments statistics for 2009/10. We are not expecting a substantial change in the rate of delivery for 2010/11.

V. CONCLUSION

The IMF remains committed to assisting countries in improving the statistics on international trade in services. In the past, we have collaborated with other agencies represented on the TFSITS to conduct training courses and to develop material to assist compilers in developing data sources and suitable compilation techniques. We look forward to continuing our collaboration with other agencies in these areas, subject to available resources and our work priorities.

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4 The financial year ends on April 30.

5 The proposed member contribution arrangement – under which most IMF members would be asked to contribute toward the cost of IMF-provided technical assistance – has been deferred and it is currently unclear when the arrangement may be implemented.