Report of the Joint Session (JS) of the Inter-Agency Task Forces on International Merchandise Trade Statistics (TFIMTS) and Statistics on International Trade in Services TFSITS), Beirut, 25 March 2010

1.   Adoption of the Provisional Agenda

1.   The third Joint Session of both Task Forces took place in Beirut, following the two inter-agency Task Forces' respective meetings. The Session was chaired by Mr. Andreas Maurer (item 1 – 4) and Mr. Andreas Lindner (item 5 – 7). The agenda is included as Annex 1, the list of participants as Annex 2.

2.   Report of the Task Force's activities

2.   The overall tenor of the meeting was that it is important to build and consider statistics a public good. All the groups' activities, be it the TFIMTS, TFSITS, JS or the Working Group on the Impact of Globalization on National Accounts (WGGNA) should be geared to the same common objective.

(i) Task Force on International Merchandise Trade Statistics: Towards a systemic approach of trade statistics (WTO)

3.   It can be argued that economic developments nowadays are characterised through new business models that are different from the ones used to conceptualise today's official statistics. The nation concept might be more difficult to apply as globalization advances, as it might be more difficult to apply concepts of resident/non-resident, goods or service, country of origin, etc. To monitor economies, however, it is important to produce adequate statistics, at micro (firm) level as well as on macro level. The recent discussion on measuring trade gross or by value added is a typical example of an information gap requiring work at firm level (linkage of business and trade registers) as well as on aggregate level (input-output analysis). The meeting suggested to explore the possibility to institutionalise this long-term work through a "city group". To that end, the organizations should convince their respective managements of it by sending letters, especially Eurostat and OECD.

(ii) Task Force on Statistics of International Trade in Services (OECD)

4.   Work concentrated mainly on finalising the Manual and how to continue work on implementation. The Task Force also discussed to combine the analytical annex of the Manual and the training module in a toolbox, to be placed at the web and revised in regular intervals.

5.   Beyond, the Task Force recommended that the Broad Economic Categories (BEC) revision process should attempt to include services. Furthermore, improving data quality, through advancing a joint questionnaire based on SDMX, and defining a typology of issues of individual country data when comparing international databases, was discussed. This initiative should help improve consistency of international databases. The Task Force was also informed on the current

status of the Services Trade Restrictiveness Index (STRI), for which dissemination of results is currently blocked in the respective OECD Committee.

**3.   Getting the implementation/compilation process started: first plans and timelines –
who does what?**

6.   The agencies discussed how best to advance advocacy, implementation, and awareness for the new Manuals, both on merchandise trade statistics and trade in services. Common aspects for both Compilation Guides was the modular approach with a virtual presentation on the web that allows further developments in real time.

(i)   IMTS 2010

7.   The TFIMTS discussed a road map, identifying demand and supply-side aspects. It is necessary to develop respective inventories, for example, on the demand side on the technical issues and institutional developments in countries, on the supply side the respective resource persons and comparative advantages of each organization. It was considered important to monitor implementation and to coordinate work of the respective groups for IMTS 2010, MSITS 2010, and 2008 SNA. Tools for it could be a Community Forum, identification of frequently asked questions presented on the web, etc. The UNSD will lead the development of a Compilation Guide, collect best practices and organise technical assistance.

(ii)   MSITS 2010

8.   The TFSITS will be acting as consultative group to IMF's BPM6 Compilation Guide. Thus, a unique Compilation Guide is produced that will cover requirements for both Manuals and guarantee consistency. The modules of FATS and Modes of Supply will be further discussed at its next meeting. It was further suggested that the exchange of the current implementation experiences is done through a central repository on the Internet.

9.   In conclusion, the **Joint Session** argued that stove-pipe thinking should be overcome. The two constituencies on merchandise and servcices trade should work closely together to foster joint advocacy, for example, by developing a special guide on implementation issues of goods for processing, merchanting, etc. Best practices should be pooled and put at disposal. And international organizations should develop a strategy for how to deal with countries not implementing all recommendations, for example, the change of ownership principle in the case of the goods for processing where processed goods are returned to the original owner. Cooperation of national authorities was considered important, that is, customs, national statistical authorities, central banks, ministries, etc. It was also stressed that regional UN organizations should play an active role in implementation.

4.   Alternative presentations of trade by product

10.   The OECD presented a new approach for linking goods, services and industry into one classification. This exercise, based on existing classifications, is done at modest level of disaggregation and is resulting in a "conceptual correspondence". Of course, there are link issues

due to the one product – several activities (1:n) link, nevertheless, the exercise is resulting in an interesting analytical tool that highlights certain issues. While there should be some caution, for example, manufacturing services may be underrepresented, this exercise could help further studying cif/fob ratios. It is also interesting to analyse it for distribution service activities in respect of the STRI. The linkage of trade and business registers will be of great assistance to further refine this approach for a joint classification.

5.   Meeting the challenges of trade and globalization:
a.   Report from the UN Statistical Commission and Working Group on the Impact of Globalization on National Accounts (WGGNA)

11.   WTO introduced the topic. In June 2006, the Conference of European Statisticians (CES) decided that a body should be created to coordinate the work in globalization statistics. A Working Group on the Impact of Globalisation on National Accounts (WGGNA) was established in 2007 with the objective to review the main distortions in the compilation of national accounts and related source statistics, caused by globalization, and to propose practical approaches on how to implement the recommendation of the 2008 SNA. The result of the work of the WGGNA will be a report entitled "Impact of Globalisation on National Accounts: Practical Guidance".

12.   In the discussion, the need for consistency of units for declarations from MNEs was stressed for the proper allocation of income to national economies. The key topics under review are goods for processing, merchanting, SPEs, remittances, international transactions of intellectual property rights, FDI, transit trade, re-exports and quasi-transit trade. Each of these topics will be a chapter in the forthcoming final report "Impact of Globalisation on National Accounts: Practical Guidance".

WTO reported on its communication to the author of the WGGNA paper on goods for processing, stating clear preference for continuing to collect data for I-O tables gross, and not net, and expressing concerns how to preserve the analytical relevance of I-O tables. WTO will send this letter for information to TF members.

b.   Trade by Enterprise Characteristics (TEC) Statistics

OECD presented TEC and focused on development needs (more detailed services component, business register based and potential (international) micro-level database with consistent statistical units, regional breakdowns, need to address multinationals role). The TEC database was recognized by TF members as a fundamental new tool.

The group approved the strategic orientation presented towards more micro-level data, but also pointed out that such an extension would have to be gradually implemented. Regarding the fuller inclusion of services, the TF welcomed this development and stated that perhaps the new combined product list presented by OECD might be useful in this regard. Nevertheless, coverage of services was generally seen as more problematic (sample-based data).

Confidentiality remains an impotant issue, although some solutions found in this respect could be shared with the TF at the next meeting. Concerning enterprise groups, there was consensus to include these units in TEC and promising initiatives, such as the European EGR, were mentioned.

5, c) and d) - 6.):   Globalization and trade statistics: implications for the national statistical systems (NSOs, Central Banks, Ministries' statistical offices) and d. Implications for the inter-agency Task Forces (Roundtable discussion), including item 6) Recommendation of the Joint Session for future work and approximate multi-year work plan

The rich discussion allowed to get a better sense of the need for implementation strategies. The following large consensus was reached:

- Institutional arrangements need to be strengthened to have a more holistic approach.
- Some countries (e.g. Germany) do have rich national inter—agency experience, but concrete subject-matter developments are by nature subject-matter driven.
- The JS could send out questionnaires (as OECD could do so for the forthcoming WPTGS) to get a better idea of the "reality on the ground".
- JS should envisage participating in,or organising of, regional training seminars as a pragmatic start. They should include both goods and services, perhaps in parallel session with plenary session at the end.
- All progress made would need to be communicated and shared by the two TFs.
- The JS should last, as a minimum, a full day and include (a) status of manuals implementation, (b) technical assistance activities, (c) impact of new recommendations.
- The information items need to be further reduced to allow concentrating on forward-looking substance matters.
- The six-months interval of meetings of the TFSITS will be maintained because of the "less mature" status of services compared to merchandise trade.
- TFs to set up a work plan for the forthcoming 12 to 24 months
- As to the future organisation of the TFs, there was no clear view about the split in parallel sessions with a joint session. For the time being, no change to the two plus one formula is proposed, however, the agendas would have to drive this split and some delegates expressed the wish to have more time for discussing cross-cutting issues in the Joint Session.

7.   Any other business and time and place of next meeting

Time and place of next meeting: after the WCO signalled that they could not host the next TFs meeting, tentatively scheduled between mid-March to mid-April 2011, possible venues identified were Luxembourg, New York, or Washington.

Since every second TFSITS meeting takes place back-to-back to the WPTGS (this modus operandi is supported by participants), the 2011 WPTGS meeting has to be hold between end-September and mid-October 2011 instead of April 2011 as initially considered.

JOINT SESSION OF THE INTER-AGENCY TASK FORCES ON INTERNATIONAL MERCHANDISE TRADE STATISTICS AND OF STATISTICS ON INTERNATIONAL TRADE IN SERVICES

UNESCWA, UN House, Beirut, 25 March 2010

1. **Adoption of the Provisional Agenda**

2. **Report of the Task force's activities**
   (i) Task Force on International Merchandise Trade Statistics: Towards a systemic approach of trade statistics (WTO)
   (ii) Task Force on Statistics of International Trade in Services

3. **Getting the implementation/compilation process started: first plans and timelines – who does what?**
   (i)   IMTS 2010
   (ii)   MSITS 2010

4. **Alternative presentations of trade by product**

5. **Meeting the challenges of trade and globalization:**
   a. **Report from the UN Statistical Commission and Working Group on the Impact of Globalization on National Accounts**
   b. **Trade statistics by enterprise characteristics**
      (i) More integrated statistics on goods & services? More policy-relevant indicators (from micro-data to composite indicators, etc.)?
      (ii) Are there dissemination issues (confidentiality, private and public databases)?
   c. **Globalization and trade statistics: implications for the national statistical systems (NSOs, Central Banks, Ministries' statistical offices)**
   d. **Implications for the inter-agency Task Forces (Roundtable)**

6. **Recommendation of the Joint Session for future work and approximate multi-year work plan**

7. **Any other business.**
   a. **Time and place of next meeting**

Annex 2: List of Participants

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