

## **REPORT BY THE INTER-AGENCY TASK FORCE ON INTERNATIONAL TRADE STATISTICS (TFITS) TO THE UNITED NATIONS STATISTICAL COMMISSION**

### **1. Introduction**

1. This document describes the recent activities of the Inter-Agency Task Force on International Trade Statistics (TFITS). As explained in more detail below, the TFITS has been formed by a merger of the Task Force on International Merchandise Trade Statistics (TFIMTS) and the Task Force on Statistics of International Trade in Services (TFSITS), to reflect the increased coherence and interrelationships of both sets of statistics, and to formalize the practice of the Task Forces to meet jointly since 2008.

2. The most recent meeting of the TFITS took place on 15-16 October 2015. The main agenda items included statistical capacity building for trade in services; methodological developments in trade in services statistics and further work on the compilation guide to the MSITS 2010; bilateral trade in goods and bilateral trade in services asymmetries; the compilation of G20 aggregates for merchandise trade and Balance of Payments (goods and services trade); the identification of new trade in services categories and breakdowns; and the implementation by Eurostat and OECD of the Metadata survey on EBOPS 2010 as developed by the Task Force. The summary and conclusion of the discussion are summarized in section 3.

### **2. TFITS Scope and Terms of Reference**

3. Since 2008, the TFIMTS and the TFSITS have met jointly on a regular basis, as a reflection of the increased interconnectedness and overlap between trade in goods and trade in services. To formalize these arrangements and to even better coordinate activities of mutual interest, the Task Forces were merged into a TFITS, which held its first meeting on 27 March 2014 in Paris. The TFITS agreed to meet once a year (fall) and is co-chaired by OECD and WTO.

4. To formalize the merge, a letter was sent to the members of the Bureau of the Statistical Commission on 31 October 2014 with copy to the co-chairs of the Committee for the Coordination of Statistical Activities (CCSA). The letter was accompanied by the Terms of Reference of the new TFITS (see also Annex 1). In October 2015, the Bureau of the Statistical Commission had no objection to the merger, with the condition to evaluate after a two-year period the co-existence of TFITS and the newly created Inter-Secretariat Working Group on International Trade and Economic Globalization Statistics, which will meet for the first time in January 2016.

### **3. Summary and results of the TFITS 2015 meeting**

5. The main agenda items of the TFITS 2015 meeting included statistical capacity building for trade in services; methodological developments in trade in services and the updating of the Compilers Guide to the MSITS 2010; bilateral trade in goods and bilateral trade in services asymmetries; the compilation of G20 aggregates for merchandise trade and Balance of Payments (goods and services trade); the identification of new trade in services categories and breakdowns; and the implementation by Eurostat and OECD of the Metadata survey on EBOPS 2010 as developed by the Task Force.

### ***Statistical capacity building (SCB) for trade in services statistics***

6. Since November 2011, the WTO acts as coordinator among the Task Force members of technical assistance and statistical capacity building (TA/SCB) activities relating to trade in services statistics. In October 2014 the TFITS reiterated WTO's role of coordinating TA/CB for services and added merchandise trade in conformity with the Task Force's mandate. The work of TA/SCB is organized along the following lines:

- First, e-learning course(s) are developed to replace general awareness seminars. In this respect, UNCTAD and WTO developed a trade in services statistics e-learning course, with the support of the TFITS. The TFITS took note of the progress made on the English version of the course, and looked forward to the finalization of the course in summer 2016.
- Second, more dedicated seminars on specific topics (like FISIM or manufacturing services on inputs owned by others) will be designed.
- Third, to help countries with the implementation of the MSITS2010, the TFITS plans to establish a fund based on a global partnership, exercised by the TFITS. It is planned that the facility would act as precursor and coordinating mechanism by helping countries to identify and formulate projects aimed at improving their trade in services statistics. The facility would both finance project preparation and the execution of projects accepted by the global partnership.

7. The fund is planned to be hosted by WTO (discussions with Administration and TA Division are ongoing). An initial amount of CHF 1 000 000 is envisaged. The fund would be governed by a Global Partnership as defined by the TFITS. The TFITS asked WTO to contact potential donors and to develop a draft of the operational guidelines that would have to be adopted by the Governance of the Fund to ensure efficient day-to-day work.

### ***Methodological developments in trade in services and the updating of the Compilation Guide to the MSITS 2010***

8. The TFITS completed and published the Compilers Guide to the 2010 Manual on Statistics on International Trade in Services (MSITS 2010) – MSITS 2010 Compilers Guide – in December 2014. However, at the time it was recognized that more compilation guidance still needed to be developed, especially for the more complicated services categories (e.g. goods for processing, FISIM). The TFITS therefore agreed to set up a dedicated website<sup>1</sup> where additional material and country experiences related to the MSITS 2010 could be made available.

9. At the October 2015 meeting, the TFITS agreed that one of the first additions to the online version would be the concordance tables between EBOPS 2010 and CPC rev.2. Drafts of these tables were already prepared and reviewed in 2013, but continue to await a final review of the UN Expert Group on Classifications. Given the need for such convergence tables, and in absence of a clear indication as to when such a review may take place, the TFITS agreed to publish the concordance tables as a draft.

10. The TFITS took note of the OECD report on the ongoing work of two OECD Informal Reflexion Groups (IRG) that were launched at the 2014 OECD Working Party on Trade in Goods and Services, including one on merchanting and manufacturing services, and one on the provision of more detailed trade in services statistics (e.g. by partner country and service category; by Mode of Supply, and affiliated/non-affiliated trade), without substantively increasing respondent burden. The TFITS agreed that this material

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<sup>1</sup> <http://unstats.un.org/unsd/trade/taskforce/methodology.asp>

would be useful to be published as an online annex to the MSITS Compilers Guide. It was agreed that OECD would prepare a draft of the annex for the next TFITS meeting, where it could be reviewed and subsequently published on the TFITS website. This review procedure will also be used for other possible additions to the MSITS2010 Compilers Guide.

### ***Development of bilateral trade in services estimates***

11. The TFITS welcomed the progress made by OECD and WTO on their joint work on developing a world matrix of bilateral trade in services statistics by main EBOPS categories. This dataset aims to cater to the needs of policy makers, analysts and the joint OECD-WTO TiVA initiative for long time series of complete and detailed bilateral trade in services data. OECD and WTO explained that the matrix would accomplish this objective by maximizing the indirect statistical information in the reported data using derivations from EBOPS and regional aggregates, and by using time-series information via backcasting, forecasting and interpolation techniques. Currently, a complete series of exports and imports of trade in services by EBOPS category and partner World, for 188 countries, from 1995 to 2012 (including ~30% estimated values) is available, and over 2 million data points have been added to the bilateral dataset (more than tripling the size of the officially reported data points). Work is ongoing to provide additional estimates, e.g. via in-depth studies of individual countries, the development of a methodology of estimating trade in services when no partner data is available at all, and the use of mirror data. Work is also starting for matrices in EBOPS2010 (from 2010 onwards). The TFITS appreciated the work done and took note that the results would be published as OECD-WTO estimates and not as official statistics. Three of the TFITS invited country experts (USA, Germany and Italy) indicated to be happy to collaborate and review the estimates made for their countries.

### ***Reconciling bilateral trade in goods asymmetries***

12. The TFITS welcomed the work of the UNSD on visualizing asymmetries in the UN Comtrade database using SAS, and took note that UNSD has contracted a consultant to develop a strategic approach towards balancing international merchandise trade statistics, which would be presented at the meeting of the UN Expert Group on International Trade and Economic Globalization Statistics in January 2016.

13. The TFITS expressed appreciation for the work by the OECD on constructing a balanced international merchandise trade matrix and was impressed with the progress made so far. The TFITS welcomed the methodological paper that outlined the OECD international merchandise trade balancing strategy, building on existing best practices in the academic literature, ongoing collaboration with national trade statisticians, and the input received from the OECD Bilateral Trade Asymmetry meetings that are organized in the context of the OECD Working Party on International Trade in Goods and Services Statistics (WPTGS). The TFITS took note that a first version of the balanced merchandise trade statistics data will be published in the first quarter of 2016, and that WTO will join the OECD efforts to collaboratively further develop the balanced international merchandise trade dataset.

14. Finally, the TFITS noted that asymmetries in merchandise trade are partly unavoidable because of the international concepts and definitions. Efforts towards reconciling asymmetries should not give users the impression that countries do not apply the international concepts correctly.

### ***Compiling G20 aggregates for merchandise trade and Balance of Payments (goods and services trade)***

15. As recommended by the G20 Data Gaps Initiative, G20 zone aggregates are currently being developed for a variety of statistical indicators, under the auspices of the Inter-Agency Group on Economic and Financial Statistics (IAG). At the TFITS, IMF and OECD presented their work preparing the G20 aggregates respectively for Balance of payments (goods and services) and for merchandise trade, to be

published on a quarterly basis. The G20 aggregate on merchandise trade by OECD will be published for the first time on 3 December 2015. It was agreed that OECD would share the first draft of the press release with IAG members and WTO by 25th November for comments. IMF will examine to what extent the G20 Balance of Payments trade in goods and services aggregate can reflect seasonally adjusted figures. The releases are coordinated with WTO, which releases seasonally adjusted quarterly merchandise and services trade data on its website.

### ***New trade in services categories and breakdowns***

16. The TFITS took note of the international progress made towards measuring trade in services by modes of supply, highlighting amongst others the progress made in Canada (compiling mode 4), and in India (on mode 1) as reported by WTO. Eurostat indicated to have hired a consultant to produce first estimates for exports and imports trade in services by modes of supply for EU countries, based on the simplified approach proposed in MSITS 2010. Germany also reported to work on modes of supply and preliminary results could possibly be presented at the next OECD WPTGS meeting.

17. The TFITS welcomed the final version of the UNCTAD technical note on *Measuring International Trade in ICT Services and ICT-enabled Services*<sup>2</sup> as a useful reference for enabling countries to collect comparable official statistics in this area. The project was developed with the collaboration of the Partnership on Measuring ICT for Development Task Force on ICT and ICT-enabled Services (TGServ), whose membership consists of WTO, OECD, UNSD, UNCTAD, UNESCWA, World Bank and ITU. The technical note defines and recommends the measurement of two new EBOPS 2010 complementary groupings, namely ICT services (which can be compiled from existing data sources on international trade in services provided that countries report at the third level of EBOPS 2010) and ICT-enabled services (which would require the collection of data by mode of supply (as defined by GATS), or using a business survey approach).

### ***Implementation of the Task Force EBOPS 2010 metadata survey by Eurostat and OECD***

18. The TFITS has developed a joint metadata questionnaire on Trade in Services Statistics by EBOPS categories. Eurostat (for EU countries) and OECD (for non-EU OECD countries) have already implemented this survey and presented their results. OECD also gave several concrete illustrations of how e.g. difference of coverage, data sources, and compilation methodology may help to explain trade asymmetries. The TFITS concluded that the standardised format is useful to document and compare national methodologies, and can also be used to identify reasons for trade asymmetries. It was noted that it is important to extend the implementation of the metadata survey to other countries. UNSD confirmed having plans to implement the questionnaire for non-EU non-OECD countries. The TFITS also agreed that the Eurostat and OECD results, as well as the survey, should be added as online annex to the MSITS 2010 Compilers Guide to help other countries with the systematic recording of metadata, and invited Eurostat and OECD to prepare this contribution for review by the TFITS at its next meeting.

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<sup>2</sup> [http://unctad.org/en/PublicationsLibrary/tn\\_unctad\\_ict4d03\\_en.pdf](http://unctad.org/en/PublicationsLibrary/tn_unctad_ict4d03_en.pdf)

## **ANNEX 1. TERMS OF REFERENCE OF THE TASK FORCE ON INTERNATIONAL TRADE STATISTICS**

### **I. Members, Convener and Organization of Work**

1. The inter-agency Task Forces on international merchandise trade statistics (TFIMTS) and on statistics of international trade in services (TFSITS) were established in the early nineties as collective efforts among the international agencies to improve the availability, quality and comparability of statistics in these areas to support the negotiations under the Uruguay Round, see the Terms of References of these two Task Forces;
2. Today, international trade statistics should take into account information needs of trade negotiators in particular in relation to World Trade Organization's agreements, namely GATT, GATS and TRIPS;
3. Since 2008, the two task forces have regularly held joint meetings to discuss overlapping and cross-cutting issues. Given the increased interconnectedness and overlap between trade in goods and trade in services, driven by global developments such as the increased fragmentation of international production, the rise of intellectual property products, the rise in new types of enterprises such as factoryless producers and merchanters, and the increased focus on global production through global value chains, one task force on international trade statistics (TFITS) has been established on 27 March 2014 in Paris to ensure better coordination of activities of mutual interest;
4. The OECD and WTO will serve as the Task Force's co-chairs;
5. The TFITS holds one official meeting in the fall of each year;
6. The TFITS website is maintained by UNSD while its EDG website is maintained by OECD/WTO;
7. All procedural issues are to be decided by consensus of regular members, or by the majority vote if requested by any TFITS member;
8. In 2014, TFITS agreed that regular membership of this inter-secretariat body should be confined to established international institutions whose representatives are in a position to make commitments on their behalf. It has also been agreed that experts who are not officials of international institutions may be invited to attend TFITS meetings.
9. At the time of invitation, the co-chairs will notify the TFITS members, which experts will be invited. It will be assumed that TFITS members agree, if no counter-indication is received.

### **II. The Task Force's Mandate**

10. The objective of TFITS is to ensure coordination of activities carried out by the participating agencies in the area of international trade statistics and related fields including:
  - (i) Promoting the development of international standards (e.g. IMTS and MSITS) and respective compilation guidance, systems and classifications for international trade statistics and related statistics, including tourism statistics;

- (ii) Improving the availability, quality and comparability of international trade statistics, i.e., beyond conventional trade statistics (this includes also activities of foreign affiliates);
- (iii) Promote the development of national statistical systems that enable the provision of the best quality estimates of trade in value added via coherence and transparency of adjustments made to trade statistics for the national accounts, and the promotion of integrated accounting frameworks that give greater emphasis to firms engaged in global value chains;
- (iv) Coordination of data collection from countries and sharing of the collected data sets to reduce the countries response burden;
- (v) Harmonisation of data processing procedures and coordination of data dissemination through the agencies' databases and publications to foster the coherence of international trade statistics and to better serve the user community;
- (vi) Coordination of collection of information on country data compilation and dissemination practices, cooperation in assessment of country data quality and identification of the good practices;
- (vii) Identification of the new conceptual and data compilation issues, their systematic study and formulation of proposals for their possible solutions; in this context, TFITS provides input into the revision process of the recommendations of the UN Statistical Commission for international trade statistics;
- (viii) Promotion of synergies with respect to the work of other Inter-Agency Task Forces, Working Groups and Committees, in particular, with respect to the Inter-Secretariat Working Group on National Accounts and the IMF Committee on Balance of Payments Statistics;
- (ix) Coordination of training and capacity-building initiatives, especially in developing countries, to ensure higher efficiency of such initiatives in terms of achieving a better harmonization of country data compilation and dissemination practices and accuracy of the compiled and disseminated country data sets.

## **ANNEX 2. AGENDA OF THE 2015 MEETING OF THE TFITS**

### **15 October 2015**

11. Welcome and Opening
12. Adoption of the agenda
13. Approval of the report of the last TF meeting in Geneva, 22-23 October 2014
14. TFITS institutional arrangements (OECD, WTO, UNSD)
15. Statistical capacity-building for trade in services (WTO, UNCTAD)
16. Methodological issues (on e.g. manufacturing services and merchanting) arising from the OECD IRG consultations (OECD)
17. Revision of concordance annexes to the MSITS 2010 (UNSD)
18. Bilateral trade in services matrix (OECD, WTO)
19. Asymmetries in trade statistics (OECD, UNSD)
20. G20 aggregate for Merchandise Trade and for BOP Trade (OECD, IMF)

### **16 October 2015**

11. Joint EBOPS 2010 metadata questionnaire – lessons learned and next steps (OECD, Eurostat)
12. Update on reporting on new Services categories (WTO, UNCTAD)
13. Progress with respect to measuring TIS by Modes of Supply (WTO, Eurostat)
14. Update on trade data dissemination (current and plans) (WTO, OECD)
15. Report from “Customs and Statistics” at WCO Meetings in 2015 (UNSD)
16. BEC: status of work (UNSD)
17. SDMX for IMTS: progress made (UNSD)
18. Promoting trade statistics and organizing TF work (website and Newsletter) (UNSD)
19. Other Business
20. Date and location of the next TF meeting