
*INTER-AGENCY TASK FORCE ON INTERNATIONAL
TRADE STATISTICS (TFITS)
Conclusions of the 2017 Meeting, 10-11 October, Paris*

The 2017 Inter-Agency Task Force on International Trade Statistics (TFITS) took place in Paris on 10-11 October. In addition to agenda items for information exchange on methodological and data quality issues related to trade statistics, as well as for updates on newly released datasets and publications, the meeting discussed bilateral trade in goods and trade in services asymmetries, the development of trade in services statistics by modes of supply, statistical capacity building. The Agenda of the meeting can be found in Annex A.

The TFITS discussed the progress related to the reduction of bilateral *trade asymmetries* in services and in merchandise trade, appreciating the bilateral trade in services meetings organised by Eurostat and by OECD adjacent to their main meetings, as well as the joint work of OECD and WTO on the development of a world matrix of bilateral trade in services statistics by main EBOPS categories and a balanced international merchandise trade statistics dataset. The TFITS took note that both datasets are currently available for use and that further updates are planned for 2018 (see also the related article on the OECD-WTO BaTIS database in this Newsletter). It was also concluded that technical capacity building activities should further sensitise compilers to the importance of addressing asymmetries.

Important progress has been made on the development of *Statistics by Modes of Supply*. The TFITS discussed ongoing work by WTO and by Eurostat to develop international and European datasets on services by Mode of Supply, as well as national achievements and plans to develop such statistics. As another strand of new statistics in international trade in services, UNCTAD presented its progress on piloting the measurement of ICT-enabled services in Costa Rica, India and Thailand, which was discussed in more detail during the Expert Group meeting on Measuring Digital Trade.

Finally, the TFITS discussed activities towards *statistical capacity building*, welcoming the overview produced by WTO on ongoing activities and consultants. TFITS members noted that developing country demand for technical assistance for trade in services statistics is high and growing, and considered how this demand could be met in an effective and coordinated way, e.g. via improved alignment and inclusion in National Strategies for the Development of Statistics, which would also facilitate financing of the technical capacity development activities. In particular collaboration with Paris21, who attended the TFITS, was considered very important in this regard and it was agreed to improve collaboration and coordination with the view of supporting the development of trade in services statistics.

The TFITS meeting was followed by the TFITS Expert Meeting on *Measuring Digital Trade*, on 11-12 October, which brought together representatives from 18 developed and

developing countries and international organisations to discuss the conceptual measurement framework for Digital Trade and share emerging compilation practices to better measure these cross-border flows.

The TFITS noted that Digital Trade, defined as all cross-border transactions that are either digitally ordered (i.e., cross-border e-commerce), digitally facilitated (by platforms), or digitally delivered, has been growing in importance, and with it, demands for detailed statistics from a number of policy areas including market access, trade facilitation, opportunities for SMEs, regulation, competition, cross-border data flows and privacy.

In response to these policy demands, and as explicitly asked by the G20 in its Ministerial Declaration of 6-7 April 2017, the international statistics community, coordinated by the Inter-Agency Task Force on International Trade Statistics (TFITS), has prioritised and strengthened efforts to confront data gaps, biases and conceptual challenges for measuring digital trade, by developing a conceptual framework and an inventory of current measurement practices and pilot studies in more than 70 countries¹. Building on these inputs, the TFITS is developing, together with experts from developed and developing countries, a TFITS Handbook on Measuring Digital Trade.

The results of the Expert Group Meeting were reported by the TFITS to the 2018 meeting of the UN Statistical Commission, see Annex 2.

¹ See OECD (2017) 'Measuring Digital Trade: Towards a Conceptual Framework', OECD/CSSP/WPTGS (2017) and OECD-IMF (2017) 'Measuring Digital Trade: Results of OECD/IMF Stocktaking Survey', paper presented at the IMF BOPCOM meeting, 24-26 October 2017, Paris, France

Annex A. Agenda

Day 1 – 10 October

9.30-11.00

Item 1. Welcome and Opening

Co-chairs Fabienne Fortanier (OECD) and Andreas Maurer (WTO)

Item 2. Adoption of the agenda

Item 3. Approval of the report of the last TF meeting in New York, October 2016

Item 4. Issues related to the UN Statistics Commission

Markie Muryawan (UNSD)

Item 5. Balancing asymmetries in merchandise trade statistics

Fabienne Fortanier (OECD) and Andreas Maurer (WTO)

Markie Muryawan (UNSD)

Item 6. Balancing asymmetries in trade in services statistics

Fabienne Fortanier (OECD) and Andreas Maurer (WTO)

Coffee break (11.00-11.30)

11.30-13.00

Item 7. Process report on the updating of BPM6

Silvia Matei (IMF)

Item 7.a. Services compilation in the context of FRIBS

Veijo Ritola (Eurostat)

Item 8. New services and ICT products

Andreas Maurer (WTO)

Diana Korka (UNCTAD)

Item 9. Developing detailed merchandise trade price indices

Guannan Miao & Fabienne Fortanier (OECD)

Lunch Break (13.00-14.30)

14.30-16.00

Item 10. Trade in Value Added Nowcast Estimates 2012-2014

Guannan Miao & Fabienne Fortanier (OECD)

Item 11. Results of the UN Metadata survey for merchandise trade statistics (UNSD)

Markie Muryawan (UNSD)

Item 12. Measuring Trade in Services by Modes of Supply

Andreas Maurer (WTO)

Veijo Ritola (Eurostat)

Item 13. Handbook on Linking Trade and Business statistics: progress report

Diana Doyle (OECD)

Coffee break (16.00-16.30)

16.30-18.00

Item 14. Developing a database on multinational enterprises: proof of concept

Diana Doyle, Graham Pilgrim and Cecilia Caliendo (OECD)

Item 15. Classifications

Markie Muryawan (UNSD)

Item 16. Online version of the MSITS2010 Compilers Guide: Chapter on Merchanting and Goods for Processing

David Brackfield (OECD)

Item 17. Update on trade data dissemination (current and plans)

All

Day 2 – 11 October

9.30-11.00

Item 18. Statistical capacity building for international trade statistics

Andreas Maurer & Barbara d'Andrea (WTO) on behalf of the TFITS

Johannes Jütting (Paris21)

Item 19. SDMX for IMTS: progress made

Marky Muryawan (UNSD)

Coffee break (11.00-11.15)

11.15-12.00

Item 20. Promoting trade statistics and organizing TF work: TFITS website and Newsletter

Marky Muryawan (UNSD)

Item 21. Any Other Business**Item 22. Date and location of next TF meeting**

Annex B. TFITS Report to the UNSC (document E/CN.3/2017/7)

Statistical Commission

Forty-eighth session

6 - 9 March 2018

Item 3 (m) of the provisional agenda*

Items for discussion and decision: Digital trade statistics

Report of the Inter-Agency Task Force on International Trade Statistics

Note by the Secretary-General

The Secretary-General has the honour to transmit the report of Inter-Agency Task Force on International Trade Statistics (TFITS) on the topic of Measuring Digital Trade. At recent meetings of OECD's committee on statistics and statistical policy, of IMF's Balance of Payments Committee and WCO's working group on measuring e-commerce, the topic of measuring digital trade was high on the agenda. Digital trade can be defined as all cross-border transactions that are either digitally ordered (i.e., cross-border e-commerce), digitally facilitated (by platforms), or digitally delivered. It has been growing in importance, and with it, demands for detailed statistics from a number of policy areas including market access, trade facilitation, opportunities for SMEs, regulation, competition, cross-border data flows and privacy. In response to these policy demands, and as explicitly asked by the G20 in its Ministerial Declaration of 6-7 April 2017, the TFITS has prioritised and strengthened efforts to confront potential data gaps, biases and conceptual challenges for measuring digital trade, by developing a conceptual framework and an inventory of current measurement practices and pilot studies in more than 70 countries. Building on these inputs, the TFITS is developing, together with experts from developed and developing countries, a TFITS Handbook on Measuring Digital Trade. Given the significance and rapid developments of the topic, its potential implications and applications in developed as well developing economies, the TFITS aims to develop the Handbook expediently and plans to report on it to the Commission at its next session in 2019.

*E/CN.3/2017/1.

I. Introduction

1. The Internet and digitalisation are fundamentally changing the way people, businesses and governments interact. This has led to a new phase of globalisation underpinned by the movement of data across national borders, changing the nature, patterns and actors in international trade in goods and services. While digitally related transactions, either in goods or services, have existed for many years, the current scale of transactions and the emergence of new and disruptive players (online platforms) are transforming production processes and industries, including many that were previously little affected by globalisation.

2. However, despite the growing importance of what is commonly referred to as ‘digital trade’, little empirical and internationally comparable information currently exists, inhibiting a full understanding of the scale and policy challenges of Digital Trade, which has in turn raised concerns about the capacity of current statistics to fully capture and separate identify this phenomenon. Moreover, the growing importance of enterprises with new business models – such as Uber, Airbnb, Facebook and Spotify – raise a number of additional complications, including in relation to the nature of their activities, for (services) trade policy.

3. All these phenomena explain the strong demand from policymakers and researchers for more information on the nature, size and direction of Digital Trade, as for example evident from the high priority given to this topic on the agenda of the G20 Trade and Investment Working Group and other international fora. To address these policy questions, several initiatives and inter-agency collaborative efforts have been taken in recent periods by international organisations, including Eurostat, the IMF, OECD, UNCTAD, WTO, WCO and others.

4. However, an important impediment to the availability of data on Digital Trade – and certainly statistics that are coherent with the current accounting frameworks (SNA 2008, BPM6) and that are comparable across countries – is the lack of a common understanding of Digital Trade and of a comprehensive conceptual measurement framework. Therefore, as part of the collective efforts to address the broader measurement challenges, the OECD developed a draft conceptual and measurement framework for Digital Trade², which provides a proposed typology of all the cross-border trade flows that are considered ‘Digital’.

² see OECD (2017) ‘Measuring Digital Trade: Towards a Conceptual Framework’, OECD/CSSP/WPTGS (2017)

5. The framework builds, as far as possible, on the various existing statistical frameworks (in particular on the System of National Accounts), and has also served as the starting point for discussions within the broader context of Measuring the Digital Economy (an initiative led jointly by OECD and IMF), recognising the importance that all statistical developments and efforts in this field move in parallel. The framework has been reviewed by and received support from, as a basis for further work, the OECD Working Party on Trade in Goods and Services Statistics (WPTGS), IMF BOPCOM, and the TFITS informal Expert Meeting on Measuring Digital Trade (with representatives from 18 developed and developing economies and international agencies). The framework was used to develop a first inventory³ of current measurement practices and pilot studies in more than 70 countries on Digital Trade.

6. Building on these inputs, and in response to the policy demands, TFITS has prioritised and strengthened efforts to confront potential data gaps, biases and conceptual challenges for measuring digital trade and at its last meeting in October 2017, the TFITS agreed to propose the development of a Handbook for Measuring Digital Trade. Given the significance and rapid developments of the topic, its potential implications and applications in developed as well developing economies, the TFITS will develop the Handbook expediently and aims to report on it to the next Commission session in 2019.

7. Before presenting an overview of the proposed content of the TFITS Handbook in Section IV, Section II of this report provides an overview of the conceptual measurement framework for digital trade while Section III provides a summary of ongoing efforts at national and international level to compile statistics on digital trade. The report concludes with next steps (Section V).

II. Conceptual framework for measuring digital trade

8. International trade transactions can be dissected along a variety of dimensions. The distinction between goods and services is the most traditional classification, as is, in the area of trade in services, the breakdown by mode of supply. The focus on Digital Trade, however, brings new dimensions to the fore that gravitate around important characteristics of digitisation, namely: the ordering and delivery processes (both of which can be digital), the nature of products (which products should be considered digital?), and (new) actors involved, for example digital intermediaries, but also households - recognising the increasing role played by consumers as unincorporated enterprises through the ‘sharing economy’.

³ see OECD-IMF (2017) ‘Measuring Digital Trade: Results of OECD/IMF Stocktaking Survey’, paper presented at the IMF BOPCOM meeting, 24-26 October 2017, Paris, France

9. The conceptual framework (Figure 1) identifies these three key characteristics (dimensions) as the nature of the transaction ('how'), the product ('what'), and the partners involved ('who'). Central to the framework is the dimension on the nature of the transaction, which builds around the common understanding that Digital Trade should encompass cross-border trade transactions that are either digitally ordered, digitally facilitated (referred to as platform enabled above) or digitally delivered (note these are not necessarily mutually exclusive categories):

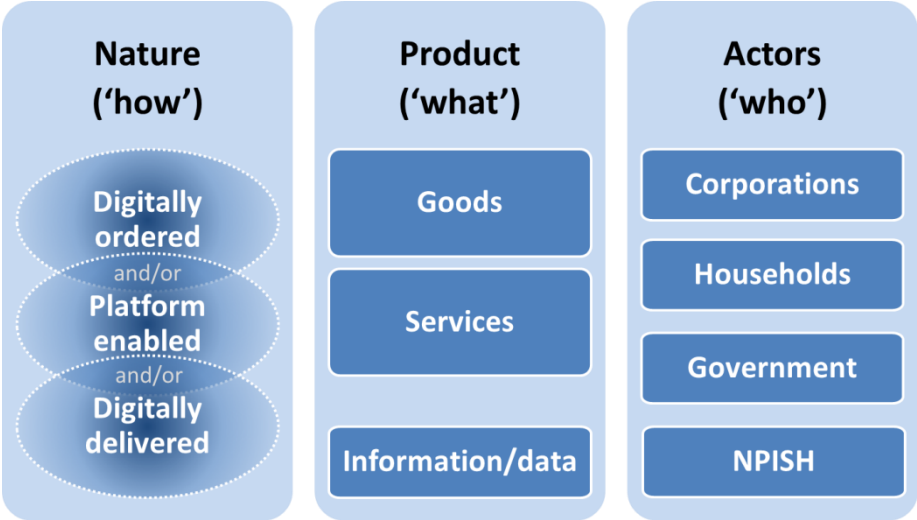
- *Digitally ordered transactions* are seen as synonymous with ecommerce transactions (i.e. 'the sale or purchase of a good or service, conducted over computer networks by methods specifically designed for the purpose of receiving or placing orders').
- *Digitally facilitated transactions* refer to cross-border trade flows that are facilitated by online platforms such as Amazon, Uber, Alibaba or AirBnB. These intermediaries raise a number of complex measurement challenges. For example, it is not always clear where the intermediary resides nor is information always present within conventional national statistics to identify them. This can raise uncertainties about whether underlying transactions are recorded as cross-border trade or as income flows. In addition, even if there is clarity on 'residence' it is not always clear whether cross border transactions should be recorded as 'gross' (including the value of underlying services provided between residents) or as 'net' (i.e. including only the value of the intermediation fee as cross-border).
- *Digitally delivered transactions* involve those services and data flows that are delivered digitally as downloadable products. Examples include software, e-books, data and database services. Goods, as physical items, cannot be delivered digitally, although 3D printing may result in a (future) category of transactions that could possibly be classified as trade in goods, and, so, therefore as digitally delivered goods, if these transactions are deemed to be fundamentally different from trade in services (of 3D blueprints) transactions. The concept of digital delivery is consistent with what is described by the TGServ Task Group⁴ as ICT-enabled services, i.e. 'services products delivered remotely over ICT networks'.

10. The second dimension in the framework, ties in to the first by identifying whether the products that are being traded relate to goods or services, and also introduces a separate category referred to as information, or data. Although monetary transactions related to data will arise under services categories, many data related transactions do not

⁴ UNCTAD (2015) 'International Trade in ICT Services and ICT-enabled Services: proposed Indicators from the Partnership on Measuring ICT for Development'. The TGServ Task Group is the Partnership Task Group on Measuring Trade in ICT Services and ICT-enabled Services.

have a monetary flow, especially concerning intra-firm transactions but also in relation to data collected by firms, such as digital intermediaries who are then able to generate revenue streams through their use. The explicit reference to data and information here is designed to ensure that this category of products is also captured within the measurement framework. As such it is important to note that this broadens the scope of measurement beyond the traditional statistical notion of cross-border trade in goods and services, in order to recognise the significant economic benefits that accrue from international flows of data, which often fall below the radar screen of conventional trade statistics but are increasingly important conduits and determinants of related trade flows.

Figure 1. Dimensions of digital trade



11. The last dimension looks at the *actors* involved. Building upon the work in the area of ecommerce, where businesses, consumers and governments are distinguished as key actors in e.g. B-to-B or B-to-C transactions, the framework aligns the terminology with that used in the SNA. Additional breakdowns that are possible and that are being considered by the national accounts community under the broader work programme could include, within satellite accounts, the size and sector of corporations (for example to provide information on the role (and take-up) of digitalised tools by SMEs, or by distinguishing between financial and non-financial corporations).

III. Addressing measurement challenges

12. As already mentioned, the systematic data collection on what part of international trade can be considered ‘digital’, and on the breakdown of digital trade by the products or services, partner countries and institutional sectors (business, consumers, government) involved, has yet to be developed. However, many countries have already started

measuring at least some parts of the different components that characterise digital trade, as evident from the OECD-IMF inventory in 2017 to which more than 70 countries responded (see OECD-IMF, 2017), as well as from the informal expert meeting on Measuring Digital Trade that TFITS convened for the first time in October 2017.

13. From this work, some stylized facts are emerging, as well as avenues to develop further insights. These are summarised below following the three dimensions proposed in the framework, followed by few remarks on cross-border data flows.

A. *Digital ordering*

14. Statistics on the digital nature of the ordering process (e-commerce) have been developed for a number of years in many countries, mostly through ICT and e-commerce enterprise surveys (covering B2B and B2C transactions), as well as via household surveys on internet use (covering B2C and (partly) C2C transactions). Importantly, however, these surveys do not yet provide a detailed split of the value of *cross-border* transactions.

15. A variety of possible avenues to obtain this additional information exist. Clearly, an intuitively straightforward option would be to add questions to surveys regarding the breakdown of online purchases and sales into domestic and international transactions. Such an approach would however necessarily entail a not insignificant increase in reporting burdens, and may in practice be difficult to administer. For example, respondents may not always know if orders placed via a locally operated website in effect involve a non-resident enterprise that operates the site. Similarly, the scale of B2B transactions may be overstated if the counterpart, from the exporter's perspective, is an online intermediary and not the final consumer (this may occur especially in the case of services).

16. Another possibility is to explore microdata linking, for example by integrating merchandise trade statistics with e-commerce enterprise surveys, albeit coupled with stylised assumptions relating to foreign/domestic e-commerce splits. Further refinements could also be made in combination with BEC classifications to provide estimates of the share of cross-border sales that can be classified as B2B and as B2C.

17. The possibility to identify trade flows that are the result of a digital ordering process as opposed to a non-digital one can also be explored from the perspective of merchandise trade statistics. In this respect, initiatives developed by the World Customs Organization (WCO), to start exploring the possibility of identifying and monitoring e-commerce transactions in customs records, e.g. via improved (electronic) identification of origin/destination and content of packages (e.g. via the S10 bar code, or special (simplified) declaration forms for ecommerce) can provide an important future data

source. In addition, postal data (e.g. as collected by UPU) can provide insights into the increase in small value transactions that are facilitated by digitalisation, and help improve estimates for trade below the *de minimis* threshold.

B. *Digitally facilitated transactions*

18. An important characteristic of digitalisation is the advent of digital intermediaries such as AirBnB, Uber, Amazon, eBay or Alibaba, that facilitate (cross-border) digital trade in goods and services. As noted above, these online platforms can present significant measurement challenges, in particular with respect to domestic transactions that are facilitated by a foreign (or indeed foreign-owned) digital intermediary. In addition, in theory, the transactions related to payments for intermediation services should be recorded as trade in services or payments for services within current statistics, but in practice it may be difficult to separate the intermediation fees from the value of the service provided. Surveys (at either the supply or at the demand side), credit card data and new data sources (e.g. webscraping) are possible channels for data collection.

C. *Digital delivered transactions*

19. While not all services can be delivered remotely over ICT networks (as many services require physical proximity for delivery and consumption), ideally, from a data collection point of view, all international trade in services transactions, should be divided into those that are ‘digitally delivered’ and those that are ‘not digitally delivered’. Several countries have started data collections to better identify these breakdowns, often in line with statistical work on measuring trade by Mode of Supply, taking advantage of the fact that all digitally delivered cross-border services transactions by definition involve services delivery via Mode 1.

20. Alternatively, linking trade in services surveys with data from ICT enterprise surveys at the micro (enterprise) level, can, in combination with certain assumptions, also provide insights into the share of international services transactions that is delivered (and/or ordered digitally). Services digitally delivered to consumers (whether by enterprises or via the ‘sharing’ economy), can be measured using household surveys in combination with credit card data.

IV. Draft Table of Contents of the TFITS Handbook on Measuring Digital Trade

21. Currently, the TFITS Handbook on Measuring Digital Trade will comprise eight chapters, covering both conceptual challenges as well as compilation practices. In addition to the introductory and concluding chapters, the Handbook is proposed to consist of the following chapters.

A. *Chapter 2. Policy questions on digital trade*

22. This chapter provides an overview of the current policy questions on digital trade, related to for example market access (including the new opportunities digital trade may present for SMEs and for developing countries), trade facilitation, regulation, competition, cross-border data flows and privacy, as well as the potential blurring of different modes of the supply of services.

B. Chapter 3. Conceptual framework for digital trade

23. This chapter presents in detail the conceptual framework outlined in section 2 above, building on OECD (2017) and OECD-IMF (2017). Digital trade covers all cross-border trade transactions that are digitally ordered, digitally facilitated or digitally delivered.

C. Chapter 4. Compiling digitally ordered goods and services

24. This chapter presents current approaches and possible extensions necessary to measure digitally ordered goods and services, highlighting, amongst others, the uses of enterprise and household expenditure surveys, as well as ongoing work among customs authorities, led by the WCO, and postal authorities (led by UPU) to better measure cross border merchandise transactions that were ordered online. Methodologies to better identify the institutional sectors involved (as well as the different types of enterprises) are also presented.

D. Chapter 5. Compiling transactions facilitated by digital platforms

25. This chapter presents experiences with respect to compiling transactions facilitated by digital platforms, providing guidance on ways to identify these platforms and insights into the ways in which the cross-border flows may be recorded. A particular emphasis is placed on transactions facilitated by non-resident platforms, which may pose particular measurement challenges. In addition, guidance is provided on the need, and possible methodologies, to break down these gross flows between the intermediation fee and the goods or services provided (gross versus net recording). This chapter also provides suggestions to overcome the compilation challenges related to consumer-to-consumer transactions via platforms (as part of the sharing economy).

E. Chapter 6. Compiling digitally delivered transactions

26. Digitally delivered transactions typically cover services, although the rise of 3D printing may lead to goods also being considered to be digitally delivered. This chapter will review ongoing work by countries to better identify services that are actually digitally delivered (as opposed to a wider selection of potentially digitally delivered services), emphasising the relationships with mode 1 provision of services.

F. Chapter 7. Compiling digitally ordered goods and services

27. This chapter reviews existing and proposed classifications of goods and services that aim to identify ‘digital’ products (e.g. ICT goods and services, ICT enabled services, trade in ideas etc.), highlighting the importance of properly distinguishing between the digital nature of the transactions, and the digital nature of the product: for example, while the nature of transaction may be digital, the product may not be (e.g. clothes ordered online). The chapter also provides an overview of national efforts towards measuring cross-border data flows.

V. Next Steps

28. The TFITS co-chairs (OECD and WTO) will guide the overall drafting process, including alignment with parallel work addressing measurement challenges of the digital economy in the National Accounts. The TFITS will aim at completing the first full draft by September 2018 to send this for consultation to a wide number of developed and developing countries, amongst others via existing bodies of e.g. the OECD (WPTGS) and the IMF (BOPCOM). The results of this consultation will be summarized and presented in the report to the Commission for its next session in 2019.

29. The Commission is invited to take note of this report.