

Report of the Interagency Task Force meeting on Statistics on International Trade in Services Statistics

OECD, Paris, 19-20 November 2009.

1. Welcome and opening

1. Mr Andreas Lindner (OECD), welcomed the participants and organised a “tour de table” in order to introduce the new members to the Task Force *i.e.* Toshie Koori (Bank of Japan), Robert Yuskavage (US Bureau of Economic Analysis), Michael Hanni (UNCTAD), Rainer Lanz (OECD Trade Directorate), Franca Faez-Cannito (Eurostat) and Mark Pollard (UK NSO) – (The list of participant is attached as Annex 1). Mr Lindner then opened the Task Force meeting, stressing that the main objective was to review the comments received following the third - and last - worldwide consultation and finalize the five Chapters of MSITS 2010 that are to be presented, together with five annexes¹, to the United Nations Statistical Commission (UNSC) at the end of February 2010. The report to the UNSC also needed to be discussed and finalized shortly. Mr Lindner noted that data quality is also an essential item on the agenda.

2. Adoption of the Agenda

2. The agenda was adopted. (Attached as Annex 2)

3. Approval of the report of the last TF meeting in Bangkok, 10-11 March 2009

3. The report was approved

4. Summary outcome of OECD WPTGS meeting 16-18 November discussion on MSITS and related fields.

4. Regarding the revisions of the Trade in Services (MSITS 2010) and Trade in Merchandise (IMTS 2010) Manuals, Mr Lindner emphasized that delegates had had the time to contribute to the substance of the Chapters and annexes over the three successive worldwide consultations and that is why there was maybe not an intense discussion about it at the recent WPTGS meeting. The implementation of the recommendations would be the next step and country experts would need to be involved. In that respect, the most difficult issues on trade in goods and services mentioned by country experts were the change in recording of goods for processing, FISIM, insurance and merchanting.

5. The TF welcomed evolution in the trade by enterprise characteristics related work; the linking exercises had been limited so far to manufacturing and these activities are now being extended to services which, Mr Lindner noted, is encouraging. The potential interest of the standardized SDMX questionnaire to exchange trade data was underlined. Interesting analytic papers had been presented on intra-firm trade, trade in intermediate goods and vertical trade. The importance of input-output tables for measuring global value chains was underscored as well as the possible impact of the new methodology for recording goods for processing on these. It was noted that the country schedules for implementing the new recording methods would also have an impact on input-output tables.

6. Mrs Steger (Germany) regretted that, most often, papers were made available very late from authors, not giving delegates the necessary time to share the documents with colleagues of their own institutions before coming to the OECD WPTGS. Finally, it was noted that WPTGS 2010 could take place

¹ Other annexes, including the correspondence tables will be provided online on the TF website.

in September and WPTGS 2011 would be scheduled in April to avoid having WPTGS at the very – meetingwise - busy November period.

5. Revision of the Manual on Statistics of International Trade in Services (MSITS).

Regarding the process of the discussion, the Chair suggested to review MSITS 2010 Chapter by Chapter. That is, first to check if recommendations following the second worldwide consultation and the Bangkok meeting had been implemented in the Chapters. Secondly to review and discuss comments received during the third worldwide consultation. Third to hear the comments and suggestions from the consultant hired to read MSITS through for consistency. The TF agreed on the process.

5.a. Review of replies to the 3rd WWC

7. Karoly Kovacs (UNSD) noted that a total of 221 countries were invited to complete the third worldwide consultation questionnaire. 38 responses were received including 25 completed questionnaires or comments on the revised text of the Manual. He noted that the whole text was being read for consistency by a consultant hired by OECD and WTO. The final version of the text was to be sent to the TFSITS at the end of November for approval by 11 December and for the goal of presenting it at the forty-first session of the UN Statistical Commission (to be held between 24-27 February 2010) for adoption.

5.a'. Conventions adopted in the review of the Manual of Statistics on International Trade in Services.

8. The consultant (Mark Pollard, UK NSO) hired to read MSITS 2010 for consistency, presented the conventions adopted to increase the consistency of the text across Chapters. Among other conventions, the term enterprise should be used preferably to firms, businesses etc and should be defined along the lines of BPM6. MSITS 2010 should be used when reference is made to the Manual, capital C should be used when reference is made to a Chapter *etc.*

9. The consultant proposed to elaborate a list of changes by Chapter between MSITS 2002 and MSITS 2010. The TF welcomed the proposal, noted that there was, for the consultant, no time to elaborate a detailed list of changes between the two versions of the manual by Chapter before the deadline of the 11th of December. The TF agreed that the consultant could elaborate the list at a later stage, before the end of February and that this list should be provided online. The Task Force agreed to provide the IMF with a commented version of Chapter 3 by Friday 20th of November C.O.B, as the IMF colleague, not being in the position to attend at the present meeting, was going afterwards on a long mission.

5.a.i. Chapter 1: General introduction and foundation of the Manual

10. The TF noted that, following the third worldwide consultation, only a few comments were made on the introductory Chapter 1. The UNSD representative confirmed that the changes recommended by the Task Force following the Bangkok meeting had been introduced in the text.

5.a.ii. Chapter 2: Conceptual framework for the development of statistics on international trade in services.

11. The Task force noted that the changes recommended at the Bangkok meeting had been introduced and that comments from countries, following the third worldwide consultation were not substantial.

5.a.iii. Chapter 3: Services transactions between residents and non-residents.

12. As the IMF representative was absent, the Chair asked Mr. Joscelyn Magdeleine (WTO) to guide the TF through comments received during the third worldwide consultation on Chapter 3.

13. Following the third WWC, the Task Force agreed on the following changes introduced in the Chapter *i.e.* to reintroduce the text available in MSITS 2002 regarding the interest of collecting transport freight on a transaction bases, even if this item is not shown separately in the EBOPS supplementary items. The box 4 on construction has been slightly amended, the text should read “Material and labour purchased from residents of country B”. Some text clarifying that (total) construction should be recorded gross (for each subcomponent and the sum of the two subcomponents) should be added. Also regarding the breakdown of construction the correct wording (from BPM6) is “Construction in the reporting economy” (not compiling economy).

14. The text on service merchanting should be placed after the text on Outsourcing at the beginning of the Chapter. The WTO/UNESCO proposal to formulate more precisely the EBOPS item 11.1.2 as Artistic related services was accepted. The revised text on emission permits under Waste treatment and depollution services, drafted with OECD National Accounts colleagues was agreed upon. The two alternative breakdowns of travel would be described as “by main purpose” and by product. Paragraph 3.108 Relationship between Travel and Tourism should be presented in a box. In this same box the text related to the former complementary grouping “tourism related services in travel and passenger transport” should be inserted and corrected (it should say that passenger transport services purchased by border and seasonal workers should be included). The EBOPS item “tourism-related services in travel and passenger transport” should be a supplementary item like in BPM6.

15. The example for recording manufacturing fees should be presented in a box (as all other examples). The TF agreed on the WTO proposal to add a sentence explaining that if countries are in a position to provide more detail than shown in the EBOPS, the more detailed breakdown should be elaborated using CPC ver 2. The possibility of presenting distribution services in the complementary grouping should be underlined. In paragraph 3.225 it should be specified that if the value of the land exceeds the value of the building then the whole amount should be treated as rent on the land and included in the primary income account. In the paragraph on electronic commerce, the footnote should be deleted and a reference to the paragraph elaborating freight services should be added. In paragraph 3.104 the word “entertainment” should be dropped. The definition of research and development, and its breakdown should be checked with National Accounts as it might not be sufficient for compilation purposes.

5.a.iv Chapter 4: Foreign affiliates statistics in the international supply of services.

16. OECD confirmed that changes discussed at the Bangkok meeting had been introduced in the text. The TF reviewed the country comments following the third worldwide consultation and welcomed the new single ICFA table “ ISIC Categories of Foreign Affiliates in services” setting more emphasis on service activities, as well as on the link to EBOPS and on activities where FDI are potentially prominent. It was decided to remove the sentence expressing a preference for a separate survey for collecting FATS and to change the presentation of the table proposing a model questionnaire to countries for collecting FATS information. The TF noted the country comments underlining that imports and exports of Foreign affiliates and FATS by product (especially for outward) would be difficult. It was mentioned that US BEA and Statistics Canada do collect statistics on foreign affiliates broken down by products (only at the level of total goods and total services).

5.a.v. Chapter 5: Trade in services by modes of supply

17. WTO noted that requested changes following the Bangkok meeting had been introduced in the text. The TF noted a number of changes to be made following the third worldwide consultation country comments. Most substantial, it was suggested revise the presentation of FATS statistics in table 2 “Simplified allocation of FATS and EBOPS data to modes of supply”.

5b. Review of the correspondences presented in the annex of MSITS 2010.

5.b.i. EBOPS 2010 and CPC version 2

18. UNSD put forward a proposition not to include the correspondence annexes into the printed MSITS 2010 but as online Annexes – UNSD should provide a link as soon as possible. This proposal was adopted by the TF. The aim of the proposal was to allow modifications in the correspondences as the understanding of the impact of changes in classifications improves over time. Another reason for this postponement is lack of resources as the UN expert group on classification, which practical experience on correspondence is crucial on this task, has currently other priorities. The TF agreed and decided that Eurostat, WTO, OECD and UNSD should cooperate on the work on correspondences.

5.b.ii. EBOPS 2010 and GNS/W/120.

19. A first attempt to draw correspondence between W/120 and EBOPS 2010 was made available. WTO noted that more work will be necessary to fine-tune such a presentation and further discussions are needed. WTO noted that resources are limited to work on correspondence so the above UNSD proposal, to present this annex online and not in the paper publication was welcomed. It was reiterated that such a solution would be convenient in case revisions are necessary following the experience of data users.

5.b.iii. EBOPS 2010 and ICFA.

20. The Task Force noted that a first draft presenting a correspondence between EBOPS 2002 and ICFA had been made available at the March meeting in Bangkok and still needed to be updated with EBOPS 2010. It was also noted that the ICFA table had been updated in the Chapter 4 of the manual to emphasize its links to EBOPS. Eurostat agreed to cooperate with the other organisations to work on this matter.

5.c. Remaining issues and inputs to the Manual.

21. The Chair presented the time table (Table 1) that was discussed and updated by the Task Force. *The Task Force agreed to endorse the MSITS 2010, provided that the last changes discussed during the two days of the meeting, and following the two last rounds of consistency checking, are incorporated in the text.*

Table 1: 2009-2010 timetable and division of labour for completing the revision process of MSITS following the third WWC.

Text	Lead organisation	Action	Deadline	Comments
Third worldwide consultation			6 th July-end August 2009	
Incorporation of country/organization comments in Chapters.	WTO		First of October 2009	The WWC3 covered the 5 Chapters in MSITS 2010 (no annex).
First round of consistency checking of all Chapters and annexes	Consultant + All	An external consultant has been nominated (September)	TF meeting 19 November 2009	Clean versions of Chapters provided by authors to consultant end October. (Commented versions available since first of October)
Chapter 1	UNSD	Redraft	End October/beginning November 2009	The version of the 25 June has been made available to the external consultant in September.
Chapter 2	WTO	Redraft	End October/beginning November 2009	Clean version made available 27 th of October.
Chapter 3	IMF	Redraft	End October/beginning November 2009	Remaining questions regarding freight transportation, construction (text and box), audiovisual and related services and the revised presentation for the EBOPS complementary groupings discussed at TF.
Chapter 4	OECD	Redraft	End October/beginning November 2009	Removal of ICFA inward and outward tables and replacement by a single ICFA table following BEA-WTO comments. Example FATS questionnaires aligned to revised ICFA.
Chapter 5	WTO	Redraft	End October/beginning November 2009	Clean version available end of October.
Annex I (EBOPS)	IMF/ WTO	Redraft	End October/beginning November 2009	Audiovisual services and Related services replaced by Audiovisual services and Artistic related services.

Annex II (GATS extract)		No change		
Annex III (GNS list)		No change		
Annex IV TSA and IRTS	UNWTO	Redraft	TF meeting 19 November 2009	Not part of WWC3. Ref to EBOPS need to be updated.
Online Annex V (EBOPS-CPC)	UNSD/IMF	Draft	End February 2010	The correspondence annexes will not be part of the paper publication and will be provided online if agreed with UNSC.
Online Annex VI (EBOPS-GNS)	WTO	Draft	End February 2010	
Annex VII (ICFA-EBOPS)	Eurostat/UNSD/OECD	Draft	End February 2010	
Analytical Annex VIII	OECD in consultation with WTO and WHO			Not part of WWC3. The annex will be presented on UN website and revised on regular bases.
Glossary	UNCTAD	Draft available	End February 2010	
Bibliography	UNSD	Draft	End February 2010	
ACRONYMS list	UNCTAD	Draft available	End February 2010	
Index	UNSD	Draft	End February 2010	
Summary	All	Draft	19-20 November 2009 TF meeting.	Was reviewed and updated by TF
Foreword	All	Draft	Spring 2010	
Acknowledgement	All	Draft	Spring 2010	
Prepare report to the Statistical Committee (24-27 Feb 2010)	Chair/UNSD		19-20 November 2009 TF meeting.	The document includes a report, and a as chronology of actions annex.
Second round of consistency checking	Consultant + all.		25th November 2009	
Prepare submission for UNSC 2010	Chair and UNSD		27 th November 2009	A draft was circulated by Chair on the 23 rd for consultation. Document finalized on the 27 th November.
Third round of consistency checking	Consultant + all.		4th December 2009	
Finalization of 5 Chapters	UNSD,IMF,OECD,WTO		11 th December 2009	
Prepare MSITS 2010 publication	UNSD		Spring-Summer 2010	UNSD to provide some editing input. Question of language translations of the final public draft for review.
Discussions on process regarding future compilation guidance (and user guide ?).	All		Beirut in March/April 2010.	The TF will discuss possible names of national experts to contribute to the future work on the compilation guide.

5.c.i. Introduction/summary of the MSITS.

22. The draft text was discussed by the Task Force which agreed on a number of minor changes that should also be incorporated in the report to the UNSC.

5.c.ii. The Manual and Tourism satellite account.

23. It was suggested that “Clarifying the relationship between the manual and tourism statistics international recommendations” would be a better title for the annex. Also a list of tourism characteristics products could be shown in the annex. The terminology “supplementary item” should be used to qualify the “tourism-related services in travel and passenger transport” in line with the terminology used in BPM6. A footnote explaining that the item other short-term workers does not include business travellers with no employer-employee relationship in the economy visited could be added to the bridge table between tourism and balance of payments statistics. Remaining references to transportation should be changed to transport.

5.c.iii. Analytical annex.

24. The TF took note that the text from the “Analysis of trade in services statistics” referring to the system of health account could be presented as an annex (also online) to the Manual. Colleague from OECD Trade Directorate (Rainer Lanz) would check the paragraphs on Market access. Some written comments from WTO were also handed to the author/coordinator for consideration.

5.c.iv. Glossary and list of acronyms.

25. WTO would come back to UNCTAD with a list of comments. It was noted that the Glossary should be pedagogic with a clear mention of the source of the information used which should be official text. This work was not seen as a first priority as it would not be part of the February submission to the UNSC.

5.c.v. index and bibliography

26. A deadline was set to end of February for the UNSD to complete this work.

6. The implementation and compilation guidance process

6.i. Report to the UN Statistical Commission

27. The OECD presented the draft report to UNSD which included a summary of the Manual drafted by the UNSD. The report was discussed and it was agreed that OECD would incorporate the TF’s suggestions by Monday the 23th of November. The report would then be circulated among the TF members with a deadline of Friday the 27th for comments and suggestions.

6.ii. discussion on possible national experts to be involved in the future compilation guide.

28. The TF agreed that UNSD and OECD should draft a note on ways to organize the work for a compilation guidance including the involvement of national experts. The note is to be ready for circulation between the TF by the end of January 2010.

7. Data quality and comparability of databases

29. WTO, Eurostat and UNSD made presentations on this agenda items.

30. The WTO suggested to prepare, for a series of countries, a table highlighting different types of problems following a predefined taxonomy. This proposal was welcomed by the TF. It was noted that the standardization of questionnaires (e.g. OECD SDMX project) and better coordination organisations (issue of organisations requesting data from countries that are not necessarily their member countries) should be promoted in order to lighten the reporting burden on countries. Also, as noted by Japan, some further guidance was needed on how to inform IO on revisions and change in methodologies (i.e. delivery of metadata). The TF noted that lessons could be learned from the merchandise trade experience where a common dataset has been established and provides reconciled/or not aggregated goods series constructed by the different organisations for their respective members. Such an international repository could also be built in the case of service trade. The following other data quality issues were discussed: breaks in series, how to treat historical consistency - as there can be different practices in different areas as noted by the US BEA. Italy informed TF about on a Project in Europe to harmonise revisions across domains (i.e. BOP, SNA) The aim of the project was to plan revisions in a synchronised way. The TF reinforced that these data quality issues should be discussed at international level. It was noted that an update of the methodological soundness questionnaires could be planned in future. It was suggested to clarify that remittances are important to analyse globalisation but are not part of trade in services.

31. Eurostat presented a report highlighting differences between IMF and Eurostat data. Most inconsistencies were due to technical problems but also to the different vintages of the data. The TF noted that harmonising vintages is a complicated issue and that work on calendars and deadlines should be reflected on. The importance of international coordination was once more stressed.

32. UNSD presented a matrix with an overview of existing databases covering different statistical domains. The TF agreed that this was a useful initiative and that this table should be updated by each organisation and provided on line on the TF website.

8- Status of the data collection – Database on International Trade in services.

33. The UNSD explained that no printed detailed publication was expected in the near future but some key tables would be provided online. UNSD would provide to the TF information on the coverage of its database on a regular basis and invited other members of the TF to present similar information notes at the TF meetings .

9- Promoting the MSITS

9.a- TFSITS website and Newsletter (UNSD)

34. It was emphasized that the TF website should be updated, including the explanations regarding the implementation programme.

9.b- Upcoming seminars and expert groups

- WTO organised a national seminar on TIS statistics in Zambia on 26 and 27 November 2009, another is planned in Malaysia in March 2009.
- WTO and WB are also planning an event in MENA countries.

- UNSD in collaboration with ECLAC, Banco Cenral do Brasil and IBGE organised a workshop on TIS statistics in Rio de Janeiro on 1-4 December 2009. OECD and WTO participated in this event
- UNSD is planning a training course in services in the region of Asia (possibly China) in 2010.
- UNSD/UNWTO: A training on tourism statistics is planned for CIS countries in the first half of the year.
- UNWTO has planned a 2 years capacity program with 4 workshops. Two are already planned in Vienna and South Africa. UNWTO plans to invite other International Organizations to participate.

10. Report on IMF Balance of Payments Committee.

35. Mr Lindner gave a brief overview of the discussions held in Shangai in November 2009, and provided the TF members with the original report.

11. Any other business

36. There was no other business.

12. Date and location of the next TF meeting.

37. OECD and WTO agreed to contact colleagues at the United Nations Economic and Social Commission for Western Asia (ESCWA) as soon as possible to agree in the date and venue of the next meeting. The TF discussed governance and future of the currently biannual meetings and agreed that in 2010, again, two meetings would be held: The first around end of March in Beirut, together with the merchandise trade meeting; the second (just for one day), back to back with the OECD WPTGS mid September 2010.