

Report of the meeting of the Task Force on Statistics of International Trade in Services (TFSITS)

25-26 October 2012, OECD, Paris.

Agenda item: 1 Welcome and opening

Presenter: OECD

1. The Chair of TFSITS (Bettina Wistrom) opened the meeting noting that the Task Force was split into two days: On the 25th of October, the "extended Task Force day", would be dedicated to the review of the draft chapters of the compiler's guide and the review of comments by the UN Expert Group on Compilation of Trade in Services received on these. For this purpose, Task Force invitations had been extended to national experts, members of the UN expert group, Bernard Williams (ABS), Osman Mutlu (Turkish Central Bank) and Patrick O'Hagan (StatCan) who also attended the WPTGS on 22nd to 24th of October. Paul Farello (US BEA) would chair this first day.
2. Only usual Task Force members would attend the second day on the 26th of October which focuses on agenda items of main concern to international agencies like trade in services statistics related technical assistance, harmonization of data across International Organizations, the Task Force recommended revision policy for detailed trade in services (by partner and EBOPS 2010), the efforts to coordinate the switch to BPM6 across International Organizations and the review of correspondence tables.
3. The TF was informed that Fernando Lemos would not be attending the Task Force anymore as he had left his position at the Central Bank of Brazil and had joined the IMF. Maria Isabel Mendez from the Central Bank of Chile, as well a member of the UN Expert Group had joined the OECD for a one year secondment. Fabiana Cerasa was providing the Secretariat for the Task Force for the last time as she would be leaving the OECD in order to join the FAO in January.
4. The agenda (attached as annex 1) was adopted as well as the report of the last Task Force meeting (agenda items 2 and 3)
5. **The minutes below relate to the TF meeting on the 26th of October (from agenda item 6) which gathered Task Force members only (the list of participants is attached as annex 2).** The UN provided the Secretariat and Paul Farello the Chairmanship of the UN Expert Group discussions on the draft Compiler's Guide held on the 25th of October. The report of these discussions is provided separately by UNSD to the "extended Task Force".

Agenda item: 6 **Report on coordination of technical assistance** **Presenter:** WTO

Presentation:

6. WTO updated the Task Force on trade in services statistics technical assistance activities (based on the submitted report) as a follow up to the March 2012 presentation. It follows on a November 2011 Task Force decision to better coordinate technical assistance where the WTO Secretariat was asked to act as a focal point with respect to this coordination. The aim of this task is in particular to
 - improve transparency of technical assistance activities in the field of trade in services statistics and attempt to avoid overlapping or duplicating projects;
 - maintain a list of experts available to provide more hands-on and long-term technical assistance or participate in capacity building projects;
 - review existing material/agendas to analyze and identify possible synergies or improvements in the way technical assistance is provided; and
 - explore new ways of doing technical assistance through the use of e-learning. A number of developments in this field have taken place at UNCTAD and WTO and were reported.
7. The note included a number of proposals for discussion or future work in this field. It was noted in particular that the group was not aware of technical assistance taking place for FATS (and therefore the need for coordination in this field) and that the UNSIAP agency had expressed interest for co-operation for the e-learning project. WTO added that it will continue investigating possibilities to fund technical assistance on a more sustainable basis, in particular by approaching possible donor agencies or some of its members. Finally it was proposed to create a technical assistance page linked to the TF website, which could include the list of past and foreseen activities, as well providing a contact for further information on technical assistance possibilities in the area of trade in services statistics.
8. The UNWTO representative welcomed the initiative noting the need for the Task Force to aim at a better implementation of the Statistical Standards. The Eurostat representative informed the group about the availability of some training material relating to the [Medstat III](#) that could be used in the context of the e-learning project. It was flagged that the translation of e-learning training material into Arabic could be envisaged by approaching a country in the region. She also informed the group about a MOFCOM request to visit STATEC and Eurostat. OECD (Mr. Satoru Hagino) reported on a recent workshop on Balance of Payments organized by IMF in Bangkok (15-19 October, 2012) and funded by Japan and suggested that such a multi-countries project be included in the list of technical assistances even if the goal of the project is to improve the entire balance of payments statistics.
9. The Chair reported on a meeting with the new head of [Paris 21](#) which coordinates statistical activities in developing countries, looking at the broad picture of statistical infrastructure. It had been agreed that the Task Force report on technical assistance should be sent to the head of Paris 21, in particular if activities in the least developed African countries (of main interest to Paris 21) were planned. The IMF representative reported that IMF does not fund technical assistance of Paris 21 but provides technical assistance to projects linked to the balance of payments. She flagged the interest of electronic forums which however need further thinking; UNWTO agreed that the questions posted on electronic forums

are often difficult to interpret as the context is often insufficiently explained. Some guidelines on how to ask questions should be prepared. UNSD agreed about the importance of creating the FAQs but suggested further consideration about how.

10. In the context of the e-learning project jointly led by UNCTAD and WTO, UNCTAD reported on a 6 year "Train for Trade" program that will be starting in Angola with a component on the development of e-learning on trade in services statistics and on an initiative targeting [UEMOA](#)¹ member states also in the field of trade in services. He noted that technical assistance in Angola poses translation issues as all consultants are English but material should be provided in Portuguese. He noted that colleagues from Brazil might be contacted to check about their interest in engaging in bilateral assistance. He stressed that E-learning is useful as it "standardizes" the knowledge but face-to-face meetings are still needed. On the UEMOA - which is part of [ECOWAS](#) - initiative, an agreement had been signed (by UNCTAD, and pending signature by UEMOA Commission) on trade in services statistics assistance for 3 years (2013-2016). A senior statistician will be assigned in Burkina Faso for 2 years to evaluate the situation, establish a legal framework and manage the project. The aim would be to design surveys, conduct surveys, build IT system to collect and disseminate data.
11. With regard to training, the IMF noted previous collaboration with regional agencies (for example the Slovenian IMF centre of excellence) and emphasized the need to approach them for eventual further initiatives. She added that in connection with Paris 21, the World Bank could possibly fund some Technical Assistance or capacity building projects. WTO added that some possibilities had indeed been identified.

Conclusions:	
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12. The Task Force noted that the e-learning project should be linked with longer term technical assistance strategy of the Task Force. Eurostat could possibly provide some material related to Medstat III. The Task Force members had provided new information on Technical Assistance currently on going and were welcomed to provide more. The Task Force took note of the occurrence of some overlapping technical assistance projects but it was flagged that WTO and UNSD workshops were built to complement each other as far as possible. Information on technical assistance was received via the recent OECD questionnaire. Over half of OECD members are engaged in some specific technical assistance activities. A growing demand for technical assistance was noted. Electronic forums are also in high demand but the issue of their maintenance was raised. It was suggested to set up a Frequently Asked question at the TF web-site. The WTO report on technical assistance should be sent to the head of Paris 21. The list of technical activities would be posted on the Task Force website, but as a longer term goal a technical assistance page should be created.

¹ L'Union économique et monétaire ouest-africaine (UEMOA).

Action items		Person responsible	Deadline
✓ To send the report on technical assistance to head of Paris 21		WTO	ASAP
✓ To create a page dedicated to trade in services statistics technical assistance, linking to the Task Force website (including list of activities)website		UNSD-WTO	ASAP
✓ To provide information on technical assistance as well as available material (slides, agendas etc.) to WTO		ALL	ASAP

Agenda item: 7 **Report on harmonisation exercise**

Presenter: OECD

Presentation:

13. OECD introduced the report summarizing some of the actions undertaken since the Task Force held in March to address the issue of different trade in services data presented across international organizations. In particular, it presents an inventory of exchange rates used by the different International Organizations involved in trade in services data collection. It also highlights some work on the harmonization of metadata between OECD, WTO-UNCTAD and Eurostat, the updates performed on the outcome tables by International Organizations and reports on the time stamps added to some of the international databases as agreed at the last meeting.
14. The Bundesbank representative expressed appreciation for the initiative as discrepancies were still discovered between national and international databases. IMF confirmed the issue and noted that the point raised by Germany is common to many countries. She flagged that at the IMF, efforts are made to reduce discrepancies by incorporating revisions as far as they become available. The Bundesbank representative further explained that the German experience was that International Organizations tended to make not always use of the revised datasets or to take over data from other organizations with the result that they were different to those published officially by national compilers. She emphasized she liked the idea of a central repository for national data where international Organizations could share the data.
15. The US BEA representative suggested to add to the time stamp a disclaimer to International Organizations databases flagging that the national agencies might have revised the data since (which would explain some discrepancies). The Eurostat representative flagged the challenge of maintaining consistency between quarterly and annual data for historical series.
16. The issue of the introduction of services not allocated in the BOP DSD was reiterated by IMF as this could cause some discrepancy between the IMF data and other international organizations Trade in Services BOP data. WTO agreed that from a user perspective, it would be preferable not to have such a series but from a practical point of view, it prevents countries to hide the unallocated items under some other EBOPS item like "other business services" as is often the practice.
17. The Banca d'Italia and US BEA representatives noted that the availability of the services non allocated series allowed for a more transparent treatment of these data as they would exist anyway. The representative from Banca d'Italia emphasized that this is in particular useful for BPM6 backward revisions, as it may prove difficult if not impossible to provide a full item breakdown for more distant years. UNSD confirmed that in the case of developing countries in particular, the amounts that cannot be allocated are growing as countries face difficulties with the new breakdown of services. The Chair noted that the TF had concluded last March that some text was needed in the compiler's guide to explain how to treat services, for which countries cannot identify their classification.

Conclusions:			
<p>18. The Task Force welcomed the efforts to harmonize data presented across International organizations. It was noted that in the context of the scoreboard indicators for EU countries, there is a challenging demand for additional data and differences between national statistical databases and international databases were still found. In a European context the update of quarterly figures is done at total level which creates inconsistencies with annual figures.</p> <p>19. Following the secretariat's inventory of exchange rates, it was noted that exchange rate sources should be added to the UNSD matrix. Generally IO will align the exchange rates used. International organizations should add a disclaimer to the time stamps in their databases indicating that national data might have been updated by the national source and that the user could refer to it. Countries should be encouraged to use time stamps with an indication of the extent of the revisions as well. A difference in ECB and IMF quarterly/annual exchange rates was noted whereas the monthly values are equal. It was confirmed that some text should indicate in the compiler's guide how to treat services not allocated.</p>			
Action items		Person responsible	Deadline
✓	To add exchange rates sources in the UNSD matrix	All IO	ASAP
✓	To add a disclaimer in databases indicating that national data might have been revised and refer to the source	All IO	ASAP
<p>Agenda item: 8 Task Force recommended revision policy when moving to BPM6-EBOPS 2010 & coordinating the move from BPM5 to BPM6 (OECD/WTO/UNSD) Presenter: OECD</p>			
Presentation:			
<p>20. The Chair introduced the joint paper aiming first at coordinating the move of the International Organizations to BPM6 in connection with the detailed annual trade in services statistics by partner country and EBOPS 2010 and secondly at suggesting a start date for providing the detailed Trade in services statistics following the new standards. WTO noted that Hong Kong had recently sent an official request raising a number of questions in particular on the comparability of trade in services (and goods) data between countries given that only a small number of countries had actually moved completely to the BPM6 presentation. The request also raised the issue of how analysis would be conducted in the near future as data in terms of BPM5 or BPM6 were different in particular due to the impact of the change relating to goods for processing.</p> <p>21. UNSD noted that in the process of conversion to BPM6, manufacturing services on physical inputs owned by others represented the main challenge. IMF confirmed the possibility to share the BPM5 data that was still received from countries reporting in BPM5 format, as long as the format was uniform for all international organizations and transmission coordinated via one agency. WTO had coordinated the first</p>			

data sharing transmission of IMF BPM5 data to WTO, UNCTAD and UNSD and OECD and Eurostat also expressed interest in these data. The Banca d'Italia representative noted that some of the recommendations in the paper came late for European countries as many decisions on BPM6 implementation, also as regards the transition in statistical publications, had already been taken in Europe; moreover, he recommended International Organizations to have converging views.

22. The US BEA expressed appreciation for the effort of identifying a common start date for providing the detailed trade in services data. The group then discussed the IMF's electronic dissemination policy and it was clarified that IMF's data following BPM5 were still available in electronic format as a frozen copy up to 2008. BPM6 data were disseminated from 2005. The Bank of Japan representative suggested that, during the transition period from BPM5 to BPM6, International Organizations should provide clear descriptions of the data stored in the databases, as users might be confused if the BPM5 and BPM6 based data coexist in various databases.

Conclusions:

23. The Task Force expressed appreciation for the joint OECD-UNSD-WTO paper and noted the policies adopted by agencies collecting detailed trade in services statistics, e.g. Eurostat would move to the presentation of detailed annual TIS statistics BPM6 end of 2014, OECD and UNSD would use two sets of data and switch gradually to EBOPS 2010/BPM6 as countries themselves move to the new standards. WTO, UNCTAD and ITC will switch to the new presentation in 2015.
24. The Task Force encourages compilers to compile and provide detailed trade in services statistics by EBOPS 2010 and partner as far back as possible but at least starting from 2010
25. It was further noted that countries would be encouraged to make a note informing the users that IMF had moved to BPM6.
26. Finally, if deemed relevant to their work program International Organizations (besides IMF which has already converted its balance of payments data to BPM6) could adopt the same algorithm for conversion from BPM5 to BPM6 or from BPM6 to BPM5 taking into consideration the conversion methodology adopted by the IMF. The algorithm could be presented and discussed in future meetings of the task force.

Agenda item: 9 Progress report of the Travel Workshop Presenter: Eurostat

Presentation:

27. Eurostat gave a report of the last travel workshop which had taken place in Dublin from the 27th to the 28th of June and chaired by CSO Ireland and Eurostat. The new questionnaire replacing the so called "national action plan" was introduced, it had been prepared jointly with the OENB (Austria). Portugal had presented its experience integrating new sources, such as credit card information, to compile BoP travel data.
28. The joint Eurostat-OECD-WTO paper on the relation between tourism and balance of payments statistics and the measurement of modes of supply had been presented as well as the new Trade by Enterprise

characteristics in services (STEC) initiative. An interesting presentation from Sweden was noted pointing on a method to define valuables and durable goods through customs data as potential material for the compiler's guide.

Conclusions:

29. The Task Force thanked Eurostat for the presentation and noted that Sweden could provide some interesting material on how to define valuables and durable goods through customs data for chapter 14 of the compiler's guide.

Agenda item: 10	Revision of concordance annexes to the Manual on Statistics of international trade in Services (MSITS).	Presenter:	UNSD, Eurostat, WTO, OECD
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Presentations:

30. UNSD introduced the EBOPS 2010 and CPC version 2 correspondences noting the list of issues reported at the last March meeting was remaining. The Chair noted that a CPA-EBOPS 2010 correspondence table had been posted on Ramon, the Eurostat's Metadata Server (dissemination site for classifications and correspondence tables). This was built on the basis of the EBOPS2010-CPC2 table. Eurostat and UNSD would investigate further and possibly use this information to suggest further updates for the EBOPS-CPC correspondence.

31. OECD and WTO had discussed the issues of audiovisual services and had tried to clarify where to allocate for instance film distribution rights in the light of the current text of manuals on charges for the use of intellectual property and audiovisual services (this is an issue for some countries). WTO and OECD should reach an agreement with UNSD and IMF colleagues as soon as possible.

32. WTO and Eurostat then reported no progress on respectively the EBOPS 2010-W120 and EBOPS 2010-ICFA correspondences. IMF noted the new EBOPS 2010 codes which were agreed upon at the BOP DSD technical Group had been updated in the BPM6-EBOPS 2010 correspondence and finally OECD explained the Task Force had been requested to provide an EBOPS 2002-EBOPS 2010 correspondence in the context of the BOP DSD meetings and requested comments on the first drafts. UNSD noted that the EBOPS 2002-EBOPS 2010 when finalized should be posted of the task Force website.

Action items	Person responsible	Deadline
✓ To agree on the treatment of distribution rights related to audiovisual services	WTO, OECD, IMF, UNSD	ASAP

✓ To update EBOPS 2002-EBOPS 2010 draft correspondence with comments received	OECD	12 th of November
✓ To post finalised EBOPS 2002-EBOPS 2010 correspondence on TF web site	UNSD	ASAP

Agenda item: 11	Status of the data collections	Presenter:	UNSD, OECD, Eurostat, UNCTAD-WTO and IMF.
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Presentation:	
<p>33. UNSD gave an update on its data collection noting that a new set of data had been provided by Russia and the data had been subsequently revised on the UN database. The current data collection cycle is still ongoing with reminders being sent to countries. In case the follow up turns out to be unsuccessful, the missing data will be sourced from the IMF's Balance of Payments Statistics database (provided that it is consistent with the data available in the database). Following a request coordinated by WTO and to facilitate work of the other agencies, the IMF made an agreement for BPM5 data sharing with colleagues of the task force with WTO as point of contact. The technicalities of the electronic data reception in BPM5 version were discussed between IMF and UNSD-UNCTAD-WTO and the first data transmission of IMF's BPM5 data to WTO took place in October 2012.</p> <p>34. OECD reported that the merge of the two databases trade in services by partner country (TISP) and trade in services by category of services (TIS) had now been finalized both in terms of data and metadata. Due to its strategy of gradual switch to BPM6, the OECD is now running two sets of data, one following EBOPS 2002 and the other following EBOPS 2010.</p> <p>35. Eurostat informed the group that the deadline for EU countries to provide annual trade in services data by partner was this year the 29th of September. The planned date for the release of data is the 26th of November. Data from Iceland had been received for 2011. Norway was undergoing a revision of its system and data were expected by the end of the year. An IMF visit was planned on the 5th and 6th of November to discuss cooperation and data provision.</p> <p>36. UNCTAD-WTO explained that the two organizations are running a joint database which is enabling a more optimal use of resources, and facilitating work on new fields of activity. A first joint press release had taken place six months ago. Discussions have started with ITC to also begin some joint work. WTO also gave an information point about its monthly dataset.</p> <p>37. IMF updated the group on the trade in services collection following the conversion to BPM6. It was noted that in the conversion process, for each country, one of three approaches has been followed: (i) economies have implemented <i>BPM6</i> and provided their own <i>BPM6</i> estimates; (ii) economies have reported <i>BPM5</i> data to STA and opted for a "generic conversion" of their data to a <i>BPM6</i> basis using standard rules broadly applicable to a large number of economies and over time; or (iii) economies have opted for a "customized" conversion of their <i>BPM5</i> basis data, by adjusting, in consultation with the IMF, the results of the "generic conversion". In total, as of August 2012, 157 countries chose a Generic</p>	

conversion, 11 a customized conversion and 15 submitted their own BPM6 data. It was noted the reclassification of goods for processing from Goods to Services may have significant impact with increases in imports and/or exports of services (amounts received/paid for manufacturing services) and larger reductions in gross flows of goods imports and exports (where no change in ownership).

38. The impacts of these changes on some countries were shown, with for instance an over 50% decrease in goods credits in BPM6 compared to BPM5 in the case of Costa Rica. It was also noted that sign conventions had been changed. As regards the current account, both Credits and Debits are registered with positive signs and the current account balances are now obtained as credits minus debits.
39. UNSD noted that in the case of China, the customs had very good information on the processing activities that are not made on own account. US BEA asked about the dissemination policy of BPM5 data, IMF clarified that Balance of Payments (BOP) data were presented on the basis of the sixth edition of the IMF's *Balance of Payments and International Investment Position Manual (BPM6)* – starting with the August 2012 editions of the IMF's *International Financial Statistics (IFS)* and the on-line *Balance of Payments Statistics (BOPS)* Database from 2005 onwards whereas BPM5 electronic data - presented up to 2008 - were frozen.
40. WTO flagged that following the conversion, a number of negative figures were shown under manufacturing fees and Germany appeared as the country with the biggest processing activity. There was a question on the number of countries actually reporting processing fees following BPM6 standards. The significant impact of the conversion of goods for processing was again flagged and the possibility of adding an explanation note next to the negative figures for processing fees credit or debit was suggested. The importance of the text relating to manufacturing services in the compiler's guide was stressed. UNCTAD flagged its interest in any available IMF presentation explaining the changes and OECD and Eurostat expressed interest in the data in BPM5 standard in the same format as provided to other organizations.

Conclusions:

41. The Task Force thanked the IMF for the detailed presentation on the status of its trade in Services statistics following the conversion to BPM6. The Task Force noted that the automatic conversion of goods for processing represented the most challenging issue at a time countries are only starting to try estimate the manufacturing fees. The Task Force noted the importance of metadata which should be provided to explain when the data reported do not comply with BPM6 rules. There were some expressions of interest to IMF presentations explaining the changes implied by the switch to BPM6 for internal use. Interest for the algorithm used to convert the data was also expressed. It was noted that a request should be officially made to IMF (STA).

Action items		Person responsible	Deadline
✓ Eurostat and OECD to express official interest for IMF data in BPM5 format		OECD, Eurostat	ASAP.

Agenda item: Promoting the MSITS 2010 and organizing TF work
12 **Presenter: UNSD**

Presentation:			
42. UNSD informed the TF about the current updates of the TF web-site and also noted that a page on technical assistance should be added to the Task Force website. As to the content of the next TFSITS newsletter, it was foreseen to present some news on the worldwide consultation, to show some extracts from the report to the statistical commission on future work, to add some news on the travel workshop. Further suggestions were expected within a week. IMF agreed to provide some text on the trade in services data conversion to BPM6. In relation to this it was suggested that this is done in coordination with WTO to link to the BPM6 trade in services presentation strategy of other agencies which was discussed during the task force meeting under agenda item 8.			
Action items		Person responsible	Deadline
✓ TF to provide input to Newsletter		All	ASAP
Agenda item: 13	Report to the Statistical Commission	Presenter:	UNSD
Presentation:			
43. UNSD presented the report to the statistical commission on the changing business practices, which have an impact trade statistics and which poses the question to include the analysis of Global Value Chains and Trade in Value Added into a broader measurement framework for international trade and economic globalization. The report proposes the establishment of a group of experts which will have the objective to produce in one or two sessions the scope and outline of a measurement framework for International Trade and Economic Globalization, define the composition and terms of reference of a committee of experts, which will draft the international guidelines for this measurement framework and set a time frame with intermediate targets to complete this work.			
44. Eurostat described its FRIBS initiative to set out the rules to allow a better integration of statistics and in particular linking trade and business statistics.			
Conclusions:			
45. The Task Force takes note of the report being drafted for the UNSC. This report should be provided for comments to the Task Force members on the following week and comment should be provided to UNSD by mid-November.			
Action items		Person responsible	Deadline
✓ UNSD to provide report in week ending 4th of November.		UNSD	4th November
✓ To comment on draft		All	Mid November

Agenda item: 14				Any other business		Presenter: UNCTAD	
Presentation:				46. UNCTAD presented a new project for defining indicators on trade in IT services and trade in ICT enabled services and is seeking Task Force member's participation in the partnership that will design the indicators.			
Conclusions:				47. The TF noted UNCTAD's call for expression of interest to join the task group for developing ICT indicators. Interest should be expressed within a week.			
Action items				Person responsible		Deadline	
✓ TF to express interest to UNCTAD.				All		4th November	
Agenda item: 15				Date and location of next meeting.		Presenter: UNSD	
Conclusions:				48. The Task Force suggested to hold the next TF back to back with the merchandise trade Task Force meeting next March-April. The location was still to be decided. The next Expert Group would take place in the week of the 7th June, with one day dedicated to modes of supply. The next virtual meeting will take place in February and will probably last three weeks.			