



Statistical Framework for Measuring Temporary Movement of Persons, Mode 4 and Remittances

Workshop on Statistics of International
Trade in Services
(Beirut, 14-17 December 2004)

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Overview

- Technical Sub-group
- Concept of residence in the 1993 SNA/BPM5, Migration and Tourism Statistics
- Framework for the temporary movement of persons, including Mode 4
 - Scope and coverage of the framework
 - Universe
 - Classifications
 - Economic variables proposed
 - SAM and labour accounts
- Remittances

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Technical Subgroup - TSG

Reports to the Task Force on Statistics of
ITS and BOPCOM

- Objectives:
 - Develop a framework for:
 - Mode 4
 - Temporary movement persons
 - Develop compilation guide/training material

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TSG (Cont.)

Work on the framework will serve as:

- Chapter or Annex in BOM6
- Chapter in MSITS
- Dissemination paper for trade negotiator

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Objectives of the framework

- Measure economic impact in the host and home economies of movement of persons and Mode 4 persons
- Identify flows and stocks relevant to movement of persons disaggregated by categories of persons
- Improve statistics on remittance and, as a result, national accounts aggregates (such as GNI and GNDI)
- Identify BOP flows of services by mode of supply

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Definition of Mode 4 in GATS

“Supply of service through the presence of natural persons of a country in another country on a temporary basis.”

Annex on Movement of Natural Persons

“persons of a Member who are employed by service supplier of a Member in respect of the supply of a service”

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Challenges in developing a framework for Mode 4

- Definition not clear-cut
 - Are persons employed by locally owned companies covered?
 - Are the persons working in non-services activities (e.g. agriculture and manufacturing) covered?
 - Are business travelers, who go to the host country for marketing purposes covered?

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Challenges - 2

- What does “temporary” mean?
 - Not defined in GATS
 - No agreed timeframe that can be used for statistical purposes (e.g. 1 year rule)
 - Permanent migration is excluded
 - Persons entering the local labour market are excluded
 - Could cover 2-5 years stay, commitments are often unbound

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Challenges - 3

- Difficulty in identifying who is covered by GATS:
 - Foreign doctor working in a government owned hospitals? ⇒ **NO**
 - Foreign doctor working for a public owned hospital? ⇒ **YES**
 - Foreign doctor working for a locally owned hospital? ⇒ **MAYBE**
 - Coverage depends on type of contract

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Scope of the framework

- Expand the coverage to meet different demands
 - Cover all migrant workers in the host economy
 - Cover persons working in goods and service producing industries
- Classify the persons according to various categories so as to meet GATS needs

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Coverage

- Intra-corporate transferees (Provision of goods)
 - Self-employed (Provision of goods)
 - Graduate trainees
 - Foreign persons, working for local company (under labour service contractual agreement)
 - Border and seasonal workers
 - Business travellers (provision of goods)
 - Special cases: students, staff of international organization, pensioners, persons holding external financial assets
- WORKERS IN GATS
MODE 4
- Intra-corporate transferees (Provision of services)
 - Self-employed (Provision of services)
 - Foreign persons working for foreign contractual service supplier
 - Business traveller (Provision of services)

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The framework

- No change in the concept of residence
- Satellite account of the 1993 SNA and BPM 5, SAM and labour accounts
 - Identification flows and stocks related to different categories of workers in existing economic (BOP or 1993 SNA)
 - Identification of the number of people belonging to various categories
 - “Slice” the households on the basis of socio-economic characteristics including length of stay and partner country
 - Develop selected accounts according to the policy interests (e.g. impact of remittance on receiving country, etc.)

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Categories of workers

- Migrants (short and long-term, e.g. intra-corporate transferees, self-employed, foreign employed, graduate trainees)
- Persons who are not residents of the countries where they work (e.g. seasonal worker, border workers, short-term migrants)
- Persons working for non-resident entities (locally recruited staff of consulates embassies and military bases)
- Students, medical patients
- Persons, excluding transport cruise and excursionists, traveling for business purposes
- Persons having external financial assets and/or liabilities

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Concept of residence of households/individuals

- BPM5 \Rightarrow (predominant) center of economic interest in the country for 1 year or longer
- Migration statistics \Rightarrow country of usual residence
- Tourism statistics \Rightarrow usual environment

For operational purposes: 1 year rule is widely applied (except for certain cases, e.g. students, patients, etc.)

- GATS \Rightarrow “temporary” 2 - 5 years or longer

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Classifications

- ISIC
- CPC, EBOPS, GNS/W/120
- ISCO-88, ISCED
- Others
 - Citizenship
 - Country of birth
 - Nationality (ethnic characteristics)
 - Length of stay

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Variables

- Number of Mode 4 persons
- Imports/exports of services
- Remittances
- Consumption expenditures
- Migrants' transfers
- Net wealth

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Remittances – Policy context

- Significant source of development finance together with ODA and FDI
 - Remittances 42% of FDI (2001)
 - Remittances 260% of ODA
- G-7 have asked for improved data on remittances
- UN High Level Discussion on Migration Statistics – Focus on remittances (2006)

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Global migration flows - 2000

Millions

	Migrants from		Total
	OECD	ROW	
Migrants to			
OECD	16.2	24.9	41.1
Rest of the World	1.8	57.0	58.8
Total	18.0	81.9	100.0

Source: Anne Harrison (2003)

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Global remittance flows - 2000

\$ Billions

	Migrants from		Total
	OECD	ROW	
Migrants to			
OECD	38.9	29.3	68.2
Rest of the World	0.7	42.0	42.7
Total	39.6	71.3	110.9

Source: Anne Harrison (2003)

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Global remittance flows - 2000

Percentage

	Migrants from		Total
	OECD	ROW	
Migrants to			
OECD	35.1	26.4	61.4
Rest of the World	0.6	37.9	38.5
Total	35.7	64.2	100

Source: Anne Harrison (2003)

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Largest providers and receivers of remittances

Providers		Receivers	
Middle East	29.4	India	9.2
USA	26.8	France	8.6
Malaysia	3.8	Mexico	7.6
Germany	3.2	Philippines	6.2
France	2.7	Turkey	4.6
Japan	2.5	Spain	3.4
UK	1.3	Germany	3.4

Source: Anne Harrison 2003

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Workers remittances – definition

- Workers remittances
“current transfers by migrants who are employed in the new economy and are considered residents there. Often they occur between related persons”

Issues:

- ⇒ Only covers remittances from labour income
- ⇒ Often linked to purpose (gifts, support remittances are excluded)

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Remittances – proposed new definition

Remittances are household to household transfers regardless of the source of income or the purpose.

Sources of income include, for example:

- Compensation of employees;
- Property income (e.g. interests on bonds, rents on land, etc.),
- Social contribution and benefits (e.g. unemployment, maternity, and child support benefits, etc.)
- Other current transfers (e.g. workers remittances and other remittances)

Include also all hand-carried goods and in-kind remittances of jewelry, clothes, and other consumer goods., transfers through hawala.

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How have been remittances defined in analytical studies?

World Bank (GDF)

Remittances = Workers remittances +
Compensation of employees + migrants' transfer

Anne Harrison and DFID:

Remittances = Workers remittances +
Compensation of employees

Issue: COE is a gross concept

Workers remittances is a net concept

Migrants' transfer is a one time flow – no change in ownership

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Data

- Two sources
 - ITRS
 - Indirect method – apply coefficient on propensity to remit to households classified according to socio-economic characteristics

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Next steps

- Issue papers will be prepared for discussion at the next TSG meeting
 - Universe
 - GATS – Mode 4
 - Data collection
 - Analysis of the data exercise

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Issues for discussion

- 1) How is the concept of residence applied
 - To GCC residents going to another GCC country
 - To foreign workers from non-GCC countries (e.g. Philippines, etc.)
- 2) How are workers remittances and COE calculated in the BOP?
- 3) Can you calculate COE net of expenses of food, accomodation, etc. incurred during the temporary stay in host country?
- 4) Can you implement the framework proposed?