

**Regional Workshop for the Latin American and
Caribbean Countries**

**STATISTICS OF INTERNATIONAL TRADE IN SERVICE:
CHALLENGES AND GOOD PRACTICES**

Organized by the United Nations Statistics Division in close cooperation with the Economic Commission for Latin America and the Caribbean (ECLAC) and hosted by Instituto Brasileiro de Geografia e Estatística (IBGE) and Banco Central do Brasil.

1 - 4 December 2009, Rio de Janeiro, Brazil

Final report of the seminar

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UNITED NATIONS
DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS
STATISTICS DIVISION

Statistics of International Trade in Services: Challenges and Good Practices
Workshop for the Latin American and the Caribbean countries
Rio de Janeiro, Brazil, 1-4 December 2009

1. Organization, purpose, objective and participants of the Workshop

The Workshop on “Statistics of International Trade in Services: Challenges and Good Practices” was organized by the United Nations Statistics Division (UNSD) in close cooperation with the Economic Commission for Latin America and the Caribbean (ECLAC) and hosted by Instituto Brasileiro de Geografia e Estatística (IBGE) and Banco Central do Brasil.

The workshop took place in Rio de Janeiro, Brazil between 1 and 4 December 2009.

The workshop aimed to provide training to representatives of national statistical offices, central banks and line ministries from the Latin American and Caribbean countries on methodological development of the statistics of international trade in services and also on the current country-practices in compiling trade in services statistics. The training focused on both the interpretation of conceptual issues and options for the implementation of the international recommendations in country specific circumstances and facilitated the establishment of a network of statisticians in the participating countries working on service trade statistics .

The workshop was attended by 44 participants from selected Latin American and Caribbean countries, international and regional organizations. The following countries and regional organizations sent representatives to the workshop: Antigua and Barbuda, Argentina, Aruba, Brazil, Chile, Columbia, Costa Rica, Ecuador, Grenada, Jamaica, Netherland Antilles, Panama, Paraguay, Peru, St Vincent and the Grenadine, Venezuela and Asociacion Latinoamericana de Integración (ALADI), Caribbean Community Secretariat (CARICOM). The following international and regional organizations sent representatives as resource persons to the workshop: the Organisation for Economic Co-operation and Development (OECD), the United Nations Economic Commission for Latin America and the Caribbean (UN ECLAC), the United Nations Statistics Division (UNSD) and the World Trade Organization (WTO).

2. Summary

Opening session: Ms. Claudia de Camino on behalf of ECLAC, Mr. Fernando Lemos on behalf of Banco Central do Brasil, Mr. Vladimir Markhonko, Chief of the Trade Statistics Branch on behalf of Paul Cheung, Director of UNSD addressed the participants. Mr. Eduardo Pereira Nunes, president of IBGE welcomed the participants and opened the workshop.

The “Statistics of International Trade in Services Session” included the following presentation: Overview of the developments in statistics of international trade in services, Status of statistics of trade in services in the Latin American and Caribbean countries, Overview of the 2005

Panama workshop on trade in services recommendations, Overview of the result of the pre - workshop questionnaire on the status of trade in services statistics in the Latin American and Caribbean countries, MSITS revision process, The MSITS revision and its impact on the Balance of Payment Compilation in Brazil. The “Revision of the Balance of Payment Manual (BPM6) Session” included the following presentation: Overview of the Balance of Payments and International Investment Position Manual (BPM6). The “Services Transactions between Residents and Non-residents Session: Extended Balance of Payment Services (EBOPS) Classification Session” included the following presentations: Definition of services in SNA 2008, Use of sources of International Trade in Services in the System of national Accounts, Results of questionnaire on breakdown by services categories in the Latin American and Caribbean countries, Services Transactions between Residents and Non-residents, Chapter 3 of MSITS 2010, Compilation of Jamaica’s Extended Balance of Payments Services, CPC. Ver. 2.0 and EBOPS/CPC correlation. The “Approaches to Data Compilation Session” included the following presentations: Presentation of results of questionnaire on data sources in LAC countries, Improvements in business registers in Latin America and the Caribbean; “for the International Transaction Recording System (ITRS)”: International Transaction Recording System – Introduction, ITRS, Compilation of Statistics of international Trade in Services; “for Enterprise Surveys”: Introduction; for “Other data sources”: Trade in Services Measurement: The Chilean Experience, Methodological treatment in the balance of payments for services provided under agreements international cooperation, Trade in services between enterprises of the same group. The “Statistics by Partner Country Session” included the following presentations: Statistics by trading partners, International trade in services statistics. The “Foreign Affiliates Statistics Session” contained the following presentation: Foreign Affiliates Statistics. The “Trade in Services Statistics by Mode of Supply Session” contained the following presentations: Measuring trade in services modes of supply, International trade in services as mod of supply. The “Metadata and Quality of the Trade in Services Data Session” contained the following presentations: Data quality and metadata, Quality and metadata, Metadata and quality production information, Quality of statistics. The “Submission of Trade in Services Statistics to International Organizations Session” contained the following presentation: Submission of Trade in Services Statistics to International Organizations. The “Group Discussions” were focusing on the following issues: cooperation of the NSO and central bank in data collection, data compilation and dissemination practices, data quality checking procedures and metadata, problems and solutions – the results of the groups discussions were presented at the end of the session. A round table discussion was held focusing on issues towards improvements of trade in services statistics in the Latin American and Caribbean countries. The conclusions and recommendations were discussed and agreed upon at the end of the workshop. Mr. Eduardo Pereira Nunes, president of IBGE evaluated the workshop and closed it on 4 December.

3. Conclusions and recommendations

The recommendations adopted by the participants were gathered in nine groups as it follows.

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| I | General |
| II | Statistics on resident/non-resident trade in services |
| III | Foreign Affiliates Statistics (FATS) |
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The workshop:

I. General

1. Concluded that the event provided an excellent opportunity for countries to review the status of SITS compilation in the region, to elaborate challenges and good practices as well as to obtain knowledge on BPM6 and MSITS 2010; the participants expressed their gratitude to the workshop organizers and host country;
2. Recognized that there is a noticeable progress in building infrastructure for the compilation and dissemination of SITS in the region, but concluded that countries still face many challenges in the compilation of these statistics and appreciated UNSD's and ECLAC's strong commitment to statistical capacity building in the region;
3. Expressed appreciation of OECD and WTO as well as of ALADI and CARICOM for sharing their knowledge and experience on SITS and FATS and also encouraged organizations to continue and strengthen their cooperation;
4. Welcomed the draft revised Manual on SITS developed by the Task Force on Statistics of International Trade in Services (TFSITS) and appreciated the clarification of many conceptual issues provided in the manual, particularly its recommendation on the phased adoption taking into account national circumstances and priorities;
5. Expressed particular concerns regarding the feasibility of compilation of some data items including manufacturing services on physical inputs owned by others, FISIM international travelers and construction. Concerns were also expressed regarding the compilation of FATS;

6. Urged TFSITS to consider the preparation of the SITS and FATS compilation guidance as soon as possible to assist countries, especially taking into account the needs and constraints of developing countries in the MSITS 2010 implementation;

II. Statistics on resident/non-resident services trade in services

Strengthening legal basis

7. Noted that the legal basis of SITS in several countries of the region needs to be strengthened and recommended;
8. Agreed that the confidentiality of enterprises or other private or government entities providing data on international trade in services should be guaranteed; this legal obligation of the agency responsible for data compilation should be clearly stated in the questionnaires as well as the fact that the reported data can only be used for statistical purposes;

Methodological issues

9. Concluded that the issue of classification of services by end use categories has to be explored to support the inclusion of SITS into national accounts;
10. Agreed that the use of CPC in the compilation of SITS has to be further explored but cautioned that the compilation of such data increases the reporting burden and may not be accurate as the reporters may not be able to properly classify service transactions unless the necessary training is provided;
11. Welcomed the updating of the CPC/EBOPS correspondence table and TFSITS is encouraged to finalize it as soon as possible;
12. Urged TFSITS to develop the necessary advice on good practices with regard to measuring price change;

Data compilation strategies

13. International Transaction Reporting System (ITRS). Concluded that ITRS is an important data source and its potential should be fully utilized; however, some possible limitations should be acknowledged (e.g breakdown by detailed type of service, allocation of transactions by partner). Identify gaps and possible solutions. If necessary search for other (complementary) sources to compile statistics in compliance with MSITS 2010;

14. Enterprise surveys. Countries should develop necessary enterprise surveys, ensuring compilation of SITS in compliance with BPM 6 and the revised MSITS 2010;
15. Concluded that ES for SITS should preferably be developed as an integral part of a country's system of economic surveys programme to make use of the existing survey infrastructure and minimize cost to the compiling agency, and also to reduce the reporting burden on enterprises and households;
16. Concluded further that the establishment and maintenance of the reliable centralized business register, containing variables allowing identification of the enterprises active in international service transactions for the preparation of the appropriate sample frame, is a precondition for utilizing enterprise surveys for SITS purposes; use of a single identification code for enterprises is seen as the best practice to facilitate this; and also cooperation with business associations can help;
17. Agreed that innovative ways to survey organization, conduct and processing of the reported data should be promoted including the use of stratified sampling, computer assisted telephone interviewing (CATI), automated data entry (e.g., web-based data submission), training of interviewers, handling non-response etc. should be fully explored;
18. Called the attention of the TFSITS members that the survey forms to be reviewed should comply with the revised MSITS 2010 including additional question(s) about detailed service categories and main trading partners; sharing experiences in countries is encouraged;
19. *Data confidentiality* has to be ensured; this will support keeping the response rate at an acceptable level;
20. Administrative data sources. Agreed that administrative data sources should be explored and used, including customs, tax authorities and other governmental regulatory agencies records;
21. Other data sources. Promote the use of other data sources (e.g., credit card records);
22. *Estimation and imputation.* Concluded that for the sake of promoting cross country comparability it is important to review good practices in the estimation of missing data; emphasized that standardization of the estimation procedures is desirable where feasible;
23. Encouraged countries to identify the most relevant data sources and further develop procedures to provide SITS by partner country breakdown;
24. *More focus on partner data.* Concluded that SITS by partner country breakdown is still a weak point in the region and agreed that in view of high policy relevance, analytical value and quality improvement of such data, their compilation should be one of the priority goals in the coming years; that additional efforts in this respect

are needed for example to combine data from various sources which may provide a basis for progress in compiling such data;

25. Agreed that it is good practice to concentrate on the identification of the main trading partners and supplement the direct data collection with estimates; encouraged countries to release the preliminary partner data accompanied with appropriate metadata and substitute it with the revised data in due time;

III. Foreign Affiliates Statistics (FATS)

26. Agreed that FATS is of a high policy and analytical value and encouraged countries to continue or initiate the feasibility study of compiling such statistics; priority should be given to inward FATS as recommended in MSITS 2010 and countries are encouraged to begin dissemination of inward FATS in the near future; encouraged countries to inform ECLAC about plans in this area;

IV. Institutional arrangements

27. Agreed that in view of the multipurpose nature of SITS and FATS and involvement of many governmental agencies and, in some cases, private bodies in the data compilation, the establishment and maintenance of effective institutional arrangements is a matter of paramount importance for efficient national SITS and FATS programmes; such arrangements should clarify the division of labour between agencies and ensure the most cost effective data compilation (e.g., exclude duplication of work);

28. Concluded that the institutional arrangements should be formalized;

29. Agreed that it shall be determined which agency is responsible for the dissemination of official SITS and FATS once these become available;

30. Concluded that despite some progress in recent years the issue of building effective institutional arrangements still remains open; it is recommended, therefore, that countries undertake additional efforts in this direction and that ECLAC is encouraged to assist in the identification of good practices;

V. *Quality, metadata and dissemination*

31. Agreed that the quality of SITS remains a challenge and strengthening quality assurance programmes is required in countries;

32. Stressed the importance of providing appropriate metadata to enhance data quality;

33. Recommended the dissemination of SITS (and future dissemination of FATS) in accordance with the international standards for economic statistics;

34. Concluded that data reconciliation between interested partner countries should be encouraged (EBOPS and FATS);

VI. *SITS by mode of supply*

35. Appreciated the analytical value of SITS by mode of supply and agreed that derivation of such statistics from basic SITS and FATS is encouraged, especially if there is a clear user demand; stressed that the production of SITS by mode of supply depends on the availability of basic SITS, however basic SITS compilation should be the imminent priority;

VII. *Capacity building*

36. Concluded that there should be an agreement on an interagency training programme in SITS (and FATS);
37. Concluded that it would be important to have a training center to be used for SITS capacity building and recommended, in this context, to follow up on the earlier initiatives and welcomed ALADI intention to participate in this process;
38. Asked TFSITS to assist in the preparation of appropriate training materials and provide, to the extent possible, the resource persons;
39. Stressed the need of bilateral and multilateral cooperation in training activities;

VIII. *Outreach, work with users*

40. Recommended that compilers continue to promote awareness of the importance of SITS (and FATS) among trade policy makers, the business community and other user groups and use the raised awareness for improving quality of statistics, in particular by securing better funding of SITS and improving the response rate;
41. Called upon UNSD to develop the TFSITS website on trade in services (SITS, FATS, etc.) into a forum for information and international collaboration including to post relevant information and existing papers related to, among other topics, good practices, legislation, institutional arrangements, methodological support for developing survey techniques, working with non-responses, quality assessment, metadata, data dissemination and also posting all meeting information on its website;

IX. *What's next?*

42. Welcomed UNSD intention to place all workshop documents on the dedicated website for reference and develop, over time, a knowledge base on SITS and FATS.
43. Encouraged countries to cooperate with UNSD in providing the most recent SITS data and metadata to the UN Service Trade database to be shared with all users including interested international and regional organizations;
44. Encouraged countries to develop action plans to implement the recommendations contained in the revised MSITS 2010 on SISTS and FATS, and inform ECLAC and UNSD accordingly;
45. Concluded that it would be desirable to hold the next regional workshop preferably in two/three years to focus on the practical issues of the implementation of the revised MSITS 2010; countries are encouraged to prepare detailed analyses of the challenges they face and the ways to deal with them.

**Workshop on Statistics of International Trade in Services:
Challenges and Good Practices**

List of Participants

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