Overview of the updated recommendation on SITS (MSITS 2010)

Statistics of International Trade in Service: Challenges and Good Practices
Regional Workshop for South-East Asian Countries
Hanoi, Vietnam, 30 November – 3 December 2010

United Nations Statistics Division
Statistics of International Trade in Services Section
Outline of the presentation
1. MSITS and the modes of supply
2. Main changes in MSITS
3. Structure of MSITS 2010
4. Structure of the Workshop agenda
1. MSITS and Modes of Supply

The original 2002 Manual

- Published in 2002 jointly by 7 international organizations (Task Force on SITS)
  - Eurostat, IMF, OECD, UNCTAD, UNSD, UNWTO, WTO

- Response to increased needs
  - Globalization – demand for more comprehensive and better integrated approach of economic statistics
  - Data needs of GATS negotiators which became urgent after 1995
Core elements in MSITS

- Services transactions between residents and non-residents [mode1, mode2 and mode4]
- Foreign affiliates statistics [mode3]
- Modes of Supply
1. MSITS and Modes of Supply

Country A

Mode 2: Customer travels to country B to buy computer services on his own account. *EBOPS item 4.travel, IRTS 2008*

Mode 3: sales of computer services
*FATS output/sales data*

Alpha's affiliate
(Functions: Marketing, systems analysts, customer support)
*FDI flows and stocks*

Mode 1: sending computer services to customer *EBOPS item 9.2 computer services*

Country B

Mode 4: professionals (intra corporate or contractual service suppliers)

Alpha computer services company
(Functions: management, software development)
MSITS update and Worldwide consultation

After almost 5 years of existence, in order to take into account:

- Revisions of 2008 SNA, BPM6, CPC 2.0 and ISIC 4.0
- Further development of concepts of modes of supply
- Possible improvements which had been identified

MSITS needed to be updated
Impact of SNA revision

2008 SNA → BPM6 → MSITS

44 issues for 2008 SNA, some of them with sub-issues. All the issues concerning the Rest of the World Account had DIRECT influence on BPM6 and MSITS.

BPM6 differs from its previous version on a number of issues, including some in the Goods and Services Account. Following the recommendation of the 2008 SNA on a stricter application of the change-of-ownership principle, certain economically important items were reviewed and rearranged in the classification of goods and services, notably:

- Goods for processing (without change of ownership of the goods)
- Repairs on goods
- Merchanting
Partner country
✓ Inclusion of a breakdown by partner country to the second, third and fourth recommendation in the priority list

Inward and outward FATS
✓ A clearer separation of inward and outward FATS in Chapter 4

BOP versus FATS
✓ Integration of a clear distinction between BOP resident / non-resident statistics and FATS statistics

Modes of supply
✓ A separate chapter (V) on modes of supply to give a more detailed discussion of modes of supply, including the presence of natural persons (Mode 4)

Analytical index
✓ An additional analytical annex
Consequences of BPM6 and updated SNA (SNA 2008)

- Processing of goods and Repairs and maintenance of movable goods to be reclassified from goods to services (two main components in EBOPS)

- Merchanting to be moved in the opposite direction (removed from Other business services)

- Other Business Services component to be split and replaced by three main BOP/EBOPS categories:
  - Research and development services
  - Professional and management consulting services
  - Technical, trade related and other services
Revised version of the MSITS

- Task Force has finalized the report to the UN Statistical Commission in November 2009

- The UN Statistical Commission adopted the Manual on Statistics of International Trade in Services 2010 (MSITS 2010) at its 41st Session in 2010 as well as endorsed the implementation programme.
Chapters of MSITS 2010

- Chapter I - General introduction and foundations of the Manual
- Chapter II - Conceptual framework for the development of statistics on international trade in services
- Chapter III - Services transactions between residents and non-residents
- Chapter IV - Foreign affiliates statistics and the international supply of services
- Chapter V - Trade in services statistics by mode of supply
Annexes

• Annex I – Extended Balance of Payments Services Classification
• Annex II – EBOPS, CPC, Ver.2, GNS/W/120 correspondence tables
• Annex III – ICFA – EBOPS correspondance tables
• Annex IV – Extract from the General Agreement on Trade in Services
• Annex V – Services Sectoral Classification List – GNS/W/120
• Annex VII - Analysing the trade in services data
3. Structure of MSITS 2010

MSITS 2010 is available in not-edited version at
Part 1: Resident – Non-resident trade in services

5. The sixth edition of the Balance of Payment Manual (BPM6)
   • Overview
   • Resident – Non-resident trade in services
   • Compilation guidance

6. Balance of Payments Compilation – country examples

7. The Extended Balance of Payment Services (EBOPS) classification
   • Overview of EBOPS 2010
   • Relation of EBOPS 2010 to CPC
   • Definition of services in SNA 2008

8. Trade in Services classifications and compilation issues – country examples
Part 1: Resident – Non-resident trade in services

9. Data collection of resident – non-resident trade in services statistics
   - International Transaction Reporting System
   - Enterprise surveys
   - Country presentations

10. Parallel group discussion: cooperation of the NSO and the central bank on data collection

11. General discussion - Presentation of the group discussion
Part 2: Commercial presence

12. Foreign Affiliates statistics, FDI
   • Introduction and overview
   • Core data for FATS, FDI and MNE
   • Country examples

13. General discussion on FDI

14. EBOPS, FATS and FDI broken down by partner country
   • Introduction and Overview
   • Minimal requirements
   • Country examples
Part 2: Modes of supply

15. Trade in services statistics by modes of supply (WTO)
   - Cross-border supply
   - Consumption abroad
   - Commercial presence
   - Presence of natural persons

16. Metadata and quality of the trade in services data
   - Data quality and Metadata (UNSD)
   - Data quality assessment – country perspective

17. Parallel group discussion on EBOPS and FATS: Data compilation practices, data quality control and metadata, institutional arrangements - problems and solutions
Part 3: Consumption abroad

19. Travel and Tourism Statistics
   • Overview of the recommendations IRTS 2008 and MSITS 2010

20. Parallel group discussion on Travel and Tourism statistics: Data compilation practices, data quality control and metadata, institutional arrangements - problems and solutions

21. Presentation of the group discussion
Part 4: Data dissemination

22. Data dissemination
   - Overview of the international recommendations
   - Examples of integrated presentations of EBOPS and FATS, and Travel and Tourism statistics
   - Country examples

23. Conclusions and recommendations of the Workshop

24. Evaluation and closing of the workshop