

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

25-26 October 2012, OECD, Paris.

## Agenda items:

4a and 4b

Review of the draft chapters of the compiler's Guide

Presenter: UNSD

The outcomes of the World wide consultation and the second virtual meeting were presented. There were 50 contributors to the World wide consultation, showing lots of support from countries. Issues that were resolved in the second virtual meeting were *not* discussed; only the issues that were unresolved in the second virtual meeting were discussed in depth here.

### Issue 1. Dynamic version of Compilers Guide

The Task Force supported the creation of a dynamic version of the Compilers Guide on-line including country experiences and practices.

### Issue 2. Coordinate drafting process

The Task Force decided that UNSD, OECD, Eurostat and WTO will coordinate the drafting of selected chapters, while countries will contribute. There will be one editor who will overlook the whole Guide.

### Issue 3. Have rough drafts of chapters by February 2013

UNSD proposed that initial first drafts be prepared by February 2013 and a full draft text to be prepared to review at the Expert Group meeting in Geneva in June 2013.

### Issue 4. Virtual meeting should be extended

The Task Force agreed that the Virtual Meeting should be extended from two weeks to three weeks.

### Issue 5. Have a model layout for chapters

UNSD agreed to submit a model layout and format for chapters.

## **Issues Raised in Part I: General Frameworks**

### Issue 6. Volume measurement and transfer prices Chapter 1

The Task Force agreed to focus on essential material only and not to cover this issue in detail.

### Issue 6. In part 1, define "tradable" and "nontradable"

The Task Force agreed on not tackling this definitional issue. However, some references to some specific complicated examples could be done.

### Issue 7. Promote data exchanging arrangements between countries

The Task Force agreed that this issue should be looked at, with one paragraph at the beginning (in the overall framework). But it should come in different parts: data quality, data validation, data distribution.

## **Issues Raised in Part II: Data Collection**

### Issue 8. Overview of direct vs. indirect reporting

The Task Force agreed that this is an important issue and the advantages and disadvantages should be discussed, but only as they relate to data quality aspects, not to a categorization of reporting systems.

Issue 9. Discuss data availability for specific services

The Task Force agreed that this should be discussed in “country practices” (suggest data sources for specific items). Adding what is available could be a good guidance for countries. Also refer to what is available in BPM6. A grid by services and sources would be useful.

Issue 10. Guidance on incorporating SPEs into sampling frame

The Task Force agreed that awareness about the issue should just be raised but no more than that. Moreover a reference to the relevant existing material should be provided.

Issue 11. Describe how to avoid double counting surveyed companies

The Task Force agreed to mention this in data collection and data compilation (covered under chapter 13) without too much detail. Country practices could be included, and in case of duplication in different chapters an appropriate reference should be added.

Issue 12. Describe how to reduce response burden

The Task Force agreed to mention that any possible data sources should be checked before implementing a new survey.

Issue 13. Address how to deal with non-responding firms

The Task Force agreed to include this in both data collection (how to handle non-response) and data compilation (how to gross up). Include country experiences. Focus on promoting the close collaboration with the data reporters.

Issue 14. Country experiences on measuring informal sector

The Task Force agreed on finding some examples of unrecorded trade in services and talking about this at the Inter Secretariat on National Accounts to see more examples on estimation can be found. This issue could be included in chapter 17 as it is an estimation issue.

Issue 16. Address use of business statistics for estimating production, sales, employment, etc. of service industries

This topic is already covered in chapter 6.

**Issues Raised Part III: Data Compilation**

Issue 17. Detailed descriptions of specific services in chapter 14

The Task Force agreed to refer to BPM6 – we can see country practices, include quite a few cases and make reference to them.

Issue 18. Address all EBOPS items separately

The Task Force agreed to write Part II first and cover only the remaining issues in Part III.

Issue 19. Guidance on determining the FISIM “reference rate”

The Task Force agreed to rely on the outcome of the Working Group, which is discussing this issue.

Issue 20. Address under-/overestimation due to reporting errors

The Task Force agreed in covering this issue in the data collection part (in survey design technique).

Issue 21. Country experiences on measuring services trade of self-employed persons

The Task Force agreed that this is an important issue to tackle in chapter 14 (will try to find country experiences here).

Issue 22. Address inward and outward FATS separately

This issue is already tackled separately in chapter 15--no need to add anything further.

Issue 23. How to extract FATS from SNA

The Task Force decided to leave this topic out of the Compilers Guide.

Issues Raised Part IV: Data Dissemination

Issue 24. Address the lag time between data collection and dissemination

The Task Force agreed that this topic should be covered, both in the parts related to data quality and data dissemination.

Issue 25. Address the role of international organizations

The Task Force agreed in adding a couple of sentences in the introduction to clarify the role of IOs in defining the standard and supporting the implementation (through workshops, technical assistance, etc.)

Issue 26. In Chapter 19 A (iii) encourage distribution of the most relevant statistics (being sensitive to statistical confidentiality issue). Advise how to flag cells for confidentiality.

The Task Force agreed that if the data point is missing because it has been marked confidential, it should be flagged with a "c" or any other way clearly.

Issue 27. Dissemination is not compilation. Is there a need for a Part IV on Dissemination? At the most, include dissemination issues under Part III: Data Compilation

The Task Force decided that compilation and dissemination are different things.

**Issues raised in Part V: Cross-Cutting Issues and Annexes**

Issue 28. Emphasize consistency between SITS and IMTS, SNA, and other statistics

The Task Force agreed in dealing with this issue in Chapter 1 "Conceptual framework".

Issue 29. Move Part V to Part III: Data Compilation

The Task Force decided against this action.

**Annexes**

Issue 30. Move the annex on the relationship between SITS and IMTS to part III: Data compilation

The Task Force decided against this action.

**Material submitted**

Relevant material will be gathered by Karoly Kovacs and published in a separate discussion group. People can contribute and publish new material. Karoly Kovacs will send an email to inform when material can be posted. Karoly Kovacs will keep the TF posted regarding who will review the material posted on the knowledge base.

**MSITS 2010** – French version is ready.

**Agenda item:** Review of the draft chapters of the compiler's Guide  
**4c**

**Presenter:** UNSD

**Presentation:**

Following are the comments made by reviewers of the draft chapters of the Compilers Guide that have been submitted.

**i. FATS**

The author was thanked for very good text as a starting point. It was noted that there should however be more emphasis on the role of FATS within the MSITS framework. Also, conceptual, collection, compilation and dissemination issues for FATS are all treated in the proposed Chapter 15—it was suggested that these topics be treated in the relevant parts of the Compilers Guide (in particular where collection and compilation issues are treated) or at least be rearranged according to the structure of the compiler's guide.

It was noted that more discussion on compilation practices in this chapter may be useful. The text could tackle the experience of linking of data (e.g. trade in services between affiliates). The chapter should be rebalanced focusing more on compilation (as well as country practices, sources to use etc.) than on conceptual topics. Indeed concepts should be treated just to explain the compilation issues (not more than this). For more conceptual information, reference to existing literature should be included.

It was also proposed that Construction surveys be moved from Chapter 6 H (i) to F section. It was also stressed that Chapter 6 H (i) and (ii) be retained as some compilation experiences are available in which BOP services and FATS issues have been tackled in the same surveys (there is strong interest among some countries in a specific sector, and therefore all activities should be covered in data collection, not only the ones to be covered in BOP services account).

It was also suggested that the known terminology (e.g. naming "FATS" and not "AMNEs") be used in the Compilers Guide.

**ii. ITRS**

This draft chapter follows BPM6 CG as much as possible. On the country practice aspect, Japan will contribute, and possibly Chile as well. Other volunteers are needed (possibly European countries), although the number of countries still using ITRS has been reduced dramatically due to a regulation on European payments, which includes a so-called sunset-clause for BOP reporting. One of the drawbacks of ITRS is the reporting threshold. In the case of Japan, this is 30 million yen, which is quite high. Thus, at the occasion of implementing the BPM6, data will be adjusted taking into consideration the threshold. Separate estimates will be carried on for transaction flows below the threshold. This is a country study that could be included in the CG. Brazil as an important user of ITRS should be involved in this work.

**iii. Modes of supply**

The text supplied was derived from recent papers prepared jointly by Eurostat, OECD and WTO. Existing text was sliced according to the structure of the draft outline of the Compiler's guide. Some further "cleaning" of the text is necessary to better fit within the structure of the compiler's guide. Although there are some compilation experiences, there are not many. The one day discussions at the June 2013 meeting would prove valuable for sharing experiences and thoughts regarding guidance on the compilation of data according to the modes of supply.

This section should include as many concrete country experiences as possible, and in particular, practical issues. While there are some country experiences available (e.g. New Zealand, Hong Kong, India, Australia-ILSAC) or countries looking into the case studies identified in the Eurostat/OECD/WTO papers (in particular the possibilities offered by travel/tourism data sources), more country experiences are still needed.

It was also noted that mode 4, although important and of interest, should not be the focus. It was noted that in the past in EU there was not so much interest in mode 4, but that in the future this will change quickly, as there is currently a lot of political interest in it because of an increasing number of employees moving around Europe.

Additional comments made by the end December should be sent:

- To Satoru Hagino: for **ITRS**
- To Paul Farello: for **FATS**
- To Joscelyn Magdeleine/Bettina Wistrom/Hionia Vlachou: for **Modes of supply**

**Agenda item 5: Knowledge base**

**Presenter:** UNSD

**Presentation:**

Karoly Kovacs presented a possible solution that would integrate the knowledge base that will be built upon the materials being collected in the drafting process into the already existing UNSD International Trade in Services Knowledge base. He also presented the challenges of such integration (thematic references and references to MSITS 2010 and the final version of the CG MSITS 2010). The question of maintenance was raised.