

**STATISTICS DIRECTORATE**

**National Accounts and Economic Statistics - Services**

**UPDATING OF THE MANUAL ON STATISTICS OF INTERNATIONAL TRADE IN SERVICES**

**DRAFT OVERVIEW, SCOPE, TIMETABLE AND DRAFT LIST OF ISSUES**

**6th OECD INTERNATIONAL TRADE STATISTICS EXPERT MEETING (ITS) & OECD-EUROSTAT  
MEETING OF EXPERTS IN TRADE-IN-SERVICES STATISTICS (TIS)  
Tour Europe, Salle des Nations, 12-15 September 2005**

*This document has been prepared by OECD Statistics Directorate, for discussion under item 18: Updating the Manual on Statistics of International Trade in Services*

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## **UPDATING OF THE MANUAL ON STATISTICS OF INTERNATIONAL TRADE IN SERVICES**

### **DRAFT OVERVIEW, SCOPE, TIMETABLE AND DRAFT LIST OF ISSUES**

Note by OECD Statistics Directorate

#### **Introduction**

Following the revision of BPM5, the activity and product classifications ISIC and CPC, together with a proposal to develop a chapter on Mode 4, it will be necessary to update the Manual on Statistics of International Trade in Services (MSITS) in order maintain its usefulness and credibility for countries.

The Interagency Task Force on Statistics of International Trade in Services (ITFSITS) plans to produce an updated MSITS by end 2008 for approval by UN Statistical Commission (UNSC) in 2009. The process is to begin in late 2005 with a review of EBOPS. Apart from the above mentioned driving factors, because of the relative newness of MSITS – first published in 2002- the planned revision or update will be limited in scope.

*This document will be discussed by the Interagency Task Force on Statistics of International Trade in Services on 16 September, who will begin to prepare a consultation document.*

*Delegates to the OECD-Eurostat Expert Meeting are invited to comment on the draft plans and list of issues.*

*If Delegations are able to volunteer any assistance with the MSITS updating project please contact the Secretariat directly.*

#### **Overview and scope of update**

The Manual on Statistics of International Trade in Services (MSITS) was published by six agencies at the end of 2002. It represented a major step forward in the measurement of such trade. MSITS was constructed with some elaboration on two basic frameworks: i) for services trade between residents and non-residents - the IMF Balance of Payments Manual Fifth Edition (BPM5), which is currently being revised; ii) for foreign affiliates trade in services – the draft OECD Handbook of Economic Globalisation Indicators (HEGI), now published (2005).

In considering modes of supply the MSITS acknowledged some unfinished business regarding coverage of mode 4 trade in services. It was envisaged that a future revision would contain a chapter setting out a statistical framework for the measurement of mode 4. ITFSITS building on work begun by the UNSD led Technical Sub-Group on Movement of Natural Persons (Mode 4) aims to prepare such a chapter.

In addition the Central Product Classification (CPC) and International Standard Industry Classification (ISIC) are being revised in 2007. Other frameworks with some links to MSITS such as The OECD Benchmark Definition (3<sup>rd</sup> edition) of Foreign Direct Investment and the Tourism Satellite Account Methodological Recommendations are also being revised

Given the current revision of BPM5 to be completed in 2008 and the related revision of SNA, the publication of the Handbook of Economic Globalisation Indicators, the planned chapter on Mode 4 measurement, and the revisions of product and activity classifications and other related frameworks, it would seem appropriate to aim to produce a revised MSITS closely following the date of the revised BPM5.

The MSITS revision would largely reflect the impact of these other developments, but might also take into account to a limited extent experiences in implementing the MSITS, other progress in measuring modes of supply, and any necessary updating. For example the main trade in services classification in the EBOPS will need to be reviewed. However it is envisaged that issues not reflected in the aforementioned revisions would be limited in scope. *The ITFSITS has agreed to produce an updated MSITS, which is planned for end 2008 for submission for approval to UN Statistical Commission (UNSC) in 2009.*

#### **Draft Timetable:**

##### Inputs:

**2005** Handbook on Economic Globalisation Indicators (HEGI) published

**December 2005 – April 2006** invitation for proposals and questionnaire regarding

- i) revised EBOPS                      ii) on issues to be included in scope of revision

**March 2006** Revised ISIC and CPC Final

**End 2006** Revised BPM5 first full draft

**End 2008** Revised BPM5 final Draft, on IMF website, subject only to editing.

##### Production:

**June to December 2006** TF Review issues for revised MSITS and draft (annotated) outline of revised MSITS including EBOPS. Draft Chapter on Mode 4

**February to June 2007** Consultations on revised EBOPS and outline of revised MSITS.

**July 2007 – March 2008** TF to review comments; draft revised MSITS; revise concordances

**April - July 2008** world-wide consultation on draft revised MSITS

**September – December 2008** TF to review comments and draft final submission to UNSC 2009

##### Publication:

**April – December 2009** produce publication

**2010** Publication of MSITS rev 1

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**First outline draft list of issues and questions for update of MSITS**

**General**

Update all references to other statistical systems

**Draft list of issues for Chapter 1**

Review summary list of recommendations

**Suggested Question:** Do you agree with the list of priority recommendations in Chapter 1 and their order?  
Please suggest any amendments

**Draft list of issues for Chapter 2**

Clarification of description of mode 4

Clarification and update regarding labour-related flows of funds

Review statistical treatment of modes of supply

**Suggested Question:** Do you agree with the list of issues for chapter 2? Please suggest additional issues.

**Draft list of issues for Chapter 3**

EBOPS is an elaboration of BOP Services (BOPS) classification. It would probably remain so.

Thus proposed changes to BOPS if and when agreed e.g. goods for processing, merchanting, telecommunication and information technology services, post and courier services, FISIM, insurance, royalties, travel would carry through to changes in EBOPS.

Need also to review EBOPS and its memorandum items and could envisage minor changes and improvements

Review definition of types of service for updating and clarification

Review alternate aggregations

Review data collection methods section

**Suggested Question:** Please specify particular issues regarding EBOPS review?

**Draft list of issues for Chapter 4**

Review material from OECD HEGI and the revised OECD Benchmark Definition of Foreign Direct Investment for issues concerning FATS and determinants of foreign ownership or control of firms

Provide a discussion of the treatment of parent companies

Review discussion of chains of ownership

Discuss indirect control

Consider the impact of other issues such as the fully consolidated system

Review list of variables for FATS statistics

Review ICFA

Review the name “FATS” to see if a better acronym can be found

**Mode 4 Annex/Chapter**

Clarify definition of mode 4

Build on work of TSG on Movement of Natural Persons – to develop a measurement framework

Consider travel breakdown proposed for TSA

**Concordance annexes**

Revise

**Annex on TSA**

Revise

**Suggested Question:** Are there any other comments or issues you wish to raise regarding the Update of MSITS