

REPORT OF THE TWENTY-FOURTH MEETING OF THE INTERAGENCY TASK FORCE ON STATISTICS OF INTERNATIONAL TRADE IN SERVICES



22-24 January 2007

UNWTO, Calle Capitán Haya 42, Madrid

1. The Interagency Task Force on Statistics of International Trade in Services (TF) met at the World Tourism Organization HQ, Calle Capitán Haya 42, in Madrid from 22-24 January 2007. The list of participants is at Annex 1. The agenda is at Annex 2.

Opening by UNWTO Secretary General

2. Mr Francesco Frangialli, the Secretary General of the UNWTO, opened the meeting and welcomed the TF. He stated that the TF had an important role treating some difficult measurement issues of interest to trade negotiators. Tourism has a big economic impact in many countries, where there is a significant set of industries producing goods and services that are consumed by travellers. However measuring the impact on an economy is difficult and it had been generally agreed that the Tourism Satellite Account was the best way to measure the importance to the economy in an internationally comparable way. Among the directions for future progress, he identified the measurement of job creation and a good definition of international trade in tourism-related products as being of particular interest.

3. The Chair thanked Mr Frangialli and his colleagues at the UNWTO for hosting the meeting and for its active contribution to the work of the TF in recent years.

Progress with Revision of Balance of Payments Manual, SNA and other frameworks related to trade in services - IMF, UNSD, OECD

4. IMF reported the outcomes of discussions on the revision of BPM6 at the October 2006 Balance of Payments Statistics Committee (BOPCOM) meeting. Work on the revision had been continuing since and a revised draft BPM6 including a new chapter 10 on goods and services would be circulated for public consultation in March 2007. The BPM6 is still on track to be completed in 2008. New decisions on services were made by BOPCOM 2006 including:

- standard software delivered electronically to be measured with “trade in services”;
- health and education expenses of travellers to be kept within “travel”;
- durable goods purchased by travellers to be treated conceptually as “trade in goods”).

A few decisions still have to be clarified (including those related to leases, licenses franchise fees and proprietary rights).

5. Regarding the update of the SNA, UNSD reported that 44 issues had been discussed and most had come to a conclusion. In the ISWGNA report and recommendations to UN Statistical Commission 2007 five issues were highlighted for discussion namely: research and development; cost of capital services, government and other non-market producers' cost of capital assets; military expenditure; and goods for processing.

6. Regarding classifications, the Chair said that ISIC Rev. 4 and CPC ver.2 are agreed regarding structure, but the explanatory notes are not yet final. ISIC is expected to be published in 2007 and CPC would then follow by 2008. Eurostat reported that NACE Rev. 2, a derived classification from ISIC Rev. 4, has recently been published in the EU official journal.

7. The Bank of Japan said that the timetable for the revision of the OECD Benchmark Definition of FDI has been extended by some months to try to resolve three issues:

- i) SPEs and the treatment of capital in transit;
- ii) Identifying the ultimate investing/host country in FDI statistics;
- iii) Identifying mergers and acquisitions in FDI statistics.

8. The next meeting of the OECD Working Party on International Investment Statistics (WIIS) and the Benchmark Advisory Group is in March 2007.

9. The TF discussion raised two issues i) the proposed inclusion of FISIM in international trade in financial services and ii) durable goods purchased by travellers.

10. The proposed treatment of FISIM posed considerable practical problems for compilers. The TF was told that UK and Germany had produced some experimental estimates, which were problematic in at least two respects – allocation by partner country and how to avoid negative service values.

11. The Chair of the Eurostat Technical Group Travel presented a discussion paper TFSITS (07)11 on the treatment of expenditure on durable goods by travellers. This argued for consistency of definitions between the International Merchandise Trade Statistics: Concepts and Definitions, BPM6 and SNA 1993 Rev. 1 and a clearer formulation of the definitions of durable and high value goods.

12. Regarding durable goods purchased by travellers, an example mentioned was cars purchased by ships' crews visiting Japan, which were currently counted as trade in goods.

13. **The TF received and noted progress reports on the updates of BPM6, 1993 SNA Rev 1 and the other frameworks. It noted with satisfaction that these were broadly on track regarding timetable as the MSITS update depends on inputs from these frameworks.**

14. The TF noted the practical problems of including FISIM in trade in services and the need for further development work and guidance; and a request to clarify the criteria regarding what are durable and valuable goods in the BOP travel context, as well as the conceptual basis for treating these items as trade in goods.

Update of the Manual on Statistics of International Trade in Services (MSITS)

Review of responses to worldwide consultation on issues for the update of the Manual on Statistics of International Trade in Services

15. The TF discussed the summaries of the responses from the world wide consultation (WWC). The WWC was deemed a success with a high degree of participation, 114 responses from 89 countries and 6 International organisations had been received, with many suggestions and ideas.

Chapter 1

16. UNSD gave an overview of responses to Chapter 1 and introduced a draft of Chapter 1.

17. A large majority of countries had supported a stronger emphasis on the need for partner country data, by including text on partner country data in each of the recommendations for EBOPS, FDI and FATS.

18. The TF discussed the draft of Chapter 1. In paragraph 1.11 the correct wording for Mode 4 is “presence of natural persons” (and not “movement”). The erased sentence in box 1 should be put back. It was suggested to create a summary of changes (updating the current paragraphs in Chapter 1 Section B. Overview of changes in the manual).

19. The last sentence of 1.6 should be deleted. In paragraph 1.4 references to service-related employment should be reviewed. The FDI recommendation in Chapter 1 gives no reference to chapter 2 and 4 where it is discussed again. It was suggested that Chapter 1 include some additional discussion of the importance of inter-institutional cooperation in order to develop good statistics on services and that the Manual covers not only balance of payments statistics, but also foreign affiliates statistics and some other fields.

20. To assist countries assessment of statistical priorities including geographical breakdowns, in relation to what is most important for their economies, some text regarding the issues to be addressed is needed in the Manual.

21. The services and trade-in-services definitions should stay in Chapter I.

22. The final revision of this chapter should be done last as changes on the other chapters would impact on it.

23. **The TF confirmed that the partner country dimension would be included in each recommendation involving trade in services regarding EBOPS, FATS and FDI.**

Country breakdowns on a common geographical basis for the three areas would be encouraged.

24. IMF would provide some draft text on the importance of inter-institutional cooperation.

Chapter 2

25. The WTO summarized country responses to Chapter 2 and introduced a draft of the revised Chapter.

26. While the concepts of modes of supply would be introduced in a basic way in Chapter 2, there had been clear support for removing the detailed discussion on modes to the new Chapter 5.

27. As currently very little guidance is available on how to deal with modes of supply, there has been little incentive for countries to try to present statistics on modes. This should as far as possible be rectified in chapter 5. Reference was made to an Australian attempt to present statistics by mode of supply, and this should be investigated. WTO stated that countries had agreed on a Transparency Mechanism for Regional Trade Agreements. It requires Members to submit tariff and trade data (on services: BOP by partner and sector, FDI, movement of natural persons) to the Secretariat for the 3 years preceding the notification of the respective Agreement (see WT/L/671 on WTO's online Documents database).

28. The WTO led the discussion of the draft revised chapter 2. The material on the Joint Classification could be deleted, there would just be a footnote in the EBOPS section. In paragraph 2.42 "Framework" should be replaced by "scope". "Workers remittances" should be changed to "Personal transfers". There was a remark regarding the differences between EBOPS and GNS 120; this needs more explanation as they both show 12 items but different ones. It was noted, with interest, in paragraph 2.11, that GATS does not define what a service is but its supply. There is a common misunderstanding regarding the problem that one transaction can correspond to several modes of supply; an example would be needed.

29. The discussion covered the non-inclusion of most foreigners working for domestic enterprises in mode 4. It was highlighted that remittances is a measure for labour mobility in general and not mode 4. This should be stated in the Manual.

30. The TF noted a suggestion to include a preamble in each chapter, summarising the main contents.

31. The TF confirmed the decision to develop the detailed discussion on modes of supply in Chapter 5.

Chapter 3

32. IMF summarized the country responses on Chapter 3 noting that, although it was from a minority of countries, there was a significant demand for having more detail in EBOPS. There were also a significant number of requests for more detailed explanations of certain services in the chapter.

33. The idea was discussed of emphasizing links between EBOPS and CPC in the descriptions, at least in those cases where these links were clear.

34. The issue of downloaded software was discussed. BOPCOM had agreed that these should be measured with trade in services. It was proposed that this principle should apply also to other downloaded “goods” such as music, video, and books. Further these products should be classified with the service that produces them as set out in the OECD paper discussed at BOPCOM 2006.

35. A suggestion to include links between EBOPS, GNS/W/120, and CPC provisional was made, as well as a link to the technology balance of payments.

36. The TF discussed TFSITS (07) 5 concerning services transactions between residents and nonresidents

37. IMF proposals on the BOP Services classification and related standard reporting items in BPM6 were reviewed, and comments were agreed and transmitted to the IMF authors. The comments are set out in Annex 3.

EBOPS

38. The TF reviewed draft proposals on EBOPS in the light of country responses and the existing Chapter 3.

Transport

39. A possible split of Space transport into passenger and freight was discussed and rejected. A memorandum item space freight currently exists.

40. The split of Electricity and pipeline transport was confirmed. There was a discussion on cables transmitting both electricity and data and whether this should be considered as transport or telecommunications.

41. The position of Post and courier services was discussed. It was agreed that it would not be distributed in freight for continuity reasons.

Travel

42. There was a proposal for a new memorandum item for education and health fees. The proposal was noted for further consideration.

Downloadable products

43. **The TF agreed that downloadable products should be classified with services associated with their production e.g music downloads with cultural services.**

Information services

44. The TF rejected a proposal to collapse the item only because of its limited size.

Franchise fees and proprietary rights

45. The TF discussed the need to breakdown franchise fees and proprietary rights. WTO proposed the following breakdown, of interest for trade policy, which had already been communicated to IMF:

- Fees for franchising and the use of trademarks;
- Fees payable for the authorized use of proprietary rights arising from R&D (such as patents, copyrights, trade secrets, industrial designs, etc.);
- Fees for the use of produced original or prototypes (such as manuscripts, computer programs, cinematographic works and sound recordings as well as live performances and television/cable broadcasts).

Government services

46. **The TF agreed to suppress the detail of government n.i.e. (embassies, military and other services) because very few data were available.**

Supplementary aggregations

47. The TF noted the support for maintaining the audiovisual alternate aggregation and a request to consider another such aggregation for software given the various modes of delivery within balance of payments trade.

Other issues in EBOPS

48. There was a suggestion to create a memorandum item for distribution services, but this proposal could go beyond trade in services and include merchanting. The question of where to classify call centres was discussed and whether it should be recorded under the specific service, e.g., a call centre for insurance to be classified under insurance or with business support services. The TF underlined the importance of this issue, because it was a potential sources for asymmetries. The mention of veterinary services in the OECD paper was wrong and should be deleted. A discussion on the emphasis laid on the recording by product rather than by activity was deemed to be of interest for the Manual.

49. **The TF would compile a full list of requests for extra detail in EBOPS and links to other nomenclatures and frameworks e.g. CPC, CPC provisional, GNS and technology balance of payments. The TF, advised by IMF, would consider how best to deal with each one, given that the majority view of countries was that the current level of EBOPS detail was a reasonable balance between user needs and compilers' difficulties in providing the statistics.**

50. **The Central Bank of Philippines was invited to provide some text describing ICT enabled services with examples.**

51. **Eurostat was invited to review the need for freight memorandum items valued on a transactions basis and if these were mandatory in EU.**

52. **The TF invited UNCTAD to suggest revised text on insurance.**

53. **The TF noted the request for more detail in the explanations and more examples illustrating practical problems with boxes in Chapter 3 as is done for FISIM and insurance.**

54. **The problems of measuring software with its various means of delivery were noted with the suggestion that this might be addressed in the Manual.**

Chapter 4

55. UNCTAD introduced the summary of responses to Chapter 4. OECD introduced a draft of a new MSITS Chapter 4 TFSITS (07)6, and Eurostat provided for background information a draft of the forthcoming Recommendations Manual on Foreign Affiliates Statistics, which was expected to become publicly available in March.

56. It was noted that 44% of responding countries preferred that the name “Foreign Affiliates Trade in Services (FATS)” statistics be maintained in the Manual while 40% preferred to change the name of these statistics. The remainder had not responded to this question..

57. **A proposal by UNSD and Eurostat to change the term to “Foreign Affiliates Statistics”, while maintaining the abbreviation FATS was supported by the TF.** It would be consistent with the proposed EU Regulation and had received support from a range of countries from all parts of the world. The term FATS statistics would consequently be shortened to FATS. A new title for Chapter 4 would be required.

58. Countries had been asked what variables were relevant. The TF considered the suggestions and agreed to include or promote the importance of the following variables:

- Assets.
- Purchase of goods and services
- Expenditures on research and developments.

59. **TF agreed to recommend three groups of variables by priority.**

- **High priority FATS variables included:** *Sales, Employment and Number of enterprises.*
- **Medium priority FATS variables included:** *Value added, Exports, Imports, Purchases of goods and services, Assets, and R&D expenditure.*
- **Lower priority: Other named FATS variables in the Manual would be:** *Compensation of employees, Net worth, Net operating surplus, Gross fixed capital formation, and Taxes on income.*

These recommendations should be reviewed for consistency with HEGI and BD4.

60. For information on other variables of interest in relation to globalisation analysis, reference would be made to the OECD HEGI.

61. Requests for increased clarity in the text about differences between inward and outward FATS were discussed. A TF consensus emerged to not change the structure of chapter 4, but wherever it was appropriate to address the possible different approaches to collecting inward and outward FATS. In those cases additional text should be added.

62. Eurostat proposed that all references to Eurostat working parties be replaced with references to the EU Foreign Affiliates Regulation and the Recommendations Handbook. This was agreed.

63. Eurostat informed the TF that the acronym UCI (Ultimate controlling institution) is used instead of UBO in the European Union countries. It was noted that the concept of control and majority voting power were not equivalent.

64. In paragraph 4.6 the reporting units should be identified and in order to avoid double counting in international aggregates it was suggested that countries report only the UBO (or to be precise UCI)-based outward FATS following the Eurostat recommendations. This was noted as an important issue for further consideration. Information on BEA practice was invited.

65. In paragraph 4.7 it was agreed to make the text less ‘pessimistic’ about the difficulty in reporting outward FATS, by deleting the penultimate sentence

66. There was a discussion regarding product breakdown, and whether to retain it. The example of the US was given as they can provide a breakdown between goods and services.

67. The difficulty in defining the UBO was noted. The Manual should complement the information included in BOX 8 with a discussion of the following criteria :

- Where the company is registered;
- Where it has its headquarters;
- Following the nationality of the majority share-owner.

68. In paragraph 4.20 of current MSITS the text regarding majority voting power should be reviewed.

Chapter 5

69. WTO presented a draft of Chapter 5 (Measuring trade in services by mode of supply) -TFSITS (07) 7

70. Alternative titles were discussed without conclusion. “Assessing modes of supply” was suggested as the Chapter title with “Understanding Mode 4” as a suggested heading for the Mode 4 section.

71. A priori the Chapter would be in two parts: the first part focusing on defining and explaining the four modes of supply with a particular focus on mode 4 and the second part would deal with measuring modes of supply.

72. The value of trade by modes of supply should be discussed in the chapter. The need for concrete guidance on the allocation of services flows by modes of supply was stressed. A paragraph should be written on the needs of users including trade negotiators. The following chapter structure was suggested:

- Scope of chapter
- Modes of supply
- Mode 4 and relevant information for measuring it;
- Allocation by mode of supply.

73. Regarding mode 4 it was suggested to use varying skill levels in the examples of Mode 4. The TF asked if the work of the UNSD MNP Mode 4 Group was definitely finished. UNSD would report back.

The TSA Annex

74. The UNWTO presented paper TFSITS (07)8 setting out suggestions for a revised Annex VII on TSA. This would include the alternate aggregation of tourism, the alternate breakdown of travel, and the outcome of the work to close conceptual gaps with SNA, BPM5 and MSITS. A draft would be provided by IMF and UNWTO by end 2007.

Other MSITS Annexes

75. The TF reviewed the other existing MSITS annexes and agreed the following actions. **Annex I would be dropped as it would be superseded by Chapter 5. Annex II EBOPS would be updated. Annex III on concordances would be updated by IMF and UNSD. Annex IV should be updated, but first a revised ICFA was needed (Eurostat and OECD). WTO were invited to consider whether Annex V could be taken into Chapter 5? Annex VI would not change. The Glossary and the Index would be updated.**

Proposed New Annexes

76. A number of questions had been posed in the WWC regarding MSITS annexes. There had been strong support for proposals for both an analytical annex and an export-import prices annex. In September 2006 the TF had agreed to consider how to respond to these requests.

77. OECD presented paper TFSITS (07)9 setting out initial proposals for an analytical annex. It addressed six themes highlighted by the responses to the consultation:

- 1) to provide a fuller picture of trade in services, combining balance of payments data, foreign affiliates trade data, and mode 4 data for analysis;
- 2) addressing linkages between services trade and production data;

- 3) how to link trade in services data with merchandise trade statistics showing overlaps and gaps;
- 4) bilateral asymmetries in trade in services data applying the data to models of world trade flows;
- 5) analysis on a sectoral basis of trade in particular services – such as health services;
- 6) identification of services for which a country has a comparative advantage in trade.

78. The TF discussed the six themes. The purpose of the annex was to provide a toolbox to make better use of trade in services data and that this would ultimately improve the data quality.

79. Theme 1 on modes could also cover licensing. BEA offered to supply some text. It was suggested that analytical proposals on modes, including a sectoral approach (Theme 5) would fit better within Chapter 5.

80. Theme 3 addressing links between merchandise trade and BOP trade in goods and services should be addressed in Chapter 3.

81. Suggestions noted were the inclusion of Country case study materials; the creation of a virtual annex on Internet; reduce the number of themes; market access indicators; and inclusion of an example on global outsourcing.

82. The TF supported further development of the material for the proposed analytical annex and requested OECD to take this forward.

83. The proposed prices annex was only briefly discussed. The IMF's XMPI Manual was nearing completion but it was mainly concerned with goods trade prices. The few references to services would be reviewed as a potential source of summary text for MSITS.

General questions and other remarks

84. OECD reported that the responses to the WWC had in general supported the proposal that MSITS "systematically discuss the need for metadata". However a significant number of countries warned against duplication of other metadata initiatives.

85. The TF agreed that the Manual should indicate the importance of metadata and in particular showing where the data deviates from the standard. Suggestions were noted to highlight the text for the most important recommendations and to discuss the different dimensions of quality.

Workplan and preparation of next steps - OECD TFSITS (07) 10

86. The TF discussed next steps. There would be a period of one month for further written comments on draft chapters and annexes.

87. The TF approved the principle, proposed by UNWTO, of the importance to be conservative regarding changes to the existing wording of paragraphs in MSITS. Wherever possible amendments to existing text should be made in track changes, for ease of reference. This was particularly important where changes to the text are relatively minor e.g. in Chapters 1 and 4, but was not so important in considerably reworked chapters like Chapter 3.

88. It was suggested to set up a virtual forum to complement the email group for drafting the Manual. As now this would be restricted to the TF. The responsibility for drafting each chapter was the same as for the January meeting. Eurostat would ask its FATS experts to advise on Chapter 4 and the US suggested Obie Whichard as a possible contributor.

89. Comments on the draft MSITS chapters and annexes material presented in Madrid was requested before the 15th February. Revised drafts were requested by the end of July 2007.

Preparation of future compilation guidance

90. The TF had a general discussion on the preparation of future compilation guidance. This was an issue that had been mentioned by many respondents to the worldwide consultation. UNWTO advocated an increased effort with guidance that is more pedagogic. The UNWTO has already committed to produce compilation guidance for TSA in cooperation with the IMF. The TF supported the idea to gather country material (e.g. surveys) together and make them available through internet. There was a suggestion to develop a model survey. The attention of the group was drawn on the availability of compilation guidance for BOP trade in services in the IMF BoP Compilation Guide and on FATS in the Handbook of Economic Globalisation Indicators and in the draft Eurostat FATS Recommendations Manual. Travel could be an interesting subject for a pilot as a variety of different methods are used to collect the data.

91. The TF concluded that as a first step identification of existing compilation guidance material including surveys would be undertaken. The BOP Textbook and Compilation Guide should be used as well as the FATS compilation guidance available in HEGI and the Eurostat Recommendations Manual. The IMF planned to update its textbook and compilation guidance, if and when resource were available, but no dates could be given at present. Agencies are invited to share relevant material with the TF.

Knowledge transfer and technical cooperation

92. The TF discussed agencies' plans for technical cooperation on trade in services. Events planned in 2007 include:

- i) An ESCWA trade in services workshop in Cairo, 6-9 February
- ii) A WTO trade in services workshop in Pakistan in March

- iii) An IMF trade in services training seminar for African countries in Tunis from 23-27 April in cooperation with the TF
- iv) A UNSD trade in services workshop for CIS countries at a date to be arranged

93. Other technical cooperation brought to the notice of the TF included annual meetings between Bank of Japan and China. There was currently a dialogue with China's Ministry of Commerce about measuring FDI stock. ASEAN holds a trade in services working group twice a year. Brazilian compilers are visiting the US BEA in February.

Other business

94. UNWTO underlined the importance of good coordination between the agencies.

Date and location of next TF meeting

95. The next meeting is proposed for 20-21 September 2007 at OECD in Paris.

TF Meeting with Banco de España and INE in Madrid 24 January

After the main TF meeting, the TF members met trade in services specialists from INE and Banco de España to discuss current developments of mutual interest. This included the update of the MSITS and inter-institutional cooperative development of trade in services statistics in Spain. This latter concerned trade in services in the balance of payments and the development of a quarterly enterprise survey. Also discussed were FATS and technical cooperation.

Annex 1

List of Participants

Task Force Meeting of 22-24 January 2007 at UNWTO in Madrid

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**Meeting of the Task Force on Statistics
of International Trade in Services**

22-24 January 2007

World Tourism Organization, Capitan Haya 42, Madrid

AGENDA

- 1. Opening Session**

Welcome by Mr Frangialli, Secretary General UNWTO
- 2. Progress with Revision of Balance of Payments Manual, SNA and other frameworks related to trade in services - IMF, UNSD, OECD,**

Paper TFSITS (07) 11 Eurostat Working Group Travel
- 3. Update of the Manual on Statistics of International Trade in Services (MSITS)**
 - a.** Complete review of responses to worldwide consultation on issues for the update of the Manual on Statistics of International Trade in Services and decide on necessary actions. OECD –documents TFSITS (07) 2a, 2b, 2c, 2d, 2e and 2f
 - b.** Discuss drafts of annotated outline chapters for an updated MSITS
 - i) Chapter 1 UNSD (General introduction and overview) -TFSITS (07) 3
 - ii) Chapter 2 WTO (Conceptual framework) -TFSITS (07) 4
 - iii) Chapter 3 IMF (Services transactions between residents and nonresidents) -TFSITS (07) 5
 - iv) Chapter 4 OECD (Foreign affiliates trade in services statistics) -TFSITS (07) 6
 - v) Chapter 5 WTO (Measuring trade in services by mode of supply) -TFSITS (07) 7
 - vi) Annex TSA UNWTO - TFSITS (07) 8
 - vii) Other existing annexes
 - viii) Proposals for new annexes
 - Analytical annex OECD - TFSITS (07) 9
 - Services Export and Import Prices
 - ix) Other issues – name of updated MSITS - other
 - c.** Workplan and preparation of next steps - OECD TFSITS (07) 10
- 4. Discussion on preparation of future compilation guidance**
- 5. Knowledge transfer and technical cooperation**

Technical assistance – coordination update – Proposed IMF/TF Trade-in-services Statistics Seminar
- 6. Any other business**
- 7. Date and location of next TF meeting**

Annex 3 **TF comments on IMF draft BPM6 standard components**
(January 2007)

1. "Fees for processing of goods" is a new proposed name and the TF preferred the former name in the September 2006 BPM6 draft "processing of goods" (i.e. we suggest to delete "fees for")

The subitems "gross values goods for processing abroad" and "gross values goods for processing in reporting economy" appear to be the wrong way round as the second one is likely to generate the net credit.

The name of these subitems is also not correct see explanation below and it is suggested to make them:

- i) "processing of goods in the reporting economy";
- ii) "processing of goods abroad"

Explanation: It was agreed that gross values (from merchandise trade where they exist) are still needed, but it should be remembered that this is now a more complex item . It is not just the old "goods for processing" from merchandise trade , but is combined with the old "processing of goods" that was a part of "other business services" e.g. when the processed goods do not come back to the originating economy but move on to a third economy and/or when there is just a processing service fee. It may well be more complicated than that in practice. Thus it is suggested to drop the words "gross values" and rename as described above.

A footnote could say that gross values are important information where they are available.

3. Transport

a) The new sub item "payable by border and seasonal workers" was thought to be useful for both remittances and tourism, and so should also appear in the alternative break down of total transport (passenger, freight, other) at the end.

b) The alternative breakdown of total transport appears as a standard item, when it was supplementary in the September draft. We suggest it remains supplementary. Presumably it is not planned to ask for transport broken down both ways as standard.

4. Travel

a) The alternative break down of "Total travel" is shown as supplementary but "Total Travel" appears as a standard sub- item of travel, which is wrong.

One suggestion would be to put the alternative breakdowns for transport and travel at the end of the services classification.

The alternative grouping for "Tourism" which combines elements from two major components may also be better placed at the end of services and the TF, with the advice of UNWTO, suggests that the title should be "tourism-related services in travel and passenger transportation" .

7. Insurance services

The TF preferred to have a 3 way breakdown: "Direct insurance"; "Reinsurance" and "Other", since other or auxiliary insurance services can apply both to direct and reinsurance.

9. Franchise fees and proprietary rights.

The TF discussed the name and the contents without firm conclusion, but it was noted that World Trade Organization had suggested to IMF in October the wording "franchise and proprietary rights fees".

10. Other business services

The BOPCOM members in October 2006 strongly supported the replacement of "Other business services" with 3 standard categories. The reason, as you will recall, was that this item is around 25% of services and growing faster than most other categories. The draft shows that instead of replacing "other business services" it includes it with subitems.

The TF supported the replacement of "Other business services" by the "Research and development services"; Professional and management consulting services"; and "Technical, trade-related, and other business services"

Elsewhere in the accounts the TF looked at the remittance-related items

C. Secondary Income

It was the TF's understanding that "Personal Transfers" would retain a supplementary sub-item "Workers remittances".