Regional seminar on international trade statistics
11 – 14 December 2012
Report of the meeting

Opening

1.	Opening statements were made by Jorge Bustamante, Director of DANE of Colombia and by Ronald Jansen, Chief of Trade Statistics Branch of the UN Statistics Division. Mr. Bustamante emphasized the importance of international trade and therefore the importance of regional and international trade agreements while pointing out that in that respect good and timely annual and short term international trade statistics are needed. He also highlighted the code of good practices adopted by DANE. The UNSD statement underlined the importance of international trade in economic growth and in international cooperation and the importance of measuring international trade with high quality trade statistics both for trade in goods and trade in services and the fact that UNSD supports the implementation of the recent manuals on international trade of goods and services.

2.	UNSD explained the purpose and context of the seminar, namely to keep international trade statistics relevant for economic policy. These statistics are used for national planning purposes and should therefore be adequate to help answering policy questions. Internationally, new recommendations for statistics of trade in goods and services were adopted in 2010, which aimed at gradually improving their quality and relevance. UNSD is leading the international effort to develop a Compilers Guide for MSITS 2010 to support further the implementation process and the seminar is built around the main components of the Compilers Guide.

3.	Next, UNSD gave a summary of the Global Forum on Trade Statistics, which took place in February 2011. High-level policy makers, well-known researchers and chief statisticians addressed at that time the question if we are compiling and disseminating the relevant numbers on international trade. The policy makers stated that broad awareness should be raised regarding the fact that the production processes have changed and, now involve many countries with trade as the link of moving intermediate inputs. This is important for the development strategies. Researchers and statisticians underlined the associated needs of data for the analysis of global value chains.

4.	UNSD described the development of the methodology on international trade in services statistics. The new recommendations for MSITS 2010 reflect the changes, which were introduced in the 6th edition of the Balance of Payments, notably the addition of "Manufacturing service on input owned by others" and "Maintenance and repair services" as main components for trade in services. Otherwise, MSITS 2010 stresses a gradual increase in the availability of more details both in the services categories (of EBOPS 2010) and in the breakdown by partner countries. The annotated outline of the compilers guide of MSITS 2010 was described in detail and the countries were encouraged to support this effort by sending country practices.

5.	ECLAC made a presentation on the importance of international trade in the Latin American region as well as pointing out the state of the implementation of the new manuals in the region.

Data collection

6.	UNSD outlined the content of the Data collection section (Part II) of the Compilers Guide.

7.	DANE Colombia presented on its business register, which covers 28,000 companies in Colombia, which trade internationally in goods and services. The tax authority helps to determine those companies involved in the trade of services. DANE also reported that all members of the Andean Community Nations need to have an updated business register.

8.	INE Uruguay made a presentation on its work on a business register. Data from a survey of 2,000 of Uruguay's large companies are combined with samples from medium-sized firms and information from the tax authority and other administrative data sources. Operators in the free trade zones are also obligated to submit surveys.

9.	The Central Bank of Brazil presentation focused on data collection using their International Transaction Reporting System (ITRS), through which the majority of services accounts' components are compiled. The ITRS records the transactions' economic nature; the sector involved; the non-resident's country; the foreign currency being exchanged; and the transaction value in local and foreign currencies. Services data are compiled by translating the ITRS data into standard IMF BoP codes through the use of a correspondence table, which is updated monthly. Data are available bilaterally, or by country/service, by service/country or by sector of economic activity. The database and data processing system of the FX registration process was modernized in October 2011, which improved information quality, facilitated maintenance, and reduced operational costs. Future improvements may entail evaluating the feasibility of implementation of EBOPS in some accounts.

10.	The Central Bank of Chile described the wide range of data sources it uses to compile trade in services statistics. These sources include mainly administrative data for transportation services, economic surveys and administrative data for travel services, and a combination of administrative data, surveys, and financial records for other types of services.

Data compilation

11.	UNSD outlined the content of the Data compilation section (Part III) of the Compilers Guide.

12.   DANE Colombia gave an overview of its data compilation, including its background methodology, its data sources, its surveys, its data capture and data processing system.

13.   IBGE Brazil gave an overview of its annual and monthly surveys, including methodological aspects, their coverage, sampling design, main variables collected, and timetables.

14.   INEC Panama presentation focused on data compilation of transportation services. It gave an overview of the transportation surveys utilized, including those of port companies, shipping agencies, and air transport (for passengers, freight, and airport services). The business register determines which companies are to be surveyed for international transactions. Sometimes it is difficult to identify passenger ticket sales to nonresidents, so quarterly tourism surveys conducted by the tourism authorities complement this information.

15.   US BEA highlighted the data compilation of other business services (OBS). Enterprise surveys are often the most effective means of achieving relatively high coverage of both receipts and payments for OBS transactions and ensuring adequate coverage of affiliated trade. US BEA conducts a mandatory quarterly survey to compile OBS and a benchmark survey every five years on which transactions are reported by partner country and by type of transactor (affiliated vs. unaffiliated). Affiliated trade often accounts for a significant share of transactions for activities such as management and administrative overhead. Survey results are incorporated into BOP statistics with a lag of one quarter, with other sources and methods being used before data are available. A broad category of OBS are published quarterly and data on 12 OBS components are published annually.

16.   The Central Bank of Mexico gave a presentation on the data compilation of financial services. It utilizes sector-specific surveys to compile financial services data. It is working to improve data coverage by enhancing the sampling frame of the survey by working with the tax authorities. The survey is generally expected to have a good coverage of exports, but the coverage of imports may be weaker. The Central Bank of Mexico is working with the Balance of Payments Divisions of the United States and Brazil to improve this coverage. Ccalculations have been made to estimate the Services intermediation services indirectly measured (FISIM). Insurance services data are provided by the National Commission of Insurance. The presentation included an overview of the methodology for calculating insurances services between residents and non-residents.

17.   The Central Bank of Colombia presentation focused on the data compilation of financial intermediation services indirectly measured (FISIM). Since most of the debt transactions in Colombia are made using an active or passive libor rate, the central bank uses the LIBOR as reference rate. FISIM should not reflect the risk and maturity structure of loans because they are attributes of the reference rate. The Central Bank of Colombia proposes to remove this risk as a proxy using the Emerging Markets Bond Index (EMBI)

of Colombia. The presentation raised the following questions: 1) In terms of macroeconomic balance and composition of the current account deficit, what implications does FISIM entail? 2) Should risk be included or excluded in the calculation of FISIM? 3) What rate is the most appropriate benchmark for calculating FISIM?

18. The Central Bank of Mexico made a presentation on the compilation of manufacturing services, including an overview of the maquiladora sector. It is difficult to implement BPM6 and the treatment of manufacturing services on inputs owned by others, because at this point there is no easy way to identify companies that process under contract and if a change in ownership has occurred or not.

19. ONE Dominican Republic gave a presentation on the compilation of manufacturing services. The manufacturing industry in the Dominican Republic is linked to free trade zones. The locally added value in free zones is considered an international service transaction. Other services are captured through periodic surveys conducted by the Central Bank. ONE has been working on continuous improvements in the collection, processing and publication of statistics in order, to fulfill its role and gain more responsibility for some functions.

20. INDEC Argentina presentation focused on its data collection and compilation, providing an overview of the general and sectoral surveys used and its data processing system. It reconciles annual surveys for international services transactions with annual surveys large businesses engaged in international trade.

21. US BEA presentation explained the compilation of foreign affiliated trade in services (FATS) and foreign direct investment (FDI). Different approaches can be used for compiling inward FATS and outward FATS, including annual or benchmark surveys. Domestic business statistics register can be used to identify foreign-owned enterprises and follow ownership chain. Administrative records such as business tax returns with foreign activity indicator can also be used to identify such firms, as well as regulatory reports for financial transactions, financial reports and commercial databases. The BEA FATS survey collects: Balance sheets, Income statements, Sales, Employment and employee compensation, Research and development expenditures, Taxes, U.S. trade in goods, Value added (estimates built up from other items). Priority FATS variables should be attributed by economic activity and by partner country.

22. ALADI gave an overview of trade in services in the Latin American region and work of the organization, including institution of a cooperation program on statistics of trade in services. This program entails determining the current state of the measuring service statistics, identifying the main challenges of statistics collection, working towards having more disaggregated statistics on services, identifying best practices for collecting and statistical data processing, institutionalizing the annual meeting of officials experts in the field of ALADI, sharing services surveys, exchanging country experiences, and providing technical assistance.

23.   IADB gave a presentation on its information system on trade and integration, which includes information on trade agreements, preferential tariffs, rules of origin, tariff schedules, as well as trade statistics.

Travel and Transportation services

24.   This session of the workshop focused on clarifying conceptual differences between international trade in services statistics and tourism statistics. .In most countries there is no clear understanding of the difference between travel as an item of international trade in services and tourism consumption. Travel expenditures cover goods and services for own use or to give away, acquired from an economy, by non-residents during visits to that economy. It covers stays of any length, provided that there is no change in residence (MSITS para 3.115). Tourism consumption covers more or less the same expenditure, but relates only to visitors defined as "travelers, taking a trip to a main destination outside his/her usual environment, for less than a year, for any main purpose (business, leisure or other personal purpose) other than to be employed by a resident entity in the country or place visited" (IRTS 2008, para. 2.9).

25.   UNSD presentation focused on the conceptual issues, differences of travel and international tourism in MSITS 2010 and IRTS 2008, travelers versus visitors, travelers spending and tourism expenditure, differences in the breakdowns and estimating the travel flow. Two exercises were given to the participants to practice the theory.

26.   Presentations were made by Ecuador, Perú, Trinidad and Tobago, Mexico, and Colombia. the only countries making a difference between the two concepts were México and Colombia. Whereas in México, there was an implicit agreement between the Central Bank (in charge of measuring Travel) and the Statistics Office (INEGI) (in charge of measuring tourism consumption) on accepting each other's estimation, this was not the case in Colombia where the measurement of tourism consumption was made long after the issuance of the Balance of Payments estimation, and no reconciliation was possible, because methods were too different, and compilations were not synchronized.

27.   Additionally, it was also clear that most countries made no differences between the concept of nationality (usually well measured using immigration records) and that of residence that often requires additional information as the immigration administration is not concerned by the fact that nationals might be residents abroad.

28.   There was a consensus among the participants that progresses needed to be made in clarifying the conceptual differences between travel and tourism consumption which might lead in the future to differences in estimations. It was agreed that it should be desirable to promote an inter-institutional collaboration between the Central Bank, the National Statistics Office and the Ministry of Tourism in order to work together on the topic. It was also mentioned that, at least in the region, the Ministry of Tourism should not be in charge of the measurement for lacking the technical structure to develop the function.

Data Dissemination

30.   INEC Panama gave a presentation on data dissemination, providing an overview of its methodology and data sources and data dissemination standards. It publishes advanced balances of payments statistics quarterly and the full presentation annually, both electronically and in print. It also provides a detailed dissemination calendar for all advanced figures, as well as annual tables and compendiums.

31.   The Central Bank of Venezuela gave a presentation on data dissemination, including an overview of its legal basis and what is kept internally and what is published publicly on its website. It publishes quarterly statistics on certain service sectors, including travel and communications, and annual figures for all services components.

32.   The Central Bank of Mexico gave a presentation on its quality management, which is based on internationally accepted recommendations for the production of statistics and on official standards and practices in Mexico for generation and management of official usage statistics. The quality control code maintains compliance with BPM standards and confidentiality of data, establishes permanent channels of communication with data sources, uses international best practices, maintains an ongoing evaluation process of the technical procedures employed in economic measurement, and maintains a process of comparing information generated in relation to those published for other areas of Bank, for other institutions in Mexico, and other countries.

33.   INE Chile gave a presentation on quality management. The first level of quality control is the issuing and receiving of surveys and validation of the information received. Validation procedures focus on predefined and standardized criteria analysis to reduce the risk of error in survey responses. Statisticians look for outliers that may indicate errors in the database and perform additional analyses to confirm intertemporal consistency.

34.   IBGE Brazil made a presentation on dissemination of metadata. The IBGE's Metadata aims to facilitate the access of the public to information produced by the IBGE, describing its institutional knowledge in the areas of statistics and geography. Navigating the metadata the system user can locate, interpret and access available data in IBGE's information system. On IBGE's website there is a separate link in the database for metadata and can be searched by various themes, including by topic, by period, and by service.

Cross-cutting issues

35.   US BEA gave a presentation on its modernization of its statistical production system and its expected impact on data timeliness and dissemination. The BEA's former production system had many sub-systems developed over many years, a mix of automated and manual processes, and it was challenging to maintain detailed documentation. The modernization was a bureau-wide effort that was led by small team of contractors, with a significant amount of participation by BEA economists, and

entailed extensive testing. It provides enhanced web-based user interfaces, export to Excel, transfers to publication databases, and will soon allow expanded analytical tools, seasonal adjustment, interpolation, suppression, public web-based interfaces, and inter-agency transfers (e.g. SDMX). The new system improves data consistency, turn-around times, and historical record keeping and facilitates verifying correctness, adopting upgrades to methodologies, changing or adding tables, identifying suppressions, and providing data in different formats.

Group discussions

36. Group discussions – There were 4 groups formed containing representatives of different countries and different institutions and the groups were asked to discuss their country practices in the following areas after the relevant sessions of the workshop concluded: Data collection and institutional arrangements, Challenges in Implementing the MSITS 2010 and FATS statistics and Travel and Tourism Statistics. Based on the outcome of the group discussions a list of recommendations were presented to the participants at the closing session which was reviewed by the participants.

Comments from the group discussions:

A. Institutional cooperation

It is recognized that the field of SITS covers statistical areas (BOP, Travel, FATS, FDI, and Modes of Supply) which – in many countries – are under the responsibility of more than one agency. To be able to produce and publish all SITS together, these agencies need to work together. Unless one institute is covering all areas, it is therefore recommended that the country establishes some form of a national committee for SITS.

Ideally, this committee consists of representatives of all national institutes responsible for collection of relevant data sources, and for compilation and/or dissemination of resident/non-resident trade in services statistics, FDI and/or FATS statistics and statistics of modes of supply. The committee should meet regularly. The national committee on Trade in Services in Colombia or the national committees in Mexico on FDI, Travel and Foreign Trade can serve as examples.

B. Data collection:

Challenges Data collection
1. Lack of legal support to run surveys
2. Not sufficient cooperation between agencies – no agreement on the high level
3. Hard to capture the transactions made on the internet
4. Underreporting the value of the transactions between affiliates (transfer price, netting the transactions)
5. Hard to identify transactions if they go through tax havens
6. Modes can overlap
7. Problems in collecting sufficient data for other services (i.e. professional, technical

and government services export)
8. Incomplete information from primary data sources
9. Issues with updating the business register
10. Transactions are recorded on cash basis and not accrual basis
11. No response or not sufficient response to the questionnaire
12. Erroneous filling the questionnaire
13. High cost to conduct the survey and process the survey
14. Confidentiality of information
Solutions
1. Deeper analysis of the data inputted to the database
2. Improve survey frames
3. Improve cooperation between government agencies in collecting the data and in sharing the collected/processed data
4. Harmonizing the registers between different agencies
5. Better advocate the importance of the data reporters
6. Supplement the collected information with other data sources

C. Implementation of EBOPS and compilation of FATS:

Challenges : Implementing EBOPS and compilation of FATS
1. Hard to identify call center services
2. Hard to estimate online IT services, consulting services, artistic services
3. Hard to split the copyrights and the mass re-production of softwares
4. Countries where manufacturing services are important has made efforts to measure it correctly.
5. Intellectual property, repair services – countries have no plan to gather data for.
6. Working on FATS statistics is not a priority.
7. EBOPS does not provide sufficient description for the service categories mainly if it should be broken further
8. Concerns about identifying transactions among related enterprises
9. The re-shuffling of service categorize would lead to break in time series (like courier services to move to transportation)
Solutions
1. Use of mirror statistics
2. Harmonize the methodology/classifications between regional country groupings
3. Better utilize the data produced by the controlling company
4. Develop national classification on service categories and/or make harmonization of the description of service categories on sub-regional/regional level
5. Plans in the near future to make surveys for providing FDI statistics
6. Promote the importance of providing better statistics to the policy makers.

D. Tourism statistics:

Challenges
1. Different agencies are responsible for conducting tourism statistics as such and for SNA and for the BoP
2. Preparation for producing TSA
3. A big challenge to make a distinction between residents/nonresidents at the current administrative data
Solutions
1. Make agreements to utilize different data collections on tourism statistics and coordinate the work at different agencies
2. Investigate the difference between the various methodologies and make efforts to streamline them

Annex
REGIONAL SEMINAR ON INTERNATIONAL TRADE STATISTICS FOR LATIN AMERICA
11-14 December 2012, Bogota, Colombia

General context and objectives

Statistics on international trade in services (SITS) cover trade in services statistics of the BOP, trade in services statistics according to EBOPS categories and broken by partner country, foreign affiliates statistics (FATS) and statistics regarding the modes of supply of services within GATS.

SITS is closely related to Tourism statistics for travel services, statistics on foreign direct investment (FDI) for FATS and structural business statistics for FATS.

SITS is of great importance for national financial and economic planning purposes and as input for trade negotiations.

The objective of the work in the field of SITS is to produce and disseminate statistics in accordance with the international recommendations as contained in the Manual of Statistics in International Trade in Services 2010. This means the production of resident/non-resident trade in services statistics broken down by EBOPS 2010 and partner country, of FATS statistics broken down by partner country and of modes of supply statistics.

Recommendations

Statistics of international trade in services as a priority area

1.   Given the importance of economic and financial interdependencies of nations for national development planning, the measurement of such interdependencies, as done via the measurement of trade in services, should be a priority area for the national statistical systems in Latin America and the Caribbean. The Conference of the Americas is invited in particular to endorse this recommendation number 1.

Harmonization of concepts and publications at national level

2.   It is recognized that the field of SITS covers statistical areas (BOP, Travel, FATS, FDI, and Modes of Supply) which – in many countries – are under the responsibility of more than one agency. To be able to produce and publish trade in services statistics in a consistent and harmonized way, these agencies need to work together. It is therefore recommended to establish a coordination mechanism at national level for international trade in services statistics, which consist of representatives of all national institutes responsible for the collection, compilation or dissemination of international trade statistics, covering both trade in goods and trade in services, as well as statistics of BOP, FDI and foreign affiliates. This coordination mechanism should have clear objectives to

assure harmonization of BOP, trade and related statistics among the national institutes. The national committee on Trade in Services Statistics in Colombia or the committees in Mexico on FDI and on Foreign Trade Statistics can serve as examples.

3.   It is further recommended to establish a coordination mechanism specifically for travel and tourism statistics, which consist of representatives of all national institutes responsible for the collection, compilation or dissemination of statistics of travel services and tourism statistics with the objective to harmonize the dissemination of statistics in these areas. The committee on statistics of Travel services in Mexico can serve as an example.

Compilation of statistics of international trade in services

4.   It is recommended that the Compilers Guide for MSITS 2010 provides guidance for the compilation of professional services, repair services, charges for intellectual property and travel services, because guidance has been lacking so far for these specific services items.

5.   Given the fact that the exports of some service categories are highly concentrated in a small number of companies, it is recommended to conduct comprehensive enterprise surveys for the exports of these specific and economically relevant service categories, such as construction services, air transport services, sea transport services, telecommunication services, legal services, computer services and postal and courier services, identifying the country of destination of such exports. This opens the possibility of interchanging information on exports to major trading partners of each country.

6.   Within the context of the recommendations of MSITS 2010 and the relation of trade and globalization, it is recommended that all countries conduct an FDI survey on a regular basis, and that the survey contains at least one question asking if the company is involved in the international trade of services and/or goods. In addition, it should be attempted to derive some FATS statistics from the FDI survey based on majority ownership.

7.   It is recommended that countries maintain one business register at the national level, updated annually, which is used as the national frame for deriving enterprise surveys including surveys for trade in services and for FDI and FATS. It is further recommended to explore the possibility of linking trade (goods, services and FDI) and business statistics via the business register.

Classification for trade in services

8.   It is recommended that the countries in Latin America and the Caribbean cooperate [with support from ECLAC] on the development of a derived classification of services, which fits more with the national circumstances in the countries of this region.