



Overview of MSITS 2010 and the Compilers Manual

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Outline

- **The Manual on Statistics of International Trade in Services 2002 (MSITS 2002)**
- **MSITS 2010:**
 - Importance of MSITS 2010
 - Main changes in MSITS 2010
 - Structure of the MSITS 2010
 - Printed and electronic version of MSITS 2010
 - Implementation of MSITS 2010
- **The Compilers Guide for MSITS 2010 Compiler (CG MSITS 2010)**
 - Structure, main content
 - *The Balance of Payments and International Investment Position Compilation Guide*



1. MSITS 2002

Birth of the 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 to statistical issues
 - ❖ Needs of GATS which became effective in 1995



1. MSITS 2002

Recommended core elements in MSITS 2002

- Services transactions between residents and non-residents
- Foreign affiliates statistics
- Movement of natural persons supplying services

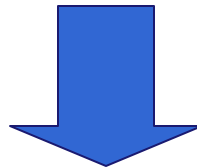


1. MSITS 2002

Update the manual – worldwide consultation

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

- The growing experience of the countries as compilers
- Revision of SNA, CPC, BPM and ISIC
- Possible improvements which had been identified



MSITS 2002 needed to be updated



2. Importance of MSITS 2010

- Primarily a guide for statistical compilers;
- it can aid enterprises and other entities that need to monitor developments in international services markets;
- a useful tool for users of statistical information in connection with **international negotiations** on trade in services;

The General Agreement on Trade in Services (GATS): is the most well-known and wide-reaching agreement and is encompassing services

- need for statistics has fuelled the demand for a more comprehensive and better-integrated approach to statistical issues entailing trade in services.

The MSITS is useful in guiding negotiations and supporting implementation of the agreements;



2. Importance of MSITS 2010 - Main changes in MSITS

Changes elaborated in the new version of MSITS

Impact of SNA revision



44 issues on SNA93, some of them with sub-issues. All the issues concerning the Rest of the World Account have **DIRECT** influence on BPM6

Partner country

✓ Inclusion of a breakdown by partner country to the second, third and fourth recommendation in the priority list

Modes of supply

✓ A separate chapter added to give a more detailed discussion of modes of supply



2. Importance of MSITS 2010 - Main changes in MSITS

Changes elaborated in the new version of MSITS

An important feature of *MSITS 2010* is a description of the modalities through which services may be supplied, of which the GATS identifies four:

- ✓ *cross-border;*
- ✓ *consumption abroad;*
- ✓ *commercial presence and*
- ✓ *presence of natural persons.*

Distinctions among these modes are based on whether the service supplier and the consumer are present in the same country or in different countries when the transaction is effected



2. Importance of MSITS 2010 - Main changes in MSITS

Changes elaborated in the new version of MSITS

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)
- ✓ *Merchandising* 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*



2. Importance of MSITS 2010 - Main changes in MSITS

Changes elaborated in the new version of MSITS

Inward and outward FATS

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

Analytical index

- ✓ An additional analytical annex

Service export and import prices

- ✓ An additional annex on service export and import prices

BOP versus FATS

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



3. Structure of MSITS 2010

Chapters of MSITS 2010

- **Summary**
- **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**



3. Structure of MSITS 2010

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 VI - The Manual, IRTS 2008, and the Tourism Satellite Account Recommended**
- **Methodological Framework**
- **Annex VII - Analysing the trade in services data**



MSITS 2010 printed and electronic version

MSITS 2010 is available in Arabic, English, Russian and Spanish in printed and electronic version

<http://unstats.un.org/unsd/tradeserv/TFSITS/manual.htm>

4. Implementation of the MSITS 2010

MSITS 2010 recommends a complete set of elements, for implementation by compilers, that build on internationally agreed standards so as to enable them to progressively achieve comparability of published statistics on the international supply of services.

4. Implementation of the MSITS 2010

Recommended core elements

1. BPM6

Implement the BPM6 recommendations, including the definition, valuation, classification and recording of services transactions between residents and non-residents.

4. Implementation of the MSITS 2010

Recommended core elements

2. EBOPS 2010: first part — disaggregation

- Compile balance of payments data according to EBOPS 2010, which involves disaggregating the BPM6 standard components for services into EBOPS 2010 sub-components.
- Where the compilation of the main EBOPS classification is developed and carried out in stages, compilers should commence by separately identifying those EBOPS sub-components that are of major economic importance to their own economies.
- Where data for related supplementary items are available, these supplementary items should also be compiled as part of this process.
- The aim is to report partner country detail, first, at the level of services trade as a whole and then for each of the main types of services in BPM6 and EBOPS 2010.

4. Implementation of the MSITS 2010

Recommended core elements

3. FDI statistics

- Collect complete statistics on FDI (that is, the flows, income and period-end positions) classified by ISIC, Rev.4, activities as complements to FATS.
- For those countries that must delay the implementation of FATS, FDI statistics provide useful complementary information on *commercial presence*.
- It is further recommended that partner country detail be reported both in the aggregate and for the major activity categories.

4. Implementation of the MSITS 2010

Recommended core elements

4. FATS: basic variables

Record certain basic FATS-related variables, such as

- sales (turnover) and/or output,
- employment,
- value added,
- exports and imports of goods and services and
- number of enterprises.

To achieve comparability, these are classified by specified activity categories based on ISIC, Rev.4. When reporting to international organizations ICFA, Rev.1 could be used to improve comparability with the data recorded according to the first and second recommendations.

It is recommended that partner country detail be reported both in the aggregate and for the major industry categories within ICFA, Rev.1.

4. Implementation of the MSITS 2010

Other recommended elements

1. EBOPS 2010: second part — completion

- Complete the implementation of EBOPS 2010 to the extent relevant to the compiling economy, including the supplementary items.
- Supplementary items should be compiled where the data are available as part of the data-collection process for the related EBOPS components.
- Other supplementary items and complementary groupings should be compiled where there is a demand for these data in the compiling economy.

4. Implementation of the MSITS 2010

Other recommended elements

2. FATS: further details

- Augment the basic FATS variables by compiling data on additional aspects of the operations of foreign affiliates, such as assets, compensation of employees, net worth, net operating surplus, gross fixed capital formation, taxes on income, research and development expenditures, and purchases of goods and services.
- Detail of sales by product is desirable, not least because of the potential comparability between FATS data and trade between residents and non-residents. While compilation on this basis may well have to remain a long-term goal for most countries, as a first step towards a product basis, countries may wish to disaggregate sales in each industry between services and goods.

4. Implementation of the MSITS 2010

Other recommended elements

2. FATS: further details (continued)

- In addition, countries that are building their statistical systems for FATS on existing data systems that already include product detail may wish to use this detail from the outset because it could help them monitor commitments under GATS that are specified in terms of services products.
- Similarly, countries that are building their FATS data systems from the ground up should consider, from the outset, the feasibility of providing for a product dimension.

4. Implementation of the MSITS 2010

Other recommended elements

3. Trade between related and unrelated parties

Within the statistics on trade in services between residents and non-residents, separately identify the trade with related parties from that with unrelated parties

4. Value of the supply of services by GATS modes

Allocate the services transactions between residents and non-residents and FATS sales (or output) of services over the GATS modes of supply.

5. Presence of natural persons

Collect statistics on the number of natural persons under the GATS framework, both those from the compiling economy present abroad and foreign natural persons present in the compiling economy (flows and stocks of persons). The statistics would be collected in the context of the supply of services, taking into account the needs, resources and special circumstances of the compiling economy.

5. Compilers Guide for MSITS 2010

TFSITS adopted an implementation programme for drafting a Compilers Manual for MSITS 2010, to make available good country practices, and to provide technical assistance at its last meetings in 2010 and 2011.

A proposal to establish a UN Expert Group to facilitate the drafting process is to be reported to the UN Statistical Commission in February 2012.

5. Compilers Guide for MSITS 2010

The UN Expert Group on the Compilation of the Compiler's Guide for MSITS 2010 (UNEG) was established by the request of the UN Statistical Commission.

The EG had its first meeting in March 20 to shape the annotated outline provided by UNSD after a two-week virtual meeting of the EG.

The annotated outline was circulated to NSOs, CBs and other government institutions of all UN member-states.

5. Compilers Guide for MSITS 2010

The 2nd virtual meeting of the EG was held in October to discuss the issues raised at the world-wide consultation. An Extended Task Force meeting was held in October to make the final decisions on the issues as well as to review the drafted chapters.

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Time frame for the implementation of MSITS 2010

- (1) 3rd virtual meeting on the drafted chapters (March 2013)
- (2) The second face to face meeting of EG-SITS is tentatively scheduled for **June 2013** to finalize the Compilers Guide for MSITS 2010.
- (3) Drafting of the remaining chapters through the year.
- (4) Provide the draft version as information to the SC in 2014

The IMF Statistics Department is currently drafting the *Balance of Payments and International Investment Position Compilation Guide (BPM6 CG)*.

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