



Definition of services in SNA 2008

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Outline of the presentation

- **Definition**
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- **Knowledge capturing products**
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Definition

Production is an activity in which an enterprise uses inputs to produce outputs.

There are two main kinds of output:

goods

services

Goods and services referred to products.

Products are goods and services (including the knowledge capturing products) that result from a process of production.

Definition

Production are activities that are capable of being carried out by one unit for the benefit of another:

Services are the result of a production activity that changes the condition of the consuming unit, or facilitate the exchange of product or financial asset.

The forms of changes

The changes that consumers of services engage the producers to bring about can take a variety of different forms:

- **Changes in the condition of consumer's goods: the producer works directly on goods owned by the consumer by transporting, clearing, repairing or otherwise transforming them;**
- **Changes in the physical condition of persons: the producer transports the persons, provides them with accommodation, provides them with medical or surgical treatments, improves their appearance, etc.**
- **Changes in the mental condition of persons: the producer provides education, information, advice, entertainment or similar services in a fact to face manner.**

The forms of changes

The changes may be temporary or permanent. In general, the changes may be presumed to be improvements, as services are produced at the demand of the consumers (usually the improvement become embodied in consumers or the goods they own and are not separate entities that belong to the producer).

A single process of production may provide services to a group of persons or units simultaneously (f.e. groups of persons or goods belonging to different institutional units may be transported together in the same plane/ship/train/etc. or people may be instructed or entertained in groups by attending to the same class, lecture or performance)

Margin services

Margin services result when one institutional unit facilitates the change of ownership of goods, knowledge-capturing products or financial assets between two other institutional units. Margin services are provided by wholesalers and retailers and by many types of financial institutions. Margin services resemble transformation services in that they are not separate entities over which ownership rights can be established. They cannot be treated separately from their production. By the time their production is completed they must have been provided to the consumers.

Knowledge-capturing products (1/2)

Knowledge-capturing products concern the provision, storage, communication and dissemination of information, advice and entertainment in such a way that the consuming unit can access the knowledge repeatedly. The industries that produce the products are those concerned with the provision, storage, communication and dissemination of information, advice and entertainment in the broadest sense of those terms including the production of general or specialized information, news, consultancy reports, computer programs, movies, music, etc.

Knowledge-capturing products (2/2)

The outputs of these industries, over which ownership rights may be established, are often stored on physical objects (whether on paper or on electronic media) that can be traded like ordinary goods. They have many of the characteristics of goods in that ownership rights over these products can be established and they can be used repeatedly. Whether characterized as goods or services, these products possess the essential common characteristic that they can be produced by one unit and supplied to another, thus making possible division of labour and the emergence of markets.

Valuation

More than one set of prices may be used to value outputs and inputs depending upon how taxes and subsidies on products, and also transport charges, are recorded.

Moreover, value added taxes (VAT), and similar deductible taxes may also be recorded in more than one way.

Basic and producers' prices

The basic price is the amount receivable by the producer from the purchaser for a unit of a good or service produced as output minus any tax payable, and plus any subsidy receivable, by that unit as a consequence of its production or sale. It excludes any transport charges invoiced separately by the producer.

Basic and producers' prices

The producer's price is the amount receivable by the producer from the purchaser for a unit of a good or service produced as output minus any VAT, or similar deductible tax, invoiced to the purchaser. It excludes any transport charges invoiced separately by the producer.

The purchaser's price

The purchaser's price is the amount paid by the purchaser, excluding any deductible VAT or similar deductible tax, in order to take delivery of a unit of a good or service at the time and place required by the purchaser. The purchaser's price of a good includes any transport charges paid separately by the purchaser to take delivery at the required time and place.

Valuation

Basic prices

+

Taxes on products excluding invoiced VAT
not-deductible by the producer

-

Subsidies on products

=

Producers' prices

+

VAT not deductible by the purchaser

+

Separately invoiced transport charges

+

Wholesalers' and retailers' margins

=

Purchasers' prices

Output

Output is defined as the goods and services produced by an establishment,

- o a. excluding the value of any goods and services used in an activity for which the establishment does not assume the risk of using the products in production, and***
- o b. excluding the value of goods and services consumed by the same establishment except for goods and services used for capital formation (fixed capital or changes in inventories) or own final consumption.***