B. The importance of the legal framework

2.5. The legal framework promoted by the present Guide consists of the laws and legally-binding regulations that govern the relationship between members of the national statistical system and data reporters for the provision of data, as well as all aspects of data compilation and dissemination. A well-established legal framework is the foundation of an effective and well-functioning national statistical system for the following reasons:

(a) A framework gives the statistical compiler a clear mandate to collect data and to compile and disseminate statistics, and makes relevant information, such as supplementary data sources, available to the compiler. In view of the multiplicity of data sources necessary for the compilation of statistics on the international supply of services, a strong and comprehensive legal authority to collect data is of special significance;

(b) It identifies and defines the national competent authority and the roles of governmental agencies in particular statistical domains (see chapter 3);

(c) It is a prerequisite for establishing a high-quality system of official statistics. For example, the first element of the quality assurance framework recommended by both the Statistical Commission and the IMF Data Quality Assessment Framework for Balance of Payments and International Investment Position Statistics (DQAF) \(^1\) is the availability of a sound legal framework;

(d) It is likely to increase public trust in the confidential treatment of reported data and, thereby, to facilitate obtaining accurate information and higher response rates. Statistical confidentiality is a key element in collecting, storing and disseminating statistics and related microdata. Thus, the legal framework should include provisions guaranteeing the protection of individual data and restricting the use of such data to official statistical purposes only;

(e) It assists in the implementation of an integrated approach to statistics of trade in services between residents and non-residents and FATS, as well as in coordinated efforts of several agencies can guarantee the successful compilation and dissemination of such statistics. The stronger the legal powers of coordination at the center of the statistical system, the greater the chance of integrating the statistics effectively;\(^2\)

(f) It provides the possibility of imposing penalties on data reporters, including enterprises, in cases of non-compliance in reporting required information, such as delays in reporting, missing or unreported data and errors.

2.6. Legal acts relevant for statistics of international trade in services exist at different levels and include those regulating the collection, processing and dissemination of statistics; the working relations of the agencies concerned; and the legal acts protecting the confidentiality of information. The structure of the legal framework can vary from country to country. Often there is a national statistical act establishing the mandate of the national statistical authority and governing general statistical issues, such as the establishment of a reminder and penalty system for enterprises failing to comply with the reporting obligation. The national act could also identify statistical areas that are part of the mandate. In addition to the general act, additional acts could establish more specific provisions for a single statistical area, such as trade in services or FATS, for the data content or the circumstances under which the data must be reported to other national agencies. The act could also define the valid media for and frequency of reporting and dissemination.

2.7. If a country becomes a party to an international convention or adopts international recommendations, it needs to incorporate the binding provisions and non-binding recommendations of those conventions into its national laws and regulations. In that connection, it should be noted that, in the field of international trade, many international agreements exist to govern transactions in goods and services. For example, the results of the Uruguay Round of multilateral trade negotiations contain numerous legal obligations for WTO members and are incorporated in their national legislation. International recommendations for statistics on the international supply of services should similarly be reflected in national laws or regulations. International recommendations, including those laid out in MSITS 2010 and BPM6, as well as in associated implementation guidelines, provide the foundation collecting data. Those recommendations must be supported by national legal acts to give national statistical offices a clear mandate for collecting the necessary data.

2.8. Some regions may have legally-binding agreements that have an impact on the national definition of statistics on the international supply of services, or on their scope, as well as on regulations pertaining to the national agencies involved in the statistical process. Sometimes separate acts regulate different areas of statistics. For example, the European Union regulation No. 184/2005 of the European Parliament and of the Council of 12 January 2005 on Community statistics concerning balance of payments, international trade in services and foreign direct investment regulates the data to be submitted to Eurostat on trade in services between residents and non-residents and regulation No. 716/2007 of the European Parliament and of the Council of 20 June 2007 on Community statistics on the structure and activity of foreign affiliates regulates the FATS data to be submitted to Eurostat.

2.9. In many instances, the introduction of necessary improvements to the quality of official statistics may be facilitated by developing appropriate legal provisions, or, if such provisions already exist, by amending them with regard to the collection of administrative data to be used for statistical purposes. The national agency or agencies responsible for the overall compilation and dissemination of statistics on the international supply of services should, whenever appropriate, actively participate in the discussions on respective national legislation or relevant administrative regulations in order to establish a solid foundation for the high quality and timeliness of such statistics.

Next: C. Legal acts regulating institutional arrangements

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