# C. Mode 2 and mode 4 movements and stays

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16.12.     The supply of services involving movements of physical persons is defined in GATS as follows: (a) movements and temporary physical stay abroad of consumers of services (mode 2) and (b) movements and temporary physical stay abroad of persons to supply services (mode 4).[1] Mode 2 is generally well understood, as it refers to any potential consumer travelling or temporarily staying abroad for any purpose (e.g., leisure, studies, health, business or employment) and consuming services while abroad. Mode 4 movements and stays are concepts more difficult to grasp. As described in box 1.1, mode 4 can, in general, be further described as covering foreign natural persons who enter the host economy to directly fulfil service contracts (contractual service suppliers, either self-employed or employees of a foreign service supplier);[2] work in a foreign affiliate that delivers services (intracorporate transfer or directly recruited by the affiliate);[3] or negotiate services contracts or the establishment of a services-related commercial presence, without actually carrying out service transactions).

16.13.     The availability of data on the number of natural persons moving (flows) between countries to consume (mode 2) or to supply (mode 4) services and on foreign natural persons present at a certain point in time (stocks) is highly important for trade policymaking and monitoring and for the analysis of the global supply of services, as well as for broader tourism and migration policy.[4] Data on the movement of natural persons should include detailed information on the characteristics and activities of such persons. This could also be useful for estimating the value of services consumed or supplied by them when value data cannot be obtained from other sources.

16.14.     Taking into account the information needs, an indicative list of the variables covering movements (and stays) of natural persons under modes 2 and 4 is provided in the subsections B.1 and B.2, below. The prioritization of the variables is also discussed. It is recommended that compilers consider the list and incorporate it into their data collection and compilation programmes, taking into account their specific needs and circumstances. In that context, the present *Guide* strongly encourages compilers to coordinate with the entities in charge of the other (and broader) statistical frameworks used to collect and compile such data (e.g., tourism, migration or employment statistics).

16.15.     Compilation of the number of persons/trips does not necessarily always demand sophisticated compilation methods,[5] but it does require the availability of a rather focused and efficient data collection mechanism. Due to the entanglement of the collection and compilation of the number of mode 2 and mode 4 movements and stays, the present chapter mainly presents the types of breakdowns required and complements chapter 11 by presenting potential sources of information. The collection of data on the number of persons moving abroad (or trips) and/or on the characteristics of trips is dealt with in the context of surveys of businesses (chapter 6) and of persons and households (chapter 7) and administrative sources (chapter 9).

16.16.     It should be noted that information on the number of persons travelling during a given period of time is difficult to collect, as many sources rather provide information on the number of trips (or on fractions thereof).[6] That means that the same person may be counted more than once in a reference period. In other words, one will not be observing the number of persons, but rather the number of trips/movements or number of permits. However, while in certain cases, it may be possible to identify individual persons and link them to trips/movements or permits, such identification will most likely not be feasible in the majority of data sources. For mode 2, that issue may not necessarily be important, as statistics based on trips/movements are consistent with the information needed, but for mode 4, it may be important, as the primary interest may be in the number of persons, with the number of movements and/or permits being of secondary relevance. However, if data on trips are of good quality, such data can be used to estimate the number of persons travelling under the two modes.

16.17.     The following quality issues need to be considered in the context of the compilation of data on the number of persons and or movements/trips in relation to modes 2 and 4: Do the primary observations cover the whole population of interest or the most important subgroups? Can we observe the characteristics of the relevant statistical units? Do we observe (obtain good approximations of) the characteristics of interest using particular data sets? Are the observations reliable and the resulting statistics sufficiently accurate for both levels and changes/differences? Do we obtain the statistics with the required frequency and timeliness?

16.18.     Building stronger institutional arrangements is, therefore, a precondition for success in compiling quantitative indicators on modes 2 and 4 movements and stays. No single source can provide statistics on all those categories, and the direction of movement (e.g., incoming/outgoing) increases the difficulty for data producers. Thus, it will often be necessary to combine statistics on the basis of different sources and data collection methods. This is an additional argument for encouraging different institutions to work together. The development of clear guidance for administrative forms and statistical questionnaires will be very important given that the subject is often difficult to understand. It should be noted, however, that the challenge is to make respondents understand what information is requested. This does not necessarily mean that the statistical concepts must be fully explained, as the relevant statistics may be derived through the application of algorithms to the responses to questions that are easy to understand and concern information that respondents can easily recall or obtain from records readily available to them.

16.19.     Flows and stock data must be compiled for modes 2 and 4 quantitative indicators.  Compilation of flow data requires attention to such issues as differences in coverage of data sources, methodology for making necessary adjustments, grossing up, etc., of gathered information so that the resulting statistics are a fair representation of the target population and are of sufficient quality. Stock data are connected with flow data, as they result from the accumulation of flows of previous periods and are changed by the inflows and outflows in the period under consideration. However, compiling a base or benchmark figure for the stock at a given time may be difficult, in particular given the high mobility of persons concerned.  For stocks related to modes 2 or 4, presence in the compiling economy, the arrival of inbound persons or trips, would add to the inward stock, whereas those departing would subtract from the inward stock.  For stocks related to modes 2 or 4, presence abroad, returning outbound persons or trips, would subtract from the outward stock, whereas those departing would add to the outward stock. Compilers need to ensure that such calculations are made at a specific and regular point in time within the period under consideration (e.g., beginning, middle or end of the period).

**In this section:**

[1] Further information on definitions and recommendations on mode 2 and mode 4 can be found in chapter 1 of the present *Guide* as well as in chapters II and V of MSITS 2010.

[2] In general the transactions would be measured as trade in services (mode 4) in the BOP services account(see chap. 14, sect. C).

[3] The supply of the service to the client is through mode 3, and the transactions would be recorded by FATS as services output of foreign affiliates (see chap. 15).

[4] See also MSITS 2010, chap. V, section A.

[5] Either data would need to be grossed up to be representative of the whole population, or alternatively data could be used in a data model to be grossed up.

[6] For example, border surveys capture information about a particular individual on a given trip. Since a person can make several trips during the same reference period, the number of trips and the number of persons travelling are usually not the same.