

STATISTICAL COMMISSION  
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OVERVIEW OF THE DRAFT MANUAL ON STATISTICS  
OF INTERNATIONAL TRADE IN SERVICES  
(Attachment to letters sent by UNSD and IMF as part  
of the worldwide review of the draft manual, December 1999)

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\* E/CN.3/2000/1.

**The Manual on  
Statistics of International Trade in Services  
Worldwide Review  
List of Respondents  
(as of 22/2/2000)**

**Comments by Country**

Australia	Singapore
Armenia	Slovakia - National Bank
Azerbaijan Republic	Slovakia - Slovak Statistical Office
Bangladesh	Slovenia
Belarus	South Africa
Botswana	Sweden
Burundi	Switzerland
Cambodia	Syria
Canada	Tajikistan
Commonwealth of Independent States	Tanzania
Costa Rica	United Kingdom DTI
Côte D'Ivoire	United Kingdom ONS
Cyprus	United States - BEA
Czech Republic - Czech National Bank	United States - Bureau of the Census
Czech Republic - Czech Statistical Office	United States - US Trade Representative
Denmark	United States - Electronic Data Systems
Estonia	United States - Ablondi & Partners
Finland	United States - BLS
France	
Georgia	
Germany - Federal Statistical Office	
Germany - Deutsche Bundesbank	
Guatemala	
Honduras	
Hong Kong, China	
Hungary	
India	
Japan	
Kazakhstan	
Korea	
Lithuania	
Mauritius	
Nepal	
Netherlands	
New Zealand	
Norway	
Paraguay	
Poland	
Portugal	
Sierra Leone	

**Comments by International Organisation (other than Task Force members)**

Food and Agriculture Organization

International Labour Organization

UNESCO

United Nations Centre for Human Settlements (UNCHS)

World Tourism Organization

## OVERVIEW OF THE DRAFT *MANUAL ON STATISTICS OF INTERNATIONAL TRADE IN SERVICES*

This first *Manual on Statistics of International Trade in Services (Manual)* is being prepared to meet the needs of a variety of producers and users of statistics on international trade in services—particularly statistical compilers, but also governments and international organizations that must use statistical information in connection with international negotiations pertaining to trade in services, and also businesses and others that wish to assess developments in international services markets. A particular impetus for the preparation of a separate manual on statistics of international trade in services has been the recent tendency for trade agreements to cover services as well as goods, and the need for statistics both to guide the negotiations relating to these agreements and to monitor the outcomes.

While the *Manual* features important new areas in the field of international services statistics, it does so by building upon, rather than by modifying, internationally agreed standards for statistical compilation. It provides a framework and a set of recommendations that will allow for the provision of a range of statistics on international trade in services. These recommendations are identified in Chapter 1 and elaborated on in the remainder of the *Manual*. Chapter 2 proposes the framework and describes its links to existing international standards and frameworks. Chapter 3 focuses on the compilation of statistics relating to resident-nonresident trade in services (based on the balance of payments framework described in the fifth edition of the *Balance of Payments Manual (BPM5)*). Chapter 4 recommends standards for compiling statistics on foreign affiliates trade in services, or FATS.

The *BPM5* framework contains, inter alia, recommendations for the definition, valuation, classification, and recording of resident-nonresident trade in services. By building on this framework, the *Manual* recommends extending the *BPM5* classification of transactions by type of service to provide more detail through the Extended Balance of Payments Services (EBOPS) classification. While not yet complete, a draft correspondence table showing the relationship between the EBOPS classification and version 1.0 of the Central Product Classification is included as an annex to the *Manual*. This table assists in the provision of clear definitions of the various components of the EBOPS classification. Except for the treatment of *construction services* (discussed in subsection 3.8.4), the recommendations contained in the *Manual* are consistent with *BPM5*. Thus, a country's balance of payments statistics will provide some of the data that is needed to implement the recommendations relating to the measurement of resident-nonresident trade in services.

The *Manual* further elaborates these statistics on resident-nonresident transactions by identifying three different ways in which such services may be supplied (called *modes of supply*): (1) producers of services in one country supply services to consumers in another country without either producer or consumer moving into the territory of the other; (2) consumers resident in one country move to the country in which the producer of the service is resident in order to obtain services; and (3) the producer moves to the country of the consumer in order to provide services. Recommendations are made on the attribution of resident-nonresident transactions across these modes of supply.

As well as providing services by way of trade across international borders (measured in balance of payments statistics), enterprises in an economy may also supply services internationally through the activities of foreign affiliates abroad. The *Manual* recognizes this in its discussions on and recommendations for statistics on foreign affiliates trade in services (FATS). Included are recommendations on the definition of foreign affiliates to be used (which follows the definition of foreign-controlled enterprises used in the *System of National Accounts 1993 (93SNA)*), the attribution of FATS statistics (including a discussion on attribution by activity and by product), and the variables to be compiled. While this is a less well-developed area statistically than the balance of payments statistics, some FATS statistics may be found in, or derived from, existing statistics on domestic production, including national accounts statistics based on the recommendations of *93SNA*.

The recommended basic FATS variables discussed in this draft of the *Manual* are: number of enterprises, value added, sales (turnover) and/or output, employment, and exports and imports of goods and services. Additional FATS variables identified are assets, net worth, operating surplus, gross fixed capital formation, taxes on income, and research and development expenditure. The definitions of these variables are drawn from *93SNA*. In addition, UNCTAD<sup>1</sup> has proposed that several adjustments be made to these two lists of variables, in particular, that assets be considered a basic variable rather than an additional variable, and that two further additional variables—compensation of employees and technology payments—be included. While no discussion of these proposals is included in this draft of the *Manual*, the definition of compensation of employees (discussed briefly in the draft) is as given in *93SNA*. Technology payments would be estimated by royalty and license fee payments such as those for the use of intellectual property, including software and manufacturing processes.

The final area in which the *Manual* moves beyond existing statistical frameworks is in the area where enterprises producing services in one country employ individuals who are residents of another country (in the *BPM5* and *93SNA* sense) on a short-term basis. This area is one in which countries make commitments under GATS, and while some limited data are available from balance of payments statistics, there is a need for further development of statistics related to employment, compensation, and migration. However, this area, called “presence of natural persons” is still under discussion by the Task Force, so there is little discussion or recommendation for compiling relevant statistics included in this draft of the *Manual*.

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<sup>1</sup> United Nations Conference on Trade and Development, a member of the Task Force.

### **SOME ISSUES FOR CONSIDERATION IN COMMENTING ON THE DRAFT *MANUAL***

The following list is provided to offer some guidance on issues that compilers may wish to consider in formulating comments on the draft *Manual*. It is not intended to be a complete list of questions; compilers are free to comment on all aspects of the draft *Manual*.

#### **General**

1. Do compilers have any comments on the phased implementation described by the list of core elements and the list of other items (as described in section 1.1)?
2. It is proposed to develop further the statistics related to employment, compensation, and migration in Annex 6 to address the issues on presence of natural persons that are identified in paragraphs 39–41, 92, 139, and 285. Although no concrete recommendations are presented in the draft *Manual*, do compilers have any observations to make based upon existing statistics? Are any further developments proposed in these areas?

#### **Modes of supply**

1. What are the views of compilers about the production of statistics by mode of supply (as discussed in Chapter 2, in particular subsections 2.1.1 and 2.3.2.2)?

#### **Extended balance of payments services classification**

1. Is the detail described by the EBOPS classification, and further elaborated in Annex 3 using the CPC, sufficient to meet the needs of trade negotiators and other users of these statistics?
2. Do compilers anticipate difficulties in collecting information at this level of detail *where it is relevant in their economies*?
3. Are the definitions (as given in section 3.8) appropriate?
4. Do compilers wish to comment on the production of statistics by trading partners (section 3.5)?
5. There are two alternative treatments suggested for the recording of the provision/receipt of *construction services* (see subsection 3.8.4), neither of which are in accordance with *BPM5*. What are compilers' views on the two alternatives that are recommended?

#### **Foreign affiliates trade in services statistics**

1. What are the views of compilers on the proposal for selecting firms to be covered by these statistics (as discussed in section 4.2)?

2. What are the views of compilers on the recommendations for attribution of FATS activity by country and by industrial activity (as discussed in section 4.4)?
3. Is the selection of variables recommended for compilation (see section 4.5) appropriate, considering the needs of trade negotiators and other users of these statistics?
4. Considering both the basic FATS variables and the other FATS variables that are recommended in the *Manual* (see section 4.5), how would such statistics be compiled? Is this feasible?

Do compilers wish to comment on the additional FATS variables that are being proposed by UNCTAD (see Attachment 1: *Overview of the Manual on Statistics of International Trade in Services*)?