20th Voorburg Group meeting on Services Statistics
26th – 30th September 2005, Helsinki, Finland

Progress report from Statistics Vietnam

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1. Classification of service activities and products

1.1. Main achievements for 2004 - 2005

- Current classification of service activities (VSIC - 1994) and products (VCPC - 1996) of Vietnam was issued 10 years ago without the revision up to now. Because of the economic activity development, especially in the service sectors, the needs to revise the VSIC become urgent requirement. So that in the end of 2004 the General Statistics Office of Vietnam decided to revise VSIC, VCPC .

- In December 2004, GSO established an Expert Group on statistical classification with the following studies:
  - Following the revising ISIC 4. and CPC 2. drafted by the United Nations; Referring classifications of foreign countries as ASEAN members, EU countries (NACE, CPA) and North of America (NAICS)
  - Reviewing advantages and problems of the current classifications
  - Identifing the changes of economic activities based on the statistical fields, the changing needs of data users
  - Co-operating with other relating government agencies, some corporations and enterprises on key sectors.
  - Proposing the basic principles for revising VSIC, VCPC; Drafting new VSIC, VCPC including coding system, explanatory notes of which the international comparability was one of the top priorities.
  - Preparing the correspondences tables of international standard classifications and current classifications.

- In August 2005, the Expert Group finished the first revised structure draft of VSIC based on the ISIC 4. draft, May 2005 which were released by the United Nations. This draft was implemented following as:
  - Classification structure: in general, VSIC following the coding structure of ISIC 4. The first draft VSIC used almost the same

structure at the one- and two-digits level (except section of "Fishing and aquaculture"). At three-and four-digits level, VSIC will be added more details but can be aggregated to match the ISIC group or class level.

- Classification principles: (i) the character of goods and services produced, inputs and the technology of production; (ii) the uses to which the goods and services are put, especially in service activities
- Comparability of data: in general data at one- and two-digits levels of ISIC 4. can be provided directly from VSIC. At three- and four-digits levels can use the concordance tables for re-arranging.

- The first draft of VSIC will be sent to some relating agencies for referring comments. We have plan to submit the revised final draft of VSIC to the Government for adopting in the first quarter 2006 and new VCPC in the end of next year, following closely the revised drafts and official revision by the United Nations

1.2. Main issues and challenges.

- Details level of VSIC: different points of view on digits levels among statistical areas have still discussed during the preparation of VSIC draft. Based on structure of ISIC 4., detail level for agriculture and manufacturing seem to be exceed the requirements, while there is not enough the details for some service industries, especially in wholesale and retail trade and transportations sectors. One of the reasons is the requirement of products data proxy in some monthly surveys as trade and transportations. These statistical areas need to add one more national digits level (to 5 digits) in order to meet data collection requirement.
- Meeting user's needs from the different government agencies as the enterprises registration unit, Ministry of Finance relating to the national budget appointment for the activities of the ministries based on VSIC.
- Preparation the explanatory notes, correspondence tables and guidance for users
- Harmonization with the ASEAN countries on classification in the futures

2. Services Production statistics

The turnover of 14 service industries (G to V following VSIC) has been collected and compiled annually from enterprise survey and other sources such as administrative records of Government Agencies. The monthly index of production service has not yet developed; quartertly data only estimated simply for some major services. So that the current service data are not satisfied the requirements yet for GDP and manegement purposes. GSO has to face the big challenges for lack of service production and products statistics. Since 2004 GSO has set up a project to improve the service statistics. The project focuses to solve some of the key issues of service measurement. However until now the project did not achieve yet significant results.

3. International trade in services statistics 2004 – 2005

- Regarding to the international trade in services statistics: these data are compiled by the State Bank of Vietnam through banking system currently but because of much limitation of data source, service exports/imports statistics are not meet data requirement. Since 2004, GSO has been improving on service statistics and building up a new statistical system of international trade in services based on different data sources.

- From 2000 - 2004, the enterprises survey yearly in April are conducted by GSO in order to collecting statistical indicators on different areas but without services exports and imports. In 2005, GSO supplements a questionnaire of these items in the first time. All questionnaires are collected from 64 Provincial Statistical Offices and now data are editing and compiling in GSO. Based on the results and experiences of this survey, we have plan to develop more enterprises surveys in the future on service statistics generally and international trade in service statistics especially.

4. Information society

In December 2005, we also conducted the sample survey on ICT/ Communication in the first time in selected 8 big provinces/cities:

- Collecting information on ICT/communication production and ICT/communication uses.

- Sample size 1940 units under 23 industries including three type: (i) the enterprises (hardware and software production), (ii) non-productive units and (iii) households relating to and use ICT/communication.
- Questionnaires: 4 forms relating to he production and use of ICT/communication of the enterprises and non-productive units. 2 forms concerning to ICT/communication use of the households.
- The results of this survey will be a good foundation for building up the ICT/communication database and the statistical system in the future

5. Producer Price Indices for Services

Since 2004, General Statistics Office of Vietnam also has set up a plan to develop a system for calculating Producer Price Index for Services (PPIs) with following main targets:

- 2004-2005

1/ Research into and evaluate the roles and contributions of the service industries into the economy of Vietnam

2/ Reviewing methods of calculating production value and value added in the National Account System at comparative price.

3/ Determine which service industry need to be given a priority the development of Producer Price Indices.

4/ Study documents received from the Voorburg Conference including guidelines from the OECD and other international organisations as well as relevant experiences of different countries in order to construct a Service Price Index for Vietnam which can meet international standards.

- 2005-2006

5/ Construct Aviation, Road and Rail transportation (both goods and passenger) Producer Price Index and Postal and Telecommunication Producer Price Index.

-2007-2008

6/ Develop Producer Price Indices for Banking, Finance and Insurance Services and others

Achievements

1/ Completed a report on the roles and contributions of services industries into the economy of Vietnam. The main conclusions included: services industries play a more and more significant role in the economic growth. Currently, service industries account for over 40% of Vietnamese GDP, among which the following industries are the most important: postal and telecommunication, aviation transportation, maritime transportation, finance, banking, insurance and trading services…

2/ Completed a report on the use of price indexes in the calculation of production value and value added in the National Accounts System. From this report, following conclusions can be made: Currently, Vietnamese SNA statistics are using price indexes of the service groups in the Consumer Price Index as deflators in the calculation of production value and value added- at comparative price.

3/ Recommend the following price indices be given high priority: aviation transportation price index, road, rail and maritime transportation price indices (both goods and services), postal and telecommunication, finance, banking and insurance price indices.

4/ Completed the translation into Vietnamese of some important documents in order to facilitate the applied research and development of Vietnam's Service Price Index including Guidelines from OECD, presentations at Vooburg Conferences (2003, 2004, 2005) by different countries on the price indices of Telecommunication, Postal, Aviation and Rail Transportation.

5/ Currently cooperating with the Vietnam Rail Authority, the Civil Aviation Administration of Vietnam, the Ministry of Telecommunication of Vietnam in order develop a services product catalog which can represent each and every of the above-mentioned service industries and facilitate the price collection process.

6/ Currently studying to develop the weight for each and every of the above mentioned price indices.

We expect to complete PPI of the service industries mentioned about in oder to use them as deflators into the calculation of production value and value added at comparitve price in 2006.

Advantages: there are OECD/EUROSTAT TASK FORCE documents (Methodological guide for developing producer price indices for services) which give general guidelines on the methods of service producer price index calculation. Beside that we could learn from the experiences of other countries in the calculation of price indices for each service industry.

Disadvantages: the production statistics of some service industries have not been fully developed. There are inadequate cooperation from service providers in the process of information and data assembling in order to construct a price index. The funding for research and sample survey is very limited.