



**18th Voorburg Group Meeting on Services Statistics
6-10 October 2003 - Tokyo, Japan**

I. Progress Reports and expectations from participants

Chair: Louis Marc Ducharme (Statistics Canada)

*Progress reports were available from the following countries and international organisations:
Australia, Austria, Brazil, China (mainland, Hong-Kong and Macao), Denmark, Germany, Finland,
France, Japan (Statistics Bureau and Bank of Japan), Korea, Malaysia, New Zealand, Spain, Sweden,
United Kingdom, United States, Vietnam, OECD, Eurostat*

For the last couple of years, the Bureau of the Voorburg Group (VG) attempted to provide a summary of progress from the different participating countries (Australia, Austria, Canada, China, Hong-Kong, Denmark, Finland, France, Germany, Japan, Korea, Malaysia, Mexico, Netherlands, New Zealand, Norway, Spain, Sweden, United Kingdom, USA) and other organizations (European Community, Eurostat, OECS, UN). For the first time this year, the six new participants (Brazil, Macao, Georgia, Israel, Vietnam, Statistical Institute for Asia and the Pacific - SIAP) were asked to provide additional information as to their activities with respect to the work plan established by the Voorburg Group. They were also asked to identify their main challenges and issues along with their priorities and work they intended to undertake in the near future. Finally, the newcomers were asked to tell the VG their motivations for participation, as well as their expectations from the meeting.

In a nut shell, the answer to these questions showed a great variance in the experience and involvement of the countries towards the Voorburg activity plan. However, most countries have some experience with Producer Price Indices (PPI) and classification issues. More recently, some countries have started working on the information society or a variant of it, for example: Information Communication Technology (ICT) or e-commerce.

The common issues to most countries are the need to develop: i) the PPI methodology and standards; ii) the ICT definition and practical guidance in development of survey and collection of data and; iii) the measurement of turnovers by product (which implies classification issues). The two main challenges are the establishment of their PPI program according to a recognized methodology and the development of an understanding of the ICT sector.

As some countries are developing or revamping their statistical system, the priorities cover a wider range of topic than the VG work plan. All areas of the VG work plan are identified as priorities, with some predominance on PPI.

The motivations and expectation behind their participation are to see progress in establishing standardized methodologies and classifications (especially for PPI, industry and product classifications) and sharing experiences and learning from each other various best practices and getting advice and guidelines on how to go about developing their own program.

The progress reports from the regular Voorburg Group participants indicated that for most countries, there has been major progress in the coverage of the industry for which they can produce price indices. On another front, work is well underway to revised many of the industrial and product classifications (ex. NAICS, ANZSIC, ISIC, CPA, NAPCS, NACE, JSIC, HSIC, etc.) which hopefully shall be better harmonized in the 2007 revision.

For many countries the reduction in budget allocations for statistics has become a significant issue for the development and maintenance of statistical programs. This poses an important challenge for

National Statistical Office (NSO) in terms of balancing the quality of existing statistical programs with the need of developing new programs to keep up with the changing environment.

Many countries also face a wide range of other challenges. Amongst them, the challenge of surveying firms as they are more reluctant to provide information on prices, turnovers and characteristics. In a world where firms are submerged with a large amount of information and solicited from many different sources, the survey questionnaires become an additional burden on their operation. This is an incentive for agencies to streamline their data process for survey to reduce response burden while increasing the response rate. The use of administrative data is an avenue to be explored in the context of budget constraints.

It is also difficult for statistical agencies to keep up with the changing environment as they are developing new statistical programs and ensuring that classification reflects economic structures. For instance, the convergence of many industries does create measurement problems. In the same way, the globalisation of economic activities has changed the way in which firms behave. We see now more and more grouping of firms and that poses as a challenge to the statistician to define differently its statistical unit in order to monitor the economic activity.

Many countries also identified a number of difficulties, such as, the quality adjustments for some services, the reconciliation of list prices and transaction prices, the application of the model survey to some specific services, the keeping of consistent definitions through various service activities, etc.

The main priorities of member countries are:

- i) the development of accepted basic principles, methods and classification for PPI, ICT and the Private non profit sector;
- ii) the extension of the industrial and product coverage of the PPI;
- iii) the development of integrated surveys on both demand and supply side of ICT;
- iv) the establishment of quality change adjustment methods for PPI; and
- v) the integration of the use of administrative data in survey processes.

On the topic of future work, members identified a need to examine the classification and structure of the so-called information sector (mainly characterized by production, distribution of cultural and intangible goods). Also, some attention should be devoted to exploring other complex sectors such as Education and Health services, as well as the issue of outsourcing and inter-enterprise collaboration. Intangible services and investment also seem to be on the radar screen of some member countries. Defining the enterprise group or network of enterprises to be able to monitor activities, establishing best practices on quality change, (ex: when and how to use hedonic methods) and uses of administrative data in collection operations and to streamline data processes are also themes to explore for future work.

Regardless of all the themes identified, the main consensus regarding the future work plan of the VG relates to the need to better disseminate the work and best practice of the Group. A related question is: What can we do to help member (new and old) in resolving their difficulties and facing their challenges?

From the progress reports and the discussions, we know that there are a number of initiatives underway that will respond to some of the issues raised by the member countries. For instance, work is underway to establish international and harmonized standards for a number of industrial and product classification (NACE, ISIC, CPC, ANZSIC, JSIC, NAICS, NAPCS, etc), as well as to improve the measurement of e-business and e-commerce for the ICT sector. Also, on the issue of international trade in service, a manual on how to measure international trade in services has been published by an inter-agency task force and is available on the OECD website. The other issues surrounding transfer prices and inter-firm trade is part of the agenda of the OECD globalization meeting in November.

On the price side we now have an international *Manual on PPI* (prepared under the auspice of the World Bank, the IMF, the ILO, the UNSC and the OECD). We also have good experiences in the development of PPI in the many sectors and these are all documented on the Voorburg Group Website.

On the theme of short term indicators, OECD and Eurostat have created a Joint taskforce with the objective to assist member countries in establishing short term statistics. The work undertaken by the task force have pointed out that there are differences in coverage, type of variable and deflator used in the different categories. After discussion, it was decided not to attempt to harmonize to much the concepts in order to maintain the differences between countries which reflect their particular statistical environment. In fact, the approach will be pragmatic and instead of suggesting complex methods of developing short term indicators, the focus will be to provide practical guidelines to be applied in the compilation of price indices, and to identify the least desirable way of going about it. Work will be undertaken in various countries in 2004 with the hope to establish guidelines for the creation of short term indicators. The OECD offered to give a progress report to the Voorburg Group at the next meeting in 2004.

On the issue of dissemination, the Voorburg Group has tried to diversify its strategies to reach the largest audience; for instance, by meeting in different continents of the world so that the host country can invite neighbouring countries to attend the meeting. It has also developed model survey which allows countries at different stages of development to learn from the experience of others. It has developed a website where more than 600 papers can be found and it has created CD ROM for dissemination of its work. It is obvious that we need to improve the website so that this wealth of knowledge can be better used. There is a need to improve the knowledge management of the group and the dissemination of best practices. Participants recognized that the issue of the website should be improved by adding abstracts and indexing papers so that they can be easily found. Also there is a clean up to be done in terms of what is still relevant and what is not. The whole theme of dissemination of best practices and knowledge management of the website shall be discussed at the last session on strategies and future agenda for 2004.

II. Producer Price Index

General organizer : Irwin Gerduk (BLS, United States)

Session 1: Principal Papers

Chair: Nick Palmer

Principal paper: Prepackaged Software :

1. *"Measuring Constant Quality Industry Output Prices for Software Services", Michael Holdway (presented by Roslyn B. Swick), U.S. Bureau of Labor Statistics*

Appendices :

2. *Price Index for Pre-packaged Software, Fred Barzyck, Statistics Canada*
3. *Producer Price Index for prepackaged software, Benoît Buisson, INSEE, France*

One principal paper on pre-packaged software was presented. This paper fully documented the business model, the regulatory environment, and the pricing methodology (matched model with yearly update) used to survey this industry. Some time series results were also included. In addition, documentation on the results of various countries surveying activities in this industry was presented in appendices to this paper.

Session 2: Mini Presentations on Producer Prices

Chair: Benoît Buisson (INSEE, France)

Papers were presented in the following areas:

- Computer services

4. *Price Index for Computer systems Design, Data processing and Software publishing, Fred Barzyck, Statistics Canada*
5. *Producer Price Index for Facilities Management, Benoît Buisson, INSEE, France*
6. *Development of a Price Index for Computer services in the UK, Tim Osmond and Nick Palmer, UK Office for National Statistics*

7. *Producer Price index for Software Development in Australia, Matt Berger, Australian Bureau of Statistics*
8. *Producer Price Index for Maintenance and Repair of Office and Computing Machinery in Sweden, Merja Cerda, Statistics Sweden*

- Scheduled air transportation

9. *The Development of a PPI for Schedule Air transport Services, Joseph Auer, Christian Puchter, Statistics Austria*
10. *The Development of the Corporate Services Price Index for Business Airfare in the UK, Nick Palmer and Stefania Porcu, UK Office for National Statistics*
11. *PPI for Scheduled Air Transport in Sweden, Vera Norrman, Mical Tareke, Statistics Sweden*
12. *Producer Price Index for scheduled Passenger Air Transport Services - a summary, Sonia Collins, Statistics New Zealand*

- Sea freight

13. *Challenges in the Development of a Price Index for Sea Freight Services in the UK, Nick Palmer and Keith Jones, UK Office for National Statistics*
14. *Producer Price Index for Sea Freight Transport, Irmtraud Beurlein, updated by Peter Roemer, Federal Statistical Office of Germany*
15. *Producer Price Index for Sea Freight Transport, Petra Jansson, Statistics Sweden*
16. *Producer Price Index for Sea Freight Transport Services, Cindy King-Yuen Lam, Census and Statistics Department, Hong-Kong, China*

- Courier services

17. *Price Index for Couriers and Messengers, Fred Barzyck, Statistics Canada*
18. *The Development of a PPI for Post and Courier Services in Austria, Joseph Auer, Sandra Beer, Statistics Austria*
19. *The Dutch provisional PPI for Courier Services, Aurél Kenessey, Statistics Netherlands*
20. *Challenges in the Development of a Price Index for Courier Services in the UK, Nick Palmer and Keith Jones, UK Office for National Statistics*

The mini presentation session is designed to introduce an industrial area for discussion of different countries surveying activities, approaches, and problems. Mini presentations were made on four industries, computer services, scheduled air transportation, sea freight and courier services.

Computer Services

There were presentations of Australia (Michael Anderson), Sweden (Merja Cerda), France (Benoît Buisson), Canada (Fred Barzyk) and the UK (Nick Palmer). The questions after the Australian presentation were focused on function points they used to measure the unit price. Many countries showed interest on this issue. Another topic of discussion was the utility of average price vs. list price. In conclusion, the Australian methodology was found very efficient to calculate this price index.

Scheduled Passenger Air Transport

Austria (Josef Auer), Sweden (Vera Norrman) and the UK (Nick Palmer) presented their experiences on this index. Sonia Collins, from New Zealand gave a summary of these four presentations, adding the key aspects during the development of this indicator. The Austrian paper described the first phases on the development of this indicator in that country, while the Swedish and English ones showed two different methodologies, applied for some years in these countries.

One of the main points of this index is to know the number of business and household passengers. In Sweden, this information is available, but in the UK only business fare tickets are studied. Other points discussed were the population size (normally, reduced and dominated by few enterprises) and the last changes in the structure of this population with the appearance of low-cost airlines.

Sea Freight Transport

Mini-presentations were shown by Germany (Peter Roemer), Hong-Kong (Cindy Lam) and the UK (Nick Palmer). After the presentations, Kiyohito Utsunomiya (Japan) pointed out the key points of this topic: great variety of services but there is no much detailed information available.

Courier Services

Austria (Josef Auer), Canada (Fred Barzyk), Netherlands (Aurél Kenessey) and the UK (Nick Palmer) presented their papers. Roslyn Swick, from the USA, made the general comments. The different papers described for each country the structure of this sector and the methodology used (Austria, in experimental phase).

The main conclusions were that the services are quite stable and that model pricing is one of the best ways of collecting prices. One of the problems is the inclusion of new services.

Session 3: Quality Adjustment and Fitness for Use

Chair: Kiyohito Utsunomiya (Bank of Japan)

21. *The French Approach to Price Trends in Business Services, Benoît Buisson, INSEE, France*
22. *Use of PPIs for Services Industries as Deflators of Services Production, Eun-Pyo Hong and Richard MacKenzie, OECD*
23. *A new Quality Adjustment Methodology for Nursing Home Price Indexes, Michael A. Agliata, John L. Lucier, (presented by Roslyn B. Swyck), US Bureau of Labour Statistics*
24. *Quality adjustment in the Producers Price Index in New Zealand, Sonia Collins, Statistics New Zealand*
25. *Quality adjustment in practice: Case studies in the Corporate Service Price Index (CSPI), Kuniko Moriya, Kiyohito Utsunomiya, Bank of Japan*

A part of the price session was devoted to the quality adjustments issue. Some papers presented given examples on using the various quality adjustment methodologies (for instance, overlap method, or by measuring the costs). Some of the papers highlighted the need of external data sources to obtain quality adjustment information. The participants were also interested in papers describing a country's experience with quality adjustment including the general approach that a country may use.

Session 4: OECD Inquiry on PPI Collections

Chair: Seppo Varjonen (OECD)

26. *OECD - Eurostat 2003 Inquiry on National Collection of Services Producer Prices, Seppo Varjonen, OECD*

Seppo Varjonen presented a draft report on the results of the 2003 inquiry on services producer prices. In the presentation, he raised also the question whether the inventory should be revised. It has become rather heavy and partly even outdated, and he introduced various possibilities to develop it.

The meeting was unanimous that there is a need to develop the inventory. Its main importance is in providing a quick overview on the progress in developing services PPIs in countries. The inventory should not be overloaded by methodological descriptions, and the addition of new questions should be avoided, the objective being to simplify the present questionnaire. For example, the question on the type of prices should be clarified. It would be more appropriate to provide information on methodologies by referring to important websites, particularly to the Voorburg Group website, which will also be under revision. The only addition to be considered is a question on the index formula, but it may not be necessary to present this by activity because the same formula is normally applied across the board. The contact list is important and care should be taken to update it regularly.

- Other papers presented

27. *The development of a corporate services price index for business rail fares in the UK, Nick Palmer, UK Office of National Statistics*
28. *Service Price Index for Legal Services, Sima Assaf, Central Bureau of statistics, Israel*
29. *(Reference Paper) Corporate Services Price Index (CSPI) for Business Telecommunications: The latest developments, Ivan Perkovic (presented by Nick Palmer), UK Office for National Statistics*
30. *On Indirect Measurement Methods of Deposit and Loan Service Prices - Using Published Interest Rate Data to Measure Deposit and Loan Services Prices, and Problems with this Method, Toru Ohmori, Bank of Japan*
31. *Revision Plan of the Corporate Service Price Index (CSPI), Hideaki Shimizu, Bank of Japan*

III. Statistics on the Information Society

Chair : Lea Parjo (Statistics Finland)

32. *OECD work on standards for measuring electronic business, Sheridan Roberts, OECD (presented by Anders Hintze)*
 33. *Production of statistics for the Norwegian content sector, Mads Hansen-Møllerud, Statistics Norway (presented by Asbjorn Wethal)*
 34. *Statistics based on data collected from Internet Service Providers, Mona Takle, Statistics Norway (presented by Asbjorn Wethal)*
 35. *Statistical information on intangibles, Magali Demotes-Mainard, INSEE, France*
 36. *A new direction in the development of information society statistics in Japan, Hiroyuki Kitada, Statistics Bureau of Japan*
37. *Room document : A new Australian knowledge-based economy and society product*

The session was divided into three parts:

- Introduction, new survey items
- New existing surveys and need for new approaches
- New and fresh frameworks and measurement

At the beginning of the session the chair, Ms Parjo pointed out that classifications related to Information Society statistics will be discussed under the session Classifications. She highlighted outcomes from the UNCTAD meeting in Geneva, Switzerland, in the beginning of September 2003 with the theme Measuring Electronic Commerce as an Instrument for the Development of the Digital Economy. The more general framework for information society or knowledge-based society, or digital society, is a broad concept to capture the essential and changing features of a society. The stage of the development can be approached by evaluating how and to what extent various players have adopted modern information technology in their daily routines. However, as a phenomenon and topic, the information society is much more complex than depicted by, for example, the penetration and use of certain technical appliances. The level and state of education, knowledge and research are central to information society development. Knowledge of and skills relating to information and communications technology are needed in all sectors in the information society.

Measuring e-business is, however, one of the main features on a modern information society. Several guidelines exist in different parts of the world, but they are not always comparable. The expert meeting was focused on the measurement of electronic commerce although it was quite soon acknowledged that the more fundamental changes on business processes and organisation must be included as well. At the very beginning, the focus might be on e-readiness and usage indicators for businesses.

As a summary, some proposals for the way forward were presented. Perhaps the most important one being a consensus on the selection of core indicators. Following ones were discussed: businesses with PCs, employees using PCs, business mode of access to the Internet, businesses with website, receiving/placing orders over the Internet, value of orders received over the Internet. Indicators should be presented according to breakdown by size and branch. A proposal was also made to provide an online forum for further discussions, and the need for an international database was briefly discussed.

New survey items

OECD work on standards for measuring electronic business

The paper provided some background information on OECD work on defining and measuring electronic commerce and presented a progress report on more recent work by an OECD Expert Group in looking specifically at measurement of electronic business processes. It also outlined the work done by other areas of the OECD and National Statistical Offices (NSOs) in tackling this measurement issue.

The Expert Group had proposed a definition of electronic business processes based on functionality rather than technology. The proposed definition is "(automated) business processes (both intra-and inter- firm) over computer mediated networks". In addition, electronic businesses processes should integrate tasks and extend beyond a stand alone or individual application.

A number of broad business functions were identified and described in terms of electronic business processes as shown below: Customer acquisition and retention, E-commerce, Finance, budget and account management, Human resource management, Product design and development, Order fulfilment and order tracking, Logistics (inbound & outbound) and inventory control, Product service and support, and Knowledge management.

The Expert Group discussed what information would be of interest in relation to electronic business processes. They concluded that the processes themselves are of interest as well as whether those processes had been innovated in the previous year by the use of computer-mediated networks. They proposed the following questions:

- Which activities/functions/processes are managed over Computer-mediated networks?
- Which processes have been re-organised/modified/changed/innovated through use of Computer-mediated networks?

The Expert Group paper raised a number of other measurement issues and characteristics, as follows: Industry differences (e.g. services versus manufacturing); Size differences, which were seen to constitute less of a measurement issue than industry differences; Intra/inter firm and integration of systems; Type of network; Outsourcing; Impacts/effectiveness of ICT use e.g. on linkages of processes; and Impact on reporting burden.

The Voorburg Group shared the opinion not to launch economy wide surveys as industries probably differ a lot with regard of their business processes and the importance of electronic ones in them, at least manufacturing and services are different. An important issue is also the size of an enterprise, see e.g. the Canadian report in the Connectedness Series. Furthermore it would be important to analyse intra/inter enterprises as partners of a bigger group probably share a lot of practices compared to a single enterprise. The group also discussed the identifying of business processes and the need for a certain priority list in the questionnaire. The EU uses quite a lot of results of the eBusiness Watch survey and the further elaboration of the module of eBiz processes should also have a look at their approach.

New existing surveys and need for new approaches

Content sector

During 2003, Statistics Norway will publish statistics for the content sector for the reference year 2002. The paper describes the background for this decision and the definitions and delimitations that form the basis for production of the statistics. As the development of a national content sector is one of the strategic areas for the Norwegian government, there is a great demand for international comparable statistics.

The Group found it an interesting approach, but found some inconsistencies with the boundaries of the content sector definition, e.g. cultural sector and distributive trade of books are missing. As no international agreement on the definition exists statistical institutes should be very careful when publishing the results. On the other hand, policy makers in Norway, and also in Finland, ask for such

information. The CBS in the Netherlands did publish the content sector statistics but today concentrates on the ICT sector statistics.

Internet Service Providers

Another paper from Statistics Norway dealt with the survey targeted to Internet Service Providers. Statistics Norway is conducting a full count survey among the providers of Internet to the Norwegian market. The survey has so far given valuable information on the Internet infrastructure in Norway throughout 2002. Data has also been collected for the two first quarters of 2003. The survey is especially useful as a source to detailed regional information on Internet subscriptions.

The paper presented the survey and dealt with problems and challenges that Statistics Norway has encountered in this work. Possibilities to improve the survey were also discussed. The paper summarized some of the results from the survey.

The Group showed some concern about the problems in identifying ISPs and the quality of any register available, but Statistics Norway is monitoring the branch every quarter in order to adjust the population. It was also mentioned that confidentiality might cause reluctance among ISPs to respond. However, the response rate in the Norwegian survey is around 100%. It was also discussed which kind of information from ISP's would better answer the technology orientated items which today are included in the enterprise or household surveys. So far Statistics Norway publishes figures for the number of subscriptions divided by transmission capacity, and intends to publish figures on downloaded volume. Data on revenues and time spent online are collected, but the quality is questionable and the questions may be removed. Statistics Canada also conducts surveys to ISP's publishing figures for exchanges, bandwidth, and revenues.

Intangibles

The third paper in this group from France discussed the possible framework for intangibles. Intangibles can be reported in very many different ways. On a microeconomic level, for example, the question often arises of how to value patents, how to determine the value of businesses in the event of mergers and take-overs, as well as recommendations by consultants on levers in terms of expertise, management and organisation. On a macro-economic level, statistical surveys are conducted independently of each other on just about all aspects relating to companies' intangible assets.

This diversity of approaches gives the impression that, as far as statistical knowledge of intangibles is concerned, the situation is still very much experimental, with the players all looking at the question from their own point of view. What appears to be missing is a global overview drawing on all the different methods, in order to develop a proper reporting system.

The Group considered the paper a very good and illustrative one. It clearly gives an approach of a business statistician and gives a framework to pose a proper question that a statistician can answer. It was, however, asked in which sense it is relevant to think of a specific approach for intangibles compared with tangible goods. It was commented that in some respects there are differences justifying a separate approach and anyhow, policy makers ask us to define and monitor intangible economy. The issue is worth discussing during the future session of the Group as well.

New and fresh frameworks and measurement

A New Direction in the Development of Information Society Statistics in Japan

As to information society statistics in Japan, future directions for the development of ICT statistics and statistics on intellectual property were formulated in "New Directions in the Development of Government Statistical Services", which was decided in June 2003 as an agreement of Meeting of the Heads of the Statistical Departments of the Cabinet Office and Ministries. In the paper it was given an overview of the present situations and future directions of information society statistics in Japan based on the "New Directions" with some results of recent surveys on ICT.

It was pointed out that the paper gives valuable input for the revision of classifications in 2007. The paper also stresses the importance of improving statistics on intellectual property. Concrete measures are needed.

A new Australian knowledge-based economy and society product

The Australian room document showed how ABS defines the concept and publishes the results from surveys describing the Knowledge-Based Economy. The participants were encouraged to have a look at the web site and its content. The framework for KBE/S is worth discussing during the future session of the Group.

At the end of the session the future topics of this sub-group were discussed. It was regarded important to continue work with the measurement of 1) ICT investments, 2) impacts on business processes, and 3) defining and measurement of intangibles. The broad concept of Knowledge Based Society, including e.g. measurement of human capital and issues related to jobless growth, is also worth keeping it on the agenda.

IV. Turnover of Detailed Products

Chair: Pekka Alajääskö (Eurostat)

38. *Turnover by Detailed Products in Japanese Service Statistics, Hiroyuki Kitada, Statistics Bureau of Japan*
39. *Specific statistics with detailed breakdown of turnover, Yusaku Nakata, Ministry of Economy, Trade and Industry, Japan*
40. *Measurement of detailed turnover of services – the results of the special survey for products in Brazil, Roberto da Cruz Saldanha (IBGE, Brazil)*
41. *An inventory on surveys collecting information on services' turnover by detailed product, Cecelia Hertzman (Statistics Sweden) and Pekka Alajääskö (Eurostat)*

Mr Kitada started the session by presenting the Japanese strategy to survey turnover by detailed product on services: there will be a careful analysis of the future priority areas.

After Mr Yusaku Nakata's presentation, Peter Boegh Nielsen asked how new categories / products are brought into the survey. Yusaku Nakata responded that it is difficult to describe briefly how to add new categories. Some of the current categories have not yet been updated but are due to be reviewed in due course.

Peter Boegh Nielsen further asked how a breakdown by contract partner (METI survey calls clients contract partners) is handled if enterprises are unable to provide information on their clients. Yusaku Nakata answered that it is difficult for respondents to identify the industries that they supply. The survey asks respondents to complete the questionnaire based on their own assessment of what they provide and to whom.

Peter Boegh Nielsen asked if for services that are exported it is possible to provide a breakdown by country of destination. Yusaku Nakata responded that the survey assumes that all customers are resident in Japan; it would be difficult to purchase services from abroad.

Paul Johannis asked if the business categories are specific to this survey, or are they based on a classification that is used more widely. Yusaku Nakata responded that the definition of categories is not necessarily consistent with the Japanese Standard Industry Classification (JSIC); some, but not all, of the categories are consistent with the JSIC. The categories are decided in consultation with industries.

Louis-Marc Ducharme asked how all establishments providing a service are identified - in particular how are establishments that provide the service as a secondary activity identified? Yusaku Nakata

said that it is very difficult to identify secondary activity. Several sources are used including telephone directories; or private industrial associations (who have information about new members).

Louis-Marc Ducharme asked how, when secondary activity has been identified, the information is maintained on the list? Yusaku Nakata explained that the list of establishments is reviewed after each survey; establishments identified for the first time are added to the list. Enumerators in the local area provide feedback information on new businesses. When information on a new establishment arrives, the information is checked and, if the new establishment actually belongs to the industry they are added to the list.

Louis-Marc Ducharme wondered what happens in the intervening years for those industries that are surveyed on a three-yearly cycle. Yusaku Nakata said that the results are provided only for the years for which the industry is included in the survey.

Jens Thomsen asked about the role of the enumerators. Yusaku Nakata explained that their main role is to distribute and collect the questionnaires. Enumerators sometimes need to re-contact establishments many times in order to secure a response. Enumerators also help respondents to complete the questionnaires. They also provide information on establishments in their area - which are opening, which are closing, which are changing activity.

Roberto da Cruz Saldanha presented the results of the special survey for products in Brazil. Paul Johannis then asked if Brazil already has a product classification, or if it is the aim to develop one. What is the timescale for developing a classification. Roberto da Cruz Saldanha explained that the Brazilian Institute of Geography and Statistics (IBGE) started surveying products for services in 2000, when they implemented special questionnaires on products. Turnover by product has been surveyed jointly by the Annual Surveys on Commerce and Services since then. Therefore the development of the Brazilian Products Classification for Services is still in progress. Every year they are improving this list of products with the aim to adjust them to keep up with the reality of the companies and the new technology.

Cecelia Hertzman and Pekka Alajääskö finally presented the inventory on surveys collecting information on services. William Cave remarked that this is a very useful initial piece of work; and asked how this work could be taken forward. Cecilia Hertzman responded that there is a strong link between turnover by product and price statistics. For example in Sweden the turnover by product survey is designed in a way that it tries to meet the needs of price statistics as far as possible. In addition, it is important that countries work together on classification issues: it would not be very good if countries develop their own product classification. Pekka Alajääskö agreed that the work on classifications and price indices are very interlinked with the work on output data. However, one should not forget that the price indices are only useful if there are output data to be deflated, and as well the product classifications are put to real use/test only when turnover by product is surveyed.

Magali Demotes-Mainard noted that in France, there has been a long tradition of collecting a breakdown of turnover in business surveys. This is the most important aspect of this survey, as general accounting data may be obtained through fiscal data; a breakdown of turnover needs to be done at a very detailed level.

Niels Lankjaer asked the UK about their progress made on SERVCOM. Nick Palmer responded that the UK hasn't made very much progress on SERVCOM. The UK has continued to build on previous work by conducting a feasibility study. It is unlikely that the UK will introduce a SERVCOM survey in the near future.

Paul Johannis noted that, in many countries, consideration is being given to producing estimates of turnover from tax data rather than from establishment surveys. Tax data would not provide a breakdown by product; this breakdown probably needs to continue to be collected via a survey. He finished by noting that it is important to remember that the collection of the turnover by product data is the driver behind the work on classification and prices – product classifications and price indices are needed for output data.

V. Classifications

Chair : Paul Johanis (Statistics Canada)

42. *Comments on the proposed structure for ISIC 2007 for services: point of view of a business statistician, Magali Demotes-Mainard, INSEE, France*
43. *Comments from the viewpoint of JSIC on the ISIC structure paper proposed by United Nations, Kenichi Takenaga, Statistics Bureau, MPHPT, Japan*
44. *A possible structure for the International Standard Industrial Classification of All Economic Activities (ISIC), Revision 4 Select Services Sections, John Murphy, U.S.Census Bureau*
45. *The revision of the Central Product Classification, Albert Jacques, Netherlands (presented by Niels Langkjaer, Eurostat)*
46. *A French classification for physical and sporting activities: 335 disciplines, 34 families, 9 classes, Brigitte Belloc (presented by Magali Demotes-Mainard), INSEE, France*
47. *Additional CPC Product Detail Environmental Consulting, Waste Management, and Remediation, John Murphy, U.S.Census Bureau*
48. *Introducing Products for the Information Sector in the CPC, Paul Johanis, Statics Canada*
49. *Towards a classification of ICT services, Daniel April (presented by Paul Johanis), Statistics Canada*

At the 18th Voorburg Group, the topic of classification was given particular emphasis. As a result, participants were given ample opportunity to provide comments and feedback on the services aspect of the planned revision of ISIC and the CPC for 2007. A parallel session was held in the morning and first part of the afternoon of Tuesday, during which ISIC revision was discussed.

Papers were given by members from France and Japan, providing detailed comments on the ISIC structure proposal, while the presentation from the U.S. member focussed on three specific services areas: trade, transportation and storage, and information. In the afternoon, the session leader led a discussion dealing with every services section in the ISIC structure proposal. It emerged that certain opinions were widely held among members.

In general, the structure proposal is viewed as providing many improvements over the current structure. The separate identification of professional, scientific and technical services was well received, as was the introduction of an information sector. With respect to the latter, the preponderance of opinion supported the inclusion of IT professional services in this section, while recognizing the value of the defining characteristic of the section, which is the mass reproduction or distribution of information and information products, and ancillary infrastructure.

Opinions were mixed on the proposed repair and maintenance section, while the general opinion was clearly against retaining a category for scenic and sightseeing transportation. In many other cases, support was expressed for certain groupings, but also concern about the level at which such groupings should be introduced in the structure. Support services, Arts, entertainment and recreation, and Water supply; sewage, waste management and remediation were given as examples of groupings that could perhaps not be sustained at the top level of the classification in many countries.

Finally, there was general agreement that the distinction between retail and wholesale trade is getting ever more difficult to determine and that implementation guidelines might be required to establish more consistent application. This was proposed as a topic for discussion at a future meeting of the Voorburg Group.

The whole day on Thursday was devoted to a plenary session on the CPC. Five papers were given in this session, one of which provided a summary of the responses to the UN questionnaire as regards the scope and structure of the CPC. In this respect, it seems that a preponderance of opinion is emerging that the CPC should be limited to cover production and that it should be organised on an industry of origin basis.

An interesting paper by France on a classification of physical and sporting activities led to a lively discussion on the nature of classification and the importance and effect of the criteria used to classify.

Two papers by Canada and one by the U.S. then proposed additional detail and structuring in the CPC for environmental, waste management and remediation services, ICT services and the products of the proposed information section in ISIC. The latter paper notably recommended the adoption of a framework that distinguishes content products, content delivery products and licensing products, in addition to specialized technical and business services. These proposals were in general well received and will be referred to the Technical Sub-Group for further development and consideration. These areas were clearly recognized as priority areas for further product development in the CPC.

Overall, the classification sessions in this year's Voorburg Group meeting were very productive and will provide excellent feedback into the revision process for ISIC and the CPC.

VI. Strategy for the future

Chair : Peter Bøegh Nielsen (DG Enterprises, European Commission)

50. *Proposed medium-term programme for 2004-2008 for statistics on trade and services in France, Magali Demotes-Mainard, INSEE, France*
51. *Improved measurement of the services sector by the U.S. Census Bureau, Mark E. Wallace, U.S. Census Bureau*
52. *Experiences and Future Directions in the Development of Service Sector Statistics in Japan, Hiroyuki Kitada, Statistics Bureau, MPHPT, Japan*
53. *Development of Statistics on Service Industries in Japan, Koji Uesugi, Statistics Bureau, MPHPT, Japan*
54. *Services Statistics: International Development Work and Coordination - Towards a Strategic View, William Cave, OECD*

A session devoted to strategic issues has been introduced in the view of helping countries with little experience in their concern of developing service statistics. Globally, the countries are confronted with user needs demanding improved statistical coverage of the services sector, and concern is frequently raised concerning the imbalance between the coverage of manufacturing industry and the one of services. The session started with the presentation of future plans for service statistics elaborated by the national statistical offices of three countries (Japan, United States and France). The first two presentations mainly focused on the description of renewed and enlarged survey systems. The third one was more a list of planned working tracks for the five coming years. The aim of such presentations was to highlight some common concerns: the discussion showed that other countries are or will soon be in the situation of building medium term work program, and could add their contributions in the future meetings.

The OECD then proposed a strategic view on the coordination of international development work on services statistics: the 2003 UN Statistical Commission actually asked this organization to take the lead in a project management on this matter. The proposal covers on one hand the identification of the active international working groups and the work currently done, and on the other hand an analysis of possible gaps or duplication of efforts, leading to suggestions on future work organization. The Group recognized that the OECD could be very helpful in being aware of all the work conducted at the international level, and welcomed a help for a better coordination. Nevertheless, it is important for the Voorburg Group to keep a broad and general view on service statistics, and not to be restricted to defined topics.

VII. Program for 2004 and next meeting

At the end of the meeting, it appeared that different topics were mentioned, with more or less insistence, as being worth studying within the group. The four technical topics still on the agenda (Producer Price Indices, Classifications, Information society statistics, Detailed turnover by products) will stay for 2004: an innovation will be to join the CPC session and the detailed turnover session, because both topics are very closely related. The session on price indices will be somehow extended: beside a little more than one day in a session parallel to the information society session and the industry classification

session, one half-day will be treated as a plenary session, on issues such as quality adjustment or ICT services price monitoring, which raise a cross-cutting interest.

A strong demand was expressed concerning a better dissemination of the work done within the Voorburg Group. It was thus decided to launch concrete work for improving the website, with the aim of making easier the entry by theme (through the use of key words, or any other mean). A short session will be devoted during the 2004 meeting to the presentation of the work done on this matter.

Other topics were mentioned during the discussions, among which:

- short term indicators,
- international trade,
- education and health,
- outsourcing, inter-enterprise relations, networks, enterprise groups,
- use of administrative data
- the trade sector.

It was agreed to devote some time to the first point of this list (short term indicators), in order to share the experience of the OECD work on this topic, which may have impacts of a large part of service statistics.

The bureau also stressed the idea of paying more attention to the user needs, especially as the Voorburg group will have to define a new 3-years rolling program at its 2004 meeting. Finally, the need of great involvement of as many countries as possible remains a permanent goal.

The next meeting will be held in Ottawa (Canada) from September 28th to October 1st 2004.

The planned sessions stay on the following chart:

	Morning		Afternoon
Monday	Opening remarks, Progress reports	PPI	
		Website	ISIC
Tuesday	IT Related PPI/other common concerns	Quality effects	PPI
			Information Society
Wednesday	Presentation	User Needs	
Thursday	CPC and Turnover		Short Term Indicators
Friday	Strategy	Future Agenda	