



## **VOORBURG GROUP ON SERVICES STATISTICS**

19<sup>TH</sup> MEETING

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## **2004 PROGRESS REPORT FROM MEXICO**

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### 1. BACKGROUND

INEGI currently conducts several major economic indicator surveys. The series cover:

- Manufacturing
- Wholesale and retail trade
- Merchandise trade
- Construction indicators.

These indicator series track current economic activity, are closely followed and widely used by policy makers in the public and private sectors, and move financial markets. However, the existing series have had a major deficiency. No principal economic indicator covers the services industry.

The growth and development of the services sector in Mexico contributes in a fundamental way to the economic development as well as in the employment creation and increases in welfare.

### 2. SERVICES STATISTICS IN MEXICO: MONTHLY SURVEY OF SERVICES

In the year 2002, the Services Sector represented 50% of the Mexico's GDP. The measurement of the sector has been traditionally undertaken by different ways like Economic Census, the System of National Accounts and, more recently, through the MSS, in order to know the current behavior of the sector.

INEGI has been collecting services statistics in a monthly basis since August 1993. The Monthly Services Survey (MSS) was designed to produce basic information about the productive structure for a broad number of services activities. At the moment, the main aim of the MSS is to provide information about the non-financial private services to the National Accounts System.

The definition of the activities in the survey is based on the classes of the Mexican Classification for Activities and Products - CMAP.

#### MAIN PURPOSES

- To work as a behavioral economic indicator in the private services sector.
- To work as an input for the Mexican System of National Accounts.
- To work as input to elaborate Short-term sectorial economic indicators.
- To obtain indicators for employed personnel, expenditures, income and productivity in the private services sector, by class of activity.
- To obtain volume and prices indicators for the principal kind of services.

#### CURRENT STATISTICAL DESIGN

- **Probabilistic** by class of activity, the economic units are stratified in function of occupied personnel, certainly includes units with 101 or more occupied persons, and the medium, small and micro were randomly selected.
- The original design used the population framework of the 1989 Economic Census, and it was updated with the Economic Census of 1999, incorporating only large units that must be considered and new created units of different size.

This survey collects information from service enterprises for a sample about 4,521 economic units and it covers 79 different classes of services, according to their contribution to the GDP, and to the employment within the non financial private services based on the information provided by the Economic Census.

The survey allows us to make comparisons between different sectors of the Mexican economy, as well as to international level.

The MSS collects information for a non-detailed list of products related to the activities mainly considered in the information and transport sectors<sup>1</sup>. The MSS covers the following classes: Hotels and Restaurants; Land, Water and Air Transport, Support Transport Activities, Post and Telecommunications, Real State Activities, other business activities, sewage and refuse disposal, sanitation, recreational, cultural and sporting facilities and other service activities.

The MSS is widely used for internal purposes to measure employment in services. A comparative internal analysis between different types of employment within business and personal services is still to be undertaken. The variables that this survey considers are:

- **Employed personnel**
  - Remunerated
  - Not remunerated
  - Outsourcing
- **Worked hours**
- **Remunerations**
- **Expenditures**
  - Derived and not derived
- **Income**
  - Derived and not derived
- **Volume and income by class of services**

### **3. CLASSIFICATION OF SERVICE ACTIVITIES AND PRODUCTS**

Over the last 3 years, INEGI has been working on the development of service universe within the North American Industrial Classification System (NAICS) with its two partners (United States and Canada). Phase 1 of the project was to develop 3 specific NAICS<sup>2</sup> sectors (information, financial services, and administrative support). Phase 2, presently underway is aiming at standardizing the following five service sectors:

- Transportation
- Restaurant
- Arts, entertainment and leisure
- Health and
- Education

The MSS was aligned with the Mexican Classification for Activities and Products (CMAP). The service categories for expenditures (demand side) were further developed and normalized

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<sup>1</sup> The delivery of questionnaires is made in the second week of the reference month. These are collected within the next 20 days from the end of the reference month.

<sup>2</sup> The *North American Industrial Classification System* (NAICS) was developed based on the concept of the production function: the economic units that have similar production processes are classified under the same class of activity, and the classes are delimited, as possible, according to the differences in the production processes. When the NAICS was designed, special emphasis was made in the classification of: New or emerging economic activities, general services activities and activities focused on the production of advanced technologies.

within the North American Product Classification System (NAPCS). NAPCS is designed to be “market-oriented or demand based”. Products are being developed in stages by industry.

The four different questionnaires used for compiling the MSS are focused on the following topics:

- Services (sectors 8 and 9)
- Car transportation (passengers and load)
- Air Transportation
- Water Transportation

On February 2, 1999, the statistical agencies of Canada, the United States, and Mexico agreed to develop a comprehensive and integration North American Product Classification System (NAPCS). This follows on the heels of the finalization of the North American Industry Classification System in 1997. Both systems are designed to improve statistical comparability among the three countries of the North American Free Trade Area (NAFTA), signed in 1994.

#### **4. ACTIVITIES TO BE DEVELOPED IN 2004-2005 RELATED TO VOORBURG PROGRAM: MODULAR SURVEYS OF SERVICE ACTIVITIES**

Currently, the MSS is under re-engineering, assuring the transition of many service questionnaires to the new NAICS environment, in order to include new activities that weren't available before and to obtain more disaggregated data.

#### **POST RE-INGENIERING PROCESS OBJECTIVES**

- To work as behavioral economic indicator for private and public services
- To work as input (basic statistics) for National Accounts Calculations.
- To work as input to elaborate Short-term sectorial economic indicators.
- To obtain indicators for employed personnel, expenditures, income and productivity in the private and **public** services sector, by class of activity.
- To obtain volume and prices indicators for the principal kind of services.

Starting in 2005, INEGI will introduce 8 modular surveys that will be collecting information for selected services activities, according to their contribution to the GDP, based on the NAICS 2002. The modifications introduced in these focused activities will be grouped in the following classes:

- Telecommunications,
- Tourism,
- Educational,
- Health,
- Load Transportation,
- Real Estate,
- Professional,
- And Entertainment Services.

#### **STATISTICAL DESIGN POST RE-INGENIERING PROCESS**

- **Deterministic** for units with 80% or more Census Value Added or, in terms of the mentioned alternative parameters.
- **Probabilistic** for micro, small and medium units.
- Administrative record exploitation, mainly for public services.

The new monthly survey will cover the 14 different services sectors included in the NAICS and will provide a more complete information set, which reflects the behavior of the services sector, measured on a standard classification making feasible international data comparisons.

The data collected by the Economic Census composed during 2004, will promote the implementation of an Annual Survey for Services (ASS). The creation of the ASS will be discussed and approved by a Working Group coordinated by INEGI and composed by representatives from governmental institutions and private associations.

## **5. CONCLUDING REMARKS**

This article has given a broad outline of the INEGI's plans for developing services sector indicators. These are still at a relatively early stage; comments or suggestions about the progress achieved in the generation of Mexican services sector statistics, therefore, be especially welcome. Such comments may be sent to the author at the following contact.

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