

**DRAFT PROPOSALS FOR UNSO WORK PROGRAM  
IN SERVICE STATISTICS FOR THE 1992 - 1993 BIENNium**

United Nations Statistical Office

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## 1. THE PURPOSE OF THE REPORT AND BACKGROUND INFORMATION.

### A. THE PURPOSE OF THE REPORT:

1. The purpose of this report is to propose a set of interrelated activities in service statistics for the work program of the United Nations Statistical Office for the 1992-1993 biennium. The proposals for future work are based on recent efforts to develop service statistics, emerging concerns and the priorities of the Statistical Commission.

### B. RECENT EFFORTS TO DEVELOP SERVICE STATISTICS:

2. In the field of service statistics the UNSO has been collaborating with other international agencies and the Voorburg Group on Service Statistics in specific areas including (a) the methodology of price and volume measures, (b) national practices in trade-in-services statistics and (c) developing the services part of the Central Product Classification.

3. At its last session in 1989, the Statistical Commission requested that the UNSO accelerate its work in the methodology of price and quantity indexes of services with the ultimate aim of formulating agreed international guidelines. In that connection, several countries offered their assistance in preparing selected materials as portions of the draft recommendations on service statistics. Since then, the work has been progressing with the voluntary assistance of the Central Bureau of Statistics of Norway and the Voorburg Group on Service Statistics.

4. In regard to trade-in-service statistics, the UN and IMF sec-

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retariats finalised their joint inquiry on national practices and selected methodological problems in August 1989. The findings are set out in the report "A Summary of the Replies to the UN/IMF Questionnaire on Trade in Services", that was presented and discussed at the last meeting of the Voorburg Group. Subsequently, UNSO and UNCTAD followed up with a new initiative to improve the collection and reporting of trade-in-services statistics. The initial plan calls for an evaluation of the present state of affairs in-trade-in-services statistics as well as working out tentative recommendations on how to improve their coverage and comparability. As a first step the work will be confined to the developing countries in the ESCAP region.

5. In 1989, the Statistical Commission approved the final draft of the provisional Central Product Classification, modified to take into account the comments by the Commission. It was also requested that the Secretary-General prepare a publication on the CPC with explanatory notes for the services part of the classification. Previously some countries volunteered proposals for the explanatory notes in the context of the VGSS. These proposals were instrumental in the preparation of the service classifications and their explanatory notes that were commented on by a group of experts. The production of the CPC publication is near completion.

#### C. EMERGING CONCERNS:

6. The emerging concerns in the field of Service Statistics are the availability of internationally comparable data and the inade-

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quate state of information on production, trade and employment in the developing countries. The related issues may be categorized in the following manner:

- (a) Should internationally comparable statistics on service-related production be developed beyond the sectoral contributions to GDP on a 1-digit ISIC basis?
- (b) Should the 1975 UN Statistical Paper "International Recommendations on Statistics of the Distributive Trades and Services" be reviewed in the light of the structural changes in the service sector as well as developments in conceptual work?
- (c) Should a collaborative effort be made at the international level to improve the coverage, collection and reporting of trade in services statistics?
- (d) In view of the on-going international programs in data compilation (such as those of OECD, GATT and Eurostat), and considering the experiences acquired by national statistical offices, is it the appropriate time for a global compilation of service statistics drawing to the fullest extent possible on existing programs?

Some new initiatives in data compilation are proposed for addressing these issues in the 1992-1993 biennium.

#### D. PRIORITIES OF THE STATISTICAL COMMISSION:

7. The situation in service statistics was discussed at the last two sessions of the UN Statistical Commission. At its 24th Session of March 1987, the discussion of efforts to improve statistics on services led the Commission to emphasize that the work on services

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should be a cooperative effort between international organizations and individual countries, given the pressure on resources. At the 25th Session of February 1989, the discussion dealt with general issues of methodological development, data compilation and technical cooperation. The Commission endorsed the continuation of work in service statistics in appropriate coordination with other international agencies. The Commission also noted that despite the valuable contributions of the Voorburg Group on Service Statistics, the traditional methods for developing statistical methodology (regional meetings, consultant studies, expert group meetings) could not be replaced by the Group's efforts. Accordingly, the Commission requested the Secretary-General, in cooperation with international organizations, to seek extra-budgetary funding to support a comprehensive program involving methodological development, data compilation and technical cooperation to advance work in the important new field of service statistics.

8. The remainder of this report sets out preliminary proposals concerning a set of activities in methodological development, data compilation, technical cooperation and the promotion of coordination for the UNSO Work Program in Service Statistics for the 1992-1993 biennium. UNSO welcomes the comments of the Voorburg Group and others on these proposals as well as alternative possibilities in regard to the proposed activities and the needs addressed.

## II. METHODOLOGICAL DEVELOPMENT:

9. An important objective of the methodological development work

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is the formulation of agreed international guidelines on the methodology of price and volume measures. The guidelines are considered a prerequisite for improving comparability among countries' statistics on services production as well as a means of improving their availability.

10. The preparatory work in connexion with the formulation of agreed international guidelines is progressing with the assistance of volunteer contributions from Norway and the valuable discussions within the Voorburg Group on Service Statistics. Within the last two years the contributions from Norway consisted of a review of volume measures in service activities based on the UNSO Questionnaire Survey and a proposal of international guidelines on price and volume measures. From these contributions, a method of operation is evolving for concluding the preparatory phase. More specifically, the activities involved are as follows:

- (a) Further review of national practices in price and volume measures.
- (b) Establishing a standard format for the presentation of the draft guidelines.
- (c) Using the format of (b) to obtain comments and suggestions from countries on the proposed recommendations.
- (d) Finalizing countries' contributions to recommendations on the methodology of price and volume measures.

11. By the end of 1991, these activities would have been carried out in regard to wholesale and retail trade, hotels and restaurants;

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as well as transport, storage and communication. During 1992-1993, the preparatory work will focus on financial intermediation; real estate, renting and business activities; public administration and defense; education; health and social work; as well as community, social and personal service activities.

### III. DATA COMPILATION

12. In view of the expansion of national and international work in service statistics, the UNSO is considering new compilation and publication initiatives in this important field. In addition there is a need for a compilation effort to support methodological development work aimed at establishing internationally comparable classifications, concepts and measurement standards.

13. To meet these needs, it is proposed that during 1992-1993 UNSO undertake an experimental data collection program that will initially consist of the following activities:

- (a) Identifying and recording the sources of service statistics for a selected number of countries (not more than 10) as well as an examination of their contents on the basis of common characteristics such as coverage, timeliness, reliability, comparability and periodicity.
- (b) Carrying out a comparison between the framework of service statistics that is evolving from national work and the recommendations set out in "International Recommendations on Statistics of the Distributive Trades



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and Services", Statistical Papers, Series M, No. 57.

Overall, the experimental data collection program will draw on the work of other international agencies including OECD, GATT, EUROSTAT and UNCTAD. All of the foregoing efforts will be helpful for gauging the implementation of the existing international standards for compiling comparable service statistics.

#### IV. TECHNICAL COOPERATION

14. The goal of technical cooperation is to improve the developing countries' statistical capability and capacity in service statistics. To this end, UNSO and UNCTAD are currently undertaking a new initiative to improve the data base on services and, in particular, the collection and reporting of trade-in-services statistics.

15. There are two major types of constraints on the availability of service statistics from the developing countries. On the one hand, there are large inter-country variations in the role of services in domestic activity and international transactions. On the other hand, statisticians in some developing countries may not recognise the importance of the service sector in generating employment, improving the efficiency of the production and distribution process and strengthening the performance of foreign exchange management. Accordingly, the collection of service sector data is likely to vary among the developing countries depending on the degree of economic specialization, the objectives of development policy and,

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above all, the level of awareness about the significance of the service sector.

16. In the event that a decision is reached concerning the form of joint action to assist the developing countries in the development of national data bases on service statistics, UNSO will make arrangements to provide (a) advisory services in reviewing the coverage and compilation of service statistics, (b) national missions in response to country requests to develop programs for the collection of service statistics and (c) the organization of training seminars.

#### V. PROMOTION OF COORDINATION

17. UNSO will work toward and participate in collaborative arrangements to promote the coordination of international work on the development and improvement of statistics on services. Moreover, UNSO will continue to provide support services to the Voorburg Group on Service Statistics as well as support for related work in the regional commissions.

18. During 1992-1993, UNSO will conclude the preparatory phase of the work on the methodology of price and volume measures in cooperation with the Voorburg Group. In addition, UNSO is proposing a collaborative effort among international agencies to improve data compilation systems. Also, for the purposes of technical cooperation, UNSO plans to draw on the expertise and experience of other international organizations and the Voorburg Group on Service Statistics.

19. As regards data compilation, a collaborative effort on inter-

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national standards for compiling service statistics is needed for the following purposes.

- (a) to verify whether the proposals set out in M57, "International Recommendations on Statistics of the Distributive Trades and Services", can serve as a basis for international reporting.
- (b) to examine the experiences of national authorities from using these proposals in developing their statistics.
- (c) to recommend a mechanism for updating the existing standards on service statistics.

20. To facilitate the transfer of methodological materials to national authorities in the developing countries to improve and extend basic data, UNSO will draw on the development work of other international agencies in classifications, measurement standards and survey design. In particular,

- (a) IMF's expanded classification of international transactions in services.
- (b) OECD's work on the definitions and classification of service transaction.
- (c) ECE's review of problems with the national application of the Central Product Classification.
- (d) WTO's standards for the collection of tourism statistics.
- (e) Eurostat's Manual of Methodology on Services.
- (f) ECE's concepts of services output.

- (g) Eurostat's work on the establishment of an information system on services.
- (h) ECE's work on the collection and improvement of Balance-of-Payment Statistics.
- (i) The Voorburg Group's model survey of computer services.

21. Similarly, through the availability of a complete inventory of efforts at the international level, statisticians in all countries could have access to and become more familiar with the latest developments in the various aspects of service statistics.