

**Current activities of UNCTAD in the service area
and initiative to develop trade-in-services statistics**

UNITED NATION CONFERENCE ON TRADE AND DEVELOPMENT

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I. The Purpose of the Report

1. This short paper has two main purposes: (1) to describe briefly the current activities of UNCTAD in the services area; and (2) to outline the new initiative taken by UNCTAD, ESCAP and UNSO to promote services statistics in the developing countries.

II. Current activities of UNCTAD in the Services area

2. UNCTAD is primarily concerned with services as an input into the production process, and thus with the identification of interlinkages between the services sector and the production of goods and services.

3. Services statistics are used in a general way in our on going analysis pertaining to the performance of developing countries in the world economy. The UNCTAD International Trade Programme is responsible for providing technical assistance to developing countries in assessing the role of services in their economies. Regional and national projects are underway in Africa, Latin America and Asia. All these projects require statistical expertise, in respect of methodology, classifications and data collection.

4. The national studies carried out with the assistance of UNCTAD cover, *inter alia* :

- (a) How services support other sectors of national economies;
- (b) How services affect the balance of payments;
- (c) The export potential of services;
- (d) The dimension of employment in the service sector;
- (e) The implications for countries of the Uruguay Round of Negotiations

5. All these studies relate to services and to their role in the development process of developing countries.

6. In order to carry out such tasks, UNCTAD has built up a data base on services statistics. The data base on statistics of production, trade and employment regroups three main sets of data, based mainly on statistics supplied by the United Nations Statistical Office, the World Bank (production), the International Monetary Fund (payments related to services) and the International Labour Office (employment).

7. The production figures describe the main components of gross domestic product and the IMF data provide the credits and debits for most of the Fund's member countries from 1970 to 1988 for the standard balance-of-payments items. As far as employment is concerned, the data base provides total employment and employment in agriculture, industry and services for 140 countries. For 103 countries the data are disaggregated on the basis of the major divisions of ISIC.

8. There is no need at this point to enumerate the well-known short comings of the existing data, such as lack of detail, lack of comparability and general inadequacy for the purpose of economic analysis, in particular for developing countries. Improving the quality of the analysis calls for a considerably higher level of disaggregation in the data available. Another serious limitation of trade-in-service statistics is the lack of data on "direction of trade", as exists for trade in goods.

9. In order to address the above problem, UNCTAD, in co-operation with ESCAP and the United Nations Statistical Office, is launching a new initiative to take stock of the problems and come up with guidelines and recommendations.

III UNCTAD's initiative to develop trade-in-services statistics

10. As part of its work on trade in services under "Project assistance to Asian and Pacific countries in multilateral negotiations", UNCTAD and ESCAP, in collaboration with the United Nations Statistical Office, have launched a project geared at collecting information on the scope and coverage of national practices in trade in services.

11. In view of the fact that trade in services is linked to various sectors of the national economy, a focal point will be designated, for further activities. A detailed questionnaire has been designed and sent to the countries of the Asian region (see part 4).

12. The main objectives of the project are twofold: first, to describe the present state of statistics on trade in services in the ESCAP developing countries, in particular the main characteristics of national data collection efforts and the scope of trade in services of Asian countries; second, to develop guidelines and recommendations on how to improve these statistics. At a later stage, the results of the study will be extended to other developing countries.

13. In order to strengthen the collection of information from Asian sample countries, we also intend to gather information through direct interviews. For this purpose, an expert from the United Nations Statistical Office, together with an expert from ESCAP, will be visiting several countries in the Asian region to carry out the above-mentioned task.

14. Replies to questionnaires, supplemented by the information available in the IMF balance-of-payments statistics, will constitute the basis for the guidelines and recommendations.

15. The set of guidelines/recommendations to be drafted would include, *inter alia*, the scope of the services to be covered by trade-in-services statistics, including conflicting issues in national accounts, the breakdown proposed, priorities, and if possible also advice on the collection of the basic data. Recent and planned developments in respect of the *Balance-of-Payments Manual* (fourth edition) will be taken into account.

16. UNCTAD has hired a consultant, who will be responsible for the above tasks in co-operation with the UNCTAD Statistical Service, UNSO, ESCAP, and other agencies.

VI. Questionnaire on trade in services statistics in Asian countries

1. Introductory remarks

Trade in services constitutes a substantial portion of international transactions in goods and services both in developed and developing countries. While statistics on international trade of goods has long traditions with developed data base and, in general, satisfactory comparability among countries, trade in services statistics is much less developed with limited experience only.

The aim of this enquiry is to collect information on the scope and coverage of the national practices of trade in services statistics, on the breakdowns applied and on other methodological aspects of this field. This information may contribute to a large extent in drawing up international guidelines for trade in services statistics and in this way to assist national statistical offices to improve their practices and at the same time to improve international compatibility.

Scope and coverage of the trade in services statistics

A. General

As a result of the discussions on the methodology in the last few years, especially of those taking place within the frames of the Voorburg Group on Service Statistics, the main objective of the development of the trade in services statistics seems to reach full coverage of all external transactions in goods and services and in all current external transactions. The exact distinction between trade in goods and trade in services, or between merchandise trade and non-merchandise trade seems to get a lower priority in drawing up informational guidelines. This is why the present enquiry attributes less importance to the problem where the borderline between goods and services lies, and is concerned mainly with the total coverage of the international trade in goods and services statistics.

There are two existing international recommendations which provide guidance for methodological work on trade in services:

- The United Nations System of National Accounts (SNA) of which the concepts of "goods and services" and the "resident economic units" are relevant here. International trade in goods and services is defined in the SNA as transactions in goods and services between residents and non residents. Thus, trade in services according to the SNA consists of transactions between resident and non-resident economic units in other than goods (in practices of most countries: in other than merchandises) which are still within the category transaction in goods and services. Without observing trade in services in this sense it would not be possible to present data on total exports and total imports in the national accounts.
- The Balance of Payments Manual (BPM) of the International Monetary Found (Fourth Edition, 1987), of which the content of the "current account" is relevant here. In the current account of the BPM also transactions between residents and non-residents are recorded, however, not only those in goods and services but also in income and in unrequited transfers. Some countries and a number of authors refer to the part of the BPM current account transactions above the merchandise trade and also as trade in services. In order to avoid terminological confusion, this wider concept will be referred to in this questionnaire as BPM current account.

The present inquiry tries to get information on both the SNA (narrower) trade in services concept and on the (wider) BPM current account concept. It should be noted that though there are some small conflicts between the concepts of the present SNA and present BPM, these seem to disappear as a result of the revision of the two systems and the harmonization of them. (Details on the planned modifications are reflected in the materials circulated to national statistical officers on the revision of the SNA).

B. Questions in respect of the (narrower) trade in services concept

- B.1.** Is the trade in services concept applied in your country consistent with the SNA definition of goods and services (in the sense that together with merchandise trade it covers all transactions in goods and services between residents and non residents)?¹

¹ In order of facilitate the answers several variants are listed below. However, answers in other forms also would be helpful. In some cases references to several variants can be made.

- a) Yes, both in principle and practice
- b) In principle yes, but in practice no, because of... (please specify omissions or other deviations)
- c) Even in principle not, because... (please specify any deviation made for principle reasons)
- d) No, because in the practice of the country only BPM current account concepts (or any other wider concepts) are used
- e) No, because in the country, so far, trade in services is not observed.

B.2. Is the trade in services concept applied in your country consistent with the SNA definition of resident economic units (in the sense that only transactions between residents and non-residents are covered, but they are covered entirely)?

- a) Yes, both in principle and practice
- b) In principle yes, in practice, however, not entirely because (please specify the reasons)
- c) Even in principle not, because... (please specify the reasons)

B.3. In your estimation (even rough estimations would be welcomed) How many per cent of the total trade in services is omitted from the observation for practical reasons (a) in the exports (b) in the imports? Please, specify which are the main areas of the omissions, if there are any.

C. Questions in respect of the (broader) BPM current account concept

C.1. Are the balance of payment current account components in your country consistent with the BPM recommendations?

- a) Yes, both in principle and practice
- b) In principle yes, in practice, however, not entirely because... (please specify the reasons)
- c) Even in principle not, because... (please specify the reasons)
- d) No, because no BPM current accounts are compiled in the country.

D. Questions in respect of the main components of trade in services

D.1. Is the component "Shipment" in your practice consistent with the definition given in the BPM (para 248)?

- a) Yes, both in principle and practice
- b) In principle yes, in practice, however, not entirely because... (please specify)
- c) Even in principle not, since... (please specify the differences)
- d) Shipment as such is not distinguished in the trade in services statistics as a separate item (although it is covered)
- e) Shipment (as export or import) is not observed in the statistics of the country.

D.2. Is the component "Shipment" subdivided (e.g. by mode of transportation or by other criteria) in your statistics? If yes, please specify.

D.3. Is the component "Passenger Services" in your practices consistent with the definition given in the BPM (para 269)?

- a) Yes, both in principle and practice
- b) In principle yes, in practice, however, not entirely because... (please specify)
- c) Even in principle not, since (please specify the differences)
- d) Passenger services as such is not distinguished in the trade in services statistics as a separate item (although it is covered)
- e) Passenger services exported or imported are not observed in the statistics of the country.

D.4. Is the component "Passenger Services" subdivided in your statistics? If yes, please specify.

D.5. Is the "Port service etc." component in your practice consistent with the definitions given in the BPM (paras 271-277)?

- a) Yes, both in principle and practice
- b) In principle yes, in practice, however, not entirely because... (please specify)
- c) Even in principle not, since (please specify the differences)
- d) Port services etc. as such, not distinguished as a separate item in services statistics(although it is covered)
- e) Port services etc. are not observed in the statistics of the country.

D.6. Is the "Port services etc." component subdivided in your statistics? If yes, please specify.

D.7. If "Shipments", "Passenger services" and "Port services etc." are not separately observed, are they covered under a "Transportation services" component?

D.8. Is the "Travel" component in your practice consistent with the definition given in the BPM (paras 278-279)?

- a) Yes, both in principle and practice
- b) In principle yes, in practice, however, not entirely since... (please specify)
- c) Even in principle not, since... (please specify the differences)
- d) "Travel" as such is not distinguished as a separate item in the trade in services statistics (although it is covered)
- e) Travel services exported and imported are not observed in the statistics of the country.

D.9. Is the "Travel" component subdivided in your statistics? if yes specify?

D.10. Is the "Government services" component² in your practice consistent with the definition given in the BMP (paras 311 and 318)?

- a) Yes, both in principle and practice
- b) In principle yes, in practice, however, not entirely since... (please specify)
- c) Even in principle not, since... (please specify the differences)

² The BMP term for this component is "Official transactions."

- d)* "Government services" as such is not distinguished as a separate item in the trade in services statistics (although it is covered)
- e)* Government services exported and imported are not observed in the statistics of the country.

D.11. Is the "Government services" component subdivided in your statistics? If yes, please specify.

D.12. Is the "Other private services" component³ in your practice consistent with the definitions given in the BPM (paras 326 to 339)?

- a)* Yes, both in principle and practice.
- b)* In principle yes, in practice, however, not entirely since...(please specify).
- c)* Even in principle not, since (please specify the difference).
- d)* "Other private services" as such is not distinguished as separate item in the trade in services statistics (although it is covered).
- e)* Other private services exported and imported are not observed in the statistics of the country.

D.13. Is the "Other private services" component subdivided in your statistics? If yes, please specify. Special attention should be given to the following subdivisions: Insurance, Commissions and brokerage, Films and television, Construction/engineering, Communications, Management services, Processing and repair, Advertising, Merchanting, Consultancy and technical cooperation, Financial services, Rentals (operational leasing), Computer related services, Legal services.

E. Questions in respect of income and unrequited current transfers components

E.1. Do you observe regularly in your statistics those components of the BPM current account which are other than goods and services?

³ The BPM term for this component is "Other goods and services"

- E.2.* Is the "Investment income" component in your practice consistent with the definitions given in the BPM (chapter fourteen)?
- E.3.* Is the "Investment income" component subdivided in your practice? If yes, please specify.
- E.4.* Are the "Labor income" and "Property income" components in your practice consistent with the definitions given in the BPM (paras 319 to 324)?
- E.5.* Is the "Unrequited transfers" component in your practice consistent with the definition given in the BPM (paras 340 to 343)?
- E.6.* Is the "Unrequited transfers" component subdivided in your practice? If yes, please specify.

F. Questions in respect of Geographical breakdown applied in trade in services statistics

- F.1.* Is there any geographical breakdown (subdivision by groups of trading partners) in your trade in services statistics? If yes, please indicate which are the groups distinguished by geographical regions.