Export of Services - issues

Presentation by Jakob Kalko, based on 2018 papers
Export of services

Presentations - output
• Maja Dozet - Croatia
• Eveli Sokman – Estonia
• Agnieszka Matulska-Bachura - Poland

Presentations – SPPI
• Yann Leurs/Frederic Ouradou – France
• John Jeremy – UK

Discussant
• Magarida Martins - IMF
Output – some facts

• Increase of trade in export of services in general

• Data can be collected through surveys – or through direct contact with large players, trade organizations etc.
  - sampling frames may be based on information from VAT, FATS or other information, showing foreign transactions

• In general – enterprises have good information concerning turnover/output related to export. It may depend on kind of service.
Output - challenges

- Increased activity of exports demands higher attention towards consistency between BPM, SNA and foreign trade statistics

- No customs report – no/limited administrative data sources.

- Increased demand for detailed data on export

- More complex corporate structures – scope of internal transactions across borders increases. Problem for national accounts?

- How to collect correct data for export of services on digital platforms?

- General comparability between countries

- Underreporting of export activities? Informal sector?
Output – future possibilities

- Surveys – data seems to be available

- Export measured through transaction data for some services? (eg. Hotells, restaurants, digital platforms)

- Big data – a future datasource?

- Other sources?
Output – future possibilities

• MOSS – Mini One Stop Shop
  - established 1/1- 2015
  - covers delivery B2C – to customers within the EU
  - covers delivery of electronic services (telecommunications, radio/TV, software, Data/electronic games, magazines, E-learning services, cloud services/computing.
  - VAT should be registered in the country where the consumer is located, not where the enterprise is established
  - Returns (along with the VAT paid) are made available, Quarterly
  - Any countries with experience from this source? Might be legal obstacles, using the source.
SPPI (B2X) - some facts

• Why B2X, SPPI:
  - In general B2X can not be assumed =B2A. *Different markets.*
  - Correct measurement of B2X is important for NA in order to estimate correct volume
  - interesting to compare development in the ratio of export to import prices

• Limited international experiences

• Full agreement that SPPI should include export of services and is of increasing importance –but component is difficult to separate
SPPI (B2X) - Challenges

• Currency fluctuations – when producer of services receives the revenue in foreign currency, price may influenced by factors, not relevant for statistical purposes.

• Services from online platforms – how to measure services?

• Transfer pricing – a rising challenge due to the increasing international organization of enterprise groups. Transfer price occurs when a legal unit in a multinational enterprise sells a good or a service to another unit in the same group.

• Some challenges with transfer prices
  - are they “true” market prices?
  - challenges of deflating correct volume of exports
SPPI (B2X) - Challenges

• Some suggested solutions (*Export and import price index manual, IMF 2009*) for the issue of transfer pricing

  - *Internal comparable:* Price of same/similar service to a third party

  - *External referenced comparable:* Price of same/similar service on a domestic or international exchange. Not relevant for services?

  - *External comparable:* Market-transaction of the same service between to other parties

  - *Downstream/upstream internal transaction.* Not relevant for services (?)

  - *Declared transfer price:* Collection of listed transfer price. Determine if price is cost or market based

• In general – lack of practical guidance for adjustment of transfer prices for services.
• Any practical experiences from countries using these guidelines?
SPPI (B2X) – possibilities

• Weights - output data for some services is available among exporting units

• French paper points out possibilities of duplication of prices – where services are delivered in the domestic territory to non-residents

Examples: Transport, food services, accommodation, taxi operations
Summary of questions raised

- Other sources for output used than survey or direct contact with trade organizations?

- Any countries with experience from using MOSS?

- Any practical experiences from countries using guidelines for treating «transfer prices»?

- Any new pilots or full scala survey conducted since October 2018 in any countries for output or Export prices?