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IMF Committee on Balance of Payments Statistics
Washington, D.C.
October 25-27, 2010**

**Report of the Interagency
Task Force on Statistics of International Trade in Services**

**Prepared by the Statistics Directorate
Organisation for Economic Co-operation and Development**

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Organisation de Coopération et de Développement Économiques
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STATISTICS DIRECTORATE

Working Party on International Trade in Goods and Trade in Services Statistics

REPORT OF THE MEETING OF THE TASK FORCE ON STATISTICS OF INTERNATIONAL TRADE IN SERVICES (TFSITS)

4-6 October 2010, OECD Headquarters, Paris

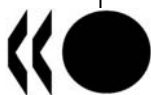
Item 4 b) of the agenda.

This document is for information and comments from WPTGS delegates.

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REPORT OF THE MEETING OF THE TASK FORCE ON STATISTICS OF INTERNATIONAL TRADE IN SERVICES (TFSITS)

23-24 MARCH 2010 (JOINT MEETING WITH TF ON MERCHANDISE TRADE : 25 MARCH 2010)

Economic and Social Commission of Western Asia, United Nations House, Beirut

Tuesday 23 March 9.30

1. Welcome and Opening

1. Mr. Giovanni Savio (Economic and Social Commission of Western Asia) opened the meeting welcoming the participants of both the Task Force on Statistics of International Trade in Services (TFSITS) and the Task Force on International Trade in Merchandise Statistics (TFIMTS), thanking Mr. Ismail Lubbad for his initiative taken at the 2009 Bangkok UNESCAP meeting to suggest the UN/ESCWA as host of the 2010 meetings. Mr. Savio noted that the adoption by the UN Statistical Commission (UNSC) of the revised *Manuals of Statistics of International Trade in Services (MSITS2010)* and *International Merchandise Trade (IMTS2010)* was an important event. He stressed the importance of external trade in the Middle East region and in particular of trade in services. The ESCWA has committed in continuing efforts on enhancing trade statistics which has been identified, together with tourism statistics, as priority work. The need for capacity building in the region was highlighted in the conclusion of Mr. Savio's speech. Mr. Hubert Escaith (WTO) underlined the impressive work done by ESCWA under complicated conditions and thanked the participants for attending. He noted that the years ahead would be challenging with the implementation of the new SNA and BPM. Mr. Andreas Lindner (OECD) emphasized the milestone of the finalization of the manuals and noted the importance of the next challenge: the drafting of compilation guidance.

2. A tour de table was organized to introduce new participants to the TF. New participants to TFSITS were Daniela Comini (Eurostat), Dale Andrew (OECD, Trade and Agriculture Directorate), Claude Saadeh, Iman Fares, Naman Khouri, (Banque du Liban)

2. Adoption of the agenda

3. The Chair of TFSITS noted that the 5.b.i. on the comparison between *MSITS 2002* and *MSITS 2010* would not be discussed as the note was not ready yet. Work is however progressing and Mr. Mark Pollard is hoping to be in the position to share a draft with the TF within the next few weeks.

3. Approval of the report of the last TF meeting in Paris, 19-20 November 2009

4. The agenda was approved; the Banca d'Italia representative asked if next TF meeting will be 1 or 2 days. The chair suggested that the decision should be agenda driven and that the TF could decide by the end of the present two days meeting if two days were again necessary in October.

4. Report on submission of *MSITS 2010* to UNSC (UNSD)

5. UNSD reported the United Nations Statistical Commission (UNSC) had expressed appreciation of the work of the Interagency Task Force Meeting on Statistics on International Trade in Services (TFSITS) in revising *MSITS 2010*. The conclusions of the Statistical Commission were presented: The UNSC

(a) Expressed appreciation of the intensive work of the Task Force members in revising the Manual on Statistics of International Trade in Services (MSITS);

(b) Adopted the Manual on Statistics of International Trade in Services 2010 (MSITS 2010);

(c) Endorsed the implementation programme and urged the Task Force on Statistics of International Trade in Services (TFSITS) to take note of the following:

- (i) the importance of the compilation guidance
- (ii) the significance of trade in services in globalization and links to other frameworks
- (iii) the emphasis on linking the Manual to the revised Balance of Payment Manual, the revised SNA and the linkage to commodity trade

(d) Urged the Task Force to give particular importance to the following areas:

- (i) Foreign Affiliate Statistics, particularly outward FATS
- (ii) Tourism statistics and the measurement of the contribution of tourism to national and regional economies
- (iii) Valuation and pricing
- (iv) Research and development

(e) Urged the Task Force to place a time frame of the implementation plan so the member countries could plan their implementation process accordingly.

6. On point d(i), during the Statistical Commission session, there was a discussion on the priority given to outward FATS as these statistics are more difficult to collect than inward FATS. Task Force members attending the UNSC made some suggestions for rephrasing however the Statistical Commission maintained the initial wording. The Task Force noted that the decisions of the UNSC highlighted the difficult areas of the trade in services statistics.

7. UNSD stressed that the interagency consultation forum (a side meeting to UNSC) also recognized the importance of the upcoming Compilation Guidance phase.

5. Revision of concordance annexes to the Manual on Statistics of International Trade in Services (*MSITS*)

a. Review of the online annexes to MSITS 2010

i. EBOPS 2010 and CPC version 2

8. UNSD informed the Task Force that in order to set up the correspondence between EBOPS 2010 and CPC version 2, an automatic bridging had been prepared, with the assistance of Eurostat, between CPC version 2 and the existing correspondence between EBOPS 2002 and CPC version 1.1. As already noted at

the last Task Force meeting in Paris, there is an (unchanged) problem of lacking resources for getting this task completed which had moreover been assessed as of being of low priority by the UNSD classification experts. Missing final EBOPS2010 codifications (for instance, Total services was coded 200 in EBOPS 2002/BPM5) that still need to be defined by IMF was a supplementary issue. Possible input of some countries (for instance Australia) that have already started production of BoP statistics following the new recommendations could be sought out. Eurostat confirmed that for EU countries the new BoP trade in services classification would only be implemented in 2014 which means that EU countries would not develop experience for that type of bridging exercise in the near future.

The Task Force noted that the draft correspondence tables linking EBOPS and CPC should be shared by UNSD with the members of the Task Force but would not be provided online on the Task Force website for the time being. The Task Force noted the importance of an as swift as possible availability from IMF of the new BPM6 and EBOPS 2010 series codes.

ii. EBOPS 2010 and GNS/W/120 (WTO)

9. WTO noted that, even if some progress had been achieved, the correspondence between EBOPS and W/120 (The trade in services list used by the negotiators for the GATS) presented to the Task Force is similar to the one presented at the last Task Force meeting in October 2009 in Paris. The need to continue refine the tables was emphasized. Among the outstanding issues remains the problem of where to allocate travel agencies: to EBOPS item travel or other business services? Regarding this allocation issue, it was agreed that IMF would check for an allocation consistent with BPM6 and would get back to WTO. Further work on the W/120 correspondence depends on the progress with the correspondence table between CPC and EBOPS. OECD TAD representative drew the Task Force's attention to the fact that W120 is a classification used by services negotiators and being based on CPC/Prov it is outdated and in many cases has only weak connections with the today's "commercial reality" (the example of the breakdown of environmental services in W/120 which does not reflect current environmental concerns like climate-related services etc was given). and urged that limitations of this specific correspondence be mentioned in *MSITS 2010*. WTO stressed the importance for some part of the *MSITS 2010*'s audience of having a bridge between EBOPS and W120. In particular the trade analysts do need this correspondence to link policies and statistics. WTO clarified that W/120 is not a statistical classification, but was created for the purpose of facilitating negotiations under the GATS. The Bundesbank representative confirmed that W/120 does not fit statistical needs and that statisticians did not participate in its elaboration which was more of a political commitment.

The Task Force noted that the aim of the EBOPS2010-GNS/W/120 bridging exercise is to give indications on how to relate EBOPS to W120 for analytical use. The result will depend on how correspondence tables between EBOPS and CPC will evolve.

iii. EBOPS 2010 and ICFA (Eurostat/OECD)

10. Eurostat queried the Task Force about the historical background of the ICFA table presented in *MSITS 2010*, *i.e.* why the two (different) ISIC tables for inward and outward FATS that are available at Eurostat had not been used in *MSITS 2010*, (noting the first was close to business registers and the latter to FDI classification). Eurostat underlined that the *MSITS 2010* ICFA table would not be used by EU countries and wondered what countries could possibly use ICFA. The Bundesbank representative explained that the ICFA table was more an attempt to bridge EBOPS with a sector classification. Giving some background information, it was explained that in a first stage the inward and outward FATS table had been presented in *MSITS 2010* but then following country comments expressed during the second worldwide consultation, they were removed as for most countries of the world (not EU countries) that are only starting to envisage the elaboration of FATS statistics, it made only little sense to present different

target industries for inward and outward as their collection of FATS statistics should be guided by national priorities. Another reason for having the ICFA was the need for it to be more closely linked to the EBOPS 2010 categories.

The Task Force agreed that Eurostat would make the link between EBOPS and ICFA as described in the MSITS 2010. OECD would get back to Eurostat as regards FATS questionnaire sent to countries by OECD colleagues.

iv. The revision of BEC, its possible extension to services (OECD)

11. The Chair explained that UNSD Expert group on International Economic and Social Classifications is planning to review the classification by Broad Economic Categories (BEC) which groups transportable goods according their main end use and supports many applications beyond its original narrow purpose. BEC was initially designed only for goods but its extension to services is being examined by an OECD led subgroup. The aim of the presentation was to let the Task Force discuss current uses of BEC and express its view on the possible extension of it to services. Information on national practices regarding BEC had been kindly made available by USA, Japan, Germany, Italy and Lebanon. The Bundesbank representative confirmed that BEC was not widely used in Europe. Eurostat noted that the trade data published on new cronos following BEC categories is the result of an aggregation made by Eurostat. It was noted that in Eurostat also there was an increasing demand to enhance consistency between trade in goods and trade in services but that this could be achieved more effectively by bringing EBOPS closer to product classification than by working on the extension of BEC to services. UNCTAD emphasized the interest of the extension of BEC to services for analytical purposes. There was the suggestion that the extension could be done in order to relate trade to Input output and not necessarily at country level. The Bundesbank noted that in the case of services, identifying what is investment, intermediate and final consumption is quite complex. The Banca d'Italia representative recognized both the challenge and the analytical need for the extension of BEC to services. It was noted that some services would be fairly easy to identify as intermediate consumption, business travel and other business services were cited, on the other hand, personal travel would qualify as final consumption. Estimates could then be built for more difficult items like insurance. It was noted that product classifications do not help in identifying intermediate consumption. WTO stressed that the extension of BEC to services is interesting in the current context of increased efforts to link trade in goods and services. WTO also called attention to the interest of BEC in the context of increased importance of research on trade in value added and trade in intermediates. UNSD made a short report on internal discussions with classification colleague on this matter. OECD TAD and IMF agreed about the interest of extending BEC to services for analytical purposes and linking trade to Input/output tables.

The Task Force recognized the analytical interest of extending BEC to services which would also contribute in improving the link between trade data and National Accounts. The Task Force however felt that the priority would be to develop correspondence between EBOPS and CPC.

v. Analytical annex including follow up of STRI project (OECD).

12. The Chair presented the six themes¹ (including market access) of the analytical “toolbox” which were identified following the successive worldwide consultations and reminded the Task Force that the

¹ Providing a fuller picture of trade in services, considering balance of payments data and foreign affiliates statistics side by side for analysis; 2 - addressing linkages between services trade and production data; 3 - bilateral asymmetries in trade in services data 4 – Applying the bilateral data to models of world trade flows; identifying services for which a country has a comparative advantage in trade; 5 - market access; 6 - analysis on a sectoral basis of trade in particular services – The case of health services

purpose of the note is to provide a toolbox to make better use of existing trade in services data, which would ultimately help to improve the data quality. The Task Force was asked for any suggestion and comments. The Banca d'Italia representative suggested the first chart – presenting US imports-, could be more interesting if presented for exports and sales. Repetitions in the text (ex: page 7 footnote 8) could be avoided, other useful points were noted. WTO noted that including analysis on the banking sector on the chart on US sectors could be interesting. There was also the reiterated suggestion to present the section on the System of Health Accounts and MSITS 2010 separately from the analytical annex.

Task Force suggestions to the text of the “analytical toolbox” would be inserted in current text. The note would be provided online as “living document” and revised every two years in line with the Task Force training module. It could also be integrated with the Task Force training module. The section on the relation between the System of Health Accounts and MSITS 2010 (under the theme on the sectoral analysis of trade in health services) could be shown separately on the Task Force website.

13. The OECD TAD representative gave an update on the OECD Service Trade Restrictiveness Index (STRI). It was reported that a two year pilot phase was coming to an end. The aim of the project was to quantify barriers to trade and more specifically covered construction, professional, computer services and telecommunications. . In this context bilateral service trade data are crucial, FDI and FATS data are also made use of. The next step would be to estimate trade costs and weight of different policy areas developing a top-down approach once data for 2007 and 2008 become available. The identified data needs were the following: To distinguish between: zero, missing value and confidential info, to improve decomposition of trade flows across partners (the sum should add up to the total), to better match EBOPS and ISIC classification, to provide more disaggregated data by industry. The following points were noted: lack of data which is one of the reason for which trade negotiations are not progressing, the importance of work on trade by product classification, covering both goods and services and to distinguish between intermediate and final services. The latter would help to understand firm strategies and motivations for trade and FDI (referring to BEC and its possible extension to services.) The Task Force was informed that the STRI is one of the highest priorities of the OECD Trade Committee. Sectors proposed for the next phase of the STRI project would be Transportation, Distribution, and Financial services (Banking and Insurance). UNCTAD noted the interest of the exercise and asked for more information on the methodology used to convert qualitative information into indexes. UNCTAD also informed the Task Force about work on “overall assessments” conducted with least developed Countries where national experts look at service trade and regulations to identify barriers, and noted the complexity of such an exercise.

b. Remaining issues and inputs to the Manual

14. As an introduction to the remaining issues to *MSITS 2010*, the Chair noted the remaining small editing problems that should be solved before the final publication of *MSITS 2010*. Persisting erroneous references across chapters were particularly highlighted due to some still missing paragraph numberings. The Task force queried if the UN editor would be able to pick those cross reference problems up. UNSD representative confirmed he would go through the text and do the changes that are necessary before the final publication. Moreover the version available electronically will be available much earlier than the paper version, as there is the need for translation in six languages which will require time. IMF raised the issue of general consistency of the text when introducing new changes and also confirmed that IMF would prepare the annex on the correspondence between EBOPS and the BPM6 classification which is referred to in chapter 2. WTO underlined the quality of the work already done checking the Manual for consistency by

Mr. Mark Pollard in a hectic period where supplementary amendments to the text were requested in a rush during November-December 2009, however, another careful checking of the complete text by authors is needed. UNSD stressed that the text as it is was endorsed by the UNSC and only editorial changes could still be done.

The Task Force agreed that MSITS 2010- cleaned for paragraph numbering issues- should be recirculated in word format during the week following the Task Force (29th of March to the second of April). The 23rd of April was set as the deadline for comments and editing inputs. The target date for a final paper version of MSITS 2010 was set to end of April. (See annex 1)

i. Glossary and list of acronyms (UNCTAD)

15. UNCTAD presented the glossary and list of acronyms prepared in cooperation with colleagues from the UNCTAD investment directorate and including some WTO and OECD comments. It was reported that the aim was to rely on well established links like (BPM6, OECD Glossary of Statistical Terms (GST), BD4...). It was also mentioned that the text had been somewhat shortened compared to the first version and that all references were provided at the end of each paragraph. The Chair noted that the definitions extracted from OECD GST might need to be double checked as the GST was published in 2008 and BPM6 and *SNA 2008* had since been published. IMF stressed the need to rely on primary sources, for instance gross fixed capital formation is defined in *SNA 2008*. Banca d'Italia stressed the need to check the definitions of travel and tourism with UNWTO. The definition of GATS and modes of supply also needed to be reviewed.

The Task Force noted that each author should check the definitions related to his chapter (for instance WTO will concentrate on GATS and modes of supply, IMF on Balance of Payments, UNWTO on tourism etc) and that for individual definitions original sources such as SNA, BPM, etc. should be cited. UNCTAD would be the focal point of this review. The deadline of the 23rd of April was set for any comment and suggestion on the glossary and list of acronyms.

ii. Index and Bibliography (UNSD)

16. UNSD informed the Task Force that both the bibliography and the index are currently under preparation. Drafts would be forwarded to the Task Force in the week following the Task Force. Each author should again check that no reference is missing for his chapter. Regarding the index, the aim was just to revise the index presented in the last edition. It was suggested to hyperlink references to online publications when possible.

The deadline of the 23rd of April was set for any comment and suggestion on the index and bibliography that are to be sent in the week following the Beirut meeting to the Task Force.

iii. Acknowledgements (OECD)

17. The Chair presented the draft. The Task Force was requested to check for missing names and to make any suggestions on the acknowledgements. It was noted that the organizations responsible for the respective chapters should be clearly spelled out. Some consistency issues with the name of the agencies that were sometime only presented as acronyms were flagged. The Task Force felt the text was too long and noted also that repetition of names should be avoided. To list all UN agencies together was suggested. It was noted that the wording "The UNSC endorsed..." should be replaced by "The UNSC adopted..."

Task Force members were requested to send their suggestions to the acknowledgements during the week following the Beirut meeting to the Chair who would introduce the changes. The 23rd of April was set as final deadline for any suggestion for change.

iv. Foreword (OECD)

18. The Chair presented the foreword for *MSITS 2010* which draws on the foreword previously published in the first edition of MSITS. UNCTAD would check who is to sign *MSITS 2010* for its organization.

Task Force members were requested to send their suggestions to the foreword during the week following the Beirut meeting to the Chair who would introduce the changes. The 23rd of April was set as final deadline for any suggestion for change.

6. Regional experience and plans

a. Experience and plans from ESCWA region

19. ESCWA presented a number of events related to trade in services statistics that had taken place over the last 5 years, underscoring that this work is still at the very beginning in the region.

- In December 2004, a seminar was organized jointly by WTO UNCTAD IMF UNSD to introduce MSITS2002,
- Six consultancy missions to Gulf and non gulf countries, in order to understand compilation issue, current status of SITS and to provide recommendations have been organized to ESCWA member countries in 2005-2006
- Feb 2007: A training workshop was organized in Cairo
- In June 2009, a training workshop was organized in Syria which is still at the very beginning of this work. The successful follow up in Oman was noted.

20. Regarding future projects, ESCWA reported that future activities would have to take into account limited resources in budget and staff. If funds are obtained, ESCWA plans to make a specific study on SITS sources and methods in the region, to organize a joint training session with WTO and the WB for MENA the 6-8 June 2010, in Muscat, Oman and to enhance cooperation within the region. Following the ESCWA presentation, UNSD suggested to share the UN TIS statistics and underlined the importance of the good communication between ESCWA and its members. Eurostat noted the presence of a delegation of the EU Commission in Beirut which also has interest in TIS Statistics, limited resources of both organizations could hence be mutualised. ESCWA also reported about a joint project with UNCTAD in 2003-2006 on conducting FDI surveys including in Lebanon, Kuwait, Bahrain and Syria. In this context the importance of forming national statistical committees in countries in order to improve interinstitutional cooperation (between Central Banks, National Statistical Offices and ministries) was stressed as sometimes these institutions have difficulties in "playing in a team". Eurostat mentioned the existence of a draft gentlemen agreement between Central Banks and National Statistical Offices that could be of some use. Lebanon explained its withdrawal from the FDI project, mainly involving Central Banks, by the fact that as one of the main Lebanese player in the collection of data (Central Administration for Statistics - CAS) was not participating to the discussion.

The Task Force stressed the need to mutualize international and national efforts and that compliance with international standards should be ensured in any circumstance. It was also noted that a pragmatic approach of data collection together with (sustainable) capacity building were necessary in the region and more generally in any region of the world trying to improve its TIS statistics.

b. Experience and plans from Central Bank of Lebanon

21. Banque du Liban (BDL) reported that trade in services statistics are collected combining different sources (Ministry of Finance, Ministry of Economy MOET, General security, and Ministry of Labor, Banking and Financial sector through ITRS, BDL departments). The BDL is the only institution that can generate Balance of Payments Statistics, it is in charge of the banking and financial sector while the (MOET) is responsible for other data. It was explained that the BOP is a shared project between the BDL and CAS (Central Administration of Statistics). The ITRS is designed to be reported in USD and that BOP is compiled in USD. It was mentioned that nor FATS statistics nor partner country statistics were available – Lebanon being a small economy mirror data are not available either. A limitation to ITRS data collection is the high threshold (10,000 USD which is quite a high amount), which means that some bank transactions are estimated and other data sources need to be used. UNSD noted that Brazil has some experience in generating bilateral data from their ITRS system, this could be of interest for Lebanon. UNSD informed the Task force about the availability of example questionnaires possibly in Arabic that could be of interest.

22. The Task Force was informed that BDL plans for the future to develop a dataset on migration, but once again, funds were needed to conduct this project. It was also noted that many Lebanese leave abroad but have an address in Lebanon which complicates the identification of residence. Regarding remittances which are collected following the new recommendation spelled out in BPM6, these flows are captured quite well and constitute substantial resources for the country – up to 25% of GDP. Also BDL contributed to the redaction of the IMF Compilation guide on remittances. A number of sources are used including household surveys, working permits, migration estimations from the ministry of labor, the cash electronic transaction being captured by looking at the operation of Money Transfer Companies. Other informal channels are captured by a model with simple assumptions based on estimates on workers entering and leaving the country that remit some % of their salary.

23. Regarding enterprise surveys, replying to a question of Bank of Italy noting that “direct reporting” (this is how enterprise surveys are usually called in Europe) are getting more widely used for data collection in Europe, BDL noted that implementing these would be seen as useful (for instance to distinguish one year contraction projects and longer term projects) but currently there are no resources, nor political interest in this.

The Task Force expressed appreciation for the presentation and recognized the clever use of an impressive number of sources by the BDL in order to compile BoP and more specifically trade in services statistics. The Task Force noted the BDL’s plea for simplicity in the redaction of the compilation guide as well as the steady and constructive participation of BDL in the different steps of the worldwide consultation leading to the publication of MSITS 2010.

7. The implementation and compilation guidance process

a. Organizing the work of the expert group – Provisional timetable (UNSD, OECD) UNSD-on Compilation Guide:

24. UNSD stressed the importance to work towards SITS Compilers Guide which should provide the necessary help to organizations in charge of statistics of International Trade in Services to enable them comply with the recommendations in *MSITS 2010*. Once more interinstitutional cooperation is seen as essential to achieve TIS data collection in the most sensible way.

25. The Chair presented a possible way forward including a timetable, highlighting the need first to deal with organizational issues and then with the content of the compilation guide. The chair drew the Task Force attention to 2008 SNA research agenda which highlights the same difficult areas as *MSITS 2010* as

R&D, FISIM. Also as no Compilation Guide was produced for MSITS 2002, this would be a fairly new exercise. On organizational issues, the Task Force members should ask their managers if any (human/money) resources could be made available in the context of the redaction of the Compilation Guide (CG). It was also decided that a user guide was not needed, but only a CG. Regarding the content, existing material should be taken into account including future BPM6 compilation guide, the Eurostat recommendations Manual of FATS and the OECD Handbook of Economic Globalization. Regarding the process it was suggested to draft an outline of about 20 pages gathering some bibliography and some questionnaires on ITS and FATS. The Task Force agreed to start the general discussion on CG after the IMF presentation.

b. BPM6 Compilation Guidance process (IMF)

26. IMF explained that the Compilation Guide is part of the broader program to assist Member Countries (MC) to implement BPM6. The CG would be developed following a modular approach (in separate chapters). Although the priority would be given to methodological changes (insurance, manufacturing services) that are more difficult to implement, the CG will tackle all BOP items. It would be a living document (published electronically as soon as it is available) and would present three sections, the first dealing with data sources (advantages and disadvantages, resources requirements, timeliness of source data...), the second relating to data requirements and statistical techniques and the last to general matters (data presentation, issues related to the recording of exceptional financing transactions). The area of specific focus, for services, would be manufacturing services, freight and insurances on imports, travel, insurance and pension services, FISIM, Charges for the use of intellectual property and technical assistance. A priori the chapters would be drafted by IMF staff of the IMF Statistics Department (STA). In addition STA, would establish a consultative grouping comprising members of the IMF Committee on Balance of Payments Statistics (BOPCOM) to review the drafts and to provide expert advice and example of country practice. It is planned that a first draft should be presented at the next BOPCOM meeting (tentatively scheduled for the last week of October). The CG is expected to be finalized in 2012. The IMF representative noted that the project would draw a lot on the BPM5 CG. Eurostat suggested preparing an outline focusing on items not covered by the BPM6 CG, and then asking for country expertise. The question of the cooperation of the Task Force with IMF was raised as well as the cooperation with regional agencies. The question of how to deal with FATS was also posed. The Banca d'Italia representative felt that the approach of handling in the Manual CG the items not covered in the BPM6 CG should not be followed too strictly; for instance, it would not make sense to have the Manual CG dealing only with the supplementary breakdowns of R&D which are not part of BPM6, as most of the related collection and compilation problems would already have been handled in the BPM6 CG in relation to the higher level R&D aggregate; along the same lines, the Banca d'Italia representative raised doubts about the possibility of a specific "value added" in treating the breakdown of services by partner country. UNSD highlighted the importance of having all institutional players in the discussion (including NSOs) even if Central Banks are the main counterparts in the case of the IMF. Transparency of communication and interinstitutional cooperation was once again seen as crucial to avoid availability of incompatible TIS data from different sources within a country. IMF noted that on the question of resources, it would be difficult to have additional contribution and suggested that the Task Force could act as the consultative group of the trade in services part of the compilation guide.

The Task Force agreed to the proposal to act as the consultative group to the services part of the BPM6 CG, thus, provided this CG covers all MSITS needs, no separate guide would be required for this purpose. UNSD would review the second and third worldwide consultation comments to raise country issues. OECD would start gathering some bibliography and FATS/TIS questionnaires to be presented at the next meeting of the Task Force in October where the Task Force would investigate how to extend the work on the BPM6 CG with modules on FATS and supply of services by mode

8. Data quality and comparability of databases between International Organizations.

a. Highlighting different types of problems following a predefined taxonomy (WTO)

27. As a follow up of the discussions held at the October 2009 Task Force meeting in Paris, WTO proposed a framework or “taxonomy” to guide the Task Force in the comparability and quality of data published by International Organizations. WTO would test such an exercise by preparing examples for the next Task Force meeting in Paris. It is proposed that once this product is developed, it could be made available in a central repository. UNSD noted the interest of the WTO proposal which would be also an interesting piece of information for the Task Force’s news release.

28. Regarding the WTO question on plans with respect to excluding compensation of employees and worker’s remittances data from international trade in services databases, OECD noted that the analyses on remittance figures currently published in the joint OECD-Eurostat Trade in Services publication would be withdrawn. Regarding the WTO proposal to send a revised methodological soundness questionnaires after the countries have started implementing BPM6, the Bundesbank representative noted that this could be in quite a number of years as only few countries has started the process of implementation. Bundesbank also stressed the importance of checking mirror data (those are particularly important in checking travel accounts) with the caveat that different types of surveys do not fit together giving the example of the US-UK mirror data comparison which did not give convincing results.

b. Update on SDMX project (OECD)

29. OECD reported that OECD Working Party on Trade in Goods and Trade in Services (WPTGS) delegates had been informed about this project in October 2009. There will be a report on the progress made on this project at the next WPTGS meeting in 2010. A number of countries have volunteered to participate in the pilot project including Israel, UK, and Switzerland (with merchandise trade). OECD IT experts would provide technical support. It was noted that SDMX has already got 10 years of history and most international organizations including OECD, IMF and others are backing it. The need for an initial investment in implementation was recognized but it was expected that the experience of the pilot countries could benefit to other members. The Bundesbank representative noted SDMX is not a completely new tool for transmitting BoP data as it is completely compatible and convertible to the GESMES format - as confirmed by Eurostat. Germany will however not be engaged in the pilot project at this early stage as the new coding system for BPM6 is not yet available, explaining that there is a willingness to avoid completing the exercise twice, with BPM5 codes and then with BPM6 codings.

c. Data quality and comparability of databases between international organizations (UNSD)

30. UNSD reported that the comparative table filled in for TIS statistics and database was now available and suggested to post it on the Task Force website if no further changes were needed.

The Task Force agreed that any amendments should be sent to UNSD, noting that the table would be a living document that would be updated on a regular base.

9. Status of the data collection - Databases on Statistics on International Trade in Services (UNSD, OECD, Eurostat)

31. UNSD noted the coverage of the database had improved. The importance of good communication between the different players to ensure that the same vintage of data is published was stressed. It was noted that no estimates were done for filling missing values but there are some plans to perform those in the future as well as to calculate some regional aggregates. WTO noted that data published by WTO included

some estimates, those would then be presented in the UNSD database when loaded, some discussions would then be necessary to discuss how to deal with missing values . Referring to paragraph 15 of the UNSD note, IMF noted the limited cooperation between IMF and UNSD over the last few years, but some had however taken place to some extent. There was also a mention that WTO uses statistics (including US, Japan, etc) downloaded from the IMF & other sources (Eurostat , OECD) database and that UNSD downloads Japan and the US directly from Eurostat together with 32 other countries as those data are made available quite swiftly. UNSD recognized that the metadata system should be improved and that getting countries to send metadata is foreseen as longer term process. UNSD also flagged its openness to any type of cooperation on data quality in particular estimations and other issues.

32. OECD informed the Task Force about the last developments regarding the joint OECD-Eurostat trade in Services by category and the Trade in services by partner country databases, highlighting the functionalities of the metastore tool which enables effective management of country metadata (jointly collected with Eurostat for EU countries). News included information on the process of adding Trade in services Statistics of accession countries (Israel, Chili, Estonia, Slovenia) in the OECD databases. Also the greater focus of OECD on G20 countries was underlined. Regarding the question of a possible Memorandum of Understanding (MoU) which is under discussion between OECD and UNSD, it was noted that some preliminary steps would be needed before envisaging such a document including perhaps the need to involve other organizations providing data to the UNSD database (including maybe Eurostat, WTO, IMF) as OECD is the source of only a limited number of countries for the UNSD database (Australia, New Zealand, Korea, Mexico, Canada). UNSD noted that some MoU or any type of arrangement would be preferable to ensure that same data are presented in different IO datasets. The need not to duplicate efforts was once again stressed.

33. Eurostat reported on differences between Eurostat and IMF databases, explaining that most differences are explained by different vintages of data. A problem remains with the data for Denmark where more details are available from Eurostat than from IMF. For UK, a mistake in confidentialization in data sent to Eurostat last year was solved. Eurostat noted that IMF is the only International Organization with which Eurostat does not have contact with. A major problem in IMF data seems to be historical data that IMF cannot update. Eurostat suggested that IMF could extract EU country data directly from Eurostat's site. On this matter, IMF noted that usually there is the preference to source data directly from countries. Responding to a query from the Chair, Eurostat explained that Japanese TIS data presented on new cronos are received through a questionnaire and US data are downloaded from the BEA website.

10. Promoting the MSITS

a. TFSITS Website and Newsletter (UNSD)

34. Task Force website: UNSD informed the Task Force that a PDF version of *MSITS 2010* should be published on the Task force website around August. Also Capacity building documentation (for instance the documentation presented in December at the Rio TIS seminar should be presented on the Task Force website, as decided at the last Paris meeting. UNSD noted that suggestions and contributions by colleagues are always welcomed.

35. Newsletter: UNSD suggested having a kind of exclusive version of the newsletter to announce the adoption of the *MSITS 2010*. The draft could be presented at next meeting in Paris. UNCTAD noted the interest of organizing regional workshops to launch the *MSITS 2010*. IMF agreed explaining that regional workshops were also organized to promote BPM6. UNSD agreed noting that countries (including India, Pakistan and Bangladesh) have demonstrated interest in capacity building recognizing interest in trade in services for their economies, added however that the question of available budget is key in organizing this type of event.

b. Upcoming seminars and expert groups

36. UNSD reported on a workshop in Rio de Janeiro, Brazil between 1 and 4 December 2009 on “Statistics of International Trade in Services: Challenges and Good Practices” organized by the United Nations Statistics Division (UNSD) in close cooperation with the Economic Commission for Latin America and the Caribbean (ECLAC) and hosted by Instituto Brasileiro de Geografia e Estatística (IBGE) and Banco Central do Brasil. OECD and WTO assigned resource person to the workshop.

37. UNSD scheduled the following workshops in 2010:

- Selected Asian countries focusing on statistics of international trade in services in close collaboration with UN ESCAP, third/fourth quarter of 2010;
- CIS countries focusing on tourism statistics in close collaboration with the UN World Tourism Organization, June 2010, Baku, Azerbaijan.

38. IMF reported on a Seminar organized in China in November 2009. In January 2010, a seminar was organized in Slovenia. In June 2010, there is a plan to organize a seminar at the Singapore Training Institute, covering a list of Asian countries, on services account of the BOP but not on FATS.

39. WTO reported on activities devoted to trade negotiators (Cairo and Vienna). In addition, a joint trade in services training session for statisticians is planned by ESCWA/WB/Gulf Cooperation Council/ and WTO for the MENA region, 6-8 June 2010, in Muscat, Oman.

40. The US Department of Commerce is planning a seminar for September, the 14th 2010, Washington, to improve TIS and FATS

41. UNCTAD is working closely with COMESA and SADEC and is looking for partners providing capacity building through workshops

42. Eurostat is organizing a meeting on implementation of BPM6 for 15-16 November 2010 (Merchanting, Insurance, Good for processing).

11. Any Other Business

a. Issues to be presented to the Joint Session of the inter-agency Task Forces.

43. IMF suggested organizing joint seminars on trade in goods and services to launch both manuals and also to convey the message about the TF being the consultative group for IMF in the draft of the BOP CG.

12. Date and location of next TF meeting

44. THE TF DECIDED THAT A ONE DAY MEETING WOULD BE SUFFICIENT ON THE 7TH OF OCTOBER 2010 AT THE OECD CONFERENCE CENTER FOLLOWING THE WORKING PARTY ON INTERNATIONAL TRADE IN GOODS AND SERVICES.

ANNEX 1 TIMETABLE

Text	Lead organisation	Action	Deadline	Comments
Adoption of <i>MSITS 2010</i> by UNSC			23-24 February 2010	
Finalising <i>MSITS</i> and discussing future compilation guidance			Beirut TF meeting 23-24 March 2010	
Circulate word version of <i>MSITS2010</i>	UNSD		2 nd April 2010	The version is cleaned from paragraph numbering issues.
Circulate draft CPC-EBOPS correspondence	UNSD		15 th April 2010	
Glossary	UNCTAD	Revise draft	23 rd April 2010	
Bibliography	UNSD	Draft	23 rd April 2010	
ACRONYMS list	UNCTAD	Revise draft	23 rd April 2010	
Index	UNSD	Draft	23 rd April 2010	
Summary	UNSD	Revise draft	23 rd April 2010	The draft was reviewed and updated by TF 19-20 November 2009 TF meeting.
Foreword	OECD and TF	Revise draft	23 rd April 2010	
Acknowledgement	OECD and TF	Revise draft	23 rd April 2010	
Online Annex VI (EBOPS-CPC)	UNSD/IMF	Draft	Spring Summer 2010	The correspondence annexes will not be part of the paper publication and will be provided online if agreed with UNSC.
Online Annex VII (EBOPS-GNS/W/120)	WTO	Revise draft	Spring Summer 2010	
Annex VIII (ICFA-EBOPS)	Eurostat/UNSD/OECD	Draft	Spring Summer 2010	
Analytical Annex	OECD in consultation with WTO and WHO	Revise draft	Spring Summer 2010	The annex will be presented on UN website and revised on regular bases.
Correspondence EBOPS BPM6	IMF	Draft	Spring Summer 2010	
Prepare <i>MSITS</i> publication	UNSD		Spring Summer 2010	UNSD to provide the editing.
Prepare some bibliography and questionnaires for future compilation guide.	OECD		7 th October 2010 TF meeting in Paris	
Revisit the world wide consultation country remarks to list some important issues	UNSD?		7 th October 2010 TF meeting in Paris	
The TF needs to investigate how to extend Bop trade in services CG with FATS and supply of services by mode modules.			7 th October 2010 TF meeting in Paris	

ANNEX 2: AGENDA

**Meeting of the Task Force on Statistics
of International Trade in Services (TFSITS)
23-24 March 2010 (joint meeting with TF on merchandise trade : 25 March 2010)
ESCWA, United Nations House, Beirut**

Agenda

Tuesday 23 March 9.30

1. Welcome and Opening
2. Adoption of the agenda
3. Approval of the report of the last TF meeting in Paris, 19-20 November 2009 TFSITS (Mar2010)1
4. Report on submission of *MSITS 2010* to UNSC (OECD/UNSD) TFSITS (Mar2010)2
5. Revision of concordance annexes to the Manual on Statistics of International Trade in Services (MSITS)
 - a. Review of the online annexes to MSITS 2010
 - ii. EBOPS 2010 and CPC version 2 (all)
 - vi. EBOPS 2010 and GNS/W/120 (WTO) TFSITS (Mar2010)4
 - vii. EBOPS 2010 and ICFA (Eurostat/OECD)
 - viii. The revision of BEC, its possible extension to services (OECD) TFSITS (Mar2010)6
 - ix. Analytical annex including follow up of STRI project (OECD) TFSITS (Mar2010)7
 - b. Remaining issues and inputs to the Manual
 - v. Comparison note between MSITS 2002 and *MSITS 2010* (OECD) (postponed)
 - vi. Glossary and list of acronyms (UNCTAD) TFSITS (Mar2010)9
 - vii. Index and Bibliography (UNSD)
 - viii. Acknowledgements (OECD) TFSITS (Mar2010)11
 - ix. Foreword (OECD) TFSITS (Mar2010)12

Wednesday 24 March 8.30

6. Regional experience and plans
 - c. Experience and plans from ESCWA region

- d. Experience and plans from Central Bank of Lebanon

7. The implementation and compilation guidance process

- c. Organising the work of the expert group – Provisional timetable (UNSD, OECD) *TFSITS (Mar2010)15* *TFSITS (Mar2010)24*
- d. BPM6 Compilation Guidance process (IMF) *TFSITS (Mar2010)16*

8. Data quality and comparability of databases between IO

- d. Highlighting different types of problems following a predefined taxonomy (WTO) *TFSITS (Mar2010)17*
- e. Update on SDMX project (OECD)
- f. Data quality and comparability of databases between international organizations (UNSD) *TFSITS (Mar2010)22*

9. Status of the data collection - Databases on Statistics on International Trade in Services (UNSD, OECD, Eurostat) *TFSITS (Mar2010)18* *TFSITS (Mar2010)19* *TFSITS (Mar2010)20*

10. Promoting the MSITS

- c. TFSITS Website and Newsletter (UNSD) *TFSITS (Mar2010)21*
- d. Upcoming seminars and expert groups *TFSITS (Mar2010)23*

11. Any Other Business

- b. Issues to be presented to the Joint Session of the inter-agency Task Forces.

12. Date and location of next TF meeting (OECD Conference Centre, Paris 7-8 October 2010)

ANNEX 3 LIST OF PARTICIPANTS

Participants List for Meeting of the Task Force on Statistics of International Trade in Services (TFSITS)
Liste des Participants pour Meeting of the Task Force on Statistics of International Trade in Services (TFSITS)

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