

**Twelfth Meeting of the
IMF Committee on Balance of Payments Statistics
Santiago, Chile, October 27-29, 1999**

Manual on Statistics of International Trade in Services: Status Report

**Prepared by the Statistics Department
International Monetary Fund**

I. INTRODUCTION

Work has continued over the past year on the drafting of a Manual on Statistics of International Trade in Services (*Manual*). This paper describes the current status of the *Manual*; identifies the major statistical developments that are recommended in the *Manual*; and indicates the expected timetable for the remaining development work. The *Manual* identifies those areas where its recommendations move beyond the coverage and classification of the fifth edition of the Fund's *Balance of Payments Manual (BPM5)*.

II. BACKGROUND

The Inter-Agency Task Force on Statistics of International Trade in Services (Task Force) was established by the United Nations Statistical Commission in 1994. Membership includes OECD (convenor), Eurostat, IMF, UNCTAD, UNSD, World Bank and WTO. Since its inception, the Task Force has focused on the statistical requirements of the WTO in the context of the General Agreement on Trade in Services (GATS). These statistical requirements exceed the coverage of international trade in services based on the concept of residency as defined in *BPM5* and also require more detail than that set out in *BPM5*.

Further, GATS identifies four separate modes of supply in the delivery of services. *BPM5* encompasses the first and second modes of supply, *cross-border supply* and *consumption abroad*, as well as part of the fourth mode *presence of natural persons*. The third mode of supply, *commercial presence* (also known as foreign affiliates trade in services or FATS), relates to selected host country activity of foreign-controlled enterprises and is outside the scope of *BPM5*. The fourth mode of supply, *presence of natural persons*, is concerned with the supply of services where the supplier moves to the territory of the consumer. The residency criterion in *BPM5* described by the 'one year rule' is too restrictive for the purposes of this mode, which includes, as well as the resident-nonresident transactions in services that are covered by *BPM5*, the provision of labor by any individual resident in one country who goes abroad to work as an employee for a fixed period of time¹ in a foreign-controlled enterprise producing services in the host economy.

The primary focus of the Task Force is the development of a manual that recommends a framework for the development and compilation of statistics on international trade in services, the *Manual*. The *Manual* builds upon existing international statistical frameworks, in particular *BPM5* and the *System of National Accounts 1993 (SNA)*. The *Manual* focuses on two statistical domains – statistics relating to resident-nonresident transactions and FATS statistics.

¹ GATS is not intended to cover long-term employment.

The classification of resident-nonresident transactions in services, the subject of chapter 3 of the *Manual*, elaborates on the classification recommended in *BPM5*, but for the most part remains consistent with *BPM5*. These elaborations, and the minor deviations, are clearly identified in the *Manual*. A correspondence table showing the links between the classification of services recommended in the *Manual* and version 1.0 of the Central Product Classification will be included as an annex to the *Manual*. A draft correspondence table was reviewed by the Committee last year.²

A framework for FATS statistics is described in chapter 4 of the *Manual*. Links to existing statistical frameworks are clearly identified.

The statistical coverage of the portion of mode four supply of services that is not covered by *BPM5* is still under review by the Task Force. It will be the subject of an annex to the *Manual*.

The *Manual* will provide a suggested set of priorities for the implementation of the recommendations contained in the *Manual*.

III. PROGRESS IN THE LAST YEAR AND TIMETABLE FOR COMPLETION OF THE *MANUAL*

At its meeting during November 11–13, 1998, the Task Force further discussed the manual, which has since been redrafted by members of the Task Force and Mr. Arkell, the consultant to the Task Force. In addition to ongoing review by the Task Force, drafts of the *Manual* have also been reviewed by (1) a meeting of Caribbean statisticians during the UN-sponsored Workshop on the System of National Accounts and Classifications (held in Curaçao, Netherlands Antilles during May 31–June 4, 1999), (2) the OECD-Eurostat Meeting of Experts in Trade-in-Services Statistics (held in Paris during July 5–6, 1999), and (3) a meeting of Asia and Pacific region statisticians during the UN Workshop on Classifications (held in Canberra, Australia during September 27–October 1, 1999).

Comments that were received at the first two of these meetings were incorporated into the current draft of the *Manual* that is now being circulated worldwide by the Fund (to Committee members and balance of payments compilers) and the United Nations Statistical Division (to statistical offices). It will also be provided on request to other interested parties. All recipients of the draft will be encouraged to provide copies to other interested users in their countries. A copy of the draft timetable for future work is attached to this paper.

The Task Force expects to present the completed *Manual* for endorsement of the United Nations Statistical Commission at its February 2001 meeting.

² BOPCOM98/1/5

IV. ISSUES FOR THE COMMITTEE

1. Do Committee members agree with the draft timetable for completion of the *Manual*?
2. Do Committee members agree that the draft *Manual* should be posted on the Committee website?

**Task Force on Statistics of International Trade in Services
Draft Action Plan
for completion of the
Manual on Statistics of International Trade in Services**

1999

end-August

Deadline for comments by OECD Experts on provisional draft *Manual*

September 27–October 1

Review of the provisional draft *Manual* at a meeting of Statisticians from the ESCAP region, Canberra

mid-October

Revised draft *Manual* ready for world-wide circulation by IMF and UNSD

October 27 – 29

Status report on *Manual* provided to IMF Committee on Balance of Payments Statistics

November

OECD meeting on Globalisation, Paris, reviews draft *Manual*

End-December

Deadline for worldwide comments on draft *Manual*

2000

February

Task Force meets at IMF, Washington to review outcomes of the worldwide consultation and plan the ‘final’ version of *Manual* to be ready **one month later**.

March

Task Force report to UN Statistical Commission/Working Party

second quarter

UN Expert Group meeting, New York, to review the *Manual*, followed by Task Force meeting