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


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 (convener), 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.


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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. 

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.

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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