

**Sixteenth Meeting of the
IMF Committee on Balance of Payments Statistics
Washington D.C., December 1–5, 2003**

Nonpermanent Workers

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

NONPERMANENT WORKERS

1. At its meeting in October 2002, the Committee spent some time discussing *residence* concepts. One of the issues that arose from this discussion was the need for statistics about individuals who move between economies to work on a nonpermanent basis. Since the 2002 meeting work has proceeded in three strands: a proposal is included in the Draft Annotated Outline for the revision of the Balance of Payments Manual, fifth edition (DAO); three Committee members have produced information papers describing the situation in their countries; and the UN Statistics Division (UNSD) has created a technical sub-group to the Inter-agency Task Force on Statistics of International Trade in Services (Task Force) that will work to address this need.
2. This type of movement of people is not new, but the demand for data has increased substantially in recent years, due at least in part to the negotiation of the General Agreement on Trade in Services (GATS), which became effective in 1995. Under the GATS, member countries of the World Trade Organization (WTO) negotiate trade agreements relating to services trade through four modes of supply. The fourth of these modes of supply, called *presence of natural persons* in the GATS, occurs when an individual has moved into the territory of the consumer to provide a service, whether on his or her own behalf or on behalf of his or her employer. Included in this mode of supply is the case where individuals move in order to take up employment in an economy other than their own. Provision of access to individuals is subject to negotiation among member countries of the WTO.
3. While individuals who move for periods of less than one year are regarded in the macroeconomic statistics frameworks as residents of their home economies, those who move to another economy for a period of one year or more are generally considered to be *migrants* who change their center of economic interest. The view of the Committee was that the existing components of the balance of payments statement, *compensation of employees* and *workers' remittances*, were important data but not sufficient to provide a useful picture of the situation. It further agreed that it would be useful to consider how the need for statistics relating to nonpermanent workers might be met, even in part, through data collection in the context of the compilation of balance of payments statistics. This might be addressed as part of the revision to the fifth edition of the *Balance of Payments Manual (BPM5)*.
4. The DAO contains, in an appendix to Chapter 4 *Units, Institutional Sectors, and Residence* a proposal that aims to address this need to the extent possible. While recognizing the limitations of the balance of payments structure, it proposes that a satellite presentation, bringing together relevant data from the balance of payments components, be developed.
5. In addition, the Committee agreed last year to form a working group on non-permanent workers, and the members from Hong Kong SAR, India, and South Africa indicated their interest in being involved in this work. For this year's meeting each of these

members has provided a paper¹ that describes the situation in his or her country relating to the supply and/or use of workers. These provide valuable information that can assist in understanding what data needs might be.

6. In September 2003, the UNSD set up a sub-group to the Task Force that will elaborate on the material included in the *Manual on Statistics of International Trade in Services* and develop guidelines for the collection of data on mode four supply of services. A copy of the terms of reference for this sub-group is attached. The sub-group expects to work to a timetable that will permit timely input into the revision processes of *BPM5* and the *System of National Accounts 1993*, so that its substantive methodological work should be completed in 2005. The sub-group will consult with the Committee and would welcome the input of the Committee in identifying conceptual issues, producing recommendations, identifying data sources, and preparing data collection guidelines.

Questions for the Committee:

1. *Are the authors of papers BOPCOM-03/18, BOPCOM-03/19, and BOPCOM-03/20 agreeable that these should be shared with the technical sub-group?*
2. *Does the Committee agree that it would be useful for a subset of its members to work with the technical sub-group in the ways identified in the last sentence of paragraph 6 above?*
3. *Assuming that the proposal for an appendix to the revised balance of payments manual (as described in Chapter 4 of the DAO) is accepted, does the Committee agree that it would be appropriate to use the methodological report of the technical sub-group, to the extent possible, to develop this proposed appendix?*

¹ BOPCOM-03/18, BOPCOM-03/19, and BOPCOM-03/20.

Terms of Reference
Technical Sub-Group on Movement of Natural Persons (MNP)- Mode 4 -

A. Objective

Under the guidance of the Interagency Task Force on Statistics of International Trade in Services, the sub-group should elaborate annex 1 on movement of natural persons of the Manual on Statistics of International Trade in Services. The outcome should be on the one hand a methodological report on the measurement of the supply of services through movement of natural persons and on the other hand a data collection guide for this mode.

The conceptual development of mode 4 should be undertaken with reference to international statistical recommendations on national accounts, balance of payments, international trade in services, labour and migration statistics. Therefore, the interagency sub-group should comprise of national accountants, balance of payments and international trade specialists, migration and labour statisticians, and other relevant expertise.

It has been recognized that while a broad approach to mode 4 statistics is necessary, in first instance, the link between trade in services statistics and migration statistics should be further explored.

B. Terms of Reference

The Terms of Reference of the Technical Sub-Group includes the following tasks:

- identify conceptual issues related to the measurement of mode 4;
- produce recommendations for measuring supply of services through the movement of natural persons that can be applied by countries at different levels of statistical development;
- identify data sources that may be relevant and assess their feasibility and reliability;
- study the use of statistics describing the movement of persons across international borders, including:
 - o comparison of available vs. necessary/desirable indicators
 - o evaluation of applicability (level of proximity) of existing indicators
 - o proposals for changes / enhancements to existing indicators
 - o evaluation and recommendations of use of data from different types of administrative registrations
 - o possible estimation procedures
- prepare data collection guidelines

C. Outputs

A methodological report that elaborates and replaces Annex 1 of the Manual. In addition, data collection guidelines will be developed on mode 4 that should be included in the future data collection guidelines for international trade in services statistics.

D. Organizational Procedures

The work of the sub-group will take place under the guidance of and report to the Interagency Task Force on Statistics of International Trade in Services. The UNSD will act as the Secretariat of the sub-group.

Initially the main modus of communication of the sub-group will be email and when necessary videoconference to establish a clear agenda following the identification of the scope of the issues. Based on the agenda, a time line for the preparation of the issue papers will be prepared which should lead up to the drafting of the report on the concepts, measurement and classification of the delivery of services through movement of natural persons.

E. Members

The interagency sub-group consists of the following members:

- United Nations Statistics Division (UNSD)
 - Economic Statistics Branch (ESB) – International Trade in Services and National Accounts Statistics
 - Demographic and Social Statistics Branch (DSSB) – Migration Statistics
- Organisation for Economic Co-operation and Development (OECD)
- International Labour Organisation (ILO)
- International Monetary Fund (IMF)
- United Nations Conference on Trade and Development (UNCTAD)
- World Trade Organisation (WTO)
- The World Health Organization (WHO)
- UNESCO Institute for Statistics (UIS)
- EUROSTAT
- National country experts