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STATISTICS DIRECTORATE

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

WORKING PARTY ON INTERNATIONAL TRADE IN GOODS AND TRADE IN SERVICES STATISTICS (WPTGS)

SUMMARY RECORD

**Held at the OECD Headquarters
on 4-6 October 2010**

Delegates will find attached the draft summary record of the 3rd meeting of the Working Party on International Trade in Goods and Trade in Services Statistics (WPTGS).

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**MEETING OF THE WORKING PARTY ON INTERNATIONAL TRADE IN GOODS AND
TRADE IN SERVICES STATISTICS (WPTGS), PARIS, 4-6 OCTOBER 2010**

SUMMARY RECORD

PART I: TRADE IN GOODS AND TRADE IN SERVICES STATISTICS

Item 1. Adoption of the Agenda

STD/TBS/WPTGS/A(2010)1

1. The OECD Chief Statistician and Director of the Statistics Directorate, Ms. Martine Durand, welcomed the WPTGS delegates. The draft agenda and minutes of the previous meeting were adopted.

Item 2. Election of the new WPTGS Chair and Bureau

2. The Working Party elected Mr. Bernard Williams (Australia) as its new Chair, and welcomed the new Bureau members: Mr. Juan Eduardo Chackiel (Chile) and Mr. Robert Yuskavage (United States).

3. The WPTGS delegates and the Chief Statistician, on behalf of the Secretariat, expressed their gratitude to Mr. Craig Kuntz (Canada) for his excellent work as previous Chair of the WPTGS.

Item 3. Outcomes of 7-8 June CSTAT meeting

STD/CSTAT(2010)1/REV1

4. **Ms. Durand** informed delegates that at the Ministerial Council Meeting in May 2010 Ministers endorsed six cross-cutting priority areas for the next biennium, namely green growth, corruption, skills, gender, measuring progress, and development work.

5. Ms Durand also explained that, taking into account the MCM outcomes, CSTAT identified the following key areas at its meeting in June 2010: increased work with Enhanced Engagement Countries, including country visits of the Secretariat; measuring progress, green growth, new sources of growth, gender, communication and dissemination; unit value indices and entrepreneurship; trade in value added; and micro data work, including ORBIS and TEC.

6. She finally stressed that the Chairs of the Working Party on National Accounts and of the WPTGS are also ex officio members of CSTAT and should seek closer collaboration.

Item 4. Inter-agency co-operation

a) Report of TFIMTS Beirut meeting (WTO)

STD/TBS/WPTGS(2010)1

7. The WTO presented the report of the Task Force on international merchandise trade statistics (TFIMTS) on the future of trade statistics; including a focus on firm level data and a central role for the task force in the coordination of these activities. On concepts and methodology, it was noted that UNSD was the central coordinator. The importance of linking production and trade was stressed, as was vertical specialization. The possibility of creating a city group on this subject was evoked. The existence of a

common dataset for trade in goods was reminded to participants; it provides users with an easy access to reconciled aggregate trade across organisations.

8. The WTO also reminded the Working Party that high-frequency and comprehensive data (monthly data on more than 70 economies) and tariff information (Tariff Analysis Online) are freely available on its website.

b) Report of TFSITS, Beirut meeting (OECD)

STD/TBS/WPTGS(2010)2

9. The Secretariat presented the report of the Task Force on statistics of international trade in services (TFSITS). The Chair underlined the complexity of trade in services and encouraged work to help better understanding of relationships in the data.

c) Report on TFIMTS and TFSITS joint meeting (WTO and OECD)

STD/TBS/WPTGS(2010)3

10. The **OECD Secretariat** reported on the outcomes of the joint Task Force session, and noted forthcoming work on compilation and implementation of the new manuals, and the usefulness of combined classifications of trade in goods and services for analysis. Cross-cutting issue exist on services and on Trade by Enterprise Characteristics. The Working Party was informed that TFSITS would continue to meet twice a year because of the important work load. The next meeting would be held in March 2011 at Eurostat.

d) UNSC 2010 outcome on IMTS and MSITS (UNSD)

STD/TBS/WPTGS (2010)4

11. **UNSD** presented the recommendations of the UN Statistical Commission regarding the two manuals IMTS and MSITS, noting the importance of the implementation of the two new Manuals and the crucial role of cooperation. UNSD also stressed the need to rethink the constituency of IMTS to involve national experts, as is the case for TFITS. Balance of payment and merchandise trade and trade in services should be looked at together from a compilation perspective. Chief statisticians are following work in this area.

12. The Chair underlined the importance of timing of implementation and feedback from countries to contribute to the quality of the manual. **Mexico** reported that during the ALADI meeting held in Uruguay in August 2010 delegates discussed the implementation of new IMTS recommendations and enquired about the availability of the Spanish version of the manual. UNSD explained that the editing process of the manual, adopted in February 2010, was almost completed and that translated versions would be made available in all UNSD languages.

e) Results of survey on IMTS 2010 implementation plans.

- i) **UNSD** summarised the results of the UNSD questionnaire [STD/TBS/WPTGS (2010)5].
- ii) The **OECD** gave an overview of countries replies on that matter, noting significant differences across countries as to methodology priorities.

13. The **Chair** asked countries to share their priorities related to IMTS implementation or impacts of implementing it. He also invited the Working Party to express its view on the creation of a worldwide register of multinationals.

14. **Chile** enquired about the link between the implementation of IMTS and the implementation of BPM6. **Eurostat** reported that, in line with EU regulations, consignment rather than origin determines data

compilation. Following a request by the **OECD**, **Switzerland** provided information on its implementation of IMTS. A new 2010 law introduced a unique identification number applicable for every canton, giving rise to new custom procedures at the confederation level. This work would be carried out between 2012 and 2015 so that data based on the new IDs will be available in 2016. Switzerland also explained that there was close cooperation between customs and the NSO on this matter. The **United States** presented a new audit process for merchandise trade statistics implemented for the first time in 2006, which disclosed a lack of quality information on published data and pointed to need of providing metadata on merchandise statistics.

15. The **Chair** invited countries to share their priorities with regard to IMTS implementation. He also enquired about the desirability and feasibility of developing a worldwide register. **ABS** confirmed the statistical interest in a worldwide register but pointed to numerous constraints in setting up such a register, in particular due to confidentiality problems. **Germany** also confirmed the desirability of an international register but pointed to many practical problems that are likely to occur in such an endeavour. The German delegate cited the example of data on securities that is being collected in the context of monitoring portfolio investment at the level of the ECB. A basic issue is the impossibility of checking information provided by commercial providers and of ensuring that this information provides the right level of detail and consistency over time.

f) Country plans on implementing the new trade in services guidelines

i) Country reports from WPTGS delegates on sequencing and priorities, in particular:

1. EBOPS 2010 implementation

2. Trade in services (TIS) statistics by mode of supply

16. The Secretariat presented the results of the OECD questionnaire on EBOPS 2010 implementation and TIS statistics by mode of supply. Following this presentation, a number of delegates intervened for clarifications or questions. Specifically:

- **Germany** indicated 2014 as the target date for EBOPS 2010 and suggested a phased approach to establish the level of detail that should be collected, i.e. understand which information is most relevant for the country. Germany identified two areas of work within the broad timeframe of the EU: revision and enlargement of explanations to reporters to provide them with all the information needed to change their system to new requirements; and examination of the most difficult areas (insurance, FISIM, processing) to improve data collection, combined with a revision of the IT system.

- **Brazil** put in place a system to measure 1000 CPC positions in the four modes of supplies. The production involves modules for exports and imports. Confidentiality issues arise, however and inter-agency cooperation is necessary on this matter, even if every country has a different regulation. **UNSD** remarked on the use of EBOPS 2010 and CPC and their work on a correspondence table between the two classifications. **UNSD** wished to know whether there are countries with experience in this field that could be consulted to advance this work.

- **France** expressed concern about the costs of the implementation of EBOPS2010, in particular the costs related to the review of the survey sample size. The international transactions reporting system (ITRS) will be replaced by the survey. There is a relevant change in the collecting system, with questioning on Balance of Payment items for which there are no previous reporters. There are possible problems of data confidentiality and about the dependence on companies in providing the data. France pointed also to the non negligible cost for the companies, as they will be required to change their IT system of reporting. A

key point is also to dispose of the exact nomenclature in French. In addition, such a nomenclature should link up to French accounting terms with a view of reducing the reporting burden and ensuring data quality.

- The **United States** stressed the challenges in collecting data on TIS from companies, as in the US the level of details recommended in statistical classifications is not available in the accounting systems that the companies maintain for their own purposes. There are substantive differences in level of detail available for output, receipts and sales, as opposed to input, purchases and costs. This carries over to some extent into exports and imports.

17. **UNSD** reminded the Working Party that it has been charged to make correspondence table between EBOPS2010 and CPC and had already completed a draft version, and asked whether countries with experience in this field could be approached for an exchange of information.

18. The **WTO** observed that charges for the use of IP rights, R&D, sub-items of computer services seem all difficult to be implemented, as they are all related to knowledge and trade in knowledge, and enquired about the implementation of EBOPS 2010 for these items. **OECD** reported that its questionnaire on implementing EBOPS 2010 had not been detailed enough to cover specific methodologies. **Brazil** added to its earlier intervention that present collections of trade information are not based on CPC, although future collections will. One advantage of using CPC is harmonising concepts between ministries and agencies. The **United States** pointed to challenges in collecting TIS data from companies. Company accounts do not provide the necessary details for output, receipts and sales and this carries over to exports and imports. That said, the U.S. delegate was optimistic that more could be done. He congratulated Brazil on its achievement in the area.

ii) Specific issues of TIS:

1. Country practices and methodology for measuring international travel receipts and payments (OECD)

19. The Secretariat presented the results of the OECD “flash” survey. Several delegations intervened to provide additional information, in particular: **Canada** explained its use of border surveys processed by Statistics Canada and other surveys which provide average expenditure data, although concerns exist about the distribution of the forms and the response rate of the surveys. A new avenue is the possible use of credit card information. Several other countries expressed interest in this method. **Germany** informed the Working Party of an ongoing task force on bilateral information, where data are exchanged (40 countries involved, beyond the EU context); **France** explained that three surveys to measure tourist expenditures are in place complemented by information from credit card companies with a detailed breakdown of the operations - the use of credit card information is planned to increase in the future, especially for tourists coming to France by road. However, it was not clear whether credit card information is sufficient to obtain quality data for the item *Travel*.

2. U.S. practices regarding the measurement of travel receipts and payments (United States)

20. The **United States** presented US practices regarding the measurement of travel receipts and payments (STD/TBS/WPTGS (2010)7). In response to a question about the treatment of ATM and cash advances, the U.S. delegate explained that the credit card companies surveyed included ATM cash advances in their records. The ATM issue was also part of an ad-hoc survey on expenses, where travelers were asked about the cash currencies they brought with them and about the use of ATM machines while travelling.

21. Questions to the United States addressed the difficulty of separating, using credit card information, travel expenditure from purchases of goods through the internet; the difficulty of distinguishing the use of credit cards as a way of delivering remittances (for example, a relative abroad sending home a credit card that his/her family can use) from expenditures linked to travelling; the treatment of credit card expenses by students abroad using their parents' card; whether education and medical expenditures are generally included or not in the final item Travel; and the use of mirror data for Mexico and Canada (e.g. to control the relation between mirror data and the number of people entering/leaving the country).

3. Completing travel services data: The method of mobile positioning by main mobile phone operators (Estonia)

22. **Estonia** presented the method of mobile positioning and answered questions related to the number of mobile phone operators in Estonia and how the method deals with fixed telephone/Internet that could sometimes be more advantageous when travelling, including the Skype application.

4. Re-design and improvement of trade in commercial services estimates (Canada)

23. **Canada** presented the paper STD/TBS/WPTGS (2010)9. Questions to Canada concerned the use of administrative data to complement survey data, the number of complementary administrative data sources used and their actual usefulness, and whether additional information was needed from enterprises. Canada is confident with regard to the general statistical quality obtained from administrative data. One weakness, however, is the level of detail, and estimates are needed there. The Working Party also enquired how commercial services data relates to FATS statistics.

5. Treatment of Merchanting services

24. **Ireland** presented a document on merchanting services that constitutes a chapter in the UNECE Manual on globalization of National Accounts (STD/TBS/WPTGS (2010)10).

25. Questions asked by delegates covered a number of issues, notably: whether all items under merchanting are transformed; whether goods under merchanting are recorded in FTS; how merchanting would show up in an input-output table; clarifications on how a BoP statistician would get information on this sort of activity; the most important flow related to merchanting; if tax records are checked, and if a value added was generated by this activity.

26. **Ireland** clarified that merchanting relates to a service activity under goods in the framework of input-output tables; that merchanting services are captured via BoP surveys; and that in the identification of enterprises with merchanting activities, it is sometimes difficult to draw the line between merchanting and goods for processing. The real challenge in identifying the activity is a sign that there must be serious underreporting on this area. Ireland pointed to the issue of the terminology, as usually a company would rather qualify merchanting as "drop shipping". **Germany** and **Israel** confirmed that merchanting information had to be collected separately, absent coverage by customs data. It was also pointed out that the distinction between merchanting and goods for processing can be blurred.

6. New MSITS 2010 chapter on modes of supply: Mode 4.

27. The **WTO**, presenting the document STD/TBS/WPTGS (2010)11, explained that the key to estimating the relative values of modes of supply is to identify Mode 4 in existing BOP services statistics. An example using existing US BOP services data was elaborated showing that a first rough estimate could probably be built, but that some further empirical information should be gathered to improve estimates.

India has a survey on IT-enabled services and BOP by mode, asking about the modes of supply; interestingly, one quarter of total supply of services is covered by Mode 4. The WTO noted also the existence of a survey on legal services in Australia on what they call fly-in-fly-out (work supplied by Australian domestic legal services to foreigners and this is 22 %). The WTO concluded that although difficult, some estimates could probably be easily developed as a starting point by countries. Only national compilers can develop such estimates as only they have knowledge of how services sectors operate in their country. Further needs should in a second stage be analyzed to find solutions.

28. **UNSD** raised the issue on how Mode 4 valuation actually takes places, and how to compare Mode 4 internationally; and enquired whether football players provide a mode 4- type of services.

29. **Germany** agreed on the need to re-examine this issue and explain the clear split between labour mobility and Mode 4, recognizing that that contracts services need to be looked at very carefully, although this might be difficult to do in practice. Germany observed that migration statistics do not have any useful information to that purpose, and expressed disagreement on mixing Mode 1 and Mode 4.

30. The **WTO** noted that tourism statistics has a category “business travelers” that could be used as a first rough estimate on the number of persons moving under Mode 4, but agreed that statistics currently collected through tourism and migration are not detailed enough. The WTO also noted that the USA are the only country providing estimates on distribution services, which give a more complete view on the value of services supplied internationally.

7. Chilean experience regarding Trade in Services compilation and current developments (Chile)

31. **Chile** presented the work done by the Central Bank, which compiles data on services following BPM5. Transport is the biggest component (52%) followed by travel (18%) and other services (27%). There is an increasing evolution of trade for ALADI countries in goods but not for services. Reason is lack of sources, lack of quality of data, problems of measurement relating to weak cooperation between public institutions. In ALADI countries there is a heterogeneous situation regarding the relative importance of exports of services. The Chilean ITRS has been adapted for statistics purposes and is used to collect information on transportation auxiliary services and freights. Other modes of transport come from customs information. National tourism bureau and international police information are the sources for travel. Travel information is published with a country breakdown. A future challenge is to cover other services as the business demography is complicated (frequent births and deaths). In Chile, the Central Bank has the responsibility of collecting BoP and NA, and Chile wants to take advantage of structural surveys to gain more experience. With regard to BPM6, the most challenging item is the calculation of FISIM, evaluating the topic with national accounts to ensure consistency. At a meeting of ALADI countries in September 2010 in Montevideo, Chile encouraged more bilateral discussions between ALADI and OECD.

Item 5. Adding value to trade statistics

a) Adding detailed higher frequency merchandise trade data

i) UNSD (STD/TBS/WPTGS (2010)8

32. **UNSD** explained that, over the next 3 years, more frequency detail (monthly and quarterly) will be shown in the Comtrade database. Some new recommendations of IMTS would be implemented, too. UNSD has already received monthly data for 50 countries. The data should become accessible in 2013.

33. **Eurostat** shared its experience of collection, validation and publication of monthly trade data for 30 countries at 8 digit level, and highlighted some difficult issues, such as those stemming from differences

in the type of data published (Extrastat and Intrastat). The uploading of revised data implies a heavy burden on the information system, and also preliminary estimates and errors imply large revisions.

34. Regarding the extension of Comtrade to monthly data **Mexico** noted that providing the data for each revision (preliminary results, secondary results and final results) is crucial. ALADI, for instance, had different annual data compared to national data. There is a need to specify the “vintage” in the metadata (i.e. that the data presented are preliminary data).

35. Several delegations (**Ireland, Spain, Brazil**) observed that it would be preferable to provide data to only one international organization or, alternatively, that organizations link directly to a country’s own database, in case trade concepts of interest are specific to each organization. **UNSD** and the **OECD** confirmed that, differently from Eurostat, they would still ask for national definitions. The **OECD** also explained that the decision to use the national trade concept in the OECD database had been decided by vote about ten years ago at the OECD Trade Statistics Expert meeting (predecessor of WPTGS).

ii) OECD

36. The Secretariat presented its monthly trade database MSIT (Monthly Statistics of International Trade) and related products (such as the quarterly press release) and noted the increasing demand for high quality timely data, often coupled with interest in product detail and partner country information.

[Item 5b) was dropped]

c) ITCS: Stocktaking of scope to develop unit value indices (UVI)

37. The **OECD** presented the project of implementing quantity and unit value indices in the OECD ITCS database (STD/TBS/WPTGS (2010)12). **Eurostat** proposed to make its methodology available to OECD for convergence purposes. **UNSD** noted that the UVIs should be calculated with care, as changes in composition of commodity groupings can significantly bias results, and encouraged consultation between UNSD, OECD, and Eurostat on methodologies applied.

38. **Switzerland** explained that its indices are calculated both on original values and data cleaned for extreme values using four different methods: first the Autobox method, second, by replacing the mean value by the median, third the method of the “external price” for volatile commodities and by using real values, as for energy products. Two classifications are used by industry and products. A classification by group is used and 243 groups have been identified. In case of chapter 28, 29, 30, 31 (pharmaceutical products), the sample is too small and large changes in composition prevent from calculating unit values.

39. **Ireland** suggested that exchange rate effects need to be studied in detail, noting that in areas where multinationals are very active, like chemicals or IT, transactions may take place in US dollars, while Irish data are provided in euros to Eurostat.

d) Country and International Organisation's reports on UVIs/trade volumes

40. The **OECD** presented findings on 17 countries regarding their practices in compiling UVIs and trade volume, highlighting a particular interest in export-import price indices for services.

e) The German cif/fob adjustment in practice (Germany)

41. Germany presented its approach to calculate merchandise transport for the balance of payments (STD/TBS/WPTGS (2010)13).

42. **Brazil** commented that they have a similar approach, although it starts from fob data and tries to figure out the breakdown between insurance and freight. Brazil asked whether there are different sources for insurance; whether traded goods are separated into different categories in order to obtain different estimates for different types/costs of freight; and how frequently it is planned to reassess changes in the composition of the breakdown. **Germany** replied that insurance is part of the model, which uses percentages a not a different source; that traded goods are divided into three different categories: normal bulk, oil and normal container (only for containers); and that the update of composition is every 5 years.

43. **Spain**, having used the same system for several years, observed that many simplifications are necessary. In particular, it is not possible to build a matrix taking into consideration different commodities, so the only distinction is between oil and the rest of the commodities; also, the weakest point is the assumption that the statistical value is a real fix value. Spain has a threshold (6 million €), and below that amount the providers do not have to declare the statistical value. For a high percentage of imports, the statistical value equals the invoice value, and the second one is related to Inco terms. Changes in the methodology could be considered, for instance instead of having these invoice values with different Inco terms one could better estimate cif-fob adjustment to provide information about the cost of merchandise in the factory where the product is produced. This would give a clearer picture. This system is the best solution between all the different options explored, but it has this kind of limitations. Another problem faced by Spain was related to the years 2006-2007, because of an IntraStat regulation which eliminated the obligation to indicate the weight.

44. **Iceland** enquired about the calculation of the transportation distance, whether for example for the United States the reference is the East Coast, the West Coast or an average. **Germany** clarified that sometimes this type of detailed information exists to do adjustments, otherwise it is a fixed distance.

45. Answering to **Japan**, Germany confirmed that the sources of freight transportation cost data are not only German companies but also other foreign companies enquired on the Internet.

46. **Netherlands** asked about a correction of goods, in particular to what part and in which share the correction is brought to ITS and whether it is done for transport services and insurance services. **Germany** explained that it depends on the mode of transport, everything not transported by German transport goes to the transportation account. The bigger transportation amount is air and sea, Germany has a share of 20%, so 80% of the adjustment goes to the transportation account. The same applies to insurance, meaning that not everything in insurance goes to the insurance account.

47. **UNSD** informed the Working Party that in the IMTS Manual there will be a chapter on cif-fob adjustments by the IMTS compilers.

f) Integrated trade in goods and trade in services list by product and activity (OECD)

48. The Secretariat introduced presented this item (STD/TBS/WPTGS (2010)14).

49. **Brazil** explained that they have an ITRS which registers every single transaction, and they did an exercise similar to the one presented by the OECD, reaching the same conclusions. Manufacturing was so challenging that Brazil considered useless to try to relate EBOPS to the sector manufacturing services. For some services, Brazil found that the sector classification was better than the ITRS coding system (for example, for telecommunication, construction and legal services there were no firms exporting outside their area; in general most companies do not export outside their own sector). Manufacturing was an issue because they can export more or less everything. They can rent equipment, they can export, they can have revenues and royalties, R&D, consulting and technical services, so it was very hard to allocate. For import, it is a completely different thing, because any firm can basically import anything, so no relation was found.

In Brazil, distribution services are the most important export sector, representing 65% of total exports in 2009.

50. **Ireland** asked clarifications on software, as based on discussion at the WPTGS in 2009, software should be considered as a service irrespectively of whether it is delivered physically or electronically. The Secretariat noted that there is still a big part of software registered in goods; ideally it would be helpful to have an enterprise survey being able to capture all the software licenses. The Secretariat recognized that licenses not customized provided on disk exist but that sort of information could go anyway on the internet, and what would be provided on disk would be minimal. It is important to keep in mind that probably just a small part of this item could go through customs information.

51. **Germany** agreed that there are sectors with a very good relationship between exports and economic sectors, while in case of imports the opposite may occur, and that manufacturing is really an issue in this area.

52. **Israel** informed the meeting that they publish some classification on goods and services according to economic activities (based on the common ID number of enterprises in institutions) and that they have also some classification according to technology (using 4 levels of technologies).

53. The **United States** suggested that in manufacturing services, one should try to identify services provided by manufacturing establishments, figuring out how to handle goods for processing; and that it would make sense to show distribution services as a part of the trade industries.

g) TIS: SDMX progress report (OECD)

54. **OECD** presented the OECD SDMX pilot initiative on trade in services data, to which Israel and the United Kingdom participated and Canada was to join in 2011; some work also involved Switzerland on ITCS data. Delegates made observations concerning some inconsistency between the pilot exercise based on the existing manual and the forthcoming implementation of the new manual, especially in terms of classifications BPM6 and EBOPS 2010.

h) New visualisation tools for trade and other statistics: eXplorer (OECD)

55. OECD presented new visualization tools for statistics which allow a much better (also interactive) visually attractive presentation.

i) Estimated patterns of TIS flows between OECD countries and rest of the world. (OECD)

56. The Secretariat presented the document STD/TBS/WPTGS (2010)15. **Italy** welcomed the presentation, commenting that Italy had just published data following a new reporting system. In this context, the Eurostat database that reports bilateral asymmetries was used to compare data with the new system and the asymmetries were reduced. Italy suggested considering not only total services but also the other services items.

57. **Eurostat** informed the Working Party that all bilateral data (intra and extra) would be published by the end of 2010.

j) Assessing the concentration on intra-group trade in services in Brazil (Brazil)

58. **Brazil** presented the results of an assessment of the concentration of on intra-group trade in services, stressing that “by a rule of thumb” 20% of the sample would cover 80% of the value. Operational

leasing services resulted to be the most concentrated. Those 20% are most of the time multinational companies. The survey also highlighted little sales and high payments abroad of royalties of resident enterprises.

59. Several countries expressed their appreciation for the work done by Brazil. **Austria** informed that they had performed the same exercise and found also that trade in services activities is highly concentrated. In Austria, the survey captured both big and medium sized companies. **Germany** noted that Brazil, following the same methodology, should also link to other business statistics, new orders etc., also as a tool to analyze the recent crisis. **Spain** observed that the Chambers of commerce are very much interested in this type of analyses, but that the results can be biased by the fact that the provider of the information is not always the business that reports; the question is who the enterprise that actually imports and exports is, as exports could be channeled by another company (trading company).

Item 6. Linking Trade with Enterprise Characteristics (TEC)

a) Report from the 3rd meeting of the steering Group BEST (OECD)

60. The Secretariat presented the report from the 3rd meeting of the Steering group BEST, held mid-April 2010 (STD/TBS/WPTGS (2010)17 and Annex), and highlighted data developments and the way forward. **Germany** underlined the interest in linking trade to business statistics; in particular the interface domestic turnover and foreign trade is very useful. **Spain** expressed its strong appreciation for this work, which meets strong demand.

b) Plans for the first draft of the OECD-Eurostat TEC Handbook (OECD)

61. The Secretariat presented the plans for a handbook on trade microdata.

62. **New Zealand** informed the Working Party of the availability of a longitudinal business database, to which trade in services information had been linked allowing researchers to look at employment changes over the past five years. **Ireland** expressed its interest in this exercise, although more from a trade than from a business perspective. **United States** noted a potential application for BOP purposes, namely addressing the issues of goods for processing. Such work would match merchandise trade data with adjusted commodity and country data to get a better handle on goods for processing; however, this exploratory work could take several years before any results. **Sweden** mentioned that the National Bureau of Trade has a database of all Swedish companies involved in trade. In this context, it was recalled that a list of multinationals is being prepared by Eurostat. The **OECD** agreed that goods for processing constitute a step to go further to look into trade by value added.

c) U.S. SME Exports: What the data tell us and don't tell us, and how the USA compare to EU SME exports.

63. The **United States** presented a study (STD/TBS/WPTGS (2010)18) which examined the role of SMEs in the United States and the EU. The study focused on major trends and data limitations, using a pre-release version of the TEC database with harmonized definitions of SMEs in both the United States and the EU. Nevertheless, the United States stressed that data gaps and different definitions are still a challenge.

d) Characteristics of Australian exporters

64. **Australia** presented a report on the characteristics and international trading activities of Australian exporters, based on the linking of the business register and other sources (STD/TBS/WPTGS

(2010)19). A business longitudinal database has been developed which allows analysis of characteristics and performance of Australian SMEs, including those of exporters and non-exporting enterprises.

65. Answering to questions from delegates, Australia clarified that size classes of enterprises reflect ABS standards and that, concerning the number of exporters of services, estimates from the number of replies from the respondents are available.

e) The role of micro and small enterprises in the Brazilian services exports.

66. **Brazil** presented a study (STD/TBS/WPTGS (2010)20) underlining the importance of micro and small enterprises for Brazilian exports. New data has been made available on SMEs and trading patterns. This information is considered as very important by government to help formulating public policies in support of micro and small companies, in particular for service exports, where SMEs are a major driver.

Part II: Trade, Globalisation and Competitiveness

Item 7. Improving the usefulness of trade data and related databases

a) Clarifying trade costs in maritime transport

67. **OECD** presented the analytical study (STD/TBS/WPTGS (2010)21) describing the maritime transport sector and the determinants of shipping costs. The relevance of this issue stems from the fact that 90% of the trade volume is carried out by sea. Direction also matters for the price of shipping. A maritime transport cost database has been set up by the OECD. Maritime transport almost doubled in 2007 as compared to 2003 and transport costs are increasing.

68. **Italy** informed the Working Party that since 1997 it had combined trade and transport, and that there is a specific survey on transport operators.

b) Potential for developing container statistics

69. **Australia** reported on a feasibility study (STD/TBS/WPTGS (2010)22) carried out to produce trade statistics complemented by statistics about containers used. Since ships and ports present huge infrastructure costs, information on how goods are transported and which routes are taken after unloading are important for regional infrastructure planning. Pending available funding, such a feasible extension of trade statistics would clearly meet identified needs.

c) A tale of two bazaar economies: an input-output analysis for Germany and Italy

70. **Italy** introduced the paper STD/TBS/WPTGS(2010)23 which analyses the extent of internationalisation of production between 1995 and 2006 for Italy and Germany. Particular attention was put on the direct and indirect import content of production, which takes into account the import content of domestic inputs. Both countries show differences and similarities, but results seem to suggest a change in strategy and reorganization of production in Italian firms, including a shift from manufacturing to services, and a stronger growth of international outsourcing for German firms. Importantly, even German firms that outsourced abroad managed to increase (or at least maintain constant) domestic employment thanks to competitiveness gains.

71. **Germany** reported that the Federal Statistical Office had published similar figures some years ago, showing an increase in imported content of exports and growing employment due to more exports.

d) Intra-firm trade: a work in progress

72. The **OECD** presented a study on intra-firm trade, assessing the patterns of intra-firm trade using available hard data and firm level estimates, the latter being based on the activities of vertical foreign affiliates. The analysis investigates the country and industry determinants of the share of intra-firm trade in total trade (vertical FDI) and focuses on the policy implications arising from intra-firm trade. The analysis sheds some more light on productivity gains through fragmentation of production and vertical specialization, the impact on labour markets through relocation of production and shifts in value added, and the role of MNEs in the transmission of macroeconomic shocks.

e) The use of trade data at the firm level for the analysis of Global Value Chains (GVCs)

73. **Italy** presented recent work on GVCs, stressing that international trade data play a crucial role in the development of GVC indicators. Firm level foreign trade data allow a more complex analysis of GVC by focusing on the trade operator; data can be linked to business characteristics (through business registers) to derive economic performance indicators, in particular on truncated production networks. Italy also showed some empirical results from an analysis of medium and large enterprises engaged in external trade of intermediate goods.

[Item 7f) was dropped]

g) Globalization and trade flows: what you see is not what you get!

74. The **WTO** presented the analysis of the effects of international supply chains, which amplify “multiple gross counting” of trade flows. While the SNA treats intermediate products in terms of value added only, merchandise trade count intermediate goods at full gross value each time they cross a border. Adjusting for processing and calculating trade in terms of value added would reduce the US deficit with China by around 40%. Similarly, non-imputation of imported inputs without change of ownership would significantly modify key variables in SNA 2008 accounts.

75. **Italy** asked about the quality of intermediate goods data and whether values or volumes were used. The **WTO** clarified that values are used and intermediate goods data are defined through BEC.

h) World Input Output Database (WIOD); construction and first results

76. **Austria** provided the first results of the WIOD, a 3 years project funded by the EC aiming at the construction of inter-country supply-utilization tables and input-output tables. The results are expected to be published in 2012. An important methodological aspect is the refinement of the BEC for end-use categories. Accounting for trade in intermediates, the bilateral factor content can be calculated. Detailed tables with results in terms of trade in value added were presented. An important remaining challenge is the weighting schemes to be developed for use categories.

77. **UNSD** reported that they intend to take a fresh look at BEC categories, which could be interesting for the WIOD project.

i) GVCs and emerging economies

78. The **OECD** reported on the joint OECD-World Bank seminar on GVCs and emerging economies. The seminar identified several industry case studies and had a special focus on GVCs in Asia; also offshore services value chains by business function were discussed in some detail. An interesting finding regarding processing and China exports was that the Chinese content of non-processed exports was

around 80%, while that of processing exports was the inverse with only 18% of Chinese content. The seminar underlined the need for new and more detailed data and the important role of classifications fit for analysis.

79. Following the presentation, delegates suggested that classification needs should be discussed with classification experts; and that it is important to look at goods and services in conjunction, as comparative advantage is shifting nowadays towards the activity level. The OECD trade restrictiveness index is a good example.

Item 8. Main conclusions of the 3rd WPTGS meeting and future work priorities

80. The **Chair** made concluding remarks, summarising the rich and diverse agenda of the meeting. He recalled the main points made by the OECD Chief Statistician, namely the strong support of CSTAT for the Programme of Work of STD, the continuing need to ensure consistency of data and to involve always both data producers and users. He also reminded the plea from UNSD to contribute to the implementation of IMTS and from the OECD to join the SDMX pilot project.

81. Concerning priority themes and the way forward, the Chair reported on the outcome of the WPTGS Bureau discussion:

- The format of the WPTGS 2011 meeting will remain unchanged, namely a first day devoted to merchandise trade alone, a second day on cross-cutting issues and a third day on trade in services. The perceived advantage of this division is that it allows delegates to reduce the length of their attendance by cutting on that day which is of lesser interest to them
- Implementation of IMTS and MSITS, including regional aspects
- Implementation success stories from countries
- Work on Multinational Enterprises (world-wide register?)
- Link to work of other OECD groups (e.g. investment); the Bureau should look into this
- Goods for processing measurement and compilation
- Merchanting (in particular services) measurement and compilation
- Trade volumes and Unit Value Indices
- Promotion of more availability of higher frequency trade data
- Measurement of transportation costs
- Competitiveness and the role of exchange rates
- FISIM

Item 9. Other business

82. The Working Party agreed that the 4th Session of the WPTGS would take place on 7-9 November 2011, at the OECD Headquarters.

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**Liste des Participants pour Groupe de travail sur les statistiques du
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4/10/2010 - 6/10/2010

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