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STATISTICS DIRECTORATE

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

SUMMARY RECORD

7-9 November 2011, OECD Headquarters

Delegates will find attached the draft summary record of the 4rth meeting of the Working Party on International Trade in Goods and Trade in Services Statistics (WPTGS).

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WPTGS 2011

Part 1. Trade in Goods Statistics

Item 1 Welcome adoption of the agenda and opening

- The minutes of the previous year's meeting are adopted
- The Chair thanks Andreas Lindner for his contribution in the WPTGS over the years

Item 2 Outcome of the June 2011 meeting of CSTAT

Paul Schreyer (OECD) reports on CSTAT priorities of the current biennium:

- Work closer with the Enhanced Engagement countries (emerging countries)
- Measuring well-being and progress of society
- Green growth (major report in 2011)
- New sources of growth (innovation strategy of the OECD)
- Gender initiative
- Improving communication and dissemination

One important addition to the Program of Work and Budget (PWB) is Trade in Value-added, strongly supported by the Secretary General. There is also continued demand for work on trade, productivity and the Trade by Enterprise Characteristics (TEC) project. A CSTAT expert group was set up on microdata issues.

CSTAT wants closer links between and with sub groups as there are many cross cutting issues between the areas of trade and national accounts (trade in value added, goods for processing, unit value and quantity indices and trade in services in R&D and intellectual property products).

Promoting the use of SDMX and graphical tools and more generally coordinate dissemination system of statistical information is also considered a priority by the organization.

Item 3 International Cooperation

3.1. Interagency task force

Andreas Maurer (WTO) present the work of this group which aims to improve concepts and definitions, processing and quality of compilation and dissemination of trade statistics. All international organizations that are involved in the collection, compilation and dissemination of merchandise trade statistics (OECD, IMF, UNSD, WTO, UNCTAD, Eurostat, ITCS, FAO, WCO) participate. The goal is to reduce response burden for countries.

On *quantity information*: importance of working together to increase information on volume; UNCTAD takes the lead of disseminating quarterly volume trade statistics in cooperation with WCO to harmonize quantity units.

Short term statistics on merchandise trade: WTO releases monthly and quarterly total dataset. UNSD plans disseminating monthly data in Comtrade by 2013.

Implementation of the new IMTS 2010: new fields recommended by the new IMTS,

- Country of origin/country of consignment,
- Definition of used goods and wastes, and its reflection in next HS revisions,
- Mode of transports,
- Reexports and reimports and their significances, some countries have this information and not disseminated it.

Best practices for *goods for processing*, trade and business stats; possible tool to identify processing trade. Euro group register can help identify trade by related parties but there is a borderline issue: what is a good for processing and what is repair and maintenance.

Trade and business statistics: Eurostat gives information about a project on international sourcing.

Joint session dealt with following topics:

1. Global forum and the 2020 Vision on Trade statistics in February
2. Publication on the impact of globalization on National Accounts under the UNECE
3. TEC (to include services and multinationals) and Compendium on Trade and business Statistics
4. Trade in value added (Made in World initiative of WTO, EU international sourcing surveys and TEC)

3.2. *IMTS compilers manual*

Ronald Jansen (UNSD) reports on the IMTS compilers manual. In 2010, updated recommendations on Merchandise and on Services were adopted by the statistical commission of UN. Compilers guide will be provided. Shortly after the release of the IMTS a short survey was made on its implementation: one third of countries indicate that they are going to implement 2010 recommendations for 2011, one third for 2012 and the rest later on. There is an Expert group and virtual meeting to discuss IMTS compilers manuals revisions. A version in 6 UN official languages is planned to be released in June 2012. UNSD has also asked for the IMTS 2010 supplementary fields: imports on FOB, country by consignment, mode of transports and additional information on customs procedures (especially on goods for processing).

The compiler manual emphasizes enterprise surveys (on airline, shipping, companies and so forth). It will also give special attention to special product coverage; goods for processing, related party trade, electricity, aircraft, the relation with National Accounts and BoP, metadata and methods for External trade indices and seasonal adjustment.

Item 4 Methodological Research and Analysis

VAT registrations in the Balance of Payments and National Accounts - Uncertainties in measuring goods and services in different statistics

Zsuzsanna Sisakné Fekete from Hungary presents a paper that deals with VAT registered entities without physical existence which causes distortion in data and imposes important changes on national accounts and balance of payments.

Main points in the discussion included:

- Several other countries, mainly among the more recent accession countries to the European Union have a similar problem: Poland and Czech Republic. No such problem exists in Germany.
- Suggestions were made to analyze the issue at a company level using company books. A link between trade and business data would be the solution although this may be difficult to implement. Ideally, international microdata exchange would take place, at least for large companies.

Item 5 Unit Value and Price Indexes

5.2. UVI calculations in Mexico

Mr. Zetina presents his paper STD/TBS/WPTGS (2011)4 with a focus on Outliers detection techniques, interpretation of UVIs and comparison with US price indices.

Main points in the discussion included:

- Usefulness of this paper for getting started with the OECD UVI project
- Much volatility of results at chapter level due to change in the baskets of goods. Aggregate approach is therefore preferable
- Outlier analysis requires recognition of special cases: for example Mexico is an important exporter of oil, so every month the big oil firm is called in order to control value and volume exported. In this case, outliers are not removed. It is the same for companies of cars and motors (5 big companies in Mexico)

5.3. Improving quantity information in France

Laurent Gasnier (French Customs) presents new methods to improve the quality of customs data, especially in view of producing better UVIs, see [STD/TBS/WPTGS(2011)5]. A new checking process based on a risk analysis method is being developed in order to rank suspicions of errors and to reduce manual intervention. Main points in the discussion included:

- Questions about a difference of treatment in correction of Intrastat and Extrastat trade: Laurent Gasnier answered that the only difference between intrastat and extrastat treatment was in the threshold of checks, that all modifications were flagged and that companies were informed afterwards.
- In Ireland, as of 2012 companies submitting data on the Internet will be requested automatically to verify them if they are outside upper/lower unit value limits.

- The challenges that the French system implied for correctors and the necessary statistical training.

5.4. *Interim report on calculating UVIs*

Blandine Serve (OECD/STD) presents a progress report on the calculation of unit value indices at the 6 digit level [STD/TBS/WPTGS(2011)6] and reviews all the methodological issues raised by this project, in particular classifications, missing values and outliers.

Advice is sought from delegates on the following issues: what threshold should be applied to trade transactions to ensure comparability between countries with specific national levels, what is the best choice for measuring quantities between supplementary units and net weight values, what suggestions could be made for HS conversions, what is the best methodology to estimate missing values, what are member country experiences in calculating indices disaggregated further than the 2 digit level?

Main points in the discussion included:

- Use of Euro values rather than dollar values for Euro area countries.
- The need for the OECD to rely on automatic outlier detection methods given the impossibility of checking company data. For major issues, however, it may be necessary for the OECD to get back to member countries. Any advice on missing value treatment was welcome as no satisfactory solution has been identified yet.
- Supported for the increasing interest of quantity information. UNSD has to estimate quantities at detailed levels in the COMTRADE database to avoid losing information when aggregating levels.

5.5. *Using cluster analysis for identifying outliers and possibilities offered when calculating Unit Value Indices*

Evangelos Pongas (Eurostat) presents three methods used to detect outliers in international trade of goods and its investigations in cluster analysis methods to improve unit value indices [STD/TBS/WPTGS(2011)7].

Main points in the discussion include:

- UN's reference to their multimodal calculation instead of a cluster analysis to do quality checks.
- The need to optimize the number of data by dataset to perform a valid cluster analysis. To keep a sufficient number of data in subsets, Eurostat analyses the data by origin/destination by geographical area not by individual partner country. This has provided very satisfying results in outlier detection but the cluster analysis has also a potential for developments in other directions.
- Eurostat calculates unit value indices for EU and Euro areas, not for individual countries.
- Australia has undertaken limited research that confirmed the difficulty of identifying unit value outliers in commodities containing diverse products.

5.6. PPI, XMPI and new sharing between volume and price in goods trade

M. Gallais' (INSEE, France) presentation describes INSEE's efforts [STD/TBS/WPTGS(2011)8] to implement Eurostat and IMF recommendations to move towards true import and export price indices with a view to ultimately replacing unit value indices.

Main points in the discussion included:

- In Finland, both UVI and price indices are calculated with very similar results at the annual level but with more stability for price indices at the monthly level. It may therefore be possible to keep UVIs for international comparison purposes until price indices are more widely developed
- Despite their theoretical problems, UVIs remain useful. Then the Finish delegate wanted to know how INSEE was managing the weighting of prices to move up from specific product prices to higher level aggregates taking into account the differences occurring in product baskets over time as such differences are not considered when weights are based on customs data.
- The INSEE representative mentioned that the current calculation was based on a 2005 fixed base year Laspeyres price indices with weights computed at the 4 digit level. INSEE will implement the calculation of an annually-chained Laspeyres index. Fixe base Laspeyres indices are also used to aggregate elementary price indices up to the CPA 4 digit level. When a product disappears, surveyed enterprises are contacted to select a replacement product. A quality adjustment is also made.

5.7. Analysis of the latest developments in Turkish merchandise trade using imports and exports volume and price indices

Nihan Obasi (Turkish Ministry of the Economy presents a review of its main economic indicators [STD/TBS/WPTGS(2011)9], including in particular, trade-related indicators such as UVIs and terms of trade.

Main points of discussion included:

- Several observations were made on the seasonality of the trade data. Turkstat reported on seasonal adjustment of monthly data that had been applied to UVIs but without finding a clear seasonality effect (although there was seasonality in volumes) so it was decided to keep publishing unadjusted figures.

Part II. Cross cutting issues

Item 6. Global Value Chains and Trade in Value-added.

6.1. *Why is Value Added Trade important for policy? (US ITC – Robert B. Koopman)*

Robert Koopman (USITC) introduces a document on the policy relevance of Trade in Value-added measures and in particular on the new perspective and policy discussions brought out by findings on bilateral trade in value-added between the United States and China [STD/TBS/WPTGS(2011)10]. Attributing the entire export value to the last exporting country can provide a misleading picture of the sources of value in trade. Work performed at the world level is also described and demonstrates how gross exports can be usefully decomposed into domestic and foreign value added.

6.2. *Trade in Value Added: Concepts, Methodologies and Challenges*

Nadim Ahmad (OECD/STD) presents OECD's plans on the work on trade in value-added. OECD is embarking on a major horizontal project in this field with a view to institutionalising the TiVA computations on the basis of new matrices of bilateral trade flows and world input output tables. This would give rise to a number of different products:

- A database of harmonised national input-output tables;
- A multiple-purpose global input-output table – essential, also for instance, to produce ‘footprint’ indicators as part of the work on Green Growth;
- Improved estimates of bilateral trade in goods and services;
- Improved estimates of employment and value-added at the industry level.

To avoid any duplication, it is planned to carry out this activity as part of a consortium of international organisations, including the WTO and IDE-JETRO and to develop a mechanism where results can be presented on a systematic basis. The work would also contribute to, and work in tandem with, related activities, chiefly those related to the OECD Trade on Enterprise Characteristics (TEC) database, and the recently created UNECE Expert Group to develop guidelines for measuring “global production in the national accounts”.

Main points in the discussion included:

- An enquiry from Brazil about a possible shift in focus back to commodity trade where more value-added may be generated rather than in service trade.
- The role of TEC in the trade in value added. One challenge resides in identifying the importance of wholesale industry as small and medium sized enterprises tend to channel their exports through wholesales companies. Ideally, export flows should be linked to industries but this is difficult to do in practice, especially for services. The need for consistency between exports and imports is underlined and the question is raised if studies of consistency of such flow between microdata and enterprise statistics were planned.
- OECD noted that for the moment there was no immediate solution via TEC to better identify the role of wholesalers however it was planned to put special emphasis on wholesalers in the TEC project in order to better catch the link between wholesalers and producers. It was noted that special care had to be put on property income when dealing with traded services as property income could sometimes mistakenly be measured in terms of value added. OECD confirmed Microdata information could indeed be used to match the information extracted from enterprise surveys. Eurostat noted on that point that comparisons exercises were useful

and that for instance the Netherlands was performing studies in order to link business statistics and trade statistics in its data warehouse.

6.3. *Model-based estimates of trade statistics*

Sebastien Miroudot (OECD/TAD) [STD/TBS/WPTGS(2011)12] explains the creation of a trade in services matrix by detailed industries and partners which also complements the gross services flows and feeds in the trade in value added project. The poor correspondence between EBOPS and ISIC requires recurrence to model-based estimates described in the document.

Main points in the discussion include:

- The methodology implies a re-estimation of trade data that had initially been provided by countries which should be kept to a minimum. Germany noted that in its case there was no unallocated value and that there was a trade off when reclassifying information provided by countries across industry sectors as information could be lost in doing so. Australia confirmed that in its case trade in services data from national accounts or Balance of Payments was identical.

6.4. *Made in the World Initiative (MIWI) (WTO – Andreas Maurer)*

Andreas Maurer [document STD/TBS/WPTGS(2011)13] introduces the WTO *Made in the World Initiative* as well as a new publication *Trade patterns and global value chains in East Asia : From Trade in Goods to Trade in Tasks*. The publication describes the emergence of trade in tasks and the need for new statistical measures of international trade. Analysing trade in terms of value added helps to better evaluate the actual contribution of international trade to an economy and highlights the interdependencies of economies.

6.5. *Trade in Tasks (OECD/TAD – Hidegunn Nordas)*

OECD presents paper STD/TBS/WPTGS(2011)14 that analyses the task content of goods and services and sheds light on structural changes that take place following trade liberalisation. The task content of goods and services is estimated by combining information from the O*Net database on the importance of a set of 41 tasks (regrouped via a cluster analysis) for a large number of occupations and information on employment by occupation and industry.

Main points in the discussion include:

- A question whether transaction costs in terms of language difference are captured in this study. The OECD replies that it was not the case.
- A question on data sources (trade in goods and services as available from the OECD databases and the typology of tasks derived from the Occupational Information Network O*Net database were used). O*Net is a project on occupational information sponsored by the US Department of Labour.

Item 7. Linking trade and business statistics

7.2. *Linking TEC to Input-Output tables (OECD/STD)*

Nadim Ahmad [document STD/TBS/WPTGS(2011)16] introduces the document by pointing out that in the context of generating trade by value added estimates, an input-output approach assumes that goods produced for domestic demand use the same production process (inputs and source) as those produced for

export but there is strong evidence that, in reality, this is rarely the case. In consequence, the OECD is suggesting the creation of stand-alone indicators based on linking trade registers with business statistics to provide more granular information on Intermediate Consumption of total imports and final demand. This would improve not only the quality of trade in value added estimates but also the quality of the import matrices. The work should be feasible, but there are challenges related in particular to confidentiality constraints. This work would be developed further with countries participating in the TEC initiative.

Main points in the discussion include:

- Suggestion to organise a workshop on TEC to determine some best practices and a survey to prioritise the agenda of the workshop. UNSD supports the idea of a workshop and suggests involving non-OECD countries. Eurostat also notes its support for a workshop that would deal with many of the cross-cutting issues.
- A question as to the possibility to look at the relationship between value added and employment. The OECD confirms that one aim of the exercise was to get a better alignment between value-added estimates and employment figures.
- A query how to define foreign ownership in the context of imports that are aimed to be processed by the domestic economy. There might be some business model of multinationals involved in global manufacturing. Also imports from abroad and wholesalers needed to be differentiated.

Item 8. Global forum on Trade Statistics

8.1. *Global Forum on Trade Statistics and its Follow-up (Ronald Jansen, UNSD)*

8.2. *A Shared Vision for the Future: International Trade Information Systems in 2020 (Eurostat, OECD, UNSD, WTO)*

These two items covered reports on the international trade forum that took place in early 2011 in Geneva and gave rise to the shared vision for the future of international trade statistics [STD/TBS/WPTGS(2011)18].

Main points in the discussion include:

- The call for more detailed trade in services is often hampered by confidentiality restrictions. With EBOPS in place, it was felt that the priority was the conversion to BPM6 and SNA 2008 rather than further disaggregated services data.
- Another impediment to more detailed data is that the response burden on enterprises is already high. For example, Ireland has tried to measure the response burden on enterprises of Intrastat and customs declaration, and particularly for Intrastat the burden is high. Istat has begun a parallel collection limited to Intrastat sources but what has been collected does not allow to compile Balance of Payments information.
- Brazil points out that from a user point of view, more timeliness and detail is always requested so in theory it would be desirable to collect service data outside of the BOP surveys and supplement with enterprise data. User needs and compilers possibilities will have to be weighted. There is the need for more financial and human resources if more service data are to be collected.

Item 9. Goods for Processing, combining goods and services

9.1. Implementing IMTS and MSIT – Focus on Goods for processing (Hungary)

Anita Bany from Hungary presents Hungarian experience with the implementation of new accounting standards, in particular with regard to inward and outward processing of goods that plays an important part in the Hungarian economy. Hungary estimates that the values of inward and outward transactions are underestimated and is reviewing its data validation procedure.

9.2. An alternative presentation of trade in goods and services (OECD)

Bettina Wistrom presents a pilot study with a joint presentation of trade in goods and trade in services – an allocation based on conceptual considerations is compared with results from surveys in Germany, Austria and Canada.

Main points in the discussion include:

- Iceland notes the interest of conducting conceptual correspondences between EBOPS_CPC and ISIC.
- Eurostat notes that the study, by nicely highlighting the large share of “secondary” exports of services of manufacturing industries, supports the need for more Trade by enterprise characteristics statistics.
- The Czech Republic supports the approach, informing the group that trade in services data were collected by CPC categories in the Czech Republic

Part III: Trade in Services

Item 10 – Inter agency coordination

10.1. Task Force on Statistics of Trade in Services in Luxembourg.

The OECD Secretariat presents a report on the March 2011 meeting of the TFSITS.

Main points in the discussion include:

- The Manual of Statistics of International Trade in Services (MSITS 2010) is now made available on the TFSITS website hosted by the UN, together with an EBOPSs / CPC correlation.
- EUROSTAT future collection of TIS data is presented, and it is noted that the EBOPS level of detail requested is seen as a challenge by many Eurostat member states.
- WTO and OECD will take the lead to present some way forward to harmonise Trade in Services across international databases.
- The Task Force had discussed the Australian survey on International legal and related services by mode of supply, conducted by ILSAC, with the advice of ABS. It is noted that this type of cooperation could be a cost effective way of obtaining information by mode of supply on a specific service sector.
- The TF had asked the UNSD to set up a national experts group to prepare a Manual on Compilation Guide by mid 2013.

10.2. *Launch of UN Expert Group on SITS and compilation guidance*

In 2010, the UN Statistical Commission adopted the *Manual on SITS* and requested compilation guidance. An expert group has been set up to develop a compiler manual for MSITS 2010 and to provide guidance to National Statistical Offices for the implementation of the recommendations of MSITS 2010.

UNSD will organise meetings with emphasis on linking the Manual to the revised BoP and to the revised 2008 SNA. Importance will be given to training and to coordinated efforts at national level between various offices (NSO, CB, Agencies).

The Expert Group on the Compilation of Statistics of International Trade in Services (EG CSITS) is reviewing the outlines of all chapters and provide guidance on its scope and on content of each chapter. The first draft is expected by late 2012 and final document by mid 2013.

In 2014, the TF on SITS will report to the UN Statistical Commission on progress achieved.

10.3. *Compilation guide on BPM6*

The IMF reports on the BPM6 compilation guide. The guide is meant to provide guidance on data sources and compilation techniques and will consist of 17 chapters of which 8 are ready. Drafts of the compilation guide are open to comments worldwide. The timetable foresees the compilation guide to be published on the IMF site by December 2012.

In order to get the manuals to the same level of consistency, the IMF is also updating the Monetary and Financial Statistics Manual, the External Guide and the General Statistics Manual version 2001.

The IMF confirmed that it will ask countries to convert data into BPM6 back to Q1 2005. The countries will have to choose one of three options for this conversion:

- Use the IMF generic matrix
- Customise the conversion
- Send directly data in BPM6 format

Germany explained that Europe has a unique situation in that it has been agreed to provide data in BPM6 to Eurostat and ECB from 2014 whereas the IMF will publish BPM6 data from 2012 so there will be divergence in the data presented for EU countries in the international databases. This divergence will disappear in 2014 when individual countries will present their own figures in BPM6 format. The question is raised as to how far back these calculations can go and with what degree of accuracy.

Item 11 Focus on Statistical sources for collecting trade in services information

11.1. *Revised TIS survey in Hong-Kong, China.*

Hong-Kong, China presents the first results of a new trade in services survey aiming at collecting the information needed in order to implement the new Statistical Standards for Goods for processing and merchanting in Hong-Kong, China. Hong-Kong, China is now establishing the necessary infrastructure to implement the major recommendations for the compilation of GDP and BOP stats by end 2012.

The Chair recalls that two years ago, this change was considered a potential challenge with BPM6 having a huge impact on key goods and services statistics for the economy of Hong-Kong, China but is glad to see that the measurement has been achieved.

Questions asked by delegates cover notably whether goods for processing were included in merchandise trade; do reporting companies have to change their accounting procedures; to what level did Hong-Kong, China adjust their trade in Goods data for the processing issue; are raw materials and semi-processed goods distinguished and is there a cooperation with Customs China; finally what were the various reactions by the users to the results of this survey whereby the BOP goods balance positive whereas the services balance becomes negative.

Hong-Kong, China clarifies that when there is no change of ownership, goods for processing were excluded from Hong-Kong, China merchandise trade statistics; that some enterprises have changed their accounting system but that most companies did not really understand the procedures and had to be trained; the trade in goods adjustment was focussed on the part related to change of ownership. Under the new statistical standards, the value of raw materials/ semi-manufactures exported from Hong-Kong, China to the Mainland for processing and the value of goods returned to Hong-Kong, China under the arrangement of *processing and assembling* will no longer be included as exports from Hong-Kong, China and imports of goods. While the processing fees would be recorded as imports of services (in manufacturing services on inputs owned by others). The population of merchanters is taken from the Establishment survey as well as from ASIES annual survey of service. All types of establishments in Hong-Kong, China are covered; the information on raw materials and semi-processed goods is already in the Trade declarations but Hong-Kong, China does not have very detailed breakdown. This information in this survey only comes from Hong-Kong, China Customs; there is not yet information on the reactions of users but Hong-Kong, China is ready to follow International Standards and clients are very open minded.

11.2. New survey system in Switzerland

Stéphanie Zeier (Swiss National Bank) reports that Switzerland had long understood that in international comparison, its information system on trade in services was relatively patchy, with no real geographical breakdown and no data for some services categories, although these services had gained considerable importance over recent years. A new survey will therefore be conducted that covers all important services categories. 1000 companies are required to report on a quarterly basis and other companies annually. Extended services will also be introduced in 2012 although data quality is not expected to be very high in the year of introduction. Publication is foreseen in 2013.

11.3. Using credit card information for measuring travel

Denis Caron (Statistics Canada) reports on the use of credit card information. He observes that the bulk of Canadian border travel is done with USA. The volume of travellers is estimated using administrative data (cards to be filled at crossings or airports) and frontier counts. Two different surveys are handed out: a long one at airports and a short one for car travellers. The response rate is excellent but a new project involving an internet questionnaire is being envisaged. As an alternative to this survey, Canada investigates credit card information which is timely (only two weeks after date of reference) and records purchases made in Canada or abroad. A problem resides in including more merchant classes and the difficulty to estimate real spending by trip. Also purchases of tickets made through internet are not always for same day travel and not all credit card suppliers are included as there is no formal agreement with credit card companies. Therefore it is accepted that there is still a lot of work to be done if Canada is to use good alternative sources for Travel data. This information would be useful not only for the Balance of Payments, but also for the rest of the national accounts.

Questions from delegates cover a number of issues including: Is there any collaboration with tourism statisticians who may be seeking the same information; how do tourism statisticians deal with business travellers, seasonal, border and short term travellers; the MSITS recommended that data on travel expenditure be published. Is this the case; what is the availability limits?

Canada confirms that border workers are identified in the land travel survey but no separate information on seasonal workers was as yet available and a new methodology had to be implemented. A future publication is always possible as the data is available. Tourism statisticians are indeed involved in the current survey but have not been contacted on the credit card situation.

Brazil agrees credit cards is the best source for travel information. In Brazil, credit card information is available but is mostly used as information on remittances, *e.g.* a card emitted in the USA is taken by a family member to be used abroad. The USA presented a credit card plan in 2010 on 2009 quarterly data but had to cope with significant discrepancies with travel data extracted from other sources so it was inferred that using credit card information for travel services could lead to overestimations as many non travel related transactions were counted, too. A redesigned survey is therefore to be implemented from Q1 2012. Contacts have been made to refine card reporting making it clearer to companies. These companies report to tax authorities using a code list which is also used to identify merchant codes possibly related to Travel and a concordance by type of expenditure has been created. The USA has also used a 2009 survey to acquire data on foreign residents and their type of expenditure by means of payments.

Lacking any formal agreement with credit card companies, Canada used whatever data was available but agreed the next step is to ask for more. The IMF remarked that in their chapter on travel in the compilation guide they try to put together various approaches to gather the data and confirmed that World Tourism organisation is an important contributor to the trade chapter.

The Chair noted that in Australia, surveys in airports made by Tourism Research Organisation may be biased as the interviewers are not always allowed into all lounges and agrees that travel related transactions effected through internet might be a very interesting topic for the future.

11.4. Moving from the international transaction recording system to enterprise surveys

Simonetta Zappa (Bank of Italy) presented their new system of trade in services data collection, just implemented moving from a fully-fledged ITRS to a more flexible double-entry “matrix of data sources”, more extensively based on sample surveys. This new system was put in place to react to a possible decreased usability and availability of settlement data, to improve the quality of statistics, and to reduce the reporting burden, rationalise the system and increase its efficiency. In 2010 the project was finalized and since then BOP series have been reviewed backward up to 1970.

Canada inquires about the sample strategy, if based only on turnover or taking into consideration also industry activity, and if any particular change was expected before implementing the new system, in particular if it was expected that imports would have been larger as a consequence of the revision. Italy clarifies that the sample was designed without considering the industry activity and explains that there was no a-priori estimate of the consequence of the revision on exports and imports. Just a misallocation in *Other business services* was expected.

Brazil asks how Italy deals with the item *Personal, cultural, and recreational services*, and Bank of Italy specified that they had a strong contribution from the tax authority database, and moreover they used estimates for more recent data where administrative sources were not available. Brazil asked finally if the ITRS threshold is still 12500 euro, but Bank of Italy confirmed that it has been moved to 50000 euro as previewed by the European Regulation.

UNSD asks if using the direct reporting, the type of transactions recorded regards just the main services or also other additional details. Bank of Italy confirms that there are other details available, and finally UNSD asked if, using business registers, some additional information on economic activities of

enterprises would be available and if they are going to publish them. Bank of Italy confirms that such details are available, but for the moment they are not going to be published, maybe in the future.

IMF confirms that many IMF members are still using the ITRS as a main source of data, and that they are encouraging countries to move to direct reporting.

11.5. Outward foreign affiliates survey focusing on finance and insurance in Australia

Australia (Bernard Williams) presents the *Survey of Outward Finance and Insurance Foreign Affiliates in Services*, run in 2009-2010 with funding from the Department of Foreign Affairs and Trade. The ABS was responsible for survey-design, questionnaire dispatch and collection, compilation, dissemination and evaluation. The survey enabled ABS to get a measure of mode 3 of supply of services concentrating on finance and insurance industries, in terms of levels of employment, sales and purchases, and provided as well information on Gross Value Added (GVA) and Financial Intermediary Services Indirectly Measured (FISIM).

UNSD asks if this survey designed from the parents' point of view was able to provide a satisfactory level of details, or if maybe the local firms would have been able to provide much more details. Australia confirms that the level of detail provided was satisfactory.

Germany highlights the difficulties in collecting FATS exports and imports.

Item 12 Statistical developments

12.1. OECD Services World Matrix

Fabiana Cerasa and Antonella Liberatore (OECD, WTO) present the methodology used to compile a bilateral trade in services flows matrix covering all regions and continents of the world, shown with aggregates of OECD groupings and the rest of the world. The matrix was prepared by OECD and WTO putting together bilateral trade in services data coming from different sources (OECD, Eurostat, UNSD, national sources).

UNCTAD shows interest and support in the work done and will propose a list of countries they would like to be shown disaggregated in the final matrix so as to better cover South-South Country trade. Moreover UNCTAD expresses interest in accessing where available the last 10 years version of the same matrix.

12.2. Modes of supply

Eurostat (Hionia Vlachou) presents joint work performed with the OECD (Bettina Wistrom) and WTO (Joscelyn Magdeleine) on modes of supply. The presentation starts with an overview of the data compilation situation, and in particular efforts by five countries (India, Hong Kong-China, New Zealand, Malaysia, Australia) to collect data through surveys. An analysis was performed on five different approaches for compiling the international supply of services by modes, and afterwards a call for volunteers was launched for a pilot/case study to be implemented with the coordination of Eurostat, OECD and WTO. A revised version of this paper will be presented at next BOP meeting in Eurostat in March 2012.

Canada asks if India is able to provide both exports and imports for mode 4, and in this case if they experienced any particular difficulty in obtaining information on transactions. WTO replies that the focus was more on the export side because probably easier to collect, and specified that in the five examples

mentioned the main focus was not on type of services by mode, but more on modes of supplies versus partners.

The Chair mentions the positive experience by ILSAC measuring legal services by modes of supply with the advice of ABS, as an example of good arrangement between the national statistics office and a government agency that also benefitted from the involvement of the big legal services firms.

12.3. EBOPS 2010 database coding and SDMX

IMF (Florina Tanase) informs the delegates on the work performed by IMF, ECB, OECD, BIS and Eurostat to develop an SDMX encoding structure (Data Structure Definition or DSD) for balance of payments and international investment position statistics according to the methodological framework set forth in the sixth edition of the IMF Balance of Payments and International Investment Position manual (BPM6). IMF invites delegates to send any feedback on the preferred DSD option among the ones presented or on the tentative list of EBOPS codes reported in the paper.

Germany welcomes the IMF presentation and underlines the importance of having a final version of the codes soon available. UNSD and Canada ask if also the list of partner country codes used by IMF could be made available. IMF will share this information as soon as possible.

12.4. Improving estimates of international trade in health services under the System of Health Accounts framework (OECD/ELS –)

David Morgan (OECD/ELS) presents the project on *Improving Estimates of Imports and Exports of Health Services and Goods under the System of Health Accounts*, supported by the EU. The main purpose has been to respond to a growing policy interest in health goods and services trade, providing clear concepts, definitions and guidelines for the production of reliable, timing and comparable estimates within a standard health accounting framework.

UNSD asks about cosmetic surgery and pharmaceuticals, if included or not in Health services. Cosmetic surgery is included if for health purposes, while it is shown as a Memorandum item if just for aesthetic purposes. Pharmaceuticals are not completely included within the Health Accounts.

12.5. New National Accounts Task Force on FISIM

Nadim Ahmad (OECD) presents the work of the Task Force and explains that the two main drivers behind its creation were the question of the risk premium associated with FISIM to be included or not in the FISIM value, and the extreme volatility of FISIM observed in National Accounts during the financial crisis. As provisional recommendations, the TF suggests that in international trade in FISIM a reference rate different from the ones used in domestic transactions should be applied, and that liquidity transmission services should be included in FISIM, while credit default risk component shouldn't.

Item 13. Draft conclusion of the fourth WPTGS meeting and future work programme, date of next meeting

The Chair makes concluding remarks, and underlines how the meeting has followed up on many topics of last year's WP, as well as introduced several new developments. He confirmed that next year the format will remain the same (1st day: goods, 2nd day: cross-cutting issues; 3rd day: services), even if this will become more challenging given the increasing overlap of goods and services.

Concerning main themes and steps forward, the Chair mentioned:

- The continuing implementation of IMTS and MSITS, with the Compilation Guides finalized soon and the importance of sharing experiences on particular issues like *Goods for processing*;
- The importance of updating work done on UVI, trade in value added, Trade by Enterprise characteristics;
- The proposal of having for next year an organization (volunteer: ABS) preparing a response on how countries could address the Vision Statement 2020 presented;
- The general interest in the discussion on the use of credit cards data, on which more focus could be put next year
- A short summary of the meeting with main action items should be sent to delegates quickly after the meeting and in advance of the more complete summary record.
- The date of the next WPTGS meeting was set, after further consultation to the 22nd to 24th October 2012.

Item 14. Election of the Bureau members

Following Robert Yuskavage's (U.S. Bureau of Economics Analysis) move into another position, the Working Party elects Robert Koopman (USITC) as new Bureau member. All other Bureau members and the chair are confirmed in their positions.

**Participants List for Working Party on International Trade in Goods
and Trade in Services Statistics (WPTGS)**

**Liste des Participants pour Groupe de travail sur les statistiques du
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7/11/2011 - 9/11/2011

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