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## INTERNATIONAL TRADE IN SERVICES STATISTICS - MONITORING PROGRESS ON IMPLEMENTATION OF THE MANUAL AND ASSESSING DATA QUALITY

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### Introduction

This note aims to inform delegates with an overview of the progress made in the implementation of the recommendations of the *Manual on Statistics of international trade in services (Manual)* and to provide some indication of quality of international trade-in-services statistics.

### 1 - Recommendations of the Manual on Balance of payments international trade-in-services data, where do we stand?

To begin with, it is useful to review the core recommendations of the *Manual*, they are principally the following<sup>1,2</sup>:

1. Implement the BPM5 recommendations in relation to trade in services.
2. Collect balance of payments trade-in-services data using the Extended Balance of Payments Services (EBOPS) Classification.
3. Collect complete statistics on foreign direct investment (FDI) classified by ISIC Rev.3 activities.
4. Collect FATS statistics for basic variables such as sales, value added, employment, exports and imports by activity categories based on ISIC Rev3 - *i.e.* ISIC categories for foreign affiliates (ICFA).
5. Collect FATS and balance of payments trade-in-services statistics by partner country.

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<sup>1</sup> Manual on Statistics of International Trade in Services, pp. 5-6

<sup>2</sup> Other recommended items are :

- The completion of the implementation of EBOPS including the memorandum items.
- The augmentation of basic FATS statistics.
- Collect statistics on natural persons working abroad under the GATS framework.
- Separate out the trade with related parties from that with unrelated parties.
- Allocate the transactions between residents and non-residents over the GATS modes of supply.

**1-1 Implementation of BPM5 and compilation of balance of payments data according to EBOPS.**

Balance of payments data are relatively well established following IMF's fifth Manual and there has been significant improvements in detail and comparability since mid-nineties. The data collection by the IMF, the OECD and Eurostat is adapted to EBOPS classification.

28 OECD countries are in a position to provide the 11 principal categories of services.

*Table 1: Availability of principal categories of services in the OECD*

Services item	200	205	236	245	249	253	260	262	266	268	287	291
Australia	X	X	X	X	X	X	X	X	X	X	X	X
Austria	X	X	X	X	X	X	X	X	X	X	X	X
Belgium	X	X	X	X	X	X	X	X	X	X	X	X
Canada	X	X	X	X	X	X	X	X	X	X	X	X
Czech Republic	X	X	X	X	X	X	X	X	X	X	X	X
Denmark	X	X	X	X	X	X	X	X	X	X	X	X
Finland	X	X	X	X	X	X	X	X	X	X	X	X
France	X	X	X	X	X	X	X	X	X	X	X	X
Germany	X	X	X	X	X	X	X	X	X	X	X	X
Greece	X	X	X	X	X	X	X	X	X	X	X	X
Hungary	X	X	X	X	X	X	X	X	X	X	X	X
Iceland	X	X	X	X	X	X	X	X	X	X	X	X
Ireland	X	X	X	X	X	X	X	X	X	X	X	X
Italy	X	X	X	X	X	X	X	X	X	X	X	X
Japan	X	X	X	X	X	X	X	X	X	X	X	X
Korea	X	X	X	X	X	X	X	X	X	X	X	X
Luxembourg	X	X	X	X	X	X	X	X	X	X	X	X
Mexico	X	X	X	X	X	X	X	X	X	X	X	X
Netherlands	X	X	X	X	X	X	X	X	X	X	X	X
New Zealand	X	X	X	X	X	X	X	X	X	X	X	X
Norway	X	X	X	X	X	X	X	X	X	X	X	X
Poland	X	X	X	X	X	X	X	X	X	X	X	X
Portugal	X	X	X	X	X	X	X	X	X	X	X	X
Slovak Republic	X	X	X	X	X	X	X	X	X	X	X	X
Spain	X	X	X	X	X	X	X	X	X	X	X	X
Sweden	X	X	X	X	X	X	X	X	X	X	X	X
Switzerland	X	X	X	X	No	X	X	No	No	X	X	X
Turkey	X	X	X	X	X	X	X	No	X	X	X	X
United Kingdom	X	X	X	X	X	X	X	X	X	X	X	X
United States	X	X	X	X	X	X	X	X	X	X	X	X

Source: OECD

Table 2 “Status of the collection of EBOPS data” shown underneath presents the number of EBOPS components on hand for years 2003 (as available in 2005 and 2006) and 2004 (as available in 2006) for the 30 OECD countries in the OECD trade in services database. It should be noted that the source for all European countries is Eurostat Newcronos: The OECD secretariat, for the second year in a row, does not perform any reprocessing on individual EU country files. The OECD downloads trade in services figures from Newcronos when data have been signaled as finalized. The table shows that the provision of EBOPS components is stable when the information available for the 2005 data collections is compared to the one performed in 2006. However Denmark and Ireland have improved in 2006 their respective provision of data from year 2003 and Poland and Hungary have improved their provision for year 2004.

*Table 2: Status of the collection of EBOPS data in OECD publication*

Reporter	2003 as available in 2005	2003 as available in 2006	2004 as available in 2006	Number of additional EBOPS items for 2003*	Number of additional EBOPS items 2003/2004**
Australia	42	42	40	0	-2
Austria	38	40	40	+2	+2
Belgium	66	69	67	+3	+1
Canada	46	47	47	+1	+1
Czech Republic	76	79	79	+3	+3
Denmark	5	12	12	+7	+7
Finland	53	54	54	+1	+1
France	48	52	36	+4	-12
Germany	68	68	67	0	-1
Greece	52	57	57	+5	+5
Hungary	19	19	44	0	+25
Iceland	30	30	30	0	0
Ireland	27	42	39	+15	+12
Italy	79	79	79	0	0
Japan	26	26	26	0	0
Korea (Republic of)	17	18	18	+1	+1
Luxembourg	61	64	64	+3	+3
Mexico	31	32	26	+1	-5
Netherlands	12	12	55	0	+43
New Zealand	24	24	24	0	0
Norway	57	57	57	0	0
Poland	58	58	79	0	+21
Portugal	72	72	50	0	-22
Slovak Republic	30	34	34	+4	+4
Spain	30	30	30	0	0
Sweden	63	63	63	0	0
Switzerland	12	12	12	0	0
Turkey	47	47	47	0	0
United Kingdom	50	52	51	+2	+1
United States	51	53	53	+2	+2
<b>Total</b>				<b>+54</b>	<b>+90</b>
<b>Mean</b>				<b>1.8</b>	<b>3</b>

\*Difference in the number of EBOPS categories reported by country in 2005 and 2006 for year 2003

\*\*Difference in the number of EBOPS categories reported by country in 2005 for 2003 and 2006 for 2004

Another way of looking at the progress made in the collection of EBOPS categories is to look at the evolution of country reporting in the IMF database. Table 3 shows, for each EBOPS item, the change in the number of countries in the position to provide the information on the different services items. The comparison applies to the IMF database as observed in December 2004 and in July 2006.

Some concerns had been raised about a possible decline in the reporting of EBOPS categories to the IMF but the evidence seems to refute this worry. It appears that during the short period observed, for each EBOPS category, there has been an improvement in the number of countries capable of providing data information.

Table 3: Status of the EBOPS collection at the IMF

SERIES_CODE	SERVICE CATEGORY	Number of Countries providing the information to the IMF		Difference in decreasing order
		Dec-04	Jul-06	
256	OTHER DIRECT INSURANCE	74	85	+11
897	PERSONAL SERV., OTHER	17	27	+10
211	AIR TRANSPORT PASSENGER	113	121	+8
240	PERSONAL TRAVEL	127	135	+8
243	OTHER PERSONAL TRAVEL	112	120	+8
249	<b>CONSTRUCTION SERVICES</b>	<b>95</b>	<b>103</b>	<b>+8</b>
260	<b>FINANCIAL SERVICES</b>	<b>118</b>	<b>126</b>	<b>+8</b>
262	<b>COMPUTER AND INFO SERVICES</b>	<b>104</b>	<b>112</b>	<b>+8</b>
277	BUSINESS, MANAGE CONSULT, & PR	36	44	+8
251	CONSTRUCTION IN COMP ECONOMY	38	45	+7
263	COMPUTER SERVICES	57	64	+7
208	SEA TRANSPORT FREIGHT	91	97	+6
223	ROAD TRANSPORT	51	57	+6
264	INFORMATION SERVICES	37	43	+6
269	MERCHANTING & OTH TRADE SERVICE	95	101	+6
279	RESEARCH AND DEVELOPMENT	43	49	+6
284	OTHER MISCELL BUSI PROF TECHNIC	116	122	+6
287	<b>PERSONAL, CULTURAL AND REC</b>	<b>100</b>	<b>106</b>	<b>+6</b>
292	EMBASSIES AND CONSULATES	86	92	+6
221	RAIL TRANSPORT FREIGHT	34	39	+5
225	ROAD TRANS FREIGHT	46	51	+5
226	ROAD TRANS SUPPORTING	33	38	+5
241	HEALTH RELATED TRAVEL	51	56	+5
245	<b>COMMUNICATION SERVICES</b>	<b>140</b>	<b>145</b>	<b>+5</b>
266	<b>ROYALTIES AND LICENSE FEES</b>	<b>119</b>	<b>124</b>	<b>+5</b>
273	MISCELLANEOUS BUSINESS SERVICES	135	140	+5
288	AUDIO-VISUAL & RELATED SERVICES	64	69	+5
205	<b>TRANSPORTATION</b>	<b>180</b>	<b>184</b>	<b>+4</b>
222	RAIL TRANSPORT SUPPORTING	27	31	+4
237	BUSINESS TRAVEL	97	101	+4
239	OTHER BUSINESS TRAVEL	60	64	+4
246	POSTAL AND COURIER SERVICES	59	63	+4
250	CONSTRUCTION ABROAD	37	41	+4
253	<b>INSURANCE SERVICES</b>	<b>172</b>	<b>176</b>	<b>+4</b>
271	OTHER, OTHER BUSINESS SERVICES	44	48	+4
274	LEGAL ACC.MANAGE CONSULT, & PR	78	82	+4
278	ADVERTISE MARKET RES & POLLING	64	68	+4
289	OTHER PERSONAL, CULTURAL & REC	74	78	+4
293	MILITARY UNITS AND AGENCIES	24	28	+4
200	<b>SERVICES</b>	<b>186</b>	<b>189</b>	<b>+3</b>
209	OTHER SEA TRANSPORT	91	94	+3
212	AIR TRANSPORT FREIGHT	90	93	+3
215	OTHER PASSENGER TRANSPORT	64	67	+3
219	RAIL TRANSPORT	41	44	+3
224	ROAD TRANSPORT PASSENGER	39	42	+3
236	<b>TRAVEL</b>	<b>182</b>	<b>185</b>	<b>+3</b>
247	TELECOMMUNICATION SERVICES	91	94	+3
257	REINSURANCE	59	62	+3
258	AUXILIARY SERVICES	32	35	+3
268	<b>OTHER BUSINESS SERVICES</b>	<b>183</b>	<b>186</b>	<b>+3</b>
272	OPERATIONAL LEASING SERVICES	77	80	+3
283	OTHER	28	31	+3
291	<b>GOVERNMENT SERVICES NIE</b>	<b>178</b>	<b>181</b>	<b>+3</b>
294	OTHER GOVERN SERV NIE	64	67	+3
207	SEA TRANSPORT PASSENGER	53	55	+2
213	OTHER AIR TRANSPORT	99	101	+2
220	RAIL TRANSPORT PASSENGER	33	35	+2
227	INLAND WATER TRANSPORT	12	14	+2
228	INLAND WATER PASSENGER	5	7	+2
229	INLAND WATER FREIGHT	9	11	+2
230	INLAND WATER SUPPORTING	7	9	+2
231	PIPELINE TRANSPORT	24	26	+2
254	LIFE INSURANCE & PENSION FUND	35	37	+2
280	ARCHITECTURAL, ENGI & TECHNICAL	56	58	+2
281	AGRICULTURAL, MINING, AND ON-SITE PROCESSING SERVICE	44	46	+2
282	WASTE TREATMENT AND DE POLLUTION	13	15	+2
285	SERV BETWEEN AFFIL ENTERPR NIE	28	30	+2
895	PERSONAL SERV., EDUC.	7	9	+2
896	PERSONAL SERV., HEALTH	6	8	+2
216	OTHER FREIGHT TRANSPORT	79	80	+1
217	OTHER OTHER TRANSPORT	76	77	+1
218	SPACE TRANSPORT	3	4	+1
242	EDUCATION RELATED TRAVEL	70	71	+1
270	MERCHANTING	54	55	+1
275	LEGAL SERVICES	24	25	+1
276	ACCOUNTING AND CONSULTING	29	30	+1
232	OTHER SUPPORTING TRANSPORT	29	29	0
238	TRAVEL-SEASONAL BORDER WORKERS	20	20	0
255	FREIGHT INSURANCE	69	69	0

Source: IMF CD rom

## 1-2 Are we making progress in answering the recommendations of the Manual on Foreign affiliates trade-in-services (FATS) statistics?

### 1-2-1 FATS information at the OECD.

The following table shows the availability of FATS data for OECD countries. The main change concerns Australia: FATS data are available for 2002-2003.

**Table 4: Status of the collection of FATS data at the OECD (mid 2006)**

Reporter	Inward	Outward
Australia	Yes (employment, value added)	Yes (turnover, employment)
Austria	Yes ( turnover, number of employees, X,M)	Yes ( turnover, number of employees, X,M)
Belgium	Yes ( turnover, number of employees)	Yes ( turnover, number of employees)
Luxembourg	Yes ( turnover, number of employees)	No
Canada	No	Yes (employment, turnover)
Czech Republic	Yes ( turnover, number of employees, value added)	No
Denmark	Yes (Turnover, employment) Eurostat data	No
Finland	Yes ( turnover, number of employees, value added, X,M)	Yes ( turnover, number of employees)
France	Yes ( turnover, number of employees, value added, X,M)	Yes (turnover)
Germany	Yes (turnover, number of employees)	Yes (turnover, number of employees)
Greece	Yes (Turnover, employment)	Yes (Turnover, employment)
Hungary	Yes ( turnover, number of employees, value added)	No
Iceland	No	No
Ireland	Yes ( turnover, number of employees, value added)	No
Italy	Yes ( turnover, number of employees, value added, X,M)	No
Japan	Yes (Turnover, number of employees, Value added, total imports and exports)	Yes (Turnover, number of employees, Value added, total imports and exports)
Korea	No	No
Mexico	No	No
Netherlands	Yes (Turnover, number of employees, Value added, total imports and exports)	No
New Zealand	No	No
Norway	Yes (Turnover, number of employees)	No

<b>Reporter</b>	<b>Inward</b>	<b>Outward</b>
Poland	Yes (Turnover, number of employees)	No
Portugal	Yes (Turnover, number of employees, Value added, total imports and exports)	Yes (Turnover, number of employees, Value added, total imports and exports)
Slovak Republic	No	No
Spain	Yes (Turnover, employment, value added, exports, imports)	No
Sweden	Yes (Turnover, number of employees, Value added, total imports and exports)	Yes (number of employees)
Switzerland	No	No
Turkey	No	No
United kingdom	Yes (Turnover, number of employees, Value added)	No
United States	Yes (Turnover, number of employees, Value added, total imports and exports)	Yes (Turnover, number of employees, Value added, total imports and exports)

FATS Statistics were published for the first time by the OECD in 2002 in *Measuring Globalisation, the Role of Multinationals in OECD Economies, Volume II: Services*.

Australia, Austria, Belgium, Finland, France, Germany, Greece, Japan, Portugal, Sweden, and the United States provide data for both inward and outward FATS in the OECD Globalisation database.

The 2006 survey will look for 3 supplementary variables: Number of enterprises, wages and salaries and R&D expenditures. The publication of the results for FATS and AFA (Activities of Foreign Affiliates) will take place end 2006.

*1-2-2 FATS information at the Eurostat.*

*1-2-2-1 FATS outward*

Information on FATS outward can be found in the Eurostat statistical interface Newcronos.

Theme: Economic and Finance

Domain: Balance of Payments

Data on turnover and employment are currently available for 8 countries Belgium, Czech Republic, Germany, Greece, Luxembourg, Austria, Portugal and Finland on a time period situated between 1998 and 2002 with 116 partner countries and regions. The table below (source Eurostat) gives some more detail about the information available.

**Table 5: Status of the collection of FATS outward data at Eurostat (mid 2006)**

Reporter	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
BE		ET	ET	ET	ET	ET	ET	ET	ET	
CZ					ETIXV	ETIXV	ETIXV	ETIXV	ETIXV	
DE	ET		ET	ET	ET	ET	ET	ET	ET	
GR						ET	ET	ET	ETV	
FR	T	T	T	T	T	T	T	T		
LU				ET						
AT	ET	ET	ETIX	ETIX	ET	ET	ET	ET	ET	
PT			ETIXV	ETIXV	ETIXV	ETIXV	ETIXV	ETIXV		
FI			ET	ET	ET	ET	ET	ET	ET	ET
SE			E	E	E	E	EIX	EIX		
NO	T									

Source: Eurostat

E Number of Employees

T Turnover

V Value added at Factor cost

I Imports of goods and services

X Exports of goods and services

*1-2-2-2 FATS inward*

FATS inward information is available on Newcronos under

Theme: Industry, trade and services

Domain: Structural Business Statistics

Foreign Control of enterprises



**Table 6: Status of the collection of FATS inward data at Eurostat (mid 2006)**

Reporter	1996	1997	1998	1999	2000	2001	2002
AT							ETV
DE				ETV	ETV	ETV	
DK	ETV	ETV	ETV	ETV	ETV	ETV	ETV
ES				ETV	ETV	ETV	
FR				ETV	ETV	ETV	
IE		T			ETV		
IT		T					
LU				ET	ET		
NL		ETV	ETV	ETV	ETV	ETV	ETV
PT				ETV	ETV	ETV	
FI		ETV	ETV	ETV	ETV	ETV	
SE		ETV	ETV	ETV	ETV	ETV	
UK		ETV	ETV	ETV			

E Number of employees

Source: Eurostat

T Turnover

V Value added at factor cost

Austria, Germany, Luxembourg, Finland, France, Portugal and Sweden have data on both inward and outward FATS in the Eurostat database.

### 1-3 Compilation of statistics on trade-in-services by partner country.

- Regarding statistics on trade-in-services, the *Manual* suggests the collection of three levels of detail for international collection of trade data by partner country:
- For total services – Core recommendation.
- For 11 main types of services as set out in BPM5 – Core recommendation
- For extended Balance of payments Statistics classification (EBOPS): full detail by type of service – desirable as far as possible.

Trade-in-services partner country data are published by Eurostat and since 2002 by the OECD. UNSD has done some feasibility studies on collection of trade in services by partner country.

The latest OECD issue presenting partner country data from 2000 to 2003 was released in June 2006. The data cover 28 countries (including Hong Kong) and 75% of world service exports. Data for the Russian Federation is presented in the electronic version. This publication responds to the first level but only partly to the second level requested in the *Manuel*. Table 7 shows the availability of partner country data for year 2003. For example, there are no partner country data reported by African countries but this can be partly (74.2%) supplemented by mirror data.

**Table 7: Availability of partner country data for 2003**

Exporting Region	Total exports (billion USD) 2003	Total available exports data by partner country - % of total exports	
		Reported data	Reported data supplemented by mirror data
World	1858.8	75.5	90.5
OECD	1440.9	92.5	95.7
NAFTA	359.6	98.0	98.3
OECD Asia and Oceania	138.0	92.6	95.1
EU 15	836.9	96.8	96.8
OECD Europe Other	106.4	39.5	79.3
Africa	41.0	0.0	74.2
America	407.1	86.6	100*
Asia and Oceania	403.5	43.0	79.6
Europe	998.5	87.8	92.6

\*Reported imports from Mexico and non OECD America exceed reported exports of this region

## 2 – OECD framework for OECD statistics: help assess the progress made

The OECD Quality Framework<sup>3</sup> identifies dimensions that are considered as important to describe the quality of statistics. These dimensions help provide a means to identify quality problems and to increase the transparency of the processes used by the OECD to ensure quality. An important feature regarding quality of the trade-in-services data published by the OECD is continuing cooperation between OECD and Eurostat for the *OECD Statistics on International Trade in Services, Volume I, Detailed Tables by Service Category* publication and also now for the *OECD Statistics on International Trade in Services, Volume II, Detailed Tables by Partner Country*. As explained earlier, Eurostat provides data for European countries and the OECD provides the information for the other OECD Member countries. This agreement lightens the reporting burden on countries.

As presented in last year's paper, in the context of trade-in-services statistics, the quality framework helps to identify following issues:

<sup>3</sup> In "Quality Framework for OECD statistics" (2002) on OLIS STD/HLG/(2002)3.

1. Trade analysts have expressed the opinion that the *relevance* of trade-in-services data could be improved by a presentation by modes of the trade-in-services statistics. A first attempt to meet their needs was made in the OECD (2003), "Preliminary Draft Indicators or Trade in Services by Modes of Supply", *Room Document* of the meeting of experts in Trade-in-services, spring 2003.  
More work should be done in this area in order to improve the relevance to users of trade-in-services data. The UNSD is planning to set up trade in services series by mode in the UNSD Trade in Services Database. An important obstacle to such an analyses is that a single transaction may correspond to more than one mode of supply.
2. *Accuracy* and comparability of trade-in-services data broken down by partner country can be monitored over time by using mirror statistics and by using tools like the asymmetry coefficient (*cf.* OECD reporting of asymmetries). This is supplemented by the collection of metadata and comparative methodological studies such as the MSQ (published in 2006).
3. *Timeliness* is an important issue because lack of timely updating weakens the *coherence* of OECD data on trade-in-services stored in two different databases. The OECD secretariat has experienced delays in the publication of both its publication on Trade in services: i) trade-in-services broken down by services category and ii) trade-in-services broken down by partner country. This is due to the migration of the databases to a new Statistical Information System. Those problems are about to be resolved and the aim is now to publish data as soon as they get updated through the new statistical portal OECD.stat.
4. The *interpretability* of the OECD and Eurostat trade-in-services statistics is assisted by the maintenance of metadata (*i.e.* country methodological information). An effort is been conducted on OECD.STAT, OLIS, source OECD and in the CD-Roms to have metadata linked to data as recommended by the OECD Dissemination Policy for Statistics.
5. The *accessibility* of the service data has improved over the past years: the OECD statistics on international trade-in-services data are available via OECD.STAT, OLIS and Source OECD. There is however still considerable room for improvement in the area of accessibility as it can still be difficult for an external user to locate and access the relevant statistics.
6. It is not in the OECD quality dimensions list but one might want to consider *Reliability* (*i.e.* statistics that are above dispute<sup>4</sup>) from a practical point of view.

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<sup>4</sup> See Statistics Netherlands code of practice: <http://www.cbs.nl/en/organisation/corporate-information/code-of-practice.pdf>

## **Conclusions**

Following conclusions can be drawn from this note:

1. Continuing progress can be observed in the implementation of the core recommendation of the *Manual*.
2. The countries may start to anticipate future changes in the BOP Manual and MSITS *Manual*. However the revision of the Manual should be rather limited and should not hinder the current data collection method.
3. Continuing work on the structures of the databases helps improving the quality of the datasets themselves
4. As suggested in the conclusions of the note presented at the 2005 Experts Meeting, a OECD bilateral asymmetry of trade in services dataset has been constructed and presented at this meeting. This should provide a starting point for a further examination of international comparability of data.

**Delegates are invited to comment on the analysis and the findings.**