OVERVIEW OF THE COMPILERS
GUIDE FOR MSITS 2010

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Outline

• Importance of MSITS 2010
• Structure of MSITS 2010
• The Compilers Guide for MSITS 2010 (CG MSITS 2010)
• Timeline of CG MSITS 2010
Importance of MSITS 2010

• Primarily a guide for (SITS/FATS) statistical compilers;
• it can aid enterprises and other entities that need to monitor developments in international services markets;
• a useful tool for users of statistical information in connection with international negotiations on trade in services;

The General Agreement on Trade in Services (GATS): is the most well-known and wide-reaching agreement and is encompassing services

➤ need for statistics has fuelled the demand for a more comprehensive and better-integrated approach to statistical issues entailing trade in services.

The MSITS is useful in guiding negotiations and supporting implementation of the agreements;
Main Changes: mode of supply

An important feature of MSITS 2010 is a description of the modalities through which services may be supplied, of which the GATS identifies four:

- cross-border;
- consumption abroad;
- commercial presence and
- presence of natural persons.

Distinctions among these modes are based on whether the service supplier and the consumer are present in the same country or in different countries when the transaction is effected.
Main Changes: Coherence

Consequences of BPM6 and updated SNA (SNA 2008)

- Processing of goods without change of ownership and Repairs and maintenance of movable goods to be reclassified from goods to services (two main components in EBOPS)

- Merchanting to be moved in the opposite direction (removed from Other business services)

- Other Business Services component to be split and replaced by three main BOP/EBOPS categories:
  - Research and development services
  - Professional and management consulting services
  - Technical, trade related and other services
Main Changes: FATS

Inward and outward FATS
✓ A clearer separation of inward and outward FATS in Chapter 4

BOP versus FATS
✓ Integration of a clear distinction between BOP resident / non-resident statistics and FATS statistics
Structure of MSITS 2010

- Summary
- Chapter I - General introduction and foundations of the Manual
- Chapter II - Conceptual framework for the development of statistics on international trade in services
- Chapter III - Services transactions between residents and non-residents
- Chapter IV - Foreign affiliates statistics and the international supply of services
- Chapter V - Trade in services statistics by mode of supply
MSITS 2010 is available in Arabic, Chinese, English, French, Russian and Spanish in printed and electronic version

The Compilers Guide for MSITS 2010

The UN Statistical Commission endorsed the implementation programme for the adopted MSITS 2010 particularly for drafting a Compilers Guide for MSITS 2010. The TFSITS supported the establishment of a UN Expert Group (in Dec 2011), aiming to ensure active country involvement in the production of CG.

The main aim of the CG MSITS 2010 is to provide practical advice, good country examples and pitfalls (to be avoided) in the implementation of MSITS 2010 to produce high quality official statistics on international trade in services.

It should be useful for both developed and developing countries and should reflect practices for all regions of the world.
Main Aim of the Compilers Guide for MSITS 2010

The Guide aims to complement the BPM6 compilation guidance on balance of payments statistics, focusing on the compilation of data by EBOPS 2010 categories, by trading partner and by mode of supply.

The Guide places particular emphasis on the compilation of trade in services data by partner country, for while many countries have provided, or are working towards providing this level of detail, most countries currently do not comply with this important recommendation of the MSITS 2010.
CG MSITS 2010:
FATS, Mode of Supply, Cross-cutting issues

The Guide includes more detailed compilation guidelines for FATS as far as it relates to the international supply of services, and provides guidance on how to compile statistics on the modes of supply on the basis of a new analytical framework.

The Guide recognizes the importance of data quality, metadata and the use of IT tools in the production process of SITS and contains guidance and advice relevant to those areas of statistical work.
Structure of the CG MSITS 2010

• The organization of the Guide largely follows the logic of the generic statistical business process.

• The structure of the CG-MSITS was decided to consist of 4 parts which breaks further into 21 chapters:
  • Part I. General Framework
  • Part II. Data Collection
  • Part III. Data Compilation
  • Part IV. Cross cutting issues & Dissemination

• It was decided that the Compilers Guide would take full account of the draft versions of the Compilation Guides for Balance of Payments 6th Edition (BPM6) and the International Recommendations on Tourism Statistics (IRTS 2008).
Part I of CG MSITS 2010

Part I of the Guide provides an overview of general frameworks which underpin the SITS production

- Conceptual frameworks (chapter 1)
- Legal frameworks (chapter 2)
- Institutional arrangements (chapter 3)
Part II of CG MSITS 2010: data collection

It is recognized that the boundary between data collection (Part II) and data compilation (Part III) is not always clearly defined.

Discussion main aspects of data collection as data sources, their advantages and shortcomings as well as various aspects of data collection process.

Again, the aim is to produce more details on service categories and trading partners.

The statistical business register / creation and maintenance is discussed.
Part II of CG MSITS 2010: data collection

- Overview of data sources within the modes of supply framework (chapter 4),
- Statistical Business Registers and survey frames (chapter 5),
- Enterprise and establishment surveys (chapter 6),
- Surveys of persons and households (chapter 7),
- International transaction reporting system (chapter 8)
- Administrative records (chapter 9)
- Other data sources (chapter 10)
- Comparing data sources (chapter 11).
## Maintenance of business register—case of Uruguay

<table>
<thead>
<tr>
<th>Administrative sources</th>
<th>Other sources</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Basic</strong></td>
<td><strong>Secondary</strong></td>
</tr>
<tr>
<td><strong>Tax authority (D.G.I. Dirección General Impositiva)</strong></td>
<td>Internal economic surveys INE</td>
</tr>
<tr>
<td></td>
<td>Phone directory (yellow pages)</td>
</tr>
<tr>
<td><strong>Social Security agencies (B.P.S. Banco de Previsión Social, Caja Bancaria, Caja Notarial, Caja de Profesionales)</strong></td>
<td>Other public agencies:</td>
</tr>
<tr>
<td></td>
<td>List of associated members to commercial chambers</td>
</tr>
<tr>
<td></td>
<td>Press information and publicly traded company information</td>
</tr>
<tr>
<td><strong>Ministry of Tourism, Ministry of Transport</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Superintendencies</strong></td>
<td></td>
</tr>
</tbody>
</table>
Survey of Computer Software and IT Services Export – case of India

4. Exports - Modes of Supply
Total invoice on software and IT services exports as per the Modes of Supply during the reference period

<table>
<thead>
<tr>
<th>Exports - Modes of Supply</th>
<th>April-June 2009 Invoice Value (Rupees)</th>
<th>July-Sep 2009 Invoice Value (Rupees)</th>
<th>Oct-Dec 2009 Invoice Value (Rupees)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Services provided/ rendered to foreign entities/ persons from Indian office (Cross border supply)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(ii) Services provided/ rendered to foreign entities/ persons while they are on visit to India</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(iii) Onsite services provided by deputing employees abroad</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>0</strong></td>
<td><strong>0</strong></td>
<td><strong>0</strong></td>
</tr>
</tbody>
</table>
Q47 | Description of business trip abroad
How would you describe your < Q35 > business trip abroad to < Q38 >?
1  meeting
2  marketing and sales (sales, recruitment, signing of contracts, marketing and promotion)
3  installation or repair activities
4  military assignment
5  research, teaching, consultancy
6  cultural, artistic, religious or sporting activity
7  visit to suppliers
8  visit to clients
9  visit to head office, branches, etc.
10 conference, trade fair, seminar
11 training
12 incentive (trip paid for by the employer for motivational purposes/as a reward)
13 company excursion
14 other (please specify)...
15 don't know
International Transaction Reporting System (ITRS) – pros and cons

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Limitations</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Timely and short periodicity of data compilation</td>
<td>- Difficult to manage with an increased number of transactions</td>
</tr>
<tr>
<td>- Comprehensiveness (new entrants can easily be covered)</td>
<td>- Growing share of inter-company transactions with netting practices</td>
</tr>
<tr>
<td>- Limited number and stability of respondents (banks can report on behalf of their clients)</td>
<td>- Transactions proxied by settlements</td>
</tr>
<tr>
<td>- Burdens of reporting and compiling data is not heavy once it is implemented</td>
<td>- Possible misclassifications of services items (it would be the case with EBOPS 2010)</td>
</tr>
<tr>
<td></td>
<td>- Geographical allocation may be biased (country of settlements versus country of transactions)</td>
</tr>
<tr>
<td></td>
<td>- Use of thresholds (simplification or exemption) with effects on data accuracy (see Chapter 8 C)</td>
</tr>
</tbody>
</table>
Use of the common VAT system – case of the Czech Republic

**Box 9.2: Application of the common VAT system in Czech Republic for SITS purposes**

VAT declarations represent **the most reliable administrative data sources**. In the Czech Republic they are used for statistics that are **available monthly**, approximately 50 days after the end of a month.

In the Czech Republic data from VAT declarations are exploited for various statistical purposes relating to the trade in services. Firstly, they are used for **identification and updating of the population** of the statistical survey on foreign trade in services (ZO 1-04). Secondly, in the future we plan to use VAT declarations as a primary data source for grossing up the value of services (to the whole population) for trade with the EU countries.
Other data sources: Big Data

- Credit card records
- Mobile phone records
- Records of business associations
- Financial statements of companies
- Reports of chambers of commerce
- Records of investment promotion agencies
- Surveys conducted by other organizations
- Private databases and data compiled by trading partners
Other data sources: Mobile phone records
Comparing data sources: Travel item

<table>
<thead>
<tr>
<th>Enterprise and Establishment Surveys</th>
<th>Surveys on Persons and Households</th>
<th>ITRS</th>
<th>Administrative Records</th>
<th>Other Data Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>(&lt;-&gt;) cover major resident suppliers, e.g., travel agencies, hotels, hospitals, education facilities</td>
<td>(&lt;-&gt;) cover settlements by resident and non-resident travel agencies</td>
<td>(&lt;-&gt;) Registration of immigration office can be used for identifying number of travellers</td>
<td>(&lt;-&gt;) cover most credit/debit card payments</td>
</tr>
<tr>
<td></td>
<td>(&lt;-&gt;) border surveys capture expenditures by residents</td>
<td>(&lt;-&gt;) capture large amount of expenditure by travellers</td>
<td>(&lt;-&gt;) possibility of abrupt suppression of sources</td>
<td>(&lt;-&gt;) mobile phone records can be used for identifying number of travellers</td>
</tr>
<tr>
<td></td>
<td>(&lt;-&gt;) survey households capture expenditures by residents</td>
<td>(&lt;-&gt;) data of foreign exchange companies cover most foreign exchange transactions by individuals</td>
<td>(&lt;-&gt;) does not capture travel arrangements through internet</td>
<td>(&lt;-&gt;) does not cover settlements under thresholds</td>
</tr>
<tr>
<td>A</td>
<td>(&lt;-&gt;) high</td>
<td>(&lt;-&gt;) possibly depend on unrepresentative samples</td>
<td>(&lt;-&gt;) such data may not identify travellers correctly</td>
<td>(&lt;-&gt;) credit/debit card data can include non-travel payments</td>
</tr>
<tr>
<td></td>
<td>(&lt;-&gt;) lag of more than one month, quarterly</td>
<td>(&lt;-&gt;) lag of more than one month, quarterly or annually</td>
<td>(&lt;-&gt;) lag of a few days, monthly</td>
<td>(&lt;-&gt;) lag of a few weeks, monthly</td>
</tr>
<tr>
<td>T</td>
<td>(&lt;-&gt;) can incorporate expenditure by products partially</td>
<td>(&lt;-&gt;) cannot be designed easily so that travel expenditures are correctly collected and detailed data by expenditure are collected</td>
<td>(&lt;-&gt;) cannot be designed easily so that travellers are correctly identified</td>
<td>(&lt;-&gt;) if non-travel amounts can be excluded</td>
</tr>
<tr>
<td>R</td>
<td>(&lt;-&gt;) high</td>
<td>(&lt;-&gt;) high for high-response household surveys</td>
<td>(&lt;-&gt;) low if no additional work</td>
<td>(&lt;-&gt;) high in terms of coordination</td>
</tr>
<tr>
<td></td>
<td>(&lt;-&gt;) high especially for banks reporting on behalf of travelers</td>
<td>(&lt;-&gt;) high for border surveys in operation costs</td>
<td>(&lt;-&gt;) low once implemented</td>
<td>(&lt;-&gt;) high in terms of coordination</td>
</tr>
<tr>
<td>B</td>
<td>(&lt;-&gt;) high in case of the difficulty of growing up</td>
<td>(&lt;-&gt;) high if growing up survey results difficult</td>
<td>(&lt;-&gt;) high in terms of coordination</td>
<td>(&lt;-&gt;) high in terms of coordination</td>
</tr>
</tbody>
</table>
Part III of CG MSITS 2010: data compilation

... is understood as a set of statistical procedures performed on the collected data to derive new information according to a given set of rules and resulting in intermediate data and final statistical outputs.

Data compilation includes, among other things, the use of weighting schemes, methods for imputing missing values or source data, statistical adjustment, balancing/cross-checking techniques and relevant characteristics of the specific methods applied.
Part III of CG MSITS 2010: data compilation

- Introduction and overview of data compilation within the modes of supply framework (chapter 12)
- Integration of data from different sources (chapter 13)
- Resident/non-resident trade in services statistics (chapter 14)
- Compilation of FATS and the international supply of services (chapter 15)
- Compilation of other indicators for modes of supply (chapter 16)
- Estimation and modelling of missing data, forecasting or back-casting (chapter 17)
Excerpt from Part III, Chapter 13 of CG MSITS 2010
Interconnection of the different data sources – in the case of Bank of France
Calculation of transport cost based on weight and freight rates - Germany

<table>
<thead>
<tr>
<th>Imports from China: 1,109,537t</th>
<th>Mode of transport</th>
<th>Distance</th>
<th>Product group</th>
<th>Unit costs</th>
<th>Costs in 1,000 EURO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sea cargo</td>
<td>85.6%</td>
<td></td>
<td></td>
<td>139 €/t</td>
<td>151,141</td>
</tr>
<tr>
<td>+ chain sea-&gt;inland waterways</td>
<td>3.9%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>+ chain sea-&gt;road</td>
<td>8.3%</td>
<td></td>
<td></td>
<td>4.90 €/t</td>
<td>212</td>
</tr>
<tr>
<td>+ chain sea-&gt;rail</td>
<td>0.2%</td>
<td></td>
<td></td>
<td>0.08776 €/t km</td>
<td>2,424</td>
</tr>
<tr>
<td>Air cargo</td>
<td>2.0%</td>
<td>8,479 €/t</td>
<td></td>
<td></td>
<td>188,022</td>
</tr>
<tr>
<td>Inland waterways cargo</td>
<td>3.9%</td>
<td></td>
<td></td>
<td>0.04636 €/t km</td>
<td>30</td>
</tr>
<tr>
<td>Road cargo</td>
<td>8.3%</td>
<td>300 km</td>
<td></td>
<td>0.08776 €/t km</td>
<td>2,424</td>
</tr>
<tr>
<td>Rail cargo</td>
<td>0.2%</td>
<td>300 km</td>
<td></td>
<td>0.04636 €/t km</td>
<td>30</td>
</tr>
</tbody>
</table>
FATS compilation – the case of Vietnam

Vietnam

15.141. In Vietnam data on foreign direct investment enterprises are collected and compiled through an Annual Enterprises Survey (AES) conducted by the General Statistics Office (GSO) since 2003. AES cover all FDI enterprises in Vietnam. According to the results of Establishment Census 2012, number of FDI enterprises is 9500. The separation out of GATS FATS enterprises from the list of FDI enterprises could be presented using the criterion of over 50% foreign ownership. So Department of Trade and Services Statistics (GSO) can compile the data of the Inward FATS.

15.142. The statistical unit of the inward FATS statistics in Vietnam is enterprise. Nearly all twelve inward FATS variables can be obtained from the Annual Enterprise Survey data. The FATS variables which are presently collected by the Annual Enterprise Survey include: basic variables such as sales, turnover, output, employment, and additional variables such as: assets; net worth, operating surplus, gross fixed capital formation, taxes on income; R&D expenditure, compensation of employees. Beside these variables, some more detailed indicators of main activity of FATS enterprises can be also compiled based on the data filled in questionnaire of result on main activity as manufacturing, construction, distribution, transportation, financial services, insurance and some others. All above variables can be compiled, is also published annually comprising different detailed tables breakdown by country/kind of activity; kind of activity/country.
Excerpt from Part III, Chapter 17 of CG MSITS 2010

Model based estimates – Netherlands

Box 17.1
Experience of the Netherlands in use of ARIMA X12 for some services

Some data for other services are produced by model estimation. For example, travel statistics are based on specific sources, namely the Continuous Holiday Survey for outbound travel and the Survey on Accommodation and price indices for inbound travel. Financial services are estimated by combining information of Monetary Financial Institutions, Top enterprises, and X12 ARIMA. Insurance services are estimated with X12 ARIMA and input from national accounts. Government services are estimated with X12 ARIMA. The CIF FOB correction is made for freight transport and freight insurance services on the basis of FTS contract information.

Beginning in 2014, with the start of BPM6, estimations by X12 ARIMA will be discontinued. Data for the services involved will be compiled partially by direct and indirect data collection in the LE/SME process. Part will also be done in co-operation with the Central Bank (and national accounts), such as the export of insurance services, where the export data of insurance companies are collected by the Central Bank and the national account data compilers are responsible for deriving insurance services from data on insurance premiums.
Part IV of CG MSITS 2010: Cross-cutting issues and dissemination

Part IV covers a number of cross-cutting topics which are relevant to all stages of the SITS production process as well as to all SITS components.

- Metadata (chapter 18)
- Data quality management (chapter 19)
- Data and metadata dissemination (chapter 20)
- Use of information and communication technology (chapter 21).
The chapter on Metadata describes concept and structure of SITS metadata as well as good metadata compilation practices. It underscores that that metadata are relevant for the correct understanding of the content, coverage and limitations of the data, and should guide users on their correct interpretation.

*The way forward: metadata warehousing* - the dissemination of data and metadata becomes integrated with the collection and processing components of the statistical production process.
The chapter on quality management provides an overview of basic concepts and definitions used in quality management, is focused on quality assurance frameworks, quality measurement and reporting and country practices in reconciliation studies, cross-country comparability and bilateral data exchanges. It includes the Template for a Generic National Quality Assurance Framework (NQAF).
Part IV, Chapter 19 of CG MSITS 2010: NQAF

Template for a Generic National Quality Assurance Framework (NQAF) - United Nations

Box 19.1: Template for a generic national quality assurance framework (NQAF)

1. Quality context
   1a. Circumstances and key issues driving the need for quality management
   1b. Benefits and challenges
   1c. Relationship to other statistical agency policies, strategies and frameworks and evolution over time

2. Quality concepts and frameworks
   2a. Concepts and terminology
   2b. Mapping to existing frameworks

3. Quality assurance guidelines
   3a. Managing the statistical system
      [NQAF 1] Coordinating the national statistical system
      [NQAF 2] Managing relationships with data users and data providers
      [NQAF 3] Managing statistical standards
   3b. Managing the institutional environment
      [NQAF 4] Assuring professional independence
      [NQAF 5] Assuring impartiality and objectivity
      [NQAF 6] Assuring transparency
      [NQAF 7] Assuring statistical confidentiality and security
      [NQAF 8] Assuring the quality commitment
      [NQAF 9] Assuring adequacy of resources
   3c. Managing statistical processes
      [NQAF 10] Assuring methodological soundness
      [NQAF 11] Assuring cost-effectiveness
      [NQAF 12] Assuring soundness of implementation
      [NQAF 13] Managing the respondent burden
   3d. Managing statistical outputs
      [NQAF 14] Assuring relevance
      [NQAF 15] Assuring accuracy and reliability
      [NQAF 16] Assuring timeliness and punctuality
      [NQAF 17] Assuring accessibility and clarity
      [NQAF 18] Assuring coherence and comparability
      [NQAF 19] Managing metadata

4. Quality assessment and reporting

5. Quality and other management frameworks
1. Consolidated text for review by coordinators (Jan/Feb 2014)

2. Draft MSITS 2010 CG is to be submitted as a background document to the Statistical Commission in March 2014 – available for general public
THANK YOU