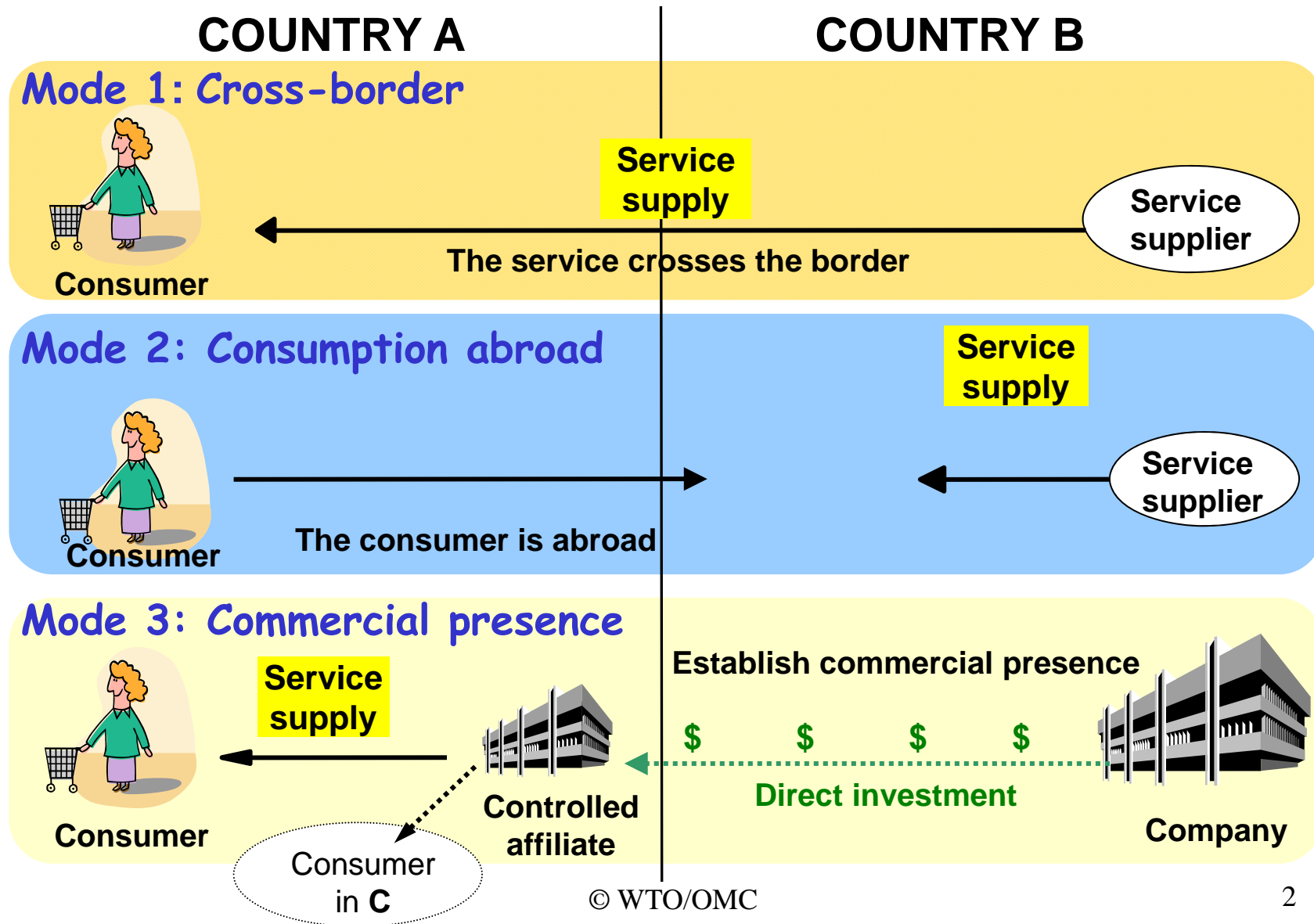


# **SADC Workshop on Trade in Services Statistics**

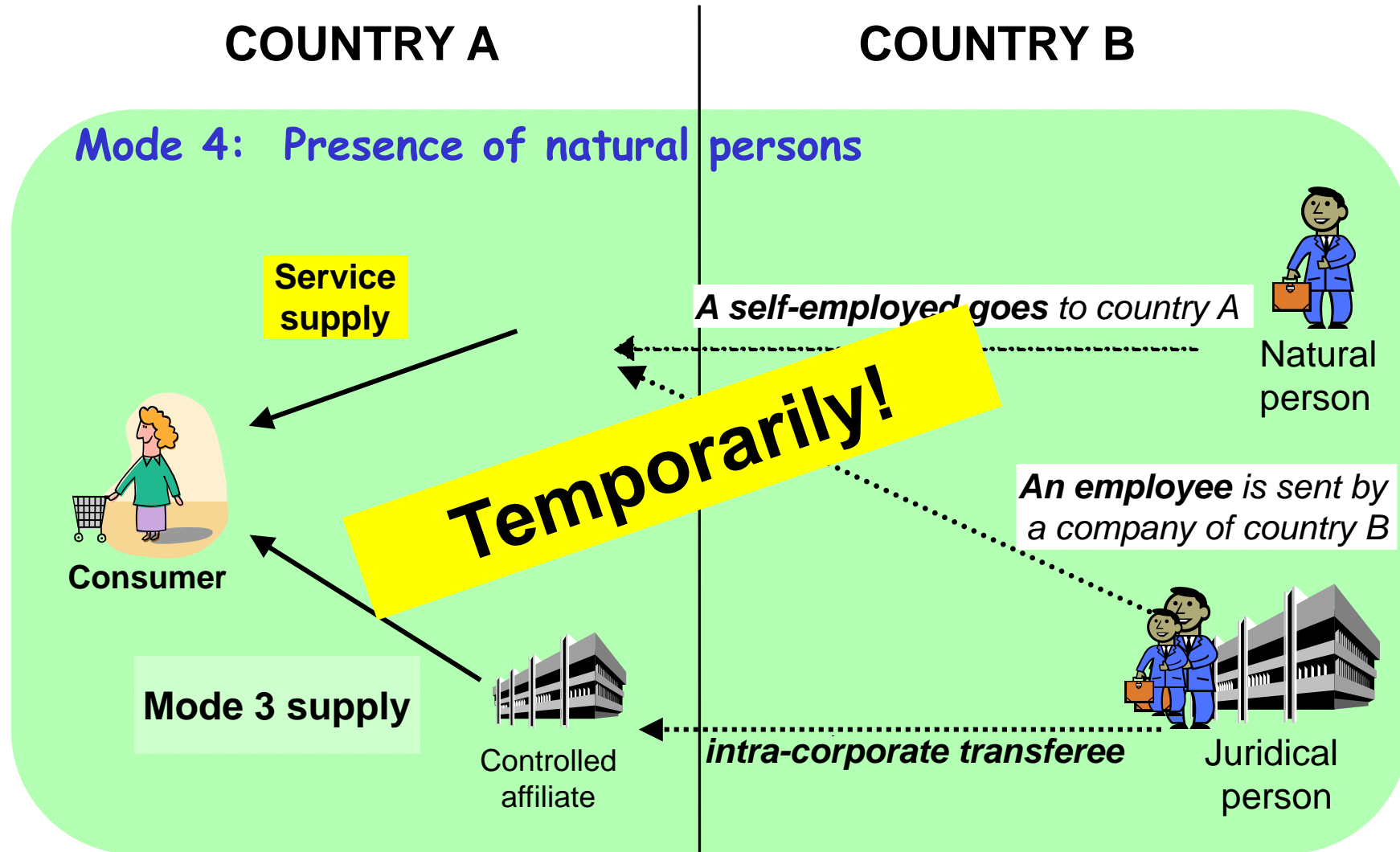
## **Measuring Trade in Services by Modes of Supply**

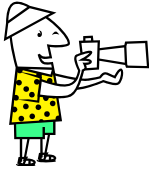
**Gaborone, 28-31 January 2014**

# The GATS Modes of Supply (1/2)



# The GATS Modes of Supply (2/2)





# An example: **Tourism**

## **GATS W/120 list**

- Hotels and restaurants
- Travel agencies and tour operator services
- Tourist guide services
- Other services

## **4 modes of supplying services**

### **BOP "Travel"**



Sales of tourism operators (Mode 1)

**Mode 2**

Foreign tourist guides (Mode 4)

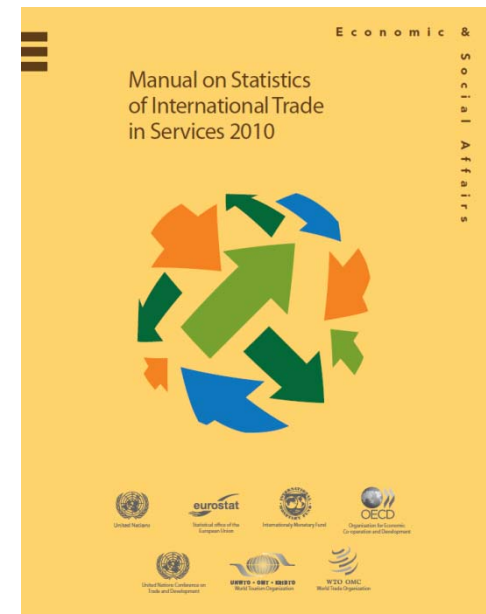
Affiliates of hotel chains (Mode 3)

**but**

Foreign managers/  
intra-corporate transferees (Mode 4)

# Chapter V in MSITS 2010

- **Defines GATS modes of supply**
- **Clarifies Mode 4 coverage in statistical frameworks**
- **Identifies relevant information needs for measuring modes of supply**
- **Proposes a simplified approach to allocate the value of services transactions to modes of supply**
- **Identifies additional indicators for the analysis of international trade in services**



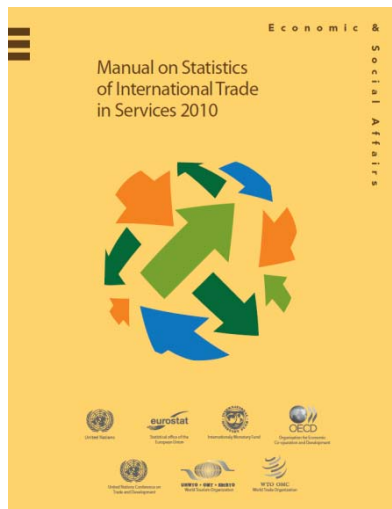


# What do we need to measure?

## 1) Value of services trade flows

- By type of service product (by activity for FATS)
  - By origin and destination
  - By relation between the parties

## 2) Additional indicators



**Value of  
service trade**

# GATS Modes of Supply and Statistical Domains: The simplified approach

Mode 1

Mode 2

Mode 4

**Balance of Payments  
Services Statistics**

**Mode 4: Remittances and  
compensation of employees  
are not measures of mode 4 trade**

Mode 3

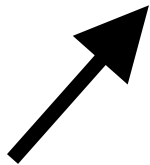
**Foreign Affiliates Statistics  
(FATS)**



# Mode 4 categories in statistical framework?

## ***Contractual service suppliers***

- Self-employed (independent) service suppliers
- Employees of foreign service suppliers



Value of  
trade

## ***Intra-corporate transferees and foreign persons directly recruited by the foreign affiliate***

***Services sellers / Persons responsible for setting up commercial presence***



# Simplified allocation of FATS and EBOPS data to modes of supply (1/2)

	FATS (sales or output) *	Balance of payments trade in services					
	Mode	Mode(s)					
	3	1	2	4	1 and 4	2 and 4	3 and 4
<b>Manufacturing serv. on inputs owned by others</b>	X		X				
<b>Maintenance and repair services n.i.e.</b>	X		X				
<b>Transport</b>	X	X					
• Passenger	x	x					
• Freight	x	x					
• Post and courier services	x	x					
• Other	x						
–Serv. to domestic carriers in foreign ports (and vice-versa)	x		x				
–Other	x	x					
<b>Travel</b>			X				
• Goods							
• Local transport services			x				
• Accommodation services			x				
• Food-serving services			x				
• Other services			x				
<b>Construction</b>	X						X
• Goods							
• Services	x						x
<b>Insurance and pension services</b>	X	X					
<b>Financial services</b>	X	X					
<b>Charges for the use of intellectual property n.i.e. **</b>	X	X					

\* In territory where affiliate established. If not possible to breakdown by EBOPS 2010 product, by activity using ICFA Rev.1

\*\* Certain degree of uncertainty regarding certain charges

# Simplified allocation of FATS and EBOPS data to modes of supply (2/2)

	FATS (sales or output)	Balance of payments trade in services			
	Mode	Mode(s)			
	3	1	2 and 4	3 and 4	
<b>Telecom., computer, and information services</b>	<b>X</b>				
• Telecommunications services	X				
• Computer services	X				
• Information services	X				
<b>Other business services</b>				<b>X</b>	
• Research and development services				X	
• Professional and management consulting services				X	
• Technical, trade-related and other business services				X	
– Architectural, engineering, scientific, other technical services				X	
– Waste treatment -depollution, agri. and other services	X				
o Waste treatment and de-pollution	X				
o Services incidental to agriculture	X		X		
o Serv. incidental to agriculture	X		X		
– Operational leasing	X	X			
– Trade-related services	X	X			
– Other business services	X			X	
<b>Personal, cultural and recreational services</b>	<b>X</b>			<b>X</b>	
<b>Government goods and services n.i.e.</b>					
• Government goods n.i.e., Credits and debits					
• Government services n.i.e., Credits					
• Government services n.i.e., Debits					
– Commercial services purchased in host economies					
o Government units in diplomatic and similar enclaves				X	
o Personnel from home economy and dependants			X		
– Other commercial serv. n.i.e purchased by government				X	
– Non-commercial services acquired by government					
<b>Distribution (wholesale, retail trade) services</b>	<b>X</b>	<b>X</b>			

Implementation based on existing data....

CHALLENGE

# Options to assess Modes of supply in surveys

## 1. Did the service delivery involve physical presence of service provider?

Yes? Then, **how** was most of the service value provided (time/resources)?

Mostly by fax, email, etc.



Mode 1

Natural person at the end (e.g. to supervise)

The person's knowledge was essential to deliver the service



Mode 4

## 2. Require in services surveys allocation by each GATS mode of supply

## 3. Require estimated share of services inputs for Mode 4 services trade

**Example n.1  
New Zealand**

**WTO provided comments  
on the questionnaire**

**Business**

4 in the guide for further  
page 21 for country codes.  
and answers to the nearest thousand.  
example, if your answer is \$127,138 record  
as:     **1** **2** **7**

Country codes  
       
\$NZ (000s)                      \$NZ (000s)

**Accounting, tax, and auditing services**  
*Include* book-keeping services, compilation of financial  
statements, preparation  
authorities, tax planning  
*Don't include* financial  
section 10).

**Overall response rate was 88%**  
**Of all the enterprises surveyed, 55.2%  
responded with data, while 32.8%  
reported no data.**

**Legal advice and other**  
*Include* revenue from p  
services.

**15** How were your b

**Note:** For each country column, please **estimate** a  
percentage breakdown on how the services were  
delivered to the client (see section 6 of the guide).

Delivered from New Zealand to a customer overseas eg  
by Internet, phone, mail.

Delivered to an overseas customer by a New Zealand  
employee, temporarily working abroad.

Delivered to an overseas customer, temporarily in New  
Zealand.

<input type="text"/> <input type="text"/> <input type="text"/> %	<input type="text"/> <input type="text"/> <input type="text"/> %
<input type="text"/> <input type="text"/> <input type="text"/> %	<input type="text"/> <input type="text"/> <input type="text"/> %
<input type="text"/> <input type="text"/> <input type="text"/> %	<input type="text"/> <input type="text"/> <input type="text"/> %
<b>Total</b> <b>1</b> <b>0</b> <b>0</b> %	<b>1</b> <b>0</b> <b>0</b> <sup>12</sup> %





**Exports of services by mode of supply and broad service type**  
 Year ended 30 June 2011  
 NZ\$(million)

Broad service type	Mode of supply <sup>(1)</sup>		
	Cross-border supply <sup>(2)</sup>	Presence of natural persons <sup>(3)</sup>	Consumption abroad <sup>(4)</sup>
Information and communication technology services	642	69	14
Financial services	189	2	1
Trade and sales services	55	34	20
Business services	83	66	25
Technical and professional services	345	137	9
Intellectual property	469	...	...
Miscellaneous services	136	84	12
Entertainment and recreational services	219	71	24
Services not elsewhere classified	43	--	1
<b>Total</b>	<b>3,424</b>	<b>463</b>	<b>105</b>

teachers abroad for less than 1 year

engineers abroad

Source: Statistics New Zealand

Dominant Mode 1 (85.8%), due also to NZ geographical isolation

## Exports of services by mode of supply and country

Year ended 30 June 2011

NZ\$(million)

Country	Mode of supply <sup>(1)</sup>		
	Cross-border supply <sup>(2)</sup>	Presence of natural persons <sup>(3)</sup>	Consumption abroad <sup>(4)</sup>
American Samoa	7	--	--
Austria	10	--	--
Australia	1,264	143	42
Bangladesh	C	C	C
Belgium	7	--	--
Bermuda	14	--	--
Brazil	19	--	--
Canada	37	3	1
Chile	9	4	--
China, People's Repu	57	8	4
Cook Islands	3	1	--
Denmark	C	C	C
Ecuador	C	C	C
Fiji	16	6	--
France	58	1	1
Germany	39	2	4
Hong Kong (SAR)	20	2	4
Indonesia	9	7	--
Ireland	19	4	--
India	27	3	1
Italy	7	1	--
Japan	98	4	7
Korea, Republic of	11	--	2
Mexico	11	1	--
Malaysia	26	5	--

Netherlands	31	6	
Papua New Guinea	5	25	
Philippines	31	4	
Qatar	C	C	C
Russia	2	--	--
Samoa	7	2	--
Saudi Arabia	4	2	--
South Africa	10	2	--
Spain	21	1	--
Sri Lanka	C	C	C
Sweden	10	1	--
Switzerland	26	2	--
Singapore	138	8	6
Taiwan	16	2	1
Thailand	8	1	--
Tonga	10	1	--
United Arab Emirates	23	39	--
United Kingdom	224	18	6
United States of Ame	750	103	14
Sum of all other count	288	-	34
<b>Total</b>	<b>3,424</b>	<b>463</b>	<b>105</b>



C	confidential
--	amount too small to be expressed

**Source:** Statistics New Zealand

**New Zealand: Table on exports of services by partner and by mode**

**Example  
n.2  
India**

# Reserve Bank of India

## Computer and IT Enabled Services Exports Survey

(d) Exports - Major Areas: Total Invoice value in Rupees [**including** billing to subsidiary(s)/ associate(s) abroad] during the reference period to major countries/ regional groups

Exports - Regional Groups	Amount (Rupees)
(i) USA	
(ii) Canada	
(iii) Europe	

### 6. Exports - Modes of Supply

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

Exports - Modes of Supply	Amount (Rupees)
Services rendered to foreign entities/persons from Indian office (Cross border supply)	
Consumption of services by foreign entities/persons in India (Consumption abroad)	
Onsite services provided by deputing employees abroad (Presence of natural persons)	
<b>Total</b>	0

# India - International Supply of Computer Services, IT-Enabled Services and BPO by Mode, 2010-11



Size of transactions (million USD)	Amount (million USD)					Per cent Share in Total			
	Mode 1	Mode 2	Mode 3	Mode 4	Total	Mode 1	Mode 2	Mode 3	Mode 4
< 0.2	31	2	4	-	37	82.3	5.9	11.8	-
0.2-2.2	325	4	29	11	369	88.1	1.2	7.7	3.0
2-22	2298	29	160	42	2528	91.0	1.1	6.3	1.6
> 22	35062	0	8097	9879	53038	66.2	0.0	15.3	<b>18.6</b>
<b>Total</b>	<b>37715</b>	<b>35</b>	<b>8290</b>	<b>9932</b>	<b>55972</b>	<b>67.4</b>	<b>0.1</b>	<b>14.8</b>	<b>17.7</b>

Source: Reserve Bank of India Monthly Bulletin (October 2012), converted to US dollars by WTO.



# Additional indicators to analyze trade in services

## on Mode 3 (FDI and FATS)

- FDI stocks and flows in services
- number of foreign affiliates, of employees, value of assets (FATS).

## on Mode 2-4:

### Number (stocks and flows) of:

- Contractual services suppliers
- Intracorporate transferees and foreign persons directly recruited
- Services sellers/persons responsible of setting up commercial presence

*(Migration/tourism statistics)*

# Modes 2-4, migration, tourism statistics (1/2)

Purpose of trip or migration	Length of stay of individuals			
	Less than 3 months	3 to 12 months	more than 12 months	
<p><b>IRTS 2008 categories</b></p> <p>Visitors</p> <p>Personal</p> <p>Holiday, leisure and recreation</p> <p>Visiting friends and relatives</p> <p>Education and training</p> <p>Health and medical care</p> <p>Religion/pilgrimages</p> <p>Shopping</p> <p>Transit entering eco./legal territory</p> <p>Other</p> <p>Business and professional (no employer-employee relationship with entity established in compiling economy)</p> <p><b>Contractual service supply:</b></p> <p>- <b>self-employed</b></p> <p>- <b>employed</b></p> <p>    <b>of which intra-corporate</b></p> <p>Serv. sales/ commercial pres. negotiation</p> <p>- <b>serv. salespersons/ commercial pres. of serv. producer negotiation</b></p> <p>- commercial pres. of goods producing company negotiation</p> <p>Other (incl. meetings, conferences, etc)</p>				

RSIM Rev.1 categories

**Categories of the UN Recommendations on Statistics of International Migration, revision 1:**

Non-Migrant categories

Migrant categories

# Modes 2-4, migration, tourism statistics (2/2)


Purpose of trip or migration	Length of stay of individuals		
	Less than 3 months	3 to 12 months	more than 12 months
<b>RSIM Rev.1 categories</b> Employment (migrant workers, employment-based settlement) <i>Intra corporate transfer:</i> - <b>in services producing company</b> - other <i>Directly recruited by a foreign established:</i> - <b>services producing company</b> - other International civil servants <i>Other</i> Trainees Family reunification/formation Family based settlement; Ancestry based settlement Retiree settlement <b>Entrepreneurs and investors settlement</b> a Humanitarian reasons (refugees, etc.) Border workers; Frequent crossers; Nomads Transit not entering economic/legal territory Diplomatic/consular personnel; Military pers.			
			X
			X
			X

**Categories of the UN Recommendations on Statistics of International Migration, revision 1:**

**Non-Migrant categories**

**Migrant categories**

## **Mode 2** number of persons...or trips

- Tourism biggest group of interest, mainly trips
- ... but number of students or patients abroad to consume services also of great interest
- Possible sources:
  - Migration authorities or other administrative sources (e.g. specialised ministries)
  - Visitor survey  Model border survey
  - Specialised sectoral survey of establishments receiving foreigners (trade in services survey?)
  - Household survey, labour force survey

## For which categories should we measure the number of mode 4 persons (or trips)?

Natural persons	
<b><i>Contractual services suppliers</i></b> -Self-employed - Employees of foreign service suppliers	<b>Yes</b>
<b><i>Intra-corporate transferees and directly recruited by foreign affiliate</i></b>	<b>Yes</b>
<b><i>Services sellers - Persons responsible for setting up commercial presence</i></b>	<b>Yes</b> (less important)

# Mode 4 number of persons: possible sources

- Migration, other administrative sources
- Censuses
- Specialised enterprises surveys or trade in services suppliers survey (in particular for contractual labour force)
- Household survey, (to get actual labour force)
- Visitor survey → Model border survey

Simple questions to identify mode 4....  
but with breakdowns by natural persons,  
occupations (type of service supplied), skills, etc.

# Elements of a Successful Strategy for Improving Trade in Services Statistics



**Efforts by national agencies** in charge of statistics

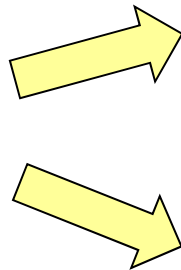
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Governments' readiness to give **resources to statistics**



**Cooperation**



**Between national institutions** (CBs, NSO, Ministries...)

**Between international and regional institutions** (i.e., SADC) in support of national initiatives



**Effective technical assistance**