

BACKGROUND DOCUMENT
For E/CN.3/2000/5
22 February 2000

STATISTICAL COMMISSION
Thirty-first session
New York, 29 February - 3 March 2000
Item 3 of the provisional agenda*

TENTH MEETING OF THE INTERAGENCY TASK FORCE ON STATISTICS
OF INTERNATIONAL TRADE IN SERVICES
8-10 February 2000, IMF, Washington D.C.
Report (First Draft)

* E/CN.3/2000/1.

TENTH MEETING OF THE INTERAGENCY TASK FORCE ON STATISTICS OF INTERNATIONAL TRADE IN SERVICES

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1. The meeting was opened by Mrs Carson, Director of the Statistics Department of the IMF. She welcomed the Task Force and said that she was pleased to see this example of cooperation by the international organisations. She also welcomed the large number of comments stemming from the worldwide review of the draft Manual on Statistics of International Trade in Services (MSITS) and looked forward to the next draft which should be close to the final one. She suggested that the Task Force should consider an electronic publication for the Manual. She then invited Mr Cave(BC) - OECD to take over the chair. He thanked the IMF for hosting the meeting and the IMF and UN for coordinating the worldwide review of the draft MSITS. The aim of the meeting was to review the many comments received, consider the implications for the MSITS, agree changes to the text and annexes and plan the completion of the Manual including its submission to the UN. A list of participants is in Annex 1.
2. Mr Karsenty (GK) WTO proposed a vote of thanks to Mr Derek Blades (OECD), expressing appreciation for his work in chairing the Task Force and in guiding the Manual from its beginnings to the worldwide review. This was unanimously agreed.
3. The papers before the meeting are listed at Annex 2.

Item 1 - Adoption of the agenda

4. The draft agenda was amended to include an additional item (2a) after item 2 for GK to give the meeting a brief overview of the current state of the WTO and GATS negotiations. In item 5 the "Procedures for presentation to the UN" was promoted to the second point since it would be necessary to plan completion of the MSITS around the UN timetable. The agenda, with these modifications, was agreed and is at Annex 3.

Item 2 - Approval of the report of the ninth meeting of the task force, 7 July 1999, Paris.

5. The revised draft report of the ninth meeting of the task force was accepted without modification. A copy is attached at Annex 4. [MC to provide some comments for the report of the eighth meeting?]

Item 2a – Oral report on the status of WTO and GATS negotiations

6. GK gave a brief assessment of the current state of the WTO and GATS negotiations in light of the Seattle Ministerial. He said that negotiations are planned to recommence at the end of February with the following 4 items on the agenda:
 - Agriculture and services
 - Improving market access for developing countries;
 - TRIPS and TRIMS
 - WTO reform and transparency – more effective participation of developing countries;

Item 3 – The worldwide review of the manual: document of comments received – main conclusions

7. BC reported that comments had been received from over 40 countries and international organizations. He thanked all those that had taken the time to comment. The main message he took from the comments was, on the whole, very supportive to the MSITS. A large number of the comments pertained to the proposed EBOPS framework, in particular the issues of data collection, the level of detail required, and confidentiality concerns. Some commentators raised the possibility of promoting FDI before FATS in the list of core requirements, and most seemed happy to see the GATS modes of supply item at the end. BC invited each of the Task Force members and particularly those who authored chapters of the manual, to give their reactions to the comments received.
8. GK agreed with BC's summary, particularly with respect to FDI being placed before FATS. He noted that outward FATS data is more difficult to collect than inward data and suggested that the list of priorities in section 1.1 of MSITS should be annotated to reflect this. He also stressed the need for clear guidelines on mode of supply type 4 to be provided in annex 6 of the manual.
9. Ms Fitzgibbon (MF) observed that it is difficult to define exactly a "service" and some comments reflected that there was some misunderstanding on this. She also concluded that countries wished to remain consistent with the existing statistical framework where possible. Finally, she perceived a demand for more examples to be added to the manual to help explain difficult concepts.
10. Mr Whichard (OW) expressed agreeable surprise at the number of countries which had said that they were already undertaking work in FATS statistics. But he was equally concerned at the number of respondents who said that they are a long way from being in a position to even start implementing the manual's recommendations. He concurred with GK's point relating to outward and inward FATS data and raised the issue of the number of variables required to satisfy GATS. One suggestion would be to identify the minimum ones needed to satisfy GATS and leave some lower priority variables to the proposed OECD globalization manual.
11. Ms Chamie (MC) agreed the need to revisit the priorities with respect to the relative positions of FDI and FATS. Regarding the issue of modes of supply, she asked if they were always mutually exclusive. She felt that the issue required clarification to avoid any double counting. Her impression of the comments relating to the possibility of implementing the increased levels of detail required was that they were on balance negative. She feels that it is important to identify who requires this greater level of detail and why. Comments from some respondents (mainly European) indicated that there was a feeling that EBOPS was seen as legislative. Her suggestion was to clarify the text for users that there is no legal requirement to comply. She suggested that the group consider adding a section that clearly identified the different roles played by the statistical offices and national banks. Mr Roman (JCR) and Ms Steger (AS) thought this would be difficult because these roles vary from country to country. Finally MC felt that some description of the different nomenclatures and the relationships between them should be added to the manual.
12. MF, referring to the IMF written comments in paragraph 2, suggested the possibility of another chapter or section to discuss modes of supply in more detail.

Item 4 – Discussion of the manual in light of comments received and issues raised by the Task Force

Item 4.1 – General Issues and Chapter 1

13. The meeting then began the discussion of detailed comments, that had been identified as raising significant issues for MSITS. BC opened the discussion by raising the concerns that a few commentators had raised relating to classification issues. It is inevitable that a new classification such as EBOPS will lead to questions from practitioners on difficult or borderline cases. The ABS had proposed that the UN expert group on classifications, be the agreed arbiter on difficult classification issues so that these could be resolved quickly and effectively. MC responded by informing the

meeting of the existence of a technical sub-committee who do exactly that¹. BC asked whether there should be a reference to this group to the Manual. Mr Patterson (NP) was not convinced that a reference in the Manual would be required. It was agreed to leave reference to this group out of the manual, but to make use of this group where appropriate in future.

14. The US BEA and Statistics Canada had commented on the lack of any specific mention of e-commerce in MSITS. OW stated that it is simply a mode of supply issue and should not be described as a service in itself. NP agreed, stating that it is important to make reference to it in the manual (within the description of mode 1). MF noted that the whole issue of the internet needs to be discussed under mode 1. It was decided that the best approach would be to add a 'box' to show that we are aware of the issue. **[BC/(GK) to produce some words]** Mr. Ng (FN) asked whether it was too important an issue to be dealt with in a 'box', but BC said that there was not sufficient time or agreement on definitions to devote more coverage than that.
15. While discussing the different modes of delivery MF pointed out that the SNA 93 definition of goods and services identifies that it is equally important to ask 'how it is being delivered' when asking 'what is being delivered'. It was agreed that this method helped to identify which category services belong to. BC suggested that this text was suitable to be added to the glossary, but with some consideration to differences between the SNA view of services and the BPM5 perspective **[BC]**. Ms Butkeviciene (JB) offered a few examples of on-line services (e.g. tele-medicine, distribution and transport and accommodation services) and there was agreement that these were potentially interesting and could be added to the description of mode 1 in 2.3 **[JB]**. GK noted that it is often difficult to identify who the supplier is, but that this is not an issue as it is treated in mode 1. He will prepare text to outline this more clearly. **[GK]**
16. The group considered a Canadian suggestion to adopt the UN M49 country naming convention which is constantly updated and contains geographical country groupings. However, some members felt that it would be dangerous to recommend a particular standard as there are different ones for different purposes. It was agreed to limit our comments in the manual to identifying that different standards exist and that countries should give initial priority to identifying trade with their most important trading partners. **[BC]**
17. Some commentators wished for a clearer statement as to why these statistics are required. It was felt that this should be better explained and would be more useful in the introduction than buried somewhere in the body of the manual. AS and GK both made the point that almost all commentators were concerned about the extra details required to be collected. Both wished to have some text included in the introduction that informed compilers that the detail was a balance between negotiators needs and feasibility for compilers; that there is no legal requirement and that full implementation is a long term goal. **[BC]**

Chapter 1

18. ABS had requested a summary of recommendations at the front of each chapter and at the front of the Manual. There was some debate as to the value of doing this, however MF agreed to provide one for chapter 3. **[MF] [BC to try to make the recommendations priority list in 1.1 a little more self-explanatory]**
19. It was agreed to advance FDI in the priority list ahead of FATS. **[OW]** to provide a one page description of FDI at the beginning of chapter 4 to justify the recommendation.
20. A few countries had suggested using the OECD/Eurostat model as a step along the way to full EBOPS implementation. There was long discussion among the group concerning this and in the end it was

¹ Technical sub-committee of the UN expert group on economic and social classifications.

decided not to recommend this as a stage on the way to implementing EBOPS. However, BC suggested that a paragraph be added to section 1.1 to advise countries that they should implement the measurement of the most important services that they trade first. [BC] would add this in 1.1 and [MF] would add a note along these lines to the start of chapter 3. [JCR] was asked to draft an explanatory paragraph for the memorandum items.

21. Continuing the discussion of EBOPS and the memorandum items, OW proposed reformatting the table in annex 2 to show all elements (without bolding) and a number of columns to the right to show which of the previous classifications also contain each element. This would also give an implicit indicator of priority. There was strong agreement. [JCR] will provide the latest version of the OECD/Eurostat classification, and [MF] recast the Annex 2 table in the agreed format.
22. The group discussed the current order that the FATS variables appeared in section 4.5 (and elsewhere in the manual) and the problem of encouraging as many countries as possible to start reporting. It was decided to change the order of the priority variables so that the easiest to implement were listed first. The new order is:
 - Number of enterprises
 - Turnover
 - Employment
 - Value added
 - Exports and imports[OW] to amend section 4.5 and paragraph 269 and [BC] to amend paragraph 15 (as well as ensuring consistency throughout the manual.)
23. The discussion then turned to more detailed comments on the text, which were felt to be more than just editing points. On paragraph 8, ABS had commented that the word ‘subsidiaries’ was imprecisely equated with commercial presence here. [NP] had identified several instances in the manual of an imprecise use and he will submit the list to [BC] to ensure consistency.
24. The following points were also agreed regarding chapter one:
 - a) Paragraph 15 – [BC] to drop “or” in line 1 implement the US BEA suggestion.
 - b) Paragraph 20 – [BC] to consider rewording and extending this paragraph to take account of the US (Bureau of the Census) and Canadian suggestions.
 - c) Section 1.2 – [BC] to include the Canadian modified sentence “Chapter 3 addresses services trade between residents and non-residents”, but not the rest of their proposal.
 - d) Use material from paragraph 297 to include in introduction. [BC]

Item 4.2 – Chapter 2

25. The Group discussed comments on the question of producing statistics by mode of supply. It was concluded that country comments generally supported the necessity for GATS of such an analysis, supported the simplified approach to allocating modes of supply, set out in chapter 2, and agreed with putting this item at the end of the staged implementation list.
26. The discussion then turned to more detailed issues on chapter 2 and the following points were agreed:
 - a) [BC] should respond to the ABS suggestion and add an extra sentence to paragraph 23, mentioning the simplified procedure in section 3.6.
 - b) It was agreed that [BC] should add an extra sentence to paragraph 138 to indicate need for periodic review of the simplified procedure.

- c) The Task Force noted the Australian comment about the use of masculine pronouns in the text. **[BC]** will amend these to try to remove any perceived gender bias.
- d) Paragraph 27 - The last sentence is to be reworked in light of Australia's comments and the first "over" changed to "of" as in the US BEA comments **[BC]**
- e) Paragraph 30 - "Meted out" is to be replaced with "applied".**[BC]**
- f) Paragraph 38 - The following text "...takes place as a result of direct investment in the host country - the foreign capital factor of production. It..." is to be removed. More generally very long sentences should be broken up where possible. **[BC]**
- g) Charts 2.1 to 2.4 - Change "of" to "from" to improve clarity. **[GK]**
- h) In chart 2.3, remove "direct" from the arrow and change "supplier" to "company " in the right hand balloon. In Chart 2.4 accept the first ABS comment. **[GK]**
- i) Paragraph 41 - Apply US Bureau of the Census (BoC) comments. **[BC]**
- j) In paragraph 42**[GK]** will reconsider sentence two and amend along the lines of "This list is not a statistical classification but was designed to ...". Text in an earlier edition is to be considered for reinstatement.
- k) Paragraph 43 - Change Annex 8 to agree with this paragraph i.e. "health related and social services" **[BC]**
- l) Paragraph 44 - As per Canadian comments, but use the phrase "...and in future negotiations..." **[BC]**
- m) Paragraph 45 - Changes suggested by Australia were accepted **[BC]**
- n) Paragraph 52 - Apply changes requested by Australia and Botswana **[BC]**. **[MF]** will verify the Australian statement.
- o) Paragraph 53 - Consider changes requested by Australia **[BC]**
- p) Paragraph 55 - Reorder in light of changes made to section 4.5 **[BC]**
- q) Paragraph 59 - Take the reference provided by the ILO **[BC]**
- r) Paragraph 61 - Apply changes requested by Australia **[BC]**
- s) Paragraph 62 - Apply changes requested by Australia and US BEA **[BC]**
- t) Paragraph 63 - Consider the changes requested by Australia and check the US BEA point **[BC]**
- u) Paragraph 68 - Consider the Australian, US and Canadian comments **[BC]**
- v) Paragraphs 90 to 91 - Elaborate explanation of why construction is allocated to mode 3 **[GK]**
- w) Paragraph 102 - Apply changes requested by Australia and Canada **[BC]**
- x) Footnote 23 - Drop this footnote **[BC]**

27. MF suggested that the material on modes of supply, since it represented a new statistical framework deserved a chapter or section of its own. MC supported this argument. GK did not dispute the principle but felt that it was central to chapter 2 and the material on modes of supply in chapter 3 was too little to be broken out. [GK] agreed to review the material on modes of supply to see if it needed elaboration or clarification.

Item 4.3 – Chapter 3

28. MF introduced the comments on chapter 3. The Task Force concluded that country comments had supported the trade negotiators' and other users' need for EBOPS detail.
29. MC and NP noted the Hong Kong China comment on the need for strengthening the EBOPS link to the CPC in order to compare domestic services by product and trade by product in order to do market analysis. Although this raised issues for the future, the point should be addressed in the MSITS. [BC] would consult OECD colleagues for supporting material and he with [MC] would offer some additional text.
30. Regarding EBOPS implementation the many problems reported by countries were noted and it was agreed to address this by expanding the text in paragraph 129. In particular the point about countries giving priority to those EBOPS categories, that they assess as being of greatest economic significance to themselves. JCR and GK said that while there are implementation problems, MSITS should strike a confident note, given the rapid progress in recent years. [MF] would provide text.
31. Regarding the question on appropriateness of EBOPS definitions, some countries asked for further attention to be given to insurance, financial, government, repair, construction, merchanting, post office and courier services. These issues would be addressed. [MF]
32. The Task Force agreed that the comments supported MSITS treatment of reporting trade by partner country as appropriate. JCR highlighted the ABS comment on the need for partner country data in trade negotiations and Ms Nijhowne (SN) suggested that the explanation of the need for the data should be reinforced. [MF/BC] both to consider and supply text.
33. Regarding the presentation of construction services in EBOPS, BC said that this had produced a large number of responses and most countries had favoured option one "construction in the reporting economy and construction abroad". However a significant minority preferred option two, while a few countries, including the US, inserted a strong preference to stay with the BPM5 presentation. MF questioned whether respondents had fully understood the options presented and proposed reverting to the BPM5 presentation.
34. The group discussed the construction options at some length. AS said the user need for a net figure for construction given the relatively large credit and debit figures was important. SN supported this saying that construction was different from other services due to the complexity of local sub-contracting operations and the blurred borderline with FDI, which was problematic. JCR said the current BPM5 allocation of construction related expenses to "other business services" was inappropriate. The group found no absolutely compelling arguments between the two options set out in the draft MSITS. Given the countries' stated preferences and the GATS needs, NP proposed recommending option one but with an acknowledgement in the text that some countries may for strong practical reasons prefer to stick with the BPM5 presentation, provided that they clearly noted this in their metadata. This was agreed with the added requirement that the four components requested should be explained a little more and the relation to BPM5 to be made more explicit. [JCR] to provide the descriptions of these components to [MF], who will amend the MSITS.
35. The discussion turned to the more detailed comments on the text in chapter 3 and the following points were agreed:

- a) Paragraph 122 - Accept the Canadian suggestion on time of recording. [MF] to revise.
- b) Paragraph 123 - [MF] to revise in the light of the US BEA comment on rapid currency depreciation.
- c) Paragraph 133 - Include government services in the geographical split as Canada suggests and in modes of supply [MF].
- d) [GK] to provide wording to on GATS coverage in chapter 2 bearing in mind the Canadian criticism of paragraph 128, which was not entirely accepted.
- e) [MF] to reword paragraph 136 to clarify the ideal treatment of travellers expenditure on goods and services and amend annex 2 to add the expenditure on goods memorandum item.
- f) Paragraph 142 - [MF] to elaborate, where possible, on explanation of treatment of repairs
- g) Paragraph 153 - New title "Pipeline transport & electricity transmission" and amend EBOPS code 231 [MF].
- h) Paragraph 157 - Accept the Australian rewording[MF].
- i) Paragraph 165 - [JCR] to reword in the light of the Australian and US comments removing the term "easy to collect".
- j) Paragraph 176 - [MF] to reword the part on international transactions of courier services. There was a discussion of whether or not to merge the categories of postal services with courier services. There was a GATS interest in keeping them separate because of negotiations on postal services, but the definitions at present were not sufficiently distinct. [MC] The UN classifications technical sub-group will try to improve the definitions of postal and courier services as well as clarify the distinction between courier services and freight transport services and will report back to the Task Force by 15 March, who will then decide on the merging of postal and courier services.
- k) Paragraph 180 - A protracted discussion ensued on the appropriate classification of internet access services, which had been moved from information services to telecommunications in the latest draft. SN advised that this was an unresolved issue among classification experts especially since most access providers also provide a variety of information services as well as advertising. SN also provided a list of internet related services, which had been provisionally been classified by the UN classifications technical sub-group. It was agreed to leave internet access provision with telecommunications temporarily, but comments were sought by the end of March. [All]
- l) Paragraphs 187-201 - [MF] agreed to elaborate the section and box on insurance in the light of comments received, provide the definitions of the breakdown of financial services based on GK's notes, and a FISIM box by mid-March.
- m) Paragraph 204 - MF explained the exclusion of packaged and non-customised software from computer services as it is classified to goods. She argued that this should apply regardless of the medium delivering it, for example if downloaded via the internet. OW responded that in the latter case at least it should be recorded as a royalty/licence fee payment as no good had been purchased. He also cited the case of usage of common software packages at remote sites which was more akin to leasing or hire of facilities limited in time. It was agreed to flag the issue (a footnote?) as a complex one and in the context of HS and GATS v GATT[MF].
- n) Paragraph 205 - [MF] Note the reason for the breaking out of news agency services was to relate EBOPS to the GNS.
- o) Paragraph 206 - [SN] to advise the Task Force of any developments on classification of internet related services.
- p) Section 3.8.11 - In the light of the Canadian comments, it was agreed to rework this section. "Services" would be taken out of the heading [MF].
- q) Paragraph 228 - Amend this to say that this is outside the EBOPS framework and a regrouping for special purposes. It is one example of a reaggregation to meet particular analytical needs [MF].

Item 4.4 – Chapter 4

36. BC said that the comments on chapter 4 had been in the main been very supportive and showed that the text was in an advanced state. He asked OW to lead the discussion on these comments.
37. GK raised a comment from Cyprus, which asked about the timing of ownership. MSITS should provide guidelines on the allocation of ownership of companies that change hands during a reporting period. [BC] will check the practice with FDI statistics and aim for consistency with that.
38. In response to the Australian request [OW] will provide a paragraph summarising recommendations, probably just after paragraph 242.
39. JCR took up a comment from France, which proposed the setting up of an international database of multi-nationals with ownership links, to improve international comparability, aid identification of UBOs and reduce respondent burdens. This was noted by the Task Force but was felt to be outside the scope of MSITS.
40. Concerning the third question on FATS statistics in the UN/IMF letter, Hong Kong China had requested a specimen layout of FATS statistics in MSITS. [OW] proposed combining this with a US BEA point to present ICFA in chapter 4 in a table with the list of priority variables across the top. This was agreed. Some words would be added to give consideration to the future ideal of a product breakdown for certain appropriate variables.
41. MF requested some discussion of statistical units in chapter 4. [OW] agreed to address the issue.
42. [OW] agreed to add a note in the introduction explaining that the FATS statistics framework is equally applicable to goods in principle but because of the GATS needs, the focus of this Manual was services.
43. Paragraph 273-275 - Given the importance of “value-added” in making comparisons of FATS with the whole economy, it was agreed to consider adding this justification of including this variable as a priority. [OW]
44. The discussion then turned to the question of the additional variables requested by UNCTAD and described in the IMF/UN letter and UNCTAD’s comments in document 10. It was agreed to include “compensation of employees” as suggested. Given the strong agreement that the so called priority set of variables should be restricted and in turn implicitly prioritised by ordering on ease of collection so as to encourage as large a number of countries as possible to begin FATS statistics collection it was decided to keep “assets” in the second list of variables. [OW] would amend the text accordingly and in the light of the UNCTAD contribution in document 10.
45. A third variable “cross-border technology payments” had been withdrawn by UNCTAD, in the light of some negative comments, in favour of using possible proxy measures such as trade in high technology capital goods and royalty & licence fee payments. NP pointed out that there was a body of work and experience in this area including the Frascati Manual and an R&D satellite account, that might suggest better proxies than these. [BC] will discuss this further with OECD Science and Technology specialists and liaise with UNCTAD regarding how this might be taken forward. [OW] offered to send the breakdown that the US collects of royalty and licence fee payments, that enable the identification of technology related payments.

Item 4.5 – Annexes 1 - 5

46. **Annex 1** BC said that a modest start had been made on the glossary and asked for any suggestions on inclusions. OW proposed and it was agreed that acronyms be listed near the front of the Manual. A discussion of the definition of services should appear in chapter 1 and the glossary, which might also include definitions of goods, natural persons and juridical persons. [BC]
47. **Annex 2** This was to be amended as agreed above. [AS] observed that some clarification of reinsurance in the memorandum items was desirable and she would provide comments.

48. **Annex 3** -to be amended in line with chapter 3 and Statistics Canada's submission. [MF/MC/SN/StatCan/UN technical sub-group] [On-site processing needs a footnote?]
49. MC said that Statistics Canada had done some provisional work on a GNS-CPC v 1 correspondence and asked whether it should be included. BC replied that it could be included if ready in time, but if not it could be made available as a supplementary document. It should not hold up the MSITS. Work was also proceeding on an EBOPS - GNS correspondence.
50. MC proposed and it was agreed that MSITS should flag the longer term desirability of working towards a convergence of BoP services and CPC in the next versions of these classifications. [MF] is to consider including EBOPS table in chapter 3.
51. **Annexes 4 and 5** - A freestanding version of ICFA is to be added to chapter 4. [OW and JCR] will discuss ICFA and annex 4 and propose some tidying up including some further possible aggregation of codes (e.g. possibly combine 01,02,05 into one). [MC/MF] will review the correspondence table as necessary.
52. The notes to annexes 4 and 5 need checking and some expansion, e.g. in para 2, to explain that these correspondences provide analysts with an approximate correspondence although it should be used with appropriate caution. Also some further explanation of ICFA is needed i.e. a special aggregation of ISIC to give an approximate link to EBOPS. [MC/BC] These notes need to be consistent with para 105.
53. In Annex 5 SN pointed out that presentationally it is not necessary to repeat code 289 'other personal & cultural...' eight times [MF/MC].

Item 4.6 – Annex 6 - Movement of Natural Persons Supplying Services under the GATS

54. This item was taken out of sequence at BC's suggestion, before the other annexes were discussed. He thanked Ms Butkeviciene (JB) UNCTAD for preparing a new draft of Annex 6 in concert with Mr Hoffmann ILO and GK. He believed that it presented a more precise framework in which to consider mode 4 delivery of services in relation to GATS requirements and measurement issues.
55. JB described the structure of the annex. It set out the GATS framework, the basic concepts that statistics should measure and possible statistical tools and data sources. On the middle point it discussed the International Standard Classification of Occupations, employment status i.e. employee and own account employment, Mode 4 in relation to FATS and BPM 5 and on the last point, work permits, population censuses and household surveys. There were two addenda relating i) Mode 4 to the international migration framework and ii) examples of GATS commitments in mode 4.
56. GK suggested that compilation issues might be addressed at the end of section 8, but without recommendations. MF asked if border controls could offer another source of migration data in some countries. JB said that this source had been considered but was probably of too poor a quality. NP pointed out that in Australia, at least, it was a useful source. JB emphasised that "natural persons" are not equivalent to migrants but people who come short-term to a country, provide a service then leave.
57. OW suggested that the GATS annex on natural persons could be included, but JB said that this had been summarised in paragraph 4.
58. MF said that it could be stated that the annex deals with aspects of mode 4 not dealt with elsewhere in the MSITS. It was agreed to check that the annex 6 is consistent with chapter 2 and rework both as necessary. [GK/JB]
59. MF asked for clarification on the inclusion of low income manual workers in the GATS. JB replied that no kind of work is specifically excluded but countries' commitments so far have not focused on this area. MF and SN suggested that the list of occupations in addendum might be extended to give a broader range of occupations. BC proposed that as the annex would lay the ground rules without

recommendations, at least by the expected time of publication of MSITS, and it should explicitly point the way to further work. [JB] to consider.

60. It was agreed that written comments [All] would be sent to JB by mid-March. [JB] would provide another draft by April 20.

Item 4.7 – Annexes 7 - 9

61. **Annex 8** This should say “provisional CPC”. [GK] agreed to review based on correspondence table CPCv1 to GNS, which [SN] is to provide.
62. **Annex 9** On the link with Tourism Satellite Accounts (TSAs), BC explained that negotiations were still continuing between the World Tourism Organization, OECD and Eurostat regarding a convergence of the two TSAs. A compromise had been submitted by WTO/OMT to the UN Statistical Commission, but the submission may yet need some amendment. The parties were hopeful of an agreement by the time of the Commission at the end of February and after then would be the time to revisit the annex. The Task Force noted the draft annex 9 submitted by WTO/OMT and felt that although it contained some useful material it would need to be rewritten after the UNSC conclusions became available [MF/BC].
63. JCR asked whether we really needed the travel memorandum items in EBOPS as they did not provide a necessary link to the TSAs. It was decided to include items that were useful for GATS in EBOPS, but only consider items that were useful for TSAs in the Annex 9.
64. The travel memorandum items would now be: i) expenditure on goods ii) expenditure on accommodation and restaurants iii) other travel expenditure.[MF to amend including chapter 3] [BC] agreed to share with the group any news of the TSA developments. [SN] would consider the wording of these memorandum items in the EBOPS classification. [BC] would convey these revised proposals to OECD tourism colleagues and WTO/OMT.

Item 5 - Review of the Action Plan

65. BC reminded the Task Force that, as the final stages were approaching in preparation of the MSITS for submission to the UNSC, it was increasingly important that we all kept each other informed and so as a general rule all e-mails should be copied to the group as a whole.
66. MC explained the process of seeking UNSC approval for the MSITS. After the worldwide review a revised draft of MSITS would be submitted to a UN expert group, with a balance of relevant expertise in trade in services, balance of payments, FATS, national accounts, trade and classifications as well as a balanced geographical representation. Assuming it passed that stage possibly with amendments, MSITS would need to be translated into the five other UN working languages for the UNSC i.e. Arabic, Chinese, French, Russian and Spanish.
67. UNSC would then review the MSITS in February/March 2001.
68. The question of publication would then arise. The UN had offered to publish it in six languages and OECD had proposed publishing in English and French. JB remarked that it was desirable that all publications looked the same with the relevant logos. JCR suggested that we examine how the SNA was published.
69. OW said that there should be a foreword. NP added that it should include remarks on the inter-agency cooperation and thanking authors and countries. [BC]

The following proposals were agreed:

70. That the expert group should be 2½ days followed by a 1½ day Task Force meeting in New York. The preferred dates were 10-13 July 2000.[MC] to organise.

71. In order to prepare the next draft, comments and contributions to BC by end March. [BC] would prepare an interim draft by 20 April and this would give time for a further round of comments by 7 May and preparation of a more polished draft by end May. This would be submitted to the UN at least one month before the expert group.
72. [All] were invited to suggest names for an expert group to MC by 15 March
73. [BC] offered to organise a French translation of MSITS in September through OECD as they had translated 3 chapters of an earlier draft and needed a French translation for their own members.
74. NP suggested that a professional editor might be sought after the expert group to do extra consistency checks, proof-reading etc. He said the IMF might be able to provide someone. The group agreed that this should be investigated [NP]
75. Regarding publication, while the OECD's offer of publishing in two languages stood as did the UN's in six languages, it was felt appropriate to investigate and cost a truly joint publication along the lines of SNA before putting proposals to publishing boards. This would also require a draft agreement amongst the Task Force [MC/BC]
76. [MC/BC] would liaise over the progress report to this year's UNSC at the end of February. [BC] would supply background material.

Other Business

77. BC thanked MF, NP and the IMF for hosting and organising the meeting so efficiently and all participants for their hard work and contributions. NP replied that it was a pleasure to host the meeting, which had displayed a good cooperation between the agencies and that, in his view, light was now appearing at the end of the tunnel on the MSITS project. He also thanked OECD for providing the resource to undertake the coordination role, editing work and chairing of the Task Force. GK thanked all participants for their contribution to a project which was very important to the WTO.

Date of Next Meeting

78. The next meeting of the Task Force would be back to back with and following the UN expert group in July (dates to be confirmed).
79. The meeting was closed.

ANNEX 1

MEETING OF THE INTERAGENCY TASK FORCE IN STATISTICS OF INTERNATIONAL TRADE IN SERVICES

8-10 February 2000, IMF Washington

LIST OF PARTICIPANTS

[Contact details to be added]

IMF

Carol Carson
Neil Patterson
Margaret Fitzgibbon
Natalia Ivanik

Eurostat

Jean-Claude Roman

OECD

Bill Cave
Michael Franklin

UNSD

Mary Chamie

UNCTAD

Jolita Butkeviciene

WTO

Guy Karsenty

World Bank

Francis Ng
Aaditya Mattoo
Carsten Fink

Consultants:

US BEA

Obie Whichard

Deutsche Bundesbank

Almut Steger

Annex 2

Main papers for the meeting are listed below. The numbering system adopted (and occasionally referred to in this report) is as follows:

Document Number	Title/Description
No number	Draft MSITS (5/11/1999)
1	Draft Agenda
2	Report of last expert group meeting
3	Compendium of comments received (by country) including late comments
4a	Comments received in General and on Chapters 1 and 2 (as at 2/2/2000)
4b	Comments on Chapter 3 (as at 2/2/2000)
4c	Comments on Chapter 4 and Annexes (as at 2/2/2000)
5	Revised Annex 6
6	Eurostat comments on the draft manual
7	WTO comments on the draft manual
8	IMF comments on the draft manual
9	UN/IMF letter requesting comments sent to countries and international organisations
10	UNCTAD comments on the draft manual

**MEETING OF THE TASK FORCE ON STATISTICS
OF INTERNATIONAL TRADE IN SERVICES**

8,9,10 FEBRUARY 2000, IMF, WASHINGTON

beginning at 9.30 a.m. on Tuesday

AGENDA

1. Adoption of the agenda
2. Approval of the report of the ninth meeting of the Task Force held in Paris on 7 July 1999.
- 2a. WTO report on GATS negotiations
3. The Worldwide Review of the Manual: Document of Comments Received - Main Conclusions
4. Discussion of the Manual in the light of comments received and issues raised by the Task Force
 - 4.1 General Issues and Chapter 1
 - 4.2 Chapter 2
 - 4.3 Chapter 3
 - 4.4 Chapter 4
 - 4.5 Annexes 1-5
 - 4.6 Annex 6 "Presence of Natural Persons"
 - 4.7 Annexes 7-9
5. Review of the Action Plan:
 - How to complete the *Manual*,
 - Procedures for presentation to the UN
 - Publication issues
 - Translation issues
 - Data collection issues
 - Review procedures.
6. Other business:
 - Date and venue of the next Task Force meeting,
 - Other.

Annex 4

NINTH MEETING OF THE INTERAGENCY TASK FORCE ON STATISTICS OF INTERNATIONAL TRADE IN SERVICES

7 July 1999 OECD Paris

Report

(only annexes 1 and 2 attached)

The meeting was opened by Mr Blades (DB) at the OECD in Paris. The list of participants is in Annex 1.

Adoption of the agenda

1. The agenda was amended to omit the proposed WTO presentation on Modes of Supply and the revised agenda was adopted. The agenda is in Annex 2.

Approval of the report of the eighth meeting of the Task Force , 9-10 June 1998, Geneva

2. There was some discussion as to whether amendments to the report of the eighth meeting had already been submitted in January. It was agreed that the draft report of the meeting would be revised to take these into account. This revised draft report is attached at Annex 3.

Oral Report on the meeting of Caribbean Statisticians

3. Ms Chamie presented the attached "Report on outcomes relating to the draft Manual on Statistics of International Trade in Services that was presented to the United Nations Workshop on the System of National Accounts and Classifications (May 31 - June 4, 1999)", a report prepared by M. Chamie (UNSD) and M. Fitzgibbon (IMF), (Annex 5).
4. The United Nations sponsored Workshop was organized by UNSD in collaboration with the Statistic and Economic Projections Division and Subregional Office for the Caribbean of the Economic Commission for Latin America and the Caribbean (ECLAC) and with the Caribbean Community Secretariat (CARICOM). The Bureau of Statistics of the Netherlands Antilles in Curaçao hosted this workshop. Attending were representatives of Aruba, Bahamas, Barbados, Belize, Cuba, Dominica, Dominican Republic, Guyana, Haiti, Jamaica, Netherlands Antilles, St. Kitts and Nevis, St. Lucia, Vincent, Trinidad and Tobago, the Caribbean Community Secretariat (CARICOM), the Caribbean Development Bank, the Eastern Caribbean Central Bank, the Economic Commission for Latin America and the Caribbean (ECLAC) the UNSD and the IMF, as well as consultants from Norway and the Netherlands.
5. Delegates had seen uses for the Manual beyond support for the GATS negotiations. There was considerable interest in measuring tourism better in the region. Mr Whichard (OW) spoke of a proposed 34 country free trade agreement in the Americas and said that this was also raising interest within the region. Ms Fitzgibbon (MF) remarked on the usefulness of engaging contacts in policy areas including trade negotiators.
6. The conclusions drawn from the United Nations CARICOM meeting for the Manual were:

- 6.1. Trade negotiators and other potential users should be involved more closely in further reviews of the Manual.
- 6.2. The Manual should:
 - 6.2.1. referring to SNA93, discuss the relationship between foreign affiliates and the foreign controlled non-financial corporations sector and the recommendation made in SNA93 to identify foreign controlled financial corporations. *Also, the introductory paragraphs on the SNA in the Draft Manual, [namely paras 44-46] should be revised so that the links between the Manual and SNA concepts are made more explicit, i.e., (1) links between service transactions of residents and non-residents and the SNA external accounts; and (2) FATS statistics and the SNA production accounts. UNSD will revise this text in Chapter 2.*
 - 6.2.2. identify more uses for the statistics in chapter 1 e.g. globalisation, monitoring industry performance and competitiveness
 - 6.2.3. have an added sentence in chapter 4 to say that the development of FATS is equally applicable to goods as services;
 - 6.2.4. *as the modes of supply framework assisted compilers in identifying internationally traded services relevant to their economies, provide extra material on modes of supply.*
- 6.3. The Task Force should consider whether more could be said on the relationship between travel and tourism perhaps in chapter 2 in 'related statistical systems'
- 6.4. *The Task Force was informed that the next United Nations Workshop on Classifications for countries in the Asia and Pacific Region will be hosted by the Australian Bureau of Statistics and will be held in Canberra, Australia from 27 September through 1 October 1999 and will continue to review the Draft Manual. The conclusions of that meeting will also be reported to the Task Force as part of the worldwide review of the Manual. Task Force members have been invited to participate in all United Nations workshops during the review process of the Manual.*
- 6.5. *MC mentioned that it would be appropriate, as part of the worldwide review, for the Task Force members to take opportunities at other meetings to introduce and discuss the manual. Specifically, we should aim to link the trade in services manual with existing statistical programs under discussion at such meetings.*

Implications of discussions by the OECD-Eurostat Meeting of Experts of Trade in Services Statistics for the next version of the MSITS provisional draft (currently 7 June 1999 version)

7. The Task Force discussed the changes needed for the next version of the MSITS provisional draft Annex 1 in the light of the Experts meeting on 5-6 July. This had been a fruitful meeting and a large number of points had emerged.
8. These are itemised below:
 - 8.1. Mr Karsenty (GK) would re-draft chapter 2 re: *additional material on modes of supply and reconsider charts 1 and 2 in the light of his proposed extra charts, possibly drawing on illustrative material from the old chapter 6. OW would contact Hugh Henderson regarding some changes to Chart 1.*

- 8.2. An attempt to reduce the EBOPS memorandum items was made following concerns expressed by Ms Steger (AS). This resulted in the removal of separate identification of Agricultural and Mining Services in EBOPS.
- 8.3. Prior to inter-Agency discussions of BOP codes, DB would remove temporary BOP codes from the EBOPS list
- 8.4. *The review of the correspondence table between CPC Version 1.0 and EBOPS will continue throughout 1999. It is currently under review by the IMF Committee and also by the CPC Sub-group of the Voorburg Group.*
- 8.5. *MC submitted a detailed comparison of the current BOP-CPC Version 1.0 correspondence with ISIC for ICFA and indicated that there were discrepancies that would need to be reconciled. This reconciliation between ISIC and BOP cannot be completed until the correspondence between BOP/CPC is finalized. The detailed comparison will be circulated electronically in draft to all Task Force members by MC.*
- 8.6. BC will seek expert group comments on the draft Annex 6 on 'Presence of Natural Persons'
- 8.7. There should be a cleaning up of acronyms e.g. ACFA -> ICFA, EBOPSC -> EBOPS. Ensure all acronyms are spelt out first time e.g. para 45.
- 8.8. Inclusion in priorities in chapter 1, after para 15, of 'pillar one' trade in services (all services and if possible by main BPM5 item) by partner country
- 8.9. Para 10/11 should refer to something like "a suggested order of implementation, *taking into account* ease of implementation" rather than priorities.
- 8.10. *OW said that there should continue to be mention of outward FATS, as they relate to potential increases in the supply of services made possible by the commitments of other countries.*
- 8.11. In section 2.2.4 add in the OECD-Eurostat classification and delete 'international' in the title.
- 8.12. Para 62 delete the last sentence.
- 8.13. In 2.3.1.2 the title should be "Treatment of **migrant and** labour related flows in BPM5"
- 8.14. *In para 66 in the second reference to 'modes 1,2 and 4' delete '2', but in the light of short-term commercial operations resulting in some resident/non-resident trade being counted as mode 3 then this para may need redrafting.*
- 8.15. In para 21 reconsider the reference to 'GATS Modes of Supply' and ensure consistency throughout document.
- 8.16. In para 75 change 'constitutes' to 'is a major part of'
- 8.17. In para 69 change first sentence introduction to 'In addition to transactions in services, mode 4 etc'
- 8.18. In Para 65 mention link to CPC.
- 8.19. *Re: travel* in Para 145 change to reflect the fact that 'excursions' are not restricted to personal travel (J-CR). *Need to incorporate the new breakdown of travel in the memo items and*

descriptions. Improve discussion vis-à-vis WTO/OMT tourism definitions (may need to expand footnotes)

- 8.20. It was agreed that J-CR would provide some justification for the EBOPS memorandum items including freight transportation.
- 8.21. In para 12 line 2 it should read “.. and recording of **service** transactions..”
- 8.22. Para 15 is a recommendation but is not explained anywhere in the Manual. There should be a new para 55 on FDI and a box on FDI in chapter 4.
- 8.23. In chapter 3, we should not refer to ‘compilation hints’ in para 170 but where practicable do notes on services included and excluded as bullets. Assimilate current ‘compilation hints’ into discussion.
- 8.24. *A box will be added to the description of financial services in chapter 3 with further discussion on FISIM*
- 8.25. Mr Arkell (JA) asked whether ‘factoring’, *i.e. purchase of book debts or invoice discounting*, mentioned in para 168, should either be explained in a footnote or explicitly mentioned in the EBOPS- CPC correspondence table
- 8.26. MF noted that there were uncertainties related to the definition of royalties and licence fees (para 176 *J-CR to reword to provide clarification of the definition*) including those paid for audiovisual services. *Secondly the definition of royalties and licence fees* would be considered by the *next meeting of the IMF Committee on Balance of Payments Statistics* in October 1999.
- 8.27. In chapter 4 the majority ownership criterion should be rephrased in terms of the majority of voting rights
- 8.28. Operational guidance is needed on the definition of an associated group
- 8.29. MF observed that we needed to define the terms ‘affiliate’, ‘affiliated’ and ‘related’. It was suggested that footnotes in para 3 on the first use of the term ‘affiliate’ and in para 20 for ‘related’ would be helpful.
- 8.30. *GK will add the whole GATS in the Forum for information (outside the Manual).*
- 8.31. *The correspondence EBOPS/GNS120 (at the aggregated level) was requested during the Meeting of Experts. MF to provide.*

Questions raised by authors on detailed points in their chapters

9. DB then led a discussion of questions raised by authors in the provisional draft Manual, the conclusions were mainly a further list of editing points shown below:
 - 9.1. It was agreed that there would be no chapter 5 (former chapter 6), but some descriptions of services could be included in chapter 3 from this text, where appropriate(*BC/MF to consider*).
 - 9.2. In para 9 line 1 delete “considerable information ..” to “ .. include extended” in line 3, inclusive.
 - 9.3. In chapter 2 the use of the term ‘pillars’ is OK.

- 9.4. *On tourism statistics, it was agreed to strengthen the links between the WTO/OMT work, the OECD work and MSITS. Something could be incorporated into chapter 2 in the section on other frameworks/standards. Acknowledge that tourism satellite accounts exist, and that the manual provides for memorandum items to allow reconciliation between WTO/OMT tourist expenditure and EBOPS travel. A new sub-heading would probably be needed under 2.2.3 Other International Statistical Systems.*
- 9.5. Do a consolidated bibliography at the back
- 9.6. Chapter 3 swap 3.2 and 3.3
- 9.7. *For construction the Task Force expressed some preference for option 2 (as set out in paras 155-157), but both options would remain in the text pending the worldwide review. [May need to clarify further what the issue is for readers].*
- 9.8. GK to provide guidance on distinction between postal and courier services
- 9.9. Consider a reference to internet services, including linking to which forums are working on this issue. *AS will provide information to the Task Force on the discussions in this area that are taking place in Europe.*
- 9.10. Para 123 space transport is a service
- 9.11. Para 125 MF to add something on road tolls
- 9.12. Para 126 no addition on canal fees is needed
- 9.13. Para 127 MF to include something on electricity distribution services
10. In chapter 4 somewhere indicate that ICFA is different to, *i.e. in the sense of a subset of*, the activity breakdown in the proposed OECD Globalisation Manual, *as the former is concerned with services, while the latter is concerned with all industrial activity.*
11. *The statistical treatment of modes of supply will be described in Chapter 2. However, the treatment by service category will be described in Chapter 3*

Review of the Action Plan:

- **How to complete the Manual,**
 - **Review procedures.**
12. It was agreed that Mr Cave (BC) would maintain a master copy of the Manual and be responsible for editing it, taking contributions principally from GK on chapter 2, MF on chapter 3 and OW on chapter 4. *A revised draft will be prepared by the Task Force in September based upon the conclusions reached by the OECD/Eurostat Expert Group; the United Nations Workshop on SNA and Classifications; and the meeting of the Task Force in Paris in July. The UNSD will circulate the Draft Manual world-wide to all statistical offices; IMF will circulate the Draft Manual world-wide to all Balance of Payments compilers. The deadline for completion of the world-wide reviews by UNSD and IMF would be the end of December 1999. The Task Force would meet in January 2000 at a meeting hosted by IMF, to review comments and to produce a draft for consideration by the proposed United Nations Expert Group Meeting on Statistics of International Trade in Services to be held in the*

second quarter of 2000 in New York. DB said that it was OECD's intention to begin the process of collecting data according to the Manual in 2000, whether or not it has been approved by the UN at that time. The revised draft Action Plan is at Annex 4.

13. The 17 June version of MSITS would be distributed to the Group as a Word file (BC)
14. *MF noted that it was good practice to use colors, underlines and strikeouts for text comments. GK indicated that this was done automatically when using Word: the commands tools/track changes/highlight changes have to be entered once.*
15. There was a discussion of the custodianship of EBOPS. DB said that OECD/Eurostat had developed it and should be de facto custodians. This was supported by AS. MF and MC pointed out the international nature of the classification, which needed recognition.
16. BC would send a letter, within a week, to the participants of the expert group requesting comments on the manual and the Draft EBOPS.
17. Draft Reports of the Task Force, with the Action Plan *and the attached report of the UN Workshop*, and then of the Expert Group would be circulated as quickly as practicable (BC)
18. *Task Force members receiving requests for the Manual would either pass them on to BC or respond directly and inform him.*
19. MC would seek ILO (Eivand Hoffman) and UNCTAD (Jolita Butkeviciene) support for the redrafting of Annex 6. Comments would also be sought from the OECD/Eurostat expert group.

Other business:

- **Date and venue of the next Task Force meeting,**
- **Other**

20. It was agreed that the next meeting of the Task Force would take place at the IMF in Washington in January 2000. The main business would be to review the comments from the worldwide consultation on the draft Manual, *in particular the United Nations consultations with Statistical Offices and IMF consultations with balance of payments compilers, and to arrange for the completion of the revised version of the Draft Manual within one month.*

ANNEX 1

**MEETING OF THE TASK FORCE ON STATISTICS
OF INTERNATIONAL TRADE-IN-SERVICES**

7 JULY OECD PARIS

LIST OF PARTICIPANTS

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ANNEX 2

MEETING OF THE TASK FORCE ON STATISTICS OF INTERNATIONAL TRADE IN SERVICES

7 JULY 1999, OECD PARIS

beginning at 9:30 a.m.

AGENDA

1. Adoption of the agenda
2. Approval of the report of the eighth meeting of the Task Force held in Frankfurt on 11-13 November 1999.
3. Oral report on the meeting of Caribbean statisticians by Mary Chamie
4. Implications of discussions by the *OECD-Eurostat Meeting of Experts of Trade in Services Statistics* for the next version of the MSITS provisional draft (currently 7 June 1999 version)
5. Questions raised by authors on detailed points in their chapters
6. Review of the Action Plan:
 - How to complete the *Manual*,
 - Review procedures.
7. Other business:
 - Date and venue of the next Task Force meeting,
 - Other.

