

STATISTICAL SYSTEMS AND STANDARDS OF INTERNATIONAL TRADE IN SERVICES

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Enhancement of globalization of world trade, rapid development of new market segments due to growth of technology, expansion of activities of transnational corporations and increase in foreign direct investment flows, transformation of data acquisition and dissemination methods led to the harmonization of national statistical standards and strengthening of the requirements for service sector statistics.

Statistical evaluation of trade in services essentially requires special methodological approaches as compared with trade in goods, since services are more difficult to define formally and acquisition of information on trade in services depends on the specifics of international and national standards that govern the service industry.

Methods of statistical accounting and analysis of international trade in services are consistent with other statistical systems and standards, forming a unified analytic framework that provides international data comparability and serves as a sound basis for bilateral and multilateral negotiations on trade in services and monitoring of compliance with obligations under the General Agreement (*GATS*) in the age of economic globalization.

The following foreign and domestic scientists made a weighty contribution to the development of methodological approaches to scale measurement and the analysis of trends in the various segments of the world services market as well as methods of its control and forecasting: O.Balaeva, V.Zaitsev, A.Kireev, F.Kotler, A.Mazaraki, A.Melnik, N.Meshko, D.Nayyaara, A.Olifer, Ya.Ostafiychuk, N.Parfentseva, B.Render, A.Rumyantsev, V.Tipanov, J.Fitzsimmons, K.Khaksever, T.Tsigankova etc.

In view of scientists' contribution to the study of international services market, it should be noted that the high dynamics of service sector development leads to continuous change in market composition and condition which means permanently arising need to revise and update existing methodological tools on the statistics of international services, to adapt them to the realities of the modern world. An important step towards a more comprehensive and integrated system of accounting for service transactions between residents and non-residents was the revision of the

Manual on Statistics of International Trade in Services in 2010 (hereinafter – *MSITS 2010*). The *Manual* sets out an internationally agreed framework for the compilation and reporting of statistics of trade in services in its various forms [1, 4].

Objective of the article is to develop methodological principles of harmonization of *MSITS 2010* with other statistical systems and standards that reflect the role and position of services trade in the development of the national economy and ensure comparability at the international level.

The main and most important of these standards is the *Balance of Payments and International Investment Position Manual (BPM 6)* developed by the IMF [6]. *BPM 6* provides guidance on keeping statistics on international trade in services, international investment activities and economic flows associated with the relocation of employees. Extended classification of services that are displayed in the balance of payments was made up mainly by product type in accordance with the *Central Product Classification (CPC, rev. 2)*. Data consistency is enhanced due to standardization of encoding for the purposes of information identification and presentation.

An equally important standard is the *System of National Accounts (SNA 2008)* which includes concepts and definitions underlying many of *MSITS 2010* recommendations on the activities of foreign affiliates. Definitions of residency, valuation and timing of recording of transactions as well as the principle of accrual accounting used in *MSITS 2010* are fully consistent with and correspond to these statistical systems (Fig. 1). *GATS Services Sectorial Classification List* known as *GNS/W/120* is used to structure obligations of member-states of the World Trade Organization (*WTO*).

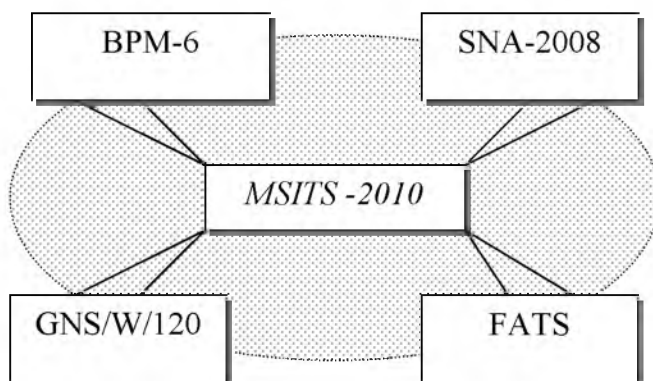


Fig. 1. Harmonization MSITS-2010 with other international statistical systems
Source: own elaboration based on [1, 4]

Pursuant to the recommendations contained in *SNA* for more rigorous application of the principle of change of economic ownership in *MSITS 2010*, positions of some economically important categories in the classification of goods and services were reviewed and changed, for example, goods for processing (without transfer of ownership of the goods), repair of goods and resale of goods.

Categories relating to high-tech services were regrouped; more detailed accounting for transportation services, insurance services, charges for the use of intellectual property (trademarks, copyrights and other intangible non-financial assets) on the basis of license agreements was introduced in accordance with *BPM 6*. Direct sale of patents and copyrights pertaining to scientific results as opposed to temporary rights of use are included in research and development services category. The same principle is applied to account direct sales and temporary rights associated with original computer software and audiovisual products.

Telecommunication services in *MSITS 2010* are defined in terms of the nature of service, not the mode of supply. For example, the cost of accounting and legal services provided via the Internet is recognized in the relevant section of other business services and telecommunication services include only amounts payable for transmission. Similarly, installation services for telephone network equipment are included in *construction* and database services - in *information services*.

MSITS 2010 statistics is organized as a coherent framework that facilitates its use and adaptation for different purposes, in particular for diverse analytic surveys, forecasting, reasoning of management decisions, making summary of regional and global data as well as for international comparisons. *MSITS 2010* consists of 12 standard sections [4]:

1. Manufacturing services on physical inputs owned by others
2. Maintenance and repair services, not included elsewhere
3. Transport
4. Travel
5. Construction
6. Insurance and pension services
7. Financial services
8. Charges for the use of intellectual property not included elsewhere
9. Telecommunications, computer and information services
10. Other business services
11. Personal, cultural and recreational services
12. Government goods and services not included elsewhere.

The development of international trade in services is strongly influenced by activities of transnational corporations (*TNCs*). Transmission of information, technology and finances to *TNC* foreign affiliates is in the form of interstate sale of services, whereby the volume of intra-corporate services exceeds the volume of service exports from the leading Western countries by several times. According to

the available data on member-states of the Organization for Economic Cooperation and Development (*OECD*), the cost of services provided at markets through foreign affiliates is commensurate with the cost of service exports (or imports) included in the balance of payments. *Foreign Affiliates Trade Statistics (FATS)* which is a part of *SNA 2008* was developed to provide information on the activity of foreign affiliates that is out of the scope of *BPM 6*.

Baseline indicators of *FATS* statistics are sales (turnover) and / or output, employment, value added, exports and imports of goods and services. To ensure comparability of data on trade in services foreign affiliates are classified by type of activity based on the *International Standard Industrial Classification for Services (ISIC, rev.4)*; comparability of data on employment of foreign natural persons involved in the provision of commercial services is achieved based on the *International Standard Classification of Occupations (SCO 2008)*. In addition, *FATS* statistics within the conceptual framework of *BPM 6* is consistent with the standards established by the fourth edition of the *OECD Benchmark Definition* regarding foreign direct investment and indicators of economic globalization [1, 4].

The emergence of global value chains increasingly encompasses the service sector. Technology development, standardization, infrastructure growth and data transmission costs reduction have facilitated the sourcing of services from abroad. For example, a highly skilled work on data entry and information processing, research and consultancy services provision can easily be carried out via the Internet and e-mail and through tele- and video-conferencing. In cases where a particular company outsources any services, for example, billing or information assistance services, these services should also be included in the relevant sections of the *Classification of services*.

An important feature of *MSITS 2010* is a description of possible modes of services supply defined in *GATS*: cross-border, consumption abroad, commercial presence and presence of natural persons.

So, *MSITS 2010* sets a goal to ensure consistency of data on trade in services with the fundamental statistical systems (*BPM 6*, *SNA 2008*) and related classifications (*ISIC, rev.4* and *CPC, rev.2*) within the statistical system of each country and between the statistical systems of different countries. An important tool for analyzing and improving the quality of statistical information on international trade is a bilateral comparison of a country's data with those of a trading partner, through the use of "mirror statistics" method.

One of the most important conditions for the development of national statistics and its adaptation to the conditions of a globalized economy is the creation and implementation of current national statistical systems harmonized with international statistical standards. In Ukraine, in accordance with the plan of action to implement *the Development strategy of the state statistics* for the period up to 2017, since 2013 information processing on external trade in services is based on the revised

classification, adapted to the expanded list of services in the balance of payments *BPM 6* [2]. This will provide an opportunity to raise statistical analysis of the national economy to a totally new level, increase international information exchange and ensure comparability of indicators of the national economy with those of international economies.

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Анотація

У статті розглядаються методологічні аспекти Керівництва зі статистики міжнародної торгівлі послугами (2010) у контексті його гармонізації з Керівництвом з платіжного балансу та Системою національних рахунків; дається опис статистичних стандартів, які забезпечують міжнародну порівнянність і узгодженість даних.

Ключові слова: методологічні аспекти, статистика міжнародної торгівлі послугами, платіжний баланс, Система національних рахунків.

Аннотация

В статье рассматриваются методологические аспекты Руководства по статистике международной торговли услугами (2010) в контексте его гармонизации с Руководством по платежному балансу и Системою национальных счетов; дается описание статистических стандартов, которые обеспечивает международную сопоставимость и согласованность данных.

Ключевые слова: методологические аспекты, статистика международной торговли услугами, платежный баланс, Система национальных счетов.

Summary

The article discusses the methodological aspects of the Manual on Statistics of International Trade in Services (2010) in the context of its harmonization with the Balance of Payments Manual and the System of National Accounts, describes the statistical standards to ensure international comparability and consistency of data.

Keywords: the methodological aspects, the statistics of international trade in services, the Balance of Payments Manual, the System of National Accounts.

