



## Overview of the updated recommendation on SITS (MSITS 2010)

**Statistics of International Trade in Service: Challenges and Good Practices**

**Regional Workshop for South-East Asian Countries**

*Hanoi, Vietnam, 30 November – 3 December 2010*



**United Nations Statistics Division**

Statistics of International Trade in Services Section



### Outline of the presentation

1. MSITS and the modes of supply
2. Main changes in MSITS
3. Structure of MSITS 2010
4. Structure of the Workshop agenda



# 1. MSITS and Modes of Supply

## the original 2002 Manual



- ❖ Published in 2002 jointly by 7 international organizations (Task Force on SITS)
  - ❖ Eurostat, IMF, OECD, UNCTAD, UNSD, UNWTO, WTO
  
- ❖ Response to increased needs
  - ❖ Globalization – demand for more comprehensive and better integrated approach of economic statistics
  - ❖ Data needs of GATS negotiators which became urgent after 1995

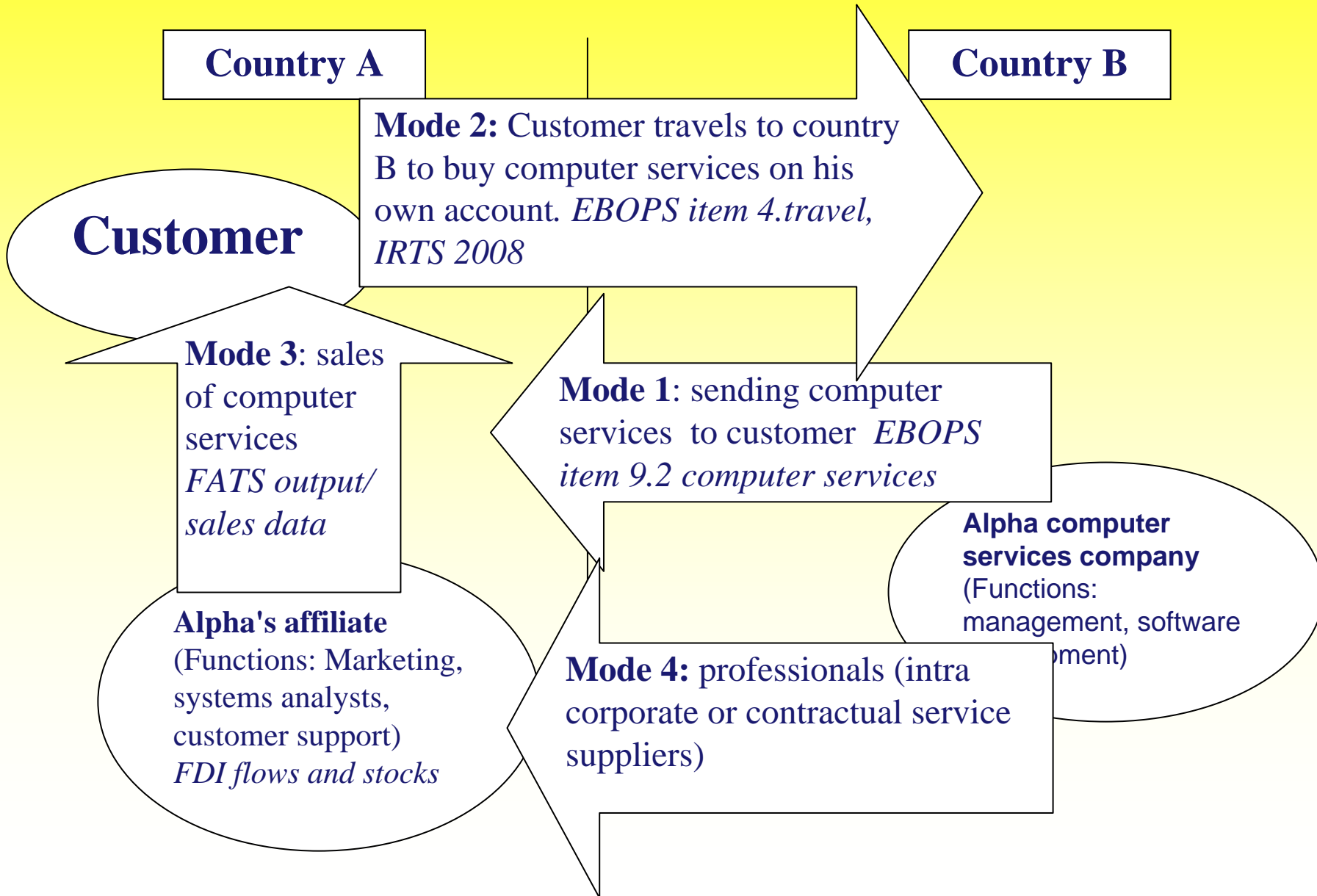


# Core elements in MSITS

- Services transactions between residents and non-residents [mode1, mode2 and mode4]
- Foreign affiliates statistics [mode3]
- Modes of Supply



# 1. MSITS and Modes of Supply



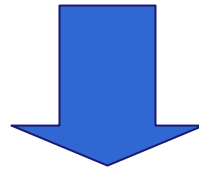


## 2. Main changes in MSITS

### MSITS update and Worldwide consultation

After almost 5 years of existence, in order to take into account:

- Revisions of 2008 SNA, BPM6, CPC 2.0 and ISIC 4.0
- Further development of concepts of modes of supply
- Possible improvements which had been identified



**MSITS needed to be updated**



## 2. Main changes in MSITS

### Impact of SNA revision

2008 SNA  BPM6  MSITS

44 issues for 2008 SNA, some of them with sub-issues. All the issues concerning the Rest of the World Account had **DIRECT** influence on BPM6 and MSITS

BPM6 differs from its previous version on a number of issues, including some in the Goods and Services Account. Following the recommendation of the 2008 SNA on a **stricter application of the change-of-ownership principle**, certain economically important items were reviewed and rearranged in the classification of goods and services, notably:

- *Goods for processing (without change of ownership of the goods)*
- *Repairs on goods*
- *Merchanting*



## 2. Main changes in MSITS

### **Partner country**

- ✓ Inclusion of a breakdown by partner country to the second, third and fourth recommendation in the priority list

### **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

### **Modes of supply**

- ✓ A separate chapter (V) on modes of supply to give a more detailed discussion of modes of supply, including the presence of natural persons (Mode 4)

### **Analytical index**

- ✓ An additional analytical annex





## 2. Main changes in MSITS

### Consequences of BPM6 and updated SNA (SNA 2008)

- ✓ *Processing of goods 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*



### 3. Structure of MSITS 2010

#### Revised version of the MSITS

- Task Force has finalized the report to the UN Statistical Commission in November 2009
- The UN Statistical Commission adopted the ***Manual on Statistics of International Trade in Services 2010 (MSITS 2010)*** at its 41<sup>st</sup> Session in 2010 as well as endorsed the implementation programme.



## Chapters of MSITS 2010

- 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



## Annexes

- Annex I – Extended Balance of Payments Services Classification
- Annex II – EBOPS, CPC, Ver.2, GNS/W/120 correspondence tables
- Annex III – ICFA – EBOPS correspondance tables
- Annex IV – Extract from the General Agreement on Trade in Services
- Annex V – Services Sectoral Classification List – GNS/W/120
- Annex VI - The Manual, IRTS 2008, and the Tourism Satellite Account Recommended
- Annex VII - Analysing the trade in services data



### 3. Structure of MSITS 2010

**MSITS 2010 is available in not-edited version at  
<http://unstats.un.org/unsd/statcom/doc10/BG-MSITS2010.pdf>**



## 4. Structure of Workshop

### *Part 1: Resident – Non-resident trade in services*

5. The sixth edition of the Balance of Payment Manual (BPM6)
  - Overview
  - Resident – Non-resident trade in services
  - Compilation guidance
6. Balance of Payments Compilation – country examples
7. The Extended Balance of Payment Services (EBOPS) classification
  - Overview of EBOPS 2010
  - Relation of EBOPS 2010 to CPC
  - Definition of services in SNA 2008
8. Trade in Services classifications and compilation issues – country examples



## 4. Structure of Workshop

### *Part 1: Resident – Non-resident trade in services*

9. Data collection of resident – non-resident trade in services statistics
  - International Transaction Reporting System
  - Enterprise surveys
  - Country presentations
10. Parallel group discussion: cooperation of the NSO and the central bank on data collection
11. General discussion - Presentation of the group discussion



## 4. Structure of Workshop

### *Part 2: Commercial presence*

12. Foreign Affiliates statistics, FDI
  - Introduction and overview
  - Core data for FATS, FDI and MNE
  - Country examples
  
13. General discussion on FDI
  
14. EBOPS, FATS and FDI broken down by partner country
  - Introduction and Overview
  - Minimal requirements
  - Country examples





## 4. Structure of Workshop

### *Part 2: Modes of supply*

15. Trade in services statistics by modes of supply (WTO)
  - Cross-border supply
  - Consumption abroad
  - Commercial presence
  - Presence of natural persons
  
16. Metadata and quality of the trade in services data
  - Data quality and Metadata (UNSD)
  - Data quality assessment – country perspective
  
17. Parallel group discussion on EBOPS and FATS: Data compilation practices, data quality control and metadata, institutional arrangements - problems and solutions



## 4. Structure of Workshop

### *Part 3: Consumption abroad*

19. Travel and Tourism Statistics
  - Overview of the recommendations IRTS 2008 and MSITS 2010
  - Recommendations of the Workshop on “Developing National Systems of Tourism Statistics: Challenges and Good Practices” in Vientiane, Lao DPR, 16 - 19 June 2009
  
20. Parallel group discussion on Travel and Tourism statistics: Data compilation practices, data quality control and metadata, institutional arrangements - problems and solutions
  
21. Presentation of the group discussion



## 4. Structure of Workshop

### *Part 4: Data dissemination*

22. Data dissemination
  - Overview of the international recommendations
  - Examples of integrated presentations of EBOPS and FATS, and Travel and Tourism statistics
  - Country examples
23. Conclusions and recommendations of the Workshop
24. Evaluation and closing of the workshop