Key elements of the preparatory training offered by UNCTAD to support the implementation of the three pilot surveys

Thierry COULET
Consultant
UNCTAD
UNCTAD Expert Meeting on Results from Pilot Surveys on Exports of ICT-enabled Services
28-29 November 2017
National Workshops to support the implementation of the three pilot surveys

• Costa Rica – San José (2-3 May 2017)

• India – Kolkata (13-14 July 2017)

• Thailand – Bangkok (1-2 November 2017)
OUTLINE OF THE TRAINING

• Background of the project
• Introduction to trade in services statistics
• Modes of supply
• Structure and content of the questionnaire
• Elements of methodology
• Possible output from the project
Background of the project

• The importance of measuring trade in services trade:
  • Growing importance of international trade in services: global and national perspectives
  • Intense negotiation activity

• Data needs of policy and other decision makers

• Introduction to the methodological framework: MSITS 2010 and BPM6
Background of the project

- Close links between MSITS 2010 and other statistical frameworks and between EBOPS 2010 and existing classifications

- Two main building blocks for describing the international supply of services:
  - Transactions between residents and non-residents (in line with BPM6)
  - Supply of services through the operations of foreign affiliates based on foreign affiliates statistics (FATS)
The goal of the project

- The goal of this project is to test the feasibility of improving statistics on international trade in services and, in particular, on mode 1 services transactions delivered remotely over the ICT networks.

- Why is ICT of special importance? Because ICTs are one of the main enabling factors behind globalization, the fragmentation of value added chains and the development of services transactions (including Manufacturing services, Transport, insurance, financial services, professional and other business services).
Outline of presentation

• Background for the project
• **Modes of supply**
• Structure of questionnaire
• Elements of methodology
• Possible output from the project
MODES OF SUPPLY

- Fundamental characteristics of services activities and services products
- Various geographical configurations according to whether the provider or the customer moves abroad or establishes an office in a foreign country
- Distinction between four modes of supply
  - Cross-border supply, or Mode 1
  - Consumption abroad, or Mode 2
  - Commercial presence, or Mode 3
  - Presence of natural persons, or Mode 4
- For each mode of supply
  - GATS definition
  - Example and illustration (based on the WTO diagrams)
Illustration of the modes of supply

**Service supply**

- **Country X**
  - Client in Country X
  - Service supply
  - New Zealand service supplier

  Example: A company in India establishes a commercial presence (affiliate) abroad to supply services (e.g., supermarket or wholesaler).

- **New Zealand**
  - The service crosses the border

  Example: An architecture firm in New Zealand provides plans and advice to clients in a foreign country through Internet/phone/mail.

**Cross-border capital flow**

- **Country X**
  - Client travels to New Zealand
  - Service supply

  Example: A non-resident travels to NZ to receive legal advice from a New Zealand company.

- **New Zealand**
  - Client in country X

**Service supply**

- **Country X**
  - An employee is sent to Country X

  Example: An employee of a New Zealand IT firm is sent to Country X to deliver IT services.

- **New Zealand**
  - Service supply
  - New Zealand service supplier

Source: WTO
ESTIMATED IMPORTANCE OF THE DIFFERENT MODES OF SUPPLY USING THE SIMPLIFIED ALLOCATION

MODE 3 AND 1 OF MAIN IMPORTANCE

Figure 2: Share of services trade, by mode of supply

Source: WTO Secretariat.
EU-28 SUPPLY OF SERVICES, PARTNER EXTRA EU28, 2013: Modes are of Different Importance – Depending on the Type of Services

Source: Eurostat (2016).
## THAI EXPORTS OF SERVICES, RELATIVE IMPORTANCE BY SECTOR

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Services</td>
<td>34 340</td>
<td>41 545</td>
<td>49 722</td>
<td>58 776</td>
<td>55 536</td>
<td>61 759</td>
<td>66 419</td>
<td>100</td>
</tr>
<tr>
<td>Goods-related services</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transport</td>
<td>5 914</td>
<td>5 831</td>
<td>5 924</td>
<td>6 144</td>
<td>5 723</td>
<td>5 743</td>
<td>5 685</td>
<td>1</td>
</tr>
<tr>
<td>Travel</td>
<td>20 104</td>
<td>27 184</td>
<td>33 856</td>
<td>41 780</td>
<td>38 418</td>
<td>44 922</td>
<td>49 930</td>
<td>75</td>
</tr>
<tr>
<td>Other services</td>
<td>8 322</td>
<td>8 530</td>
<td>9 944</td>
<td>10 853</td>
<td>11 395</td>
<td>11 093</td>
<td>10 804</td>
<td>16</td>
</tr>
<tr>
<td>Construction</td>
<td>472</td>
<td>442</td>
<td>441</td>
<td>817</td>
<td>533</td>
<td>463</td>
<td>463</td>
<td>1</td>
</tr>
<tr>
<td>Insurance and pension services</td>
<td>67</td>
<td>156</td>
<td>384</td>
<td>231</td>
<td>82</td>
<td>58</td>
<td>68</td>
<td>0</td>
</tr>
<tr>
<td>Financial services</td>
<td>327</td>
<td>452</td>
<td>604</td>
<td>741</td>
<td>538</td>
<td>580</td>
<td>684</td>
<td>1</td>
</tr>
<tr>
<td>Charges for the use of intellectual property n.i.e.</td>
<td>35</td>
<td>57</td>
<td>105</td>
<td>62</td>
<td>57</td>
<td>85</td>
<td>69</td>
<td>0</td>
</tr>
<tr>
<td>Telecommunications, computer, and information services</td>
<td>471</td>
<td>561</td>
<td>474</td>
<td>539</td>
<td>528</td>
<td>496</td>
<td>548</td>
<td>1</td>
</tr>
<tr>
<td>Other business services</td>
<td>6 588</td>
<td>6 477</td>
<td>7 517</td>
<td>7 996</td>
<td>9 163</td>
<td>8 920</td>
<td>8 620</td>
<td>13</td>
</tr>
<tr>
<td>Personal, cultural, and recreational services</td>
<td>121</td>
<td>92</td>
<td>83</td>
<td>77</td>
<td>61</td>
<td>58</td>
<td>60</td>
<td>0</td>
</tr>
<tr>
<td>Government goods and services n.i.e.</td>
<td>241</td>
<td>292</td>
<td>337</td>
<td>391</td>
<td>353</td>
<td>364</td>
<td>291</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: UNCTADStat based on UNCTAD, ITC and WTO data on trade in services.
THIS PROJECT FOCUSES ON EXPORTS OF ICT-ENABLED SERVICES
(UNCTAD ICT4D Technical Note no. 3)

- **ICT-Enabled Services definition used**: services with outputs that can be delivered remotely over ICT networks (UNSC approved)

- **Builds on existing measurement frameworks**, current definitions, international classifications (EBOPS 2010) and data collection methods (balance of payments)
POTENTIALLY ICT- ENABLED SERVICES

1) Telecommunications (including Internet services)
2) Computer services (including computer software)
3) Sales and marketing services
4) Information services (including health services)
5) Insurance and financial services
6) Management, administration and back office services (including call centres)
7) Licensing services
8) Engineering, related technical services and R&D
9) Education and training services
IDENTIFYING ICT-ENABLED SERVICES

Based on CPC (109 codes) corresponding to 40 EBOPS codes

Categories for measuring trade in ICT-enabled services

| 1.1 ICT services – Telecommunications |
| 1.2 ICT services – Computer services (including computer software) |
| 1.3 Sales and marketing services, not inc. trade and leasing services |
| 1.4 Information services |
| 1.5 Insurance and financial services |
| 1.6 Management, administration, and back office services |
| 1.7 Licensing services |
| 1.8 Engineering, related technical services, research and development (R&D) |
| 1.9 Education and training services |

Source: UNCTAD ICT4D Technical Note no. 3
Outline of presentation

• Background for the project
• Modes of supply
• **Structure and contents of questionnaire**
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STRUCTURE OF THE UNCTAD MODEL QUESTIONNAIRE

1. Information about the enterprise (11 questions)
   - Foreign control, employment, turnover, main activity, exports of services, mode of delivery to overseas customers
   - Detailed definitions

2. Information about the potential services exports from the enterprise (1 filter question)

3. Detailed information about ICT enabled services exports (3 questions (x 9 sections))

4. Possible addition of national questions
B. Services exports to be included

To help you identify which parts of the questionnaire relate to your business, please complete the following table. Use the lists of the 9 main service types covered in the annex to this questionnaire.

Has your enterprise exported services belonging to the following broad categories during the reporting period?

Export of services is defined as the provision of services by your enterprise to a non-resident unit. Please exclude sales through a foreign affiliate of your enterprise domiciled abroad (mode 3 transactions).

<table>
<thead>
<tr>
<th>Category of service (1)</th>
<th>Yes / No</th>
<th>If yes, please complete the corresponding section as indicated below in Part C of this questionnaire</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telecommunications (including Internet services)</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Computer services (including computer software)</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Sales and marketing services, not including trade and leasing services</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>Information services (includes among others telemedicine/health services, as well as audiovisual services, on-line content and recordings of live performance)</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>Insurance and financial services</td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>Management, administration and back office services (includes among others online reservation services for accommodation, online staffing services, telephone call centre services and other telephone-based support services)</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>Licensing services</td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>Engineering, related technical services and R&amp;D</td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>Education and training services</td>
<td></td>
<td>9</td>
</tr>
</tbody>
</table>
C. Details of services exports that can be delivered remotely over ICT networks

- 1. Telecommunications (including Internet services)
  Telecommunications include:
  - Telephony and other telecommunications services;
  - Internet telecommunications services;
  - Broadcasting services.
  More details about the content of these services are given in Explanatory notes at the end of this questionnaire.

- C.1.1. Total value of exports in thousands national currency during January-December 2016

Please include services provided by your enterprise to non-resident units. Exclude services provided through a foreign affiliate of your enterprise domiciled abroad.

<table>
<thead>
<tr>
<th>Exports</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Telecommunications</td>
<td></td>
</tr>
</tbody>
</table>
• C.1.2. Exports delivered remotely to customers abroad over ICT networks during January to December 2016

• Include receipts from international telephone calls and any other telecommunications services delivered remotely across the border through ICT networks. Also include receipts from international roaming charges. Exclude on-site services delivered by employees travelling to customers offices as well as services delivered in-person to a customer travelling to meet the service supplier.

<table>
<thead>
<tr>
<th>Exports delivered from the country to customers abroad over the Internet, telephone or any other ICT network</th>
<th>Proportion of total telecommunications exports (%)</th>
</tr>
</thead>
</table>

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

UNCTAD
### C.1.3. Exports by main trading partner country January-December 2016 (%)

<table>
<thead>
<tr>
<th>Major trading partner(1): please specify country (drop-down list)</th>
<th>Proportion of total telecommunications exports (%)</th>
<th>Proportion of cross-border telecommunications exports delivered remotely to customers abroad over ICT networks (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Second major trading partner country: please specify (drop-down list)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Third major trading partner country: please specify (drop-down list)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fourth major trading partner country: please specify (drop-down list)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fifth major trading partner country: please specify (drop-down list)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rest of the world</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>
Outline of presentation

• Background for the project
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ELEMENTS OF METHODOLOGY

• Very much dependent upon national characteristics

• **Sample frame**: BOP register (or general business register)

• **Stratification**: main activity, size (turnover or services exports), region?

• **Sampling strategy**: Simple random sampling

• **Sampling ratio** according to the number of units in each stratum (possible cut-off strategy)
Example of a survey sample

<table>
<thead>
<tr>
<th>Size Category</th>
<th>Number of enterprises</th>
<th>Value of external transactions in services</th>
<th>Sample Size</th>
<th>Sample coverage (un-grossed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large players</td>
<td>500</td>
<td>100 units</td>
<td>500 (100%)</td>
<td>100 units</td>
</tr>
<tr>
<td>Medium players</td>
<td>2,000</td>
<td>100 units</td>
<td>200 (1 in 10)</td>
<td>10 units</td>
</tr>
<tr>
<td>Small players</td>
<td>4,000</td>
<td>10 units</td>
<td>0 (0%)</td>
<td>0</td>
</tr>
<tr>
<td>All</td>
<td>6,500</td>
<td>210 units</td>
<td>700</td>
<td>110 units</td>
</tr>
</tbody>
</table>
National characteristics to be taken into account in the survey implementation

• Availability of a BOP register or not. If yes, what kind of information is included?
• Definition of the priority sectors: what is the population of companies involved?
• What sampling strategy?
• What is the expected time frame?
• What material form of administration of the questionnaire?
• What kind of assistance provided to the respondent?

Specific adaptations to the questionnaire:
• Any suggestions?

Exploitation of results
• What kind of tabulation?
• What dissemination?
Outline of presentation

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POSSIBLE OUTPUT FROM THE PROJECT

- Methodological lessons learnt from the Statistics New Zealand survey
- Kind of tables and graphs produced by Statistics New Zealand and the US Bureau of Economic Analysis
MODE OF SUPPLY BY SERVICE TYPE FROM NEW ZEALAND

Source: Statistics New Zealand.
POSSIBLE OUTPUT FROM PILOT SURVEY (2): U.S. SUPPLY OF SERVICES BY MODE 1
(Billions of U.S. dollars)

Data are exploratory and do not represent official statistics of the U.S. Bureau of Economic Analysis

Source: US Bureau of Economic Analysis
FOR EASY REFERENCE: STUDIES QUOTED

• Manual on Statistics of International Trade in Services 2010 (MSITS 2010)

• Census of International Trade in Services and Royalties: year ended June 2011, Statistics New Zealand,

• UNCTAD ICT4D technical note 3, Oct 2015

• Trends in U.S. Trade in ICT Services and in ICT-Enabled Services, Alexis N. Grimm, US Bureau of Economic Analysis, May 2016

• Trade in Services by GATS Modes of Supply: Statistics Concepts and First EU Estimates, L. Cernat et al., Eurostat, Nov 2016
THANK YOU