Project background and motivation

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Awareness Raising Event:
Survey on Exports of Services Delivered over ICT Networks
UNCTAD, Banco Central, COMEX and CAMTIC

4 May 2017
Crowne Plaza, San José, Costa Rica
Main goal of the survey

- Exports of services
  >>> sales by an enterprise located in Costa Rica to a unit abroad
  >>> services are intangible & complex – a challenge for measurement

- Trade in services stats currently available by type of service thanks to Banco Central

- This project zooms in on services delivered remotely over ICT networks, such as the Internet, the phone or email
  >>> greater detail by type of service (what)
  >>> asks how the service was delivered
  >>> using simplified modes of supply from trade agreements
  >>> implemented by Banco Central
Backdrop and motivation

- Services are increasingly traded

- ICTs are the main enabling factor
  - Falling prices for voice and data communications
  - Computerization of work
  - Can segment and relocate work to remote locations (ICT-enabled services)
  - Evolution from basic call centers to more complex business process (BPO >>> KPO)

- Growing interest to understand and quantify such services
- Understand how greater ICT access can lead to trade in services growth
Backdrop and motivation (2)

- **Trade negotiations**: renewed interest in services
- WTO GATS agreement refers to a set of simplified **modes in which services are delivered**, but there are no related official data
- WTO Public Forum 2016, next WTO Ministerial, G20 2017 discussions, first Friends of E-commerce for Development Ministerial: renewed focus on **digital economy**, including services delivered online
- "International trade in goods and services is sluggish, but international data flows are exploding" The Economist, June 2016
- 2016 Bank of England Report - had the digital economy been correctly captured, between one-third and two-thirds of a percent could be added to the growth rate of the UK
Related research and reports

- US BEA “Trends in US Trade in ICT services and ICT-enabled services”, May 2016:
  - "it is not possible to identify precisely ICT-enabled services using the EBOPS 2010 measurement framework because this is based on types of services, not on the mode of delivery"

- Australian Government (DFAT, 2007)
  - "one of the major unmet user needs is for detailed services data by mode of supply, by country, to support Australian trade negotiators"

- Eurostat, November 2016
  - there is a need to enable an assessment of the relative importance of the different modes of supply in a given sector and the impact of measures affecting each mode of supply
Our approach

- First step: look at existing measurement frameworks and identify and define the types of services that can be ICT-enabled >>> a taxonomy of such services using the most detailed classification of services >>> list of "potentially ICT-enabled services"

- Second step: it matters how these services are actually delivered >>> need to build in another survey question by mode of delivery >>> same as the discussion on WTO GATS modes of supply
Before the project

- We come from the perspective of statistics on the information economy
- No statistics on trade in ICT or ICT-related services
- Many alternative approaches and definitions
- Demand for better data from countries exporters of such services
- Need to understand the impact of enhanced ICT access and use on services trade
Partnership on Measuring ICT for Development

- An international, multi-stakeholder initiative to improve the availability and quality of ICT data and indicators
- Since 2004
- Member organizations
UNCTAD initiative on services

- Partnership Task Group on Measuring Trade in ICT Services and ICT-enabled Services
- Goal: develop **indicators** + practical **proposals** on how to collect country-level data
- Current members
  - UNCTAD, WTO, OECD, UNSD, UNESCWA, World Bank, and ITU
  - Tim Sturgeon, MIT, lead consultant
  - Close interaction with **UN Task Force on International Trade Statistics**, including IMF
  - Consultation with the private sector
- Funding provided by the Government of Sweden
Outcome

- **Definition and methodology**: UNCTAD Technical Note on International Trade in ICT Services and ICT-enabled Services: (TN/UNCTAD/ICT4D/03)
  [www.unctad.org/ict4d/technicalnotes](http://www.unctad.org/ict4d/technicalnotes)

- United Nations Statistical Commission reviews and adopts definition, 47th session (March 2016)

- **A model survey questionnaire**
  - Comments received from: WTO, Costa Rica (Central Bank and Ministry of Foreign Trade), India (Ministry of Industry and Commerce), IMF, OECD, Egyptian Ministry of ICT
  - Pilot survey in Costa Rica, India, Thailand in 2017
  - Integrate feedback, make available for other countries
Definition

ICT-enabled services = services that can be delivered remotely over ICT networks

By type:
- Exclude transport services (involve manipulation or transport of people, physical objects, material, or electricity)
- Exclude on-site or in-person services (require on-site or personal delivery)

By how delivered:
- Equivalent to Mode 1 (WTO GATS) cross-border supply for the selected services

Survey focus on exporting economies – better quality, easier data collection
ICT-Enabled services examples

- Service delivered across international borders, but the customer and the supplier remain in their respective countries
  - Selling software from Costa Rica to another country
  - A law firm delivers legal advice by phone to a customer in a foreign country
  - A physician provides medical diagnosis to a patient or hospital abroad via email
  - A financial services provider supplies portfolio management or brokerage services across the border via an Internet platform

- **Different from** when a client or supplier need to meet in-person, either in Costa Rica or abroad >>> typical example send an expert abroad to customize service
Next steps

- Pilot survey **summary reports** on the share of exports that are delivered over ICT networks

- December 2017 - UNCTAD expert meeting on **lessons learned** from the pilot surveys conducted - from the implementing agencies

- Update and make available for implementation revised survey in demand countries
Thank you for your attention!

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