



Third Meeting of the Informal Working Group on Data for Services Trade and Development Policies

20 November 2023, 14.00 – 16.00 Central European Time (CET)

Microsoft Teams Online Meeting

Meeting summary note

Part 1: Using alternative data sources to measure services trade.

Presentation by Ms. Anu Peltola

- Emphasized the necessity of addressing the data gap for women's economic empowerment in international trade. She introduced a framework based on the "edge framework," commonly used for measuring female entrepreneurship and asset ownership. The framework aimed to evaluate preconditions for women's and men's engagement in international trade and assess their roles as workers, entrepreneurs, managers, producers, and consumers.
- The presentation highlights the significant impact of trade participation on working opportunities, wages, income, and overall empowerment. Using the microdata linking approach, it is possible to link trading businesses to individual and gender-specific aspects, drawing on various information sources such as customs data, business statistics, and education records.
- Pilot findings from six countries indicated the successful compilation of new gender equality indicators, with the intention to guide national statisticians in assessing existing data for informing gender-inclusive trade policies.

Presentation by Mr. Marcus Fridén

- Voorburg's group provided insights on output and price indexes for service industries. The group, formed in 1987, concentrates on establishing methods and best practices for compiling output and producer prices in service industries.
- The group introduced an alternative data survey, which expanded to include information on data sources used for producer price indexes. The survey results from 22 countries revealed diverse methods, including questionnaires, web scraping, and the use of Consumer Price Index (CPI).
- Examples are provided for the accommodation and food industry and education to showcase the variety of data sources. The speaker highlighted the potential for collaboration, emphasizing the importance of understanding and sharing best practices among countries using different data sources.

Presentation from Mr. Yusuf Kenan Orhan and Ms. Melike Yalin Altun

- The speakers from Türkiye provided insights into utilizing administrative sources, focusing on integrating value-added tax (VAT) data for the compilation of International Trade in Services (ITSS).
- The historical context revealed that prior to 2016, ITSS was compiled by the Central Bank of the Republic of Turkey, lacking breakdowns and limited to main service types. Initiatives to enhance data collection started in 2013, culminating in a successful pilot service between 2013 and 2015. Access to finance and custom data using VAT declarations, facilitated by the Minister of Finance's protocol, became pivotal for overcoming data limitations.
- VAT data emerged as a key component in this process, employed for constructing the service frame and surveys. The three VAT declarations played crucial roles, particularly #1 for the export of services, #2 for the import of services, and #3 for digital services by non-residents (B2C).
- The speakers provided insights into the estimation methods, including using VAT data for non-survey enterprises. They explained the process of linking enterprises to different levels based on their characteristics and behaviors. The speaker explained the detailed codes used in the VAT #1 declaration and underscored the importance of VAT data for analyzing ITSS data and ensuring the accuracy of enterprise responses.
- Using administrative data has several advantages, such as detailed information, timely publication, reduced enterprise burden, and easy microdata linking. Encouraged other developing countries to consider administrative data for statistical production due to its numerous benefits.

Presentation from Ms. Ulla Virtanen

- Finland has used VAT data extensively since 1995 due to its advantages, including reliability and overall good quality. Challenges were acknowledged, such as timeliness and limited control over collected data.
- The speaker detailed the identification of cross-border sales through different VAT rates and discussed the primary use of VAT data in turnover statistics. A flexible sampling design, combining survey data with VAT data, was employed to ensure reliability. The VAT data was used for validation, imputation, and updating survey samples.
- The speaker also shared instances of VAT data usage in various statistical domains, including structural business statistics, international trading services, and quarterly national accounts. The speaker emphasized the ongoing efforts to explore innovative use cases, such as microdata linking for tailored products and analyses. Examples included analyzing the impact of the pandemic on businesses and assessing the effects of US sanctions against Russia.

Interactive discussion

- There are challenges regarding data linking involving open or private data, specifically in countries with weak and interoperable data ecosystems, where gender and administrative data are often unavailable. In UNCTAD's pilot work, private data wasn't used initially to address this challenge. The focus was on empowering national statistical authorities to link their data, often involving various entities such as central banks, national statistics offices, customs, tax authorities, and sometimes ministries. Challenges in data linking were highlighted, especially in Eastern Europe and Africa, with difficulties in different identifiers for businesses between national stats offices and customs, requiring manual linking. Recommended developing a unique identifier for cross-administration use, citing the effectiveness of this approach in Finland.
- Discussion then shifted to whether any formal data governance instruments were established during the project in Kenya. Anu explained that the National Statistical Office in Kenya didn't have direct access to customs data due to confidentiality and legal restrictions. However, there are ongoing efforts in Kenya to establish a memorandum of understanding for future data linking and updates to the statistical business register.
- Discussion on how to support statisticians in developing countries to address gaps in key trading service statistics. Marcus Friden highlighted the working group's importance in sharing knowledge and resources to address key trading service statistics gaps. Spreading information outside the group to developing countries not participating in the meeting is also encouraged.
- Jamaica inquired about accessing the trade in services statistics information system (TISSTAT), currently available for Western African Countries. Anu Peltola clarified that the system is a comprehensive tool for trading services statistics, including an online data collection tool, but it needs adjustment and funding before implementation in each country. She suggested contacting UNCTAD for support and mentioned an upcoming project with Caribbean countries to build their trading services statistics capacity.
- Discussion about the specific codes used in VAT data in Türkiye and how they were determined. A speaker from Türkiye explained that the codes were declared by enterprises in their VAT declarations, with certain codes corresponding to international trading services. The Ministry of Finance assigned the codes, and companies selected for the survey declared their services under specific categories. The speaker also ensured data transmission from administrative bodies to the Statistics Office was secure. Measures have been taken to ensure data safety, including limiting access and signing contracts to protect data from unauthorized sharing.
- The session concluded with remarks from Ulla Virtanen, encouraging the utilization of VAT data and emphasizing the potential benefits, especially in obtaining valuable information for statistical purposes.

Part 2: Brainstorming of the Working Group report.

Presentation by Mr. Zenathan Hasannudin

- The second part of the meeting centered on a collaborative brainstorming session to refine the report outline, which comprised four key sections: trade policy data needs, data gaps, good practices, and recommendations and priorities post-report.
- On the trade policy needs, the meeting emphasized the crucial aspect of linking such data with development outcomes, such as employment, economic growth, gender, climate, etc. A comprehensive view could be obtained by connecting service statistics with business and administrative statistics. Digital trade is also important, especially with the potential richness of data collected by platforms like e-commerce.
- In the context of data gaps, there is a need for granular data categorized by sector and product breakdown and the importance of bilateral service trade flows. The report will collect good practices, including leveraging micro datasets such as VAT data for understanding service input intensity or using private sector data, including credit card transactions, as valuable sources of insights.

Presentation by Ms. Sanja Blazevic

- Presentation on the UNCTADstat as the most complete data set on international trade in services based on official statistics from organizations like IMF, OECD, Eurostat and other international and national statistics. The data covers 200-plus economies, including 156 developing countries. Despite the strength of the dataset, some gaps persisted, A comparison revealed robust coverage at higher levels for both developing and developed countries but significant granularity gaps for developing nations, particularly at level four.
- There has been progress in developing countries' data reporting since 2005, but there is a persistent challenge of insufficient granular data. UNCTAD has worked on initiatives like the Trade in Services Information System and an e-learning course to enhance statistical knowledge. Additionally, publishing detailed trade data with partner economies is encouraged to inform policymakers on the service sectors vital to their economic diversification efforts.

Interactive discussion

- The discussion emphasized the necessity of identifying policy-relevant questions in trade in services, including but not limited to touching upon social inclusion and environmental sustainability. It is important to obtain clear data on the types of services, trading partners, and the specific firms involved, noting substantial data gaps compared to the trading of goods.
- It is also necessary to combine foreign direct investment (FDI) data with administrative services data to fully comprehend the impact of trading services and their developmental effects (i.e., how foreign affiliates of multinational firms influence services trade in developing countries, both directly and indirectly through linkages with domestic firms that can become services exporters themselves). There is a need to understand structural transformation driven by investment, especially in developing countries, emphasizing the lack of currently available data on ownership

information. This could be leveraged from UNCTAD's work regarding transnational enterprises for insights into ownership data or private data sources such as ORBIS.

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- There is a proposal to create a web portal on Trade and Services Knowledge Sharing Hub. Components include (i) global mapping of trade and services data sources by country, (ii) Visualization of pre-prepared statistics for policymakers and technical audiences, (iii) Research hub on best practices, including linking trade and services data with administrative sources, and (iv) E-learning and capacity-building component.
- There are still challenges in data sharing. Existing data is often not shared by the central bank or relevant statistical office due to concerns about quality assurance or legal gateways. Addressing data-sharing barriers in developing countries requires assistance and capacity-building efforts so that instead of seeking new statistics, there is potential to maximize impact by efficiently leveraging available data sources.
- On the bilateral trade data, there is an international trade and production database for estimation (ITPD-E) that also includes services. Based on the administrative database, the data will provide a full mirroring protocol on trade services identified as one of the data gaps.
- The Organisation of Eastern Caribbean States (OECS) Commission shared their upcoming initiative to strengthen private sector capacity and advocate for services trade data. The work aims to strengthen the capacity of business support organizations and private firms in the Eastern Caribbean. Recognizing the challenges faced by the private sector in producing granular trade in services statistics, the initiative will assess the technical readiness of the private sector to provide the requested information through survey instruments. The OECS Commission is collaborating with the Eastern Caribbean Central Bank and will explore coverage areas such as partner countries, modes of supply, and tender-level data collection. The OECS Commission looks forward to partnering with UNCTAD and further engagement with the members of the Working Group.
- An invitation for further input to the report will be sent out shortly. Members of the working group are encouraged to share good examples and propose concrete deliverables and joint proposals for the working group. The aim is to prepare the draft before the next working group meeting in April 2024 and present the final report as a conference room paper at the UNCTAD intergovernmental meeting in July 2024. The working group has a specified timeframe to conclude its work by July 2024. Therefore, suggestions on potential ideas on how to extend the work beyond its current time scope are welcomed.