



UNCTAD 14
Nairobi, 17–22 July 2016

FOURTEENTH SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT



**Preparatory Committee for the fourteenth session
of the United Nations Conference on Trade and Development**

**Second Hearing with Civil Society
Thursday, 26 May 2016, 10 a.m.–1 p.m.
Room XXVI, Palais des Nations**

**Written input from
International Services Trade Information Agency**

Disclaimer: The views expressed are those of the authors and do not necessarily reflect the views of the UNCTAD secretariat. The input has been circulated as received.

ISTIA



ISTIA comments on the Pre-Conference negotiating text

discussed at the

Second Hearing with Civil Society

Preparatory Committee meeting towards UNCTAD XIV

Thursday 26 May 2016, 10am – 1p.m.

Room XVI, Palais des Nations

United Nations Office at Geneva

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Introduction

On 26 May 2016, ISTIA was present at the Second Hearing with Civil Society, being a preparatory Committee meeting held as part of the organization of to the fourteenth UNCTAD Ministerial Conference (UNCTAD XIV) to be held in Nairobi, Kenya between 14-22 July 2016.

ISTIA wishes to thank His Excellency, Ambassador Alfredo SUESCUM the Chair of the Preparatory Committee, expressing enthusiasm and goodwill towards a successful civil society contribution to UNCTAD XIV. ISTIA also recognizes the Secretariat for their hard work in organizing UNCTAD XIV, and wishes to express appreciation to Deputy Secretary General Joakim REITER, co-Chair of the meeting, as well as Mme. Amele HAFFOUZ, Chief, NGO Liaison Office for UNCTAD, and officer-in-charge for all efforts, including the organization of both of the Preparatory meetings with Civil Society.

ISTIA was represented at the Meeting by ISTIA Executive Director Jennifer POWELL.

Meeting intervention

During the meeting, ISTIA made an intervention on Meeting agenda-item no. 4: “*Contributing to the effective implementation of and follow-up to the 2030 Agenda for Sustainable Development and relevant outcomes from global conferences and summits, as related to trade and development*”. In this context, ISTIA notes the increasing importance of services to the economies of **developing country** UN Member states, where the contribution to GDP generally ranges around 50 per cent; in **developed countries** the percentage of services is much higher, and can rest within the 70-80 per cent range. Services sectors provide around 36 per cent of employment for developing countries, and are viewed as an area of significant potential economic growth. Generally, services commerce is important to the economies of all UN Member states: Developing, Developed, LDCs, and transition economies. For this reason, the measurement of trade in commercial services is likewise viewed as important to national governments, international organizations and the private sector.

To respond to this need for measurement of trade in services, the UN Statistical Directorate (UN-SD) organized a Task Force on International Trade in Statistics (TFITS) , in cooperation with the OECD, the IMF and Eurostat. The Task Force has produced the *UN Manual on Statistics of International Trade in Services* (MSITS). The principal work of the MSITS has been to create a greater number of sectors for governments to report to the IMF as part of Balance of Payments reporting. This was called “EBOPS¹ (extended balance of payment) reporting”. Following publication of the MSITS, in 2010, the WTO published a training module for implementation and follow-up training. With respect to the Four Modes of Supply of the GATS (General Agreement on Trade in Services) of the WTO, the Manual recommends a “phased” method of implementation.²³ This “phased” method is described by a Training Module produced and published by WTO.

As of 2016, services trade measurement capacity building for developing countries and LDCs is still needed. This is not for a lack of expressing need for this kind of work: Developing countries have been requesting assistance in this area since the early 1990s⁴. In the UNCTAD context, high-level functionaries have expressed requests for assistance in this realm. For example, at the UNCTAD Global Services Forum held in 2013 in Beijing, Mme. Amelia KYAMBADDE, Minister for Trade, Industry and Cooperatives for the Government of Uganda noted the constraints that lack of reliable [services] data impose on policy making for LDCs. At that time, she appealed for a partnership approach in addressing the development of services sectors in landlocked LDCs, an appeal which Ministers endorsed. At the same meeting, Pascal KERNEIS, Managing Director of the European Services Forum stated that “We are missing statistics on services all over the world”.

Lack of descriptive services trade data

This is a situation which recalls the early days of the WTO and pre-WTO GATT Uruguay Round period over 75 meetings on services statistics⁵ discussed the lack of services statistics. In 2000, at the UN Expert Meeting

¹ EBOPS: Extended Balance of Payments.

² The phased method maps certain services sectors to estimate the GATS Four “Modes of Supply”. For example, all travel is mapped to Mode 2, all construction is mapped to Mode 3. This does not measure of the Four Modes of Supply in real terms.

³ On page 11 of the WTO Training Module, it is admitted that the “phased” mapping does not actually disaggregate for the Four Modes of Supply, because such disaggregation is not provided under the Balance of Payments measurement modality.

See Page 11: https://www.wto.org/english/res_e/statis_e/services_training_module_e.pdf

⁴ See WTO Meetings on statistics on trade in services 1986-2002: <http://www.servicetrade.org/wtodocs.htm> .

⁵ Available on the ISTIA website: <http://www.servicetrade.org>.

i.e. All meetings on services statistics which took place at the GATT and WTO between 1985-2002 including the text, or links to the original text, of the original GATT GNS (Group on Negotiations on Services) are available on the ISTIA website: <http://www.servicetrade.org>.

on International Standards in Statistics on Trade in Services, Mr. Alister Abercrombie of British Invisibles stated that “During the course of the Uruguay Round it was impossible for services negotiators to judge the value of the liberalization offers made by their trading partners either individually or collectively”.

Early WTO Secretariat documents noted that “In the GATS context... we encounter a crucial problem: the framework of negotiated commitments does not match the existing structure of trade statistics”⁶ and “the problems relating to the availability and comparability of statistics were the most serious and required urgent attention”⁷. It was in this context of unmet need that ISTIA was founded in 2006, to provide “**services statistics capacity building**”, focused on addressing the measurement of the Four Modes of Supply of the GATS, and helping governments to measure in the context of sectors vis-à-vis the GATS W120 list.

SDG 17: Partnerships for development

In this context, ISTIA calls attention to Sustainable Development Goal no. 17: “*Revitalize the global partnership for sustainable development*”, noting that ISTIA work addresses subtargets of SDG 17⁸, being **SDG 17 Subtarget: Capacity building (Capacity building 17.9)** Enhance international support for implementing effective and targeted capacity-building in developing countries to support national plans to implement all the sustainable development goals, including through North-South, South-South and triangular cooperation), part of **SDG 17 Subtarget Trade (Trade 17.10)** Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organization, including through the conclusion of negotiations under its Doha Development Agenda and **SDG 17 Subtarget Systemic Issues: Data, monitoring and accountability (Data Monitoring and accountability 17.19)** By 2030, [to] build on existing initiatives to develop measurements of progress on sustainable development that complement gross domestic product, and [to] support statistical capacity-building in developing countries).

UNCTAD XIV Preparation

Pre-Conference text

In the light of SDG 17’s high mandate and referencing Meeting point no. 4: “*Focusing on follow-up and implementation of the Agenda for Sustainable Development... as related to trade and development*”, ISTIA made the following points to address the pre-conference negotiating text.

1. LDCs need services statistics capacity building work: but so do all developing countries and transition economies:

Page 42(m) of the Pre-Conference negotiating text addresses the Role of UNCTAD including the need to

“(m) Continue [to support LDCs (add) [and strengthen (del)]its work on trade in services [, services data and statistics and analysis of trade and services for development]”.

ISTIA wishes to call attention to the fact that all developing country UN Member States - as well as LDCs - need capacity building on services statistical measurement, and that transition economies remain in great need of this kind of capacity building as well. In this light, ISTIA suggests that *unless the Secretariat has a specific ground for restricting point (m) to “LDCs-only”*, that the language be widened to include “developing countries, economies in transition and LDCs”, i.e.

“(m) Continue [to support **developing countries and transition economies, with a special focus on LDCs through strengthening (add) [work on trade in services [, services data and statistics and analysis of trade and services for development]**”.

2. Developing countries face specific “capacity challenges” in achieving the kind of statistical data needed for policymaking, including data needed to support trade negotiations - including services trade negotiations:

⁶ WTO (1995) S/C/M/5 para. 24

⁷ WTO (1995) S/C/M/2 para. 29

⁸ Expanded UN Sustainable development goals can be found at: <https://sustainabledevelopment.un.org/?menu=1300>

⁹ Also, **SDG 17 Subtarget Systemic Issues: Data, monitoring and accountability (Data Monitoring and accountability 17.18)** By 2020, enhance capacity-building support to developing countries, including for least developed countries and small island developing States, to increase significantly the availability of high-quality, timely and reliable data disaggregated by income, gender, age, race, ethnicity, migratory status, disability, geographic location and other characteristics relevant in national context.

Statistical challenges for developing countries

ISTIA notes that the success of services statistics capacity building in LDCs is backstopped on the foundation of functional infrastructure of LDC statistical agencies which allow statistical collection to be undertaken successfully. For capacity building to be successful, the environment in which statisticians operate needs to be functional. This poses special challenges for the developing world's statistical offices¹⁰.

This is not an easy area of work¹¹: developing country statistical offices often lack resources¹² of both an infrastructure, as well as financial basis. Beyond this, in many UN Member States, statisticians are some of the lowest paid functionaries in national governments. Notwithstanding these roadblocks, national statistical officers are increasingly being required to perform ever-more detailed reporting requiring sophisticated understanding of global production, for which they may or may-not have received adequate training. New methods of imputation have been put forth by the international community, and developing country, LDC and transition economy national statistical offices (NSOs) struggle to meet the requirements posed by both national and international actors. Despite excellent publications put-forth by the international community, developing country and LDC statistical offices struggle. Helping NSOs to overcome these challenges is an ongoing task.

In 1998, an Annex to a report by the UN Secretary General on statistical capacity building noted the following preconditions for success: For cooperation to be effective, the following preconditions should be met: 1) Commitment of national authorities, 2) A workable legal and institutional setting, 3) Commitment of the recipient organization 4) Availability of adequate and motivated staff, 5) Availability of basic housing, software and equipment 6) Available of an involved management of the national statistical system) Awareness of the fundamental principles of official statistics¹³.

A discussion of the issues of the history and effectiveness of statistical capacity building for developing countries and LDCs is beyond the scope of the Pre-Conference text, but suffice it to say that much work has been done by the United Nations and other international organizations, notably the World Bank (which has a Trust Fund for Statistical Capacity Development, as well as a system of loans for statistical capacity building called "STATCAP"), the OECD (via a sector of the OECD called "Paris21.org" which forwards "NSDS", National Statistical Development Strategies), and also by the UN-DESA, which as-of 2006, had funded 94 statistical capacity building under a special "Development Account"¹⁴. There has been a "Monterrey Consensus" that came out of the 2002 Monterrey Conference on Financing for Development, and a "Marrakech Action Plan for Statistics"¹⁵ An Action Plan for Improving Development Statistics was presented at the Second International Roundtable on Managing for Development Results held in Marrakech in February 2004. There were monitoring programs for the Millennium Development Goals; As-from February 2015 there was already a needs assessment project for monitoring the Sustainable Development Goals¹⁶ tabled by the World Bank, Paris21 and other, non-governmental partners.

ISTIA's principal focus is on trade-in-services data, which is a subset of wider national statistical collection programs: ISTIA strives to be compliant with existing international standards and to work in a cohesive manner with national activities already ongoing to maximize ongoing efforts and minimize duplication.

ISTIA calls to attention that the Pre-Conference negotiating text mentions "data" or "statistics" seventeen times.

¹⁰ Developing Samplers for Developing Countries Leslie Kish International Statistical Review / Revue Internationale de Statistique Vol. 64, No. 2 (Aug., 1996), pp. 143-152.

¹¹ World Bank (200) Building Statistical Capacity to Monitor Development Progress, World Bank Development Data Group.

¹² Statistics New Zealand (2003), Challenges for National Statistical Offices collecting and providing data requested by international agencies - "One size does not fit all", Brian Pink, Lyn Potaka, Keith Sykes.

¹³ Source : United Nations (1998) Technical cooperation in statistics : Note by the Secretary Genral. Annex: Report of the Workshop on Improving Technical Cooperation in Statistics: draft guiding principles for good practices in technical cooperation, Economic and Social Council, Working Group on International Statistical Programmes and Coordination, Ninetheeth session, New York, 10-13 February 1998, Item 10 of the provisional agenda, E/CN.3/AC.1/1996/L7, 25 November 1997.

¹⁴ Francesca Perucci United Nations Statistics Division, Building Statistical Capacity to Monitor Development, UNSD-SADC Statistics Project First Meeting of the Steering Committee Durban, 14-16 July 2006

¹⁵ The Marrakech Action Plan for Statistics. Better Data for Better Results. An Action Plan for Improving Development Statistics. Presented at the Second International Roundtable on Managing for Development Results, Marrakech, Morocco, February 4-5, 2004

¹⁶ A Needs Assessment for SDG Monitoring and Statistical Capacity Development Working Draft February 27 , 2015 SDSN, Open Data Watch TheWorld Bank, PARIS 21, CIESIN, Simon Fraser University, UNICEF, The One. <http://unsdsn.org/wp-content/uploads/2015/03/150228-Needs-Assessment-Working-Draft.pdf>

UNCTAD XIV re-conference negotiating text vis-à-vis “data” or “statistics” (cont.)

Page 18 THE ROLE OF UNCTAD (point 24)... Publicly available, high-quality statistics that adhere to international standards are also needed.

Page 24 THE ROLE OF UNCTAD (point 37)... [Establishing an international platform that provides timely and detailed commodity-price statistics[, **which would be compatible with any domestic law dealing with taxation of cross-border transactions of commodities, (add)**] would significantly help many developing countries to address tax avoidance through transfer mispricing. . **(del)** [**The World Bank and OECD Toolkit on Comparability Data for Transfer Pricing will be a useful instrument for developing countries in this regard. (add)**]

Page 25 THE ROLE OF UNCTAD (point 40)... [(c) bis.) **Continue its work on the impact of non-tariff measures on trade and development prospects of developing countries and strengthen its cooperation on the topic with other relevant partners, including through participation in the multi-agency support team on the non-tariff measure database; (moved from (m))**

Page 26 THE ROLE OF UNCTAD (point (d)) (d) Continue to collect statistics and conduct research and policy analysis on the development impact of foreign direct investment, and the activities of multinational enterprises, [in particular (del)] [including (add)] through the annual World Investment Report [and the Trade and Development Report (add)] including through non-equity modes of international production, to keep member States abreast of developments and enable them to assess their importance for development and devise and implement appropriate policy instruments;

Page 27 THE ROLE OF UNCTAD (point 40 [(f)...Develop statistical series, [data base (add)] and capacity in the fields of domestic debt, external private [**and public (add)**]debt, debt composition and sovereign debt restructuring [**to facilitate debt monitoring, crisis prevention, resolution and restructuring processes; (add)**] **(del paragraph)**

Page 28 THE ROLE OF UNCTAD (point 40 (l) [Collaborate with **(del)**][**Continue to monitor (add)**] commodity[-exporting countries in order to address tax avoidance **(del)**] [**prices and maintain (add)**] [by developing] an appropriate database on international commodity prices [**in collaboration with developing countries; (add)**] **(del paragraph)**

Page 28 THE ROLE OF UNCTAD (point 40 [(m)Continue its work on the impact of non-tariff measures on trade and development prospects of developing countries and strengthen its cooperation on the topic with other relevant partners, including through participation in the multi-agency support team on the non-tariff measure database; (move upwards as 40d.)] **(ad ref)**

Page 31 THE ROLE OF UNCTAD (point 40 (z)) [(cc)...Assist developing countries, including through capacity building, with the creation of methodologies to measure the impact of national policy efforts towards achieving sustainable development, and with the maintenance of appropriate and updated national statistics that adhere to international standards; (add)]

Page 41 THE ROLE OF UNCTAD (point 60 (g) [**Continue to (add)**]Strengthen its work on issues related to South–South cooperation and integration, and triangular cooperation including by [upgrading data (del)] [**promoting sharing of best practices of South-South cooperation (add)**] and {analytical tools and [building a **(del)**] [**its existing (add)**] statistical database, and **(del)**} analysis of its development impact and potential role in strengthening the global economy[**in cooperation with other relevant agencies (add)**];

Page 43 THE ROLE OF UNCTAD Point 60 (s) Strengthen its work on enhancing development gains from the digital economy and e-commerce through policy analysis, national ICT policy reviews, capacity-building in the area of e-commerce legislation and improving access to data and statistics on the information economy to assess policies and measure impact, including through the Partnership on Measuring Information and Communications Technology for Development; **(ad ref)**

Page 43 THE ROLE OF UNCTAD ... Point 60z (gg) Continue to work in collaboration with other United Nations entities and other stakeholders to enhance the development of transparent measures of progress in terms of sustainable development through its research and analysis, data collection and statistics, including the [enhancement **(del)**] [**improvement (add)**] of vulnerability indices in the area of trade and development;

UNCTAD XIV re-conference negotiating text vis-à-vis “data” or “statistics” (cont.)

Page 54 THE ROLE OF UNCTAD (point 82 (a))Provide statistics, analytical work and technical assistance to developing countries, particularly [African countries, LDCs, LLDCs, SIDS, Structurally weak and vulnerable small economies, middle income countries (MICs) (add)] [LDCs, {and countries with economies in transition, (del)} (del)] in the areas of trade, economic diversification, industrial policies and the effective mobilization of financial resources for structural transformation, to enhance growth and development and to integrate beneficially into the global economy, including through development of sectors and activities that generate greater value addition and effective exploitation of trade opportunities offered by multilateral and regional initiatives;

Page 54 THE ROLE OF UNCTAD (point 82 (c))Develop statistics and conduct research on emerging and long-standing development challenges to LDCs and analyse national and international policy strategies and programmes aimed at their graduation and sustainable development to provide practical solutions and policy options, including through promotion of investment and entrepreneurship and building productive capacities; (ad ref)

Page 59 THE ROLE OF UNCTAD (point 60 (z)) (aa) [**Maintain UNCTAD’s position as the primary source for global statistics and (add)**] {Continue to develop [new (del)] [up to date, timely and pertinent (add)] statistics on investment, the creative economy and the global economy. (del)} [**Strengthen UNCTAD’s position as a key source for statistics on investment and the operations of multinational enterprises. (add)**]

Page 63 THE ROLE OF UNCTAD (point 86.Effective implementation [will (del)] [**could (add)**] require sound and coherent policy frameworks and statistics at the international level, based on pro-poor inclusive and gender-sensitive development strategies)

Page 66 THE ROLE OF UNCTAD Point 95. UNCTAD has a unique and central role as a producer and provider of statistics across all areas of its work. In addition to the integrated treatment of trade with other global and macroeconomic issues from a development perspective, UNCTAD should also continue to pursue its established [comparative advantage (del)] [mandate in the provision of technical assistance (add)] in [capacity-building (del)] on trade, [, finance (del)] [finance and (del)] development and [interrelated issues in the area of finance, technology, investment and sustainable development among others (add)] [in the field of investment policy. (del)]

Page 75 THE ROLE OF UNCTAD Point 107. (j)Contribute [**within its mandate (add)**] to monitoring, discussion and implementation of the Sustainable Development Goals by providing reliable and timely [**trade-related (add)**] statistics. [**disaggregated by sex and age where appropriate (add)**] and through statistical capacity-building at the national level, as an essential basis for policy analysis and informed decision-making on trade and development;

CONCLUSION

ISTIA welcomes the efforts of UNCTAD in statistical areas and with data use, collection and publication: This noting the ground breaking work with data that UNCTAD had undertaken in the areas of foreign direct investment (FDI) and foreign affiliated trade (FATS – formerly called transnational corporations or “TNC” data), data collected in relation to cross-border trade in information, communications and technology (ICT).

ABOUT ISTIA

ISTIA (the International Services Trade Information Agency) is a non-governmental organization, founded in 2006 under Swiss law. The mandate of ISTIA is specified in Article IV, para. 1 of the ISTIA Articles of Association, which states that: *The mandate of the Association ISTIA comprises the provision of services trade statistics capacity building to entities and individuals in developing countries, least developed countries and economies in transition.* This being with a view towards that they might collect and collate services trade statistics in a manner which provides richer material for analysis, thus empowering them to participate more actively in trade in services negotiations, most notably in the context of the General Agreement on Trade in Services (GATS) of the World Trade Organization (WTO). Other unspecified activities that are supportive to the provision of services trade statistics capacity building will also be part of this mandate.

Further information about ISTIA can be found on the ISTIA website at: <http://www.servicetrade.org>