The OECD-WTO-IMF-UNCTAD Handbook on Measuring Digital Trade, v.2

What’s new?

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On behalf of OECD, WTO, IMF and UNCTAD

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Background

Handbook v1:
• First statistical definition of digital trade based on the nature of the transaction
• Established a conceptual framework for measurement
• Provided initial compilation guidance on digital trade transactions

OECD definition of e-commerce for measurement purposes (2001, 2009)

WTO work program on e-commerce (1998)

UNCTAD-led work defining ICT-enabled services, measuring trade (2015 - onwards)


Structure of Handbook, v2

• Ch1. Introduction
• Ch2. Conceptual framework for measuring digital trade
• Ch3. Measuring digitally ordered trade
• Ch4. Measuring digitally delivered trade
• Ch5. Digital intermediation platforms (DIPs)
• Ch6. Country case-studies
• Annexes
Key concepts

- **Nature of transaction is key**
  - Digitally ordered and/or digitally delivered
- **Framework consistent with SNA 2008 and BPM6**
- **Framework covers goods and services**
  - Only services can be digitally delivered
- **All economic actors can engage in digital trade as importers or exporters**
  - Businesses, households, government, Non-profits
- **Non-monetary digital flows, including data flows, acknowledged but not included in digital trade**

Digital Trade
“all trade that is digitally ordered and/or digitally delivered”

- **Digitally ordered trade**
- **Digitally delivered trade**

**Conceptual overlap**
Transactions that are both digitally ordered and digitally delivered
Defining digitally ordered trade

- **Digitally ordered trade** is defined as “the international sale or purchase of a good or service, conducted over computer networks by methods specifically designed for the purpose of receiving or placing orders”
- Matches the OECD definition of e-commerce (2009)
- Covers goods and services
- Ordering methods include
  - electronic data interchange system (EDI)
  - own website
  - third party website or app
  - digital intermediation platforms (DIPs)

Digitally ordered trade = international e-commerce
Compiling digitally ordered trade

Revised chapter structure

– Survey sources (largely new)
  • Business surveys
  • Household surveys
  • Government and NPISH surveys

– Non-survey sources (largely unchanged)
  • Card payment data
  • *De minimis* trade estimates
  • Customs data

– Recommendations (revised)
"Digitally ordered trade" = "international e-commerce"

- Use surveys covering e-commerce to measure digitally ordered trade notably business and household ICT usage surveys

Recommended to prioritise business
- Biggest “piece of the puzzle” for both sales (exports) and purchases (imports)
- More developed/fewer challenges for measuring e-commerce value than Household Surveys
- Almost 80 economies have business ICT surveys

Top-down approach:
1. Measure total e-commerce $
2. Break down into domestic/international
3. Further breakdown by product type (good, digitally delivered service, other service) to measure conceptual overlap

Handbook provides practical examples (incl. survey questions) from countries with varying statistical systems.
- Can also provide a basis for questions on other surveys (e.g. surveys of business activity).
Defining digitally delivered trade

- Digitally delivered trade is defined as “all international transactions that are delivered remotely over computer networks”
- Only covers services
- Definition simplified compared to HB v1
  - Full alignment with definition of ICT-enabled services (TGServ)
  - Broad alignment with services supplied via Mode 1 (if digitally deliverable)
Compiling digitally delivered trade

1. Identify services which *can be* delivered remotely through computer networks
   - Total for (most) *digitally deliverable* services can be aggregated from existing trade by products data
     - but this will include trade via Mode 4 (presence of natural persons)

2. Focus in on Mode 1 (cross-border) supply to yield a reasonable estimate for *digitally delivered* trade
   - Recommended to add questions on digital/remote delivery to ITS and/or ICT surveys
   - Also to add questions on digitally delivered products to Travel (Mode 2) surveys

<table>
<thead>
<tr>
<th>Table 4.1 – Digitally deliverable services</th>
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<tbody>
<tr>
<td>Insurance and pension services</td>
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<td>Financial services</td>
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<td>Charges for the use of intellectual property n.i.e.</td>
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<td>Telecommunications, computer, and information services</td>
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<td>Research and development services</td>
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<td>Professional and management consulting services</td>
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<tr>
<td>Architectural, engineering, scientific and other technical services</td>
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<td>Other business services n.i.e.</td>
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<tr>
<td>Audio-visual and related services</td>
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<td>Health services</td>
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<tr>
<td>Education services</td>
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<td>Heritage and recreational services</td>
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<tr>
<td>Digital intermediation services provided by DIPs n.i.e</td>
</tr>
<tr>
<td>Digitally deliverable services consumed abroad (Mode 2)</td>
</tr>
</tbody>
</table>
Global exports of digitally delivered services (estimated)

Digitally-delivered services exports (mode 1) = 3.71 USD tn in 2021

Index 2005=100

Source: WTO
Digital intermediation platforms (DIPs)

- DIPs are defined as 'interfaces that facilitate, for a fee, the direct interaction between multiple buyers and multiple sellers, without the platform taking economic ownership of the goods or rendering the services that are being sold (intermediated).

- DIPs provide a digital intermediation service that should be separately recorded in the accounts. The fee:
  - can be invoiced to the producer, to the consumer or both
  - if not separately invoiced, is assumed to be paid by the producer

- Treatment in line with v1 of the Handbook and now endorsed in BPM revision and in OECD Handbook on Digital SUTs (forthcoming)

- Intermediation services to be classified in trade-related services (for both goods and services)
Country case studies

• **Spain** (INE)
  – Inventory of existing survey instruments which can be exploited to generate insights on digital trade at relatively low cost

• **Turkey** (Turkish Statistical Institute)
  – Approach to measure digitally ordered trade at monthly frequency using customs declarations and postal data

• **Jamaica** (Bank of Jamaica)
  – Stocktaking exercise of existing data sources that could be used to estimate digital trade in Jamaica (surveys, payment card and payment gateway data, as well as administrative sources)

• **China**
  – Approach to measure digitally ordered trade via customs data (specific customs procedure codes), complemented with ad hoc surveys and other information from DIPs and logistics platforms (General Administration of China Customs)
  – Survey approach to measure digitally delivered computer services (Ministry of Commerce)
### Reporting template for Digital Trade

<table>
<thead>
<tr>
<th></th>
<th>Total Digital Trade</th>
<th>Total exports</th>
<th>Total imports</th>
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<tbody>
<tr>
<td>1</td>
<td></td>
<td>2 + 3.2</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>or 2 + 3 minus 2.2.a</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>or 2 + 3 minus 3.1</td>
<td></td>
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<tr>
<td>2</td>
<td>Digitally Ordered Trade</td>
<td>2.1+2.2</td>
<td></td>
</tr>
<tr>
<td>2.1</td>
<td>Goods</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1.a</td>
<td>of which: via DIPs</td>
<td></td>
<td></td>
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<tr>
<td>2.2</td>
<td>Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.2.a</td>
<td>of which: digitally delivered</td>
<td>=3.1</td>
<td></td>
</tr>
<tr>
<td>2.2.b</td>
<td>of which: via DIPs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Digitally Delivered Trade</td>
<td>3.1+3.2</td>
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</tr>
<tr>
<td>3.1</td>
<td>Of which: Digitally ordered services</td>
<td>=2.2.a</td>
<td></td>
</tr>
<tr>
<td>3.1.a</td>
<td>of which: via DIPs</td>
<td></td>
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<tr>
<td>3.1.b</td>
<td>of which: digital intermediation services</td>
<td></td>
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<tr>
<td>3.2</td>
<td>Of which: not digitally ordered services</td>
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**Addendum items**

| A.1 | Digital trade in services | 2.2+3 minus 2.2.a       |
|     |                             | or 2.2+3.2               |
| A.2 | Digitally deliverable services | >3                          |
What’s left to do?

- Chapter 2 (conceptual framework) and chapter 3 (compilation of digitally ordered transactions) currently under consultations
- Chapter 4 (compilation of digitally delivered transactions) and chapter 5 (accounting for DIPs) to be shared for consultation in next few weeks
- Outcomes of ongoing revisions of international standards and classifications to be integrated to the extent possible
- Final manuscript expected by end 2022
- Publication planned for spring 2023
THANK YOU

OECD, WTO, IMF and UNCTAD

Feedback welcome!
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