

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

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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
- ❑ 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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