

# Third meeting of the Informal Working Group on Data for Services, Trade and Development Policies

20 November 2023, 2–3.30 p.m., Central European Time (CET)

International trade in services statistics – Data availability for developing economies

Background note

The UNCTAD's Statistics Service publishes the most complete international trade in services data set based on official statistics. The data set is compiled jointly with the World Trade Organization (WTO) and updated annually (mid-July). The trade-in services statistics are based on the concepts from the 6<sup>th</sup> edition of the Balance of Payments Manual (BPM6, IMF, 2009) and use the Extended Balance of Payments Services classification (EB-OPS-2010), as described in the Manual on Statistics of the International Trade in Services (MSITS, United Nations et al. 2012).

UNCTAD and WTO make every effort to collect all the relevant official statistics available, either from international organisations mandated to collect these figures from countries, or directly from statistical authorities of economies. The main international organisations mandated to collect trade-in services data include the International Monetary Fund (IMF), the Organization for Economic Cooperation and Development (OECD), and Eurostat. Other sources include various regional organisations, regional central banks, and specific regular country reports, such as "Article IV consultation reports" published by the IMF. When the data for an economy are not available in its principal source, other sources are exploited to estimate the missing statistics. Advanced modelling to fill the remaining data gaps is not applied in the described data set. Therefore, this data set offers an excellent basis to study the data gaps in official trade in services statistics, both for partner world-total, as well as for bilateral partner information.

The UNCTAD-WTO trade in services data set covers some 200 economies, of which 156 are developing and 46 also belong to the group of least developed countries (LDCs). The data coverage for developed economies is more complete than for the developing ones, mainly because developed countries have more resources to invest into statistical programs and have legal arrangements in place requiring resident entities to report information. In developing economies, both financial resources and legal arrangements may sometimes be weak. When this is the case, it is recommended that an economy focuses on compiling the statistics that are more important to them.

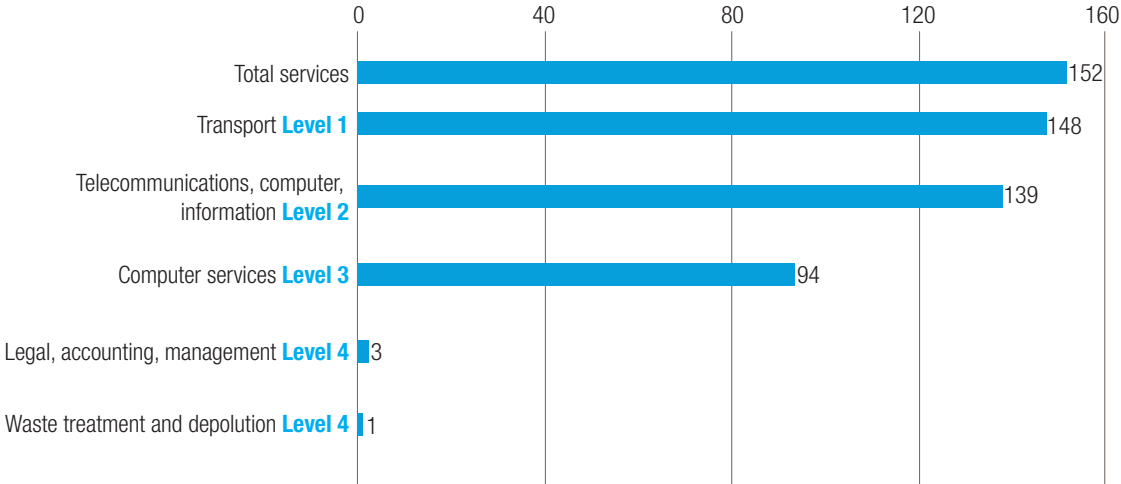
Why are trade-in services statistics important? In 2021, the services sector covered 45 per cent of developing countries' employment and represented 61 per cent of total value added in their economies. Services - like transport, telecommunications, information technologies, and financial and various business services – underpin economic development and link entrepreneurs and businesses. It is important for policymakers and the business community to dispose of reliable statistical information about developments in the services sector, including its international trade trends.

According to the information collected by UNCTAD, only a few developing countries do not compile trade-in services statistics (less than 10). Few others have had problems compiling those statistics recently but have produced them in the past. About 15 developing economies compile trade-in services statistics regularly, but they publish them only at the most aggregated level for total services, transport, travel, and eventually with one or two additional items of their particular interest. All other developing economies make the trade-in services data available at the level of 12 main service components for the partner world total. This is a significant improvement from the year 2005, as more trade in services detailed statistics are published every year by developing and least developed economies.

Why is data still missing? Although a big leap forward has been made in compiling trade-in services data over the last 15 years, trade analysis and trade negotiation require more granularity in statistics. For the analysis to be pertinent and for the trade negotiation to be successful, the protagonists need to know which services are traded and with which economy. It is precisely in partner-country statistics that developing economies are mostly lagging behind the developed countries' data for trade in services. While almost all developed economies provide trade-in services statistics by bilateral partner countries, only four developing economies regularly publish trade-partner data for 12 main service categories. Few others publish selected partner-country statistics, with less detail or less regularity. Some developing economies may collect and process partner data for trade-in services but may not make them publicly available. The overall situation manifests a significant lack of information for developing countries' trade analysts and negotiators. It further inhibits any study of the South-South trade in services. **The trade-in services by partner economy would be the priority area for further investment in trade statistics in the developing world.**

Thereafter, trade-in services figures are lacking for specific sectoral analysis. This is mainly a question of gaps in the EBOPS categories sub-detail compiled and reported. For example, the sub-detail of several main service items is necessary to evaluate international trade in cultural and creative products. The same applies to health services, education services, and environmental services. Figures directly related to those sub-items are often absent in the developing economies' trade-in services statistics. **Countries are encouraged to collect, compile, and publish trade data by detailed service categories, particularly in domains significant to their economies.**

**Number of developing economies reporting exports in selected service categories, 2017 (Max=156)**



Source: UNCTAD

Note: Refers to official statistics or official estimates.

Further on, trade negotiators would like to know by which mode of supply services were exported or imported. Trade in services by mode of supply is compiled mainly by developed economies. More data has become available in recent years. It is recognized that it is not simple for data reporting entities (surveyed companies) to (i) understand the concepts and (ii) get good information on the mode of supply used in a transaction. **To overcome this difficulty, the national statistical authority, which compiles the data, can adopt a simplified allocation algorithm and assign the modes of supply to services statistics.** International guidelines exist and should not be difficult or costly to apply. The approach would provide reasonable estimates of the worth of trade-in services by mode of supply. Moreover, following the adopted international guidelines would assure cross-country comparability.