DIGITAL TRADE IN SERVICES

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Some definitions

✓ **E-commerce:** “The sale or purchase of a good or service, conducted over computer networks by methods specifically designed for the purpose of receiving or placing orders.”
  
  o Payments can be online or offline; delivery can be physical or digital
  o Equivalent to “digitally ordered trade” when involving cross-border transactions

✓ **Digitally delivered trade:** “International transactions that are delivered remotely in an electronic format, using computer networks specifically designed for the purpose.”

✓ **Digital trade:** Any trade that is the result of digitally placed orders and/or is digitally delivered.

Source: OECD and WTO: Handbook on Measuring Digital Trade
Measuring international trade in ICT-enabled services

✓ **Partnership Task Group on Measuring Trade in ICT Services and ICT-enabled Services**: UNCTAD, WTO, OECD, UNSD, UNESCWA, WBG and ITU
  - Tim Sturgeon, MIT, lead consultant
  - Close interaction with UN Task Force on International Trade Statistics (TFITS)
  - Built on existing methodologies and measurement frameworks

✓ **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](http://www.unctad.org/ict4d/technicalnotes)

✓ **United Nations Statistical Commission** adopted definition, 47th session (March 2016)

✓ **Model survey questionnaire** developed

✓ **Survey implementation** in Costa Rica, India and Thailand in 2017
ICT-enabled services - delivered digitally

✓ **ICT-enabled services** = *services with outputs that can be delivered remotely over ICT networks*
  ✓ EBOPS 2010 not amenable for identifying ICT-enabled services
  ✓ Define *potentially* ICT-enabled services using detail in CPC Ver.2.1 and the official correspondence to EBOPS 2010
  ✓ 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)

✓ **Actual** ICT-enabled services are similar to Mode 1 (GATS) cross-border supply for the selected services

✓ Given the lack of data by mode of supply, a *survey-based approach* was preferred for producing the statistics

✓ **Focus on exporting** economies - easier data collection
New complementary grouping for trade in ICT-enabled services

Categories for measuring trade in ICT-enabled services

<table>
<thead>
<tr>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 ICT services – Telecommunications</td>
</tr>
<tr>
<td>1.2 ICT services – Computer services (including computer software)</td>
</tr>
<tr>
<td>1.3 Sales and marketing services, not inc. trade and leasing services</td>
</tr>
<tr>
<td>1.4 Information services</td>
</tr>
<tr>
<td>1.5 Insurance and financial services</td>
</tr>
<tr>
<td>1.6 Management, administration, and back office services</td>
</tr>
<tr>
<td>1.7 Licensing services</td>
</tr>
<tr>
<td>1.8 Engineering, related technical services, research and development (R&amp;D)</td>
</tr>
<tr>
<td>1.9 Education and training services</td>
</tr>
</tbody>
</table>
Costa Rica one of two countries that have surveyed the exports of digitally delivered services
## Main ICT enabled services within the BOP

*Millions of USD*

<table>
<thead>
<tr>
<th>Service</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Insurance and pension services</strong></td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td><strong>Financial services</strong></td>
<td>65</td>
<td>90</td>
<td>90</td>
<td>85</td>
</tr>
<tr>
<td><strong>Telecomunications:</strong></td>
<td>1,002</td>
<td>1,095</td>
<td>1,163</td>
<td>1,246</td>
</tr>
<tr>
<td>Telecomunications services</td>
<td>13</td>
<td>12</td>
<td>13</td>
<td>12</td>
</tr>
<tr>
<td>Computer services</td>
<td>928</td>
<td>994</td>
<td>1,076</td>
<td>1,155</td>
</tr>
<tr>
<td>Information services</td>
<td>61</td>
<td>89</td>
<td>74</td>
<td>79</td>
</tr>
<tr>
<td><strong>Other business services:</strong></td>
<td>2,607</td>
<td>2,925</td>
<td>2,969</td>
<td>3,194</td>
</tr>
<tr>
<td>Research and development</td>
<td>155</td>
<td>169</td>
<td>152</td>
<td>168</td>
</tr>
<tr>
<td>Professional and management consulting services</td>
<td>2,188</td>
<td>2,539</td>
<td>2,655</td>
<td>2,845</td>
</tr>
<tr>
<td>Technical, trade-related and other business services</td>
<td>264</td>
<td>217</td>
<td>182</td>
<td>181</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>3,676</td>
<td>4,112</td>
<td>4,224</td>
<td>4,527</td>
</tr>
</tbody>
</table>

*Source: Banco Central de Costa Rica*

«Potentially ICT-enabled»
# Case of Costa Rica (2)

## Total Exports

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total exports</td>
<td>12.5</td>
<td>16.6</td>
<td>17.2</td>
<td>18.6</td>
<td>19.4</td>
<td>20.6</td>
</tr>
<tr>
<td>Exports of goods</td>
<td>7.5</td>
<td>9.5</td>
<td>9.5</td>
<td>10.1</td>
<td>10.8</td>
<td>11.5</td>
</tr>
<tr>
<td>Exports of services</td>
<td>5</td>
<td>7.1</td>
<td>7.7</td>
<td>8.5</td>
<td>8.6</td>
<td>9.1</td>
</tr>
<tr>
<td>Transport</td>
<td>0.4</td>
<td>0.4</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Travel</td>
<td>2.2</td>
<td>3.0</td>
<td>3.3</td>
<td>3.6</td>
<td>3.7</td>
<td>3.8</td>
</tr>
<tr>
<td>Others</td>
<td>2.4</td>
<td>3.7</td>
<td>3.9</td>
<td>4.4</td>
<td>4.4</td>
<td>4.8</td>
</tr>
</tbody>
</table>

Of which: ICT-enabled services

- 2010: 3.3
- 2014: 3.5
- 2015: 3.7

«Actually ICT-enabled»

Source: Banco Central de Costa Rica.
### Exports of ICT-enabled services by type

**Millions of USD, 2018**

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Services Exports</th>
<th>Exports of ICT-enabled services</th>
<th>Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telecommunications</td>
<td>24</td>
<td>24</td>
<td>100</td>
</tr>
<tr>
<td>Computer services</td>
<td>760</td>
<td>699</td>
<td>92</td>
</tr>
<tr>
<td>Sales and marketing services</td>
<td>187</td>
<td>109</td>
<td>58</td>
</tr>
<tr>
<td>Information services</td>
<td>15</td>
<td>15</td>
<td>100</td>
</tr>
<tr>
<td>Insurance and financial services</td>
<td>92</td>
<td>92</td>
<td>100</td>
</tr>
<tr>
<td>Management, administration and back office services</td>
<td>2,612</td>
<td>2,599</td>
<td>99</td>
</tr>
<tr>
<td>Licensing services</td>
<td>2</td>
<td>2</td>
<td>100</td>
</tr>
<tr>
<td>Engineering, related technical services and R&amp;D</td>
<td>200</td>
<td>197</td>
<td>98</td>
</tr>
<tr>
<td>Education and training services</td>
<td>3</td>
<td>2</td>
<td>67</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,895</strong></td>
<td><strong>3,739</strong></td>
<td><strong>96</strong></td>
</tr>
</tbody>
</table>

Source: Banco Central de Costa Rica
Costa Rica (4)

Exports of ICT-enabled services by size class, 2018

<table>
<thead>
<tr>
<th>Size Class</th>
<th>Large</th>
<th>Medium</th>
<th>Small</th>
<th>Micro</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprises</td>
<td>232</td>
<td>95</td>
<td>37</td>
<td>720</td>
<td>1,084</td>
</tr>
<tr>
<td>Millions of USD</td>
<td>3,630</td>
<td>60</td>
<td>21</td>
<td>28</td>
<td>3,739</td>
</tr>
</tbody>
</table>

Share: 97% 1.7% 0.6% 0.7% 100%

Source: Banco Central de Costa Rica.
Costa Rica (5)

**Origin of direct investment enterprises with export of ICT-enabled services, 2018**

- 56% United States of America
- 27% Europe
- 12% Other countries
- 5% Panama

**Exports of ICT-enabled services by countries and regions of destination, 2018**

- 50% United States of America
- 18% Central America
- 17% Panama
- 6% Other countries

Source: Banco Central de Costa Rica.
Digitally deliverable services: diverging trends in Latin America and the Caribbean

Exports of digitally-deliverable services as a share (%) of total services exports, 2005-2019

- World
- South America
- LAC
- Central America
- Caribbean
Great variety at country level in Latin America

Exports of digitally deliverable services as a share of total services exports, Latin America, 2019

- Guyana (2018)
- Brazil
- Costa Rica
- Argentina
- Suriname
- Uruguay
- Chile
- Guatemala
- Peru (2018)
- Colombia
- Nicaragua (2018)
- Panama
- El Salvador
- Venezuela (Bolivarian Rep. of) (2016)
- Honduras
- Belize
- Mexico
- Bolivia (Plurinational State of)
- Ecuador
- Paraguay

Potentially ICT-enabled

Actually ICT-enabled was 40%
As well as in the Caribbean

Exports of digitally deliverable services as a share of total services exports, Caribbean, 2019

- Cayman Islands (2018)
- Anguilla
- Curaçao
- Trinidad and Tobago
- Montserrat
- Dominica
- Sint Maarten (Dutch part)
- Jamaica (2018)
- Saint Vincent and the Grenadines
- Antigua and Barbuda
- Dominican Republic
- Saint Kitts and Nevis
- Aruba (2018)
- Grenada
- Haiti (2018)
- Bahamas
- Saint Lucia

0 10 20 30 40 50 60 70 80
Working Group on Measuring E-commerce and the Digital Economy

- First meeting December 2019
  - Revision of the UNCTAD Manual for the Production of Statistics on the Information Economy – *more information on measuring digitally delivered services*.
  - Measuring domestic and cross-border electronic commerce (e-commerce).

- Second meeting: Q2 2021 (tbc)
  - Progress in measuring e-commerce and the digital economy work by relevant international organizations
  - Implementation of the revised UNCTAD “Manual on the Production of Digital Economy Statistics”: Next steps
  - Use of non-survey sources of data to supplement the traditional measurement of e-commerce and the digital economy.
Thank you!