Recap session on main concepts and definitions in Trade in Services Statistics

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The Manual on Statistics of International Trade in Services (MSITS 2010)

Guidelines and recommendations on the Measurement of trade in services

Balance of Payments statistics

Foreign Affiliates statistics (FATS)

Statistics on the international supply of services by mode

(incl. mode 4)
BPM6/EBOPS 2010 Main Services Components

1. Manufacturing services on physical inputs owned by others
2. Maintenance and repair services n.i.e.
3. Transportation
4. Travel
5. Construction
6. Insurance and pension services
7. Financial services
8. Charges for the use of intellectual property n.i.e.
9. Telecommunications, computer and information services
10. Other business services
11. Personal, cultural and recreational services
12. Government goods and services n.i.e.
Foreign Affiliates Statistics (FATS)

• **What are FATS useful for?**
  • Provide a measure of Mode 3 (commercial presence)
  • Help understand the phenomenon of globalisation.

• **What do FATS measure?**
  • Range of indicators on the activity of majority-controlled foreign affiliates
  • Inward and outward FATS
  • With a particular focus on services
Foreign affiliates covered by FATS

• Control criterion

Majority-controlled foreign affiliates (single foreign investor has *more than 50% of voting power at each stage of the chain of ownership*):

- Include branches and subsidiaries
- Exclude associates

• Types of producers

Affiliates producing goods, services

*Supplementary firms where relevant (e.g. multiple controllers)*
Foreign Affiliates Statistics (FATS)

Where is the service supply?

ECONOMY A compiles outward FATS

ECONOMY B compiles inward FATS

ECONOMY C

Service supply

FATS data

Company $ $ Direct investment $ Foreign affiliate

Service supply BOP

Company

Service supply

Foreign affiliate

FATS data

Company

Service supply

Foreign affiliate

FATS data

Company
Economic Variables for FATS

Basic FATS variables
(minimum recommended by MSITS)

- Sales (turnover) and/or output
- Employment
- Value added
- Exports and imports of goods and services
- Number of enterprises
GATS Modes of Supply and Statistical Domains:
The simplified approach

- **Mode 1**
- **Mode 2**
- **Mode 4**

**Balance of Payments Services Statistics**

**Mode 4:** Remittances and compensation of employees are not measures of mode 4 trade

- **Mode 3**

**Foreign Affiliates Statistics (FATS)**
Simplified allocation of BPM6/EBOPS 2010 services items to Modes of Supply

Services predominantly delivered through:

**Mode 1**

- Transport
- Telecommunications services
- Information services
- Insurance and pension services
- Financial services
- Charges for the use of intellectual property n.i.e.
- Operational leasing
- Trade-related services

**Mode 2**

- Travel (only services acquired)
- Supporting and auxiliary services to carriers in foreign ports (in Transport)
- Maintenance and repair services n.i.e.
- Manufacturing services on physical inputs owned by others
MSITS 2010: Recommended core elements

1. Implement IMF BPM6 recommendations

2. Compiling BOP data according to EBOPS 2010
   - priority to most important sectors in the economy
   - identify the main trading partner at the total level

3. Collect complete FDI statistics

4. Record basic FATS variables
   - identify the main trading partner
MSITS 2010: Other recommended elements

5. Complete implementation of EBOPS 2010 including supplementary items

6. Compile additional FATS variables

7. Separately identify trade between related and unrelated parties

8. Allocate services transactions and FATS sales to GATS modes of supply

9. Collect statistics on the number of natural persons under the GATS framework