At the meeting of the Group of Negotiations on Services held on 23-25 February 1987 (MTN/GNS/7, paragraph 36), the Chairman of the GNS was asked to consult informally, with the assistance of the GATT secretariat with relevant international organizations, and to make a first report at the GNS meeting of 8-10 April 1987 on (1) the availability, sources and main problems concerning data in services and (2) on technical assistance in services statistics by such organizations to developing countries.

The following 14 international organizations were asked to reply to a list of five questions:

1. United Nations (Statistical Office - UNSO)
2. United Nations Centre on Transnational Corporations (UNCTC)
3. United Nations Conference on Trade and Development (UNCTAD)
4. International Trade Centre UNCTAD/GATT (ITC UNCTAD/GATT)
5. United Nations Economic Commission for Europe (ECE)
6. United Nations Economic Commission for Latin America and the Caribbean (ECLAC)
7. International Civil Aviation Organization (ICAO)
8. International Labour Organization (ILO)
9. International Telecommunication Union (ITU)
10. World Intellectual Property Organization (WIPO)
11. World Tourism Organization (WTO)
12. International Monetary Fund (IMF)
13. Organization for Economic Co-operation and Development (OECD)

The five questions were as follows:

1. Are you collecting statistics on services in your area of work?
2. If so, would you be in a position to give an indication of the sources on which your services data are based?
3. Would you be in a position to indicate the main problems concerning the collection and the quality of such services data?
4. Could you provide an indication of work done in your organization or elsewhere to improve the quality of services data in your area of work?

5. Are you providing any form of technical assistance to developing countries in the area of services statistics (e.g. how to develop a statistical system or data base in services)?

So far replies have been received from 11 international organizations as set out at Annex. Replies from the UNCTAD, SELA and ITU are still pending. ECE and WIPO indicated that they did not have statistics on services. The Secretariat of the Junta del Acuerdo de Carthagena (JUNAC), which has not been directly contacted, has sent information on the work done by participants for improving their statistics on services.
Annex

1. Question: Are you collecting statistics on services in your area of work?

1.1 United Nations Statistical Office (UNSO)

The only data UNSO collects are data on wholesale and retail trade, which are published in the Statistical Yearbook. There are three publications that provide guidance in that field, (1) a bibliography of industrial and distributive trade statistics, (2) a publication on the organization and conduct of distributive trade surveys and (3) a publication on international recommendations on statistics of the distributive trades and services.

1.2 United Nations Centre on Transnational Corporations (UNCTC)

UNCTC collects two types of statistics on foreign direct investment (FDI) and transnational corporations (TNCs): aggregate data and corporate data. Since perhaps as much as half of the approximately US $40 billion of annual FDI flows and perhaps up to 40 per cent of the total stock of some US $650 billion is in services, a substantial part of these statistics deal with services.

(a) Aggregate data on FDI in services

Major variables are: total flows; outflows and inflows by major home and host countries/areas; flows by major service industry; country data on sectoral distribution of FDI stock. Time series data, although not always complete, exist for the major capital exporting countries.

(b) Data on individual transnational service corporations

As part of its information system on TNCs, the Centre also has information on a large number of service TNCs, either through on-line access to relevant data bases or access to its extensive in-house collection of primary sources (e.g., corporate reports, 10-K forms) and secondary sources (especially directories). In addition, the Centre has begun to establish a data base on the largest service transnational corporations. The data base will be patterned on the Centre's data base on industrial and extractive transnational corporations, and will include variables which measure total and foreign components of revenues, profits, employment, etc.

In addition, the Centre has collected data in the context of the preparation of studies on specific service industries, including especially transborder data flows (TDF). These data are updated to the extent that the studies are updated.
Finally, in the framework of its collection of laws and regulations as well as contracts and agreements, attention is also being given to those instruments pertaining to service industries.

The results of these efforts are incorporated in studies published by the Centre. A bibliography of these studies and the Centre's latest report on this subject entitled "Role of transnational corporations in services, including transborder data flows" (E/C. 10/1987/11) can be consulted in the GATT secretariat (room 1059).

1.3 International Trade Centre UNCTAD/GATT (ITC UNCTAD/GATT)

ITC collects any published statistics for on-going projects. In the near future, ITC may develop a databank of such information on the basis of published material.

1.4 United Nations Economic Commission for Latin America and the Caribbean (ECLAC)

ECLAC maintains a data base on services for national accounts and balance of payments. Figures are obtained from central banks, statistics institutes, ministries of commerce and specialized international agencies.

1.5 International Civil Aviation Organization (ICAO)

ICAO collects and publishes statistics on all aspects of the air transport industry.

1.6 World Tourism Organization (WTO)

WTO and its predecessor, IUOTO (International Union of Official Travel Organizations) have been collecting statistics on travel and tourism worldwide since 1947. These statistics are disseminated through WTO's annual statistical publications. The data collected by WTO relate to arrivals and departures of visitors both within their own country and abroad for pleasure, professional (including business) and other tourism purposes. Data are also being collected on overnight stays of domestic and international tourists in commercial accommodation establishments, including camping and in private accommodation. WTO's activities also include the collection of data on tourism receipts and expenditures for balance-of-payments purposes. Recently WTO initiated the collection of data on employment in tourism.

1.7 International Monetary Fund (IMF)

The Fund collects and maintains internationally comparable economic statistics on member countries, as well as regional and global aggregates, in its computerized data base, the economic information system (EIS). Data on international trade in services are collected from member countries in accordance with the Fund's need for data on members' balance of payments, consistent with their obligations under the Articles of the Agreement to submit information to the Fund.
1.8 Organization for Economic Co-Operation and Development (OECD)

Various sectoral bodies within OECD are collecting statistical data on service activities in Member countries. This is the case, for example, in the areas of financial services, insurance, maritime transport, tourism, industrial services and information, computer and communications services. National accounts and balance-of-payments also provide data on services.

2. QUESTION: IF SO, WOULD YOU BE IN A POSITION TO GIVE AN INDICATION OF THE SOURCES ON WHICH YOUR SERVICES DATA ARE BASED?

2.1 United Nations Statistical Office (UNSO)

The sources of UNSO data are national statistical offices or government agencies.

2.2 United Nations Centre on Transnational Corporations (UNCTC)

Country data on FDI are derived primarily from the national statistics of a few major capital exporting countries (Canada, France, Federal Republic of Germany, Japan, United Kingdom, United States of America) and major host countries. Corporate data are collected from primary sources, lists of TNCs published by professional journals, company directories and similar sources.

2.3 International Trade Center UNCTAD/GATT (ITC UNCTAD/GATT)

ITC Forum magazine and ITC handbook on the export of consulting services list the sources of statistics.

2.4 World Tourism Organization (WTO)

The data collected by WTO are mostly based on replies to standardized questionnaires sent to national tourism administrations, central statistical offices and other agencies, as well as from information extracted from official publications on tourism. Data on frontier visitor arrivals and departures are generally based on controls made by the immigration departments or frontier police. The information is collected by means of embarkation/disembarkation cards to be filled in by all persons entering or leaving the country. In some countries, these data are collected by means of frontier sample surveys at exit points. Statistics on domestic travel (trips within the country of residence) are derived from household surveys on travel habits of the resident population carried out by the national tourism administration or jointly by these two administrations. The data on overnight stays of domestic and international tourists are obtained by means of monthly surveys in registered accommodation establishments, which generally include not only hotels but other similar establishments, campings and private accommodation. These data are collected by means of a standardized tally sheet sent to each establishment either by the national statistical office or the national tourism administration. With regard to statistics on tourism receipts and
expenditures, they are obtained from various sources including monthly reports of commercial banks to the central bank concerning foreign exchange transactions for tourism, surveys on visitor expenditures at frontiers or in accommodation facilities or based on extrapolation of daily per capita expenditures and visitor arrivals.

2.5 International Monetary Fund (IMF)

Balance-of-payments statistics are submitted by officially designated correspondents in member countries to the Fund’s bureau of statistics through quarterly/annual questionnaires compiled in accordance with methodologies embodied in the Fund’s Balance-of-Payments Manual (Fourth Edition). Statistics on services are also maintained in other areas of the EIS, including information on international banking flows.

2.6 Organization for Economic Cooperation and Development (OECD)

These data are generally transmitted on either a regular or an ad hoc basis by the member governments of OECD. In some cases, for example on maritime transport, certain information is gathered from non-governmental sources.

3. QUESTION: WOULD YOU BE IN A POSITION TO INDICATE THE MAIN PROBLEMS CONCERNING THE COLLECTION AND THE QUALITY OF SUCH SERVICES DATA?

3.1 United Nations Statistical Office (UNSO)

The main problems are that only few countries respond and in most cases do so with very long delays so that the data are mostly out of date.

3.2 United Nations Centre on Transnational Corporations (UNCTC)

FDI statistics on services suffer from both the conceptual problems related to all services and from the known deficiencies of FDI statistics in general. The FDI data published by the IMF do not provide a sectoral breakdown of the flows. National sources, in turn, are very incomplete and subject to many limitations. Only a few countries provide data which allow for a separation of service data. They are generally not comparable across countries, because the coverage of services differs. Some countries exclude from their data investment in banking and/or insurance. Others report on specific service items which are of importance to them (e.g., services related to the petroleum industry), while again others lump them together with other industries. In still other cases services are shown as a part of a residual category. With the present state of statistics, it is difficult to go beyond general analysis of broad trends and dimensions of FDI in services.

The problems of data collection on individual transnational corporations in the service sector are equally serious. For example, corporations in different industries in the service sector use different terminology to report their financial results; where industrial corporations would report sales, service corporations in some industries
would report billings, in others revenues. The components of assets in the balance sheets of enterprises in some service industries are different from those in others. In addition, many corporations that hold a significant market share in service industries are primarily industrial companies. Their reports do not contain detailed data on their service activities.

3.3 United Nations Economic Commission for Latin America and the Caribbean (ECLAC)

Despite the fact that ECLAC has analyzed problems related to compilation and quality of services statistics, it has not systematized conclusions in specialized documents.

3.4 World Tourism Organization (WTO)

Although considerable progress has been made towards harmonization and comparability of data at the international level, the experience in dealing with the available tourism statistics reveals that there remain certain constraints on obtaining consistent, accurate, reliable and internationally comparable data resulting from:

(a) concepts and definitions: data are often based on legal and administrative definitions rather than on statistical criteria;

(b) time and period of assessment: statistics available do not always cover the same period e.g. calendar year, seasonal periods, etc. In some cases, only arrivals by air are covered and not other modes of transport. Important groups of travellers, such as excursionists, students, transit, pilgrims, nationals residing abroad, etc. are not included;

(c) sources of information: data are provided by different sources e.g. national tourism administrations, hotel associations, immigration departments, central banks etc., each source using, in some instances, different concepts and definitions;

(d) methods of collection: figures are made available through registered arrivals and departures, sample surveys or estimates. This diversity leads to inconsistent results;

(e) type of reporting units: some data refer to hotels and similar establishments only, other to supplementary means of accommodation, some also include private lodging facilities;

(f) size of the reporting units: many sources include data only from enterprises with a certain number of rooms or personnel;

(g) location and reporting units: in some cases, data provided include only enterprises located in big cities and/or in particular areas.
3.5 International Monetary Fund (IMF)

Problems concerning collection and quality of services statistics centre on a number of service items, particularly income flows, transfers, and shipping. Measurement problems in these areas differ from country to country, but in recent years the overall effect is to be seen in the contribution of these items to differences in recorded credits and debits resulting in sizeable discrepancies in world current account balances. These discrepancies were the subject of an intensive two-year study by a specially appointed Fund working party whose report was discussed by the Executive Board in February 1987. Conclusions reached by the Working Party included a number of recommendations to member countries to address data source problems and improve compilation procedures. This report is to be published by the Fund.

3.6 Organization for Economic Cooperation and Development (OECD)

The main problem in collection lies in the lack of detailed data in many countries and the fact that improvement may require a significant increase in government and business resources devoted to the development and collection of services data. In addition, some existing data may be considered confidential business information. With respect to the quality of statistics, the main problem arises from the inadequacy of internationally harmonized definitions and classifications, which greatly affects the coverage and comparability of figures between countries.

4. QUESTION: COULD YOU PROVIDE AN INDICATION OF WORK DONE IN YOUR ORGANIZATION OR ELSEWHERE TO IMPROVE THE QUALITY OF SERVICES DATA IN YOUR AREA OF WORK?

4.1 United Nations Statistical Office (UNSO)

UNSO just started to think about improvement of service statistics. The Statistical Commission has suggested that high priority be given to this work but so far UNSO has not been able to allocate one or more staff members to this work. It hopes to do so in due course.

4.2 United Nations Centre on Transnational Corporations (UNCTC)

To develop aggregate data, time series, and lists of major transnational service corporations, the Centre has to undertake a certain amount of standardization. However, an ultimate improvement of the data depends on improvement of national statistics and corporate reporting.

As regards the latter, the Centre has been servicing since 1979 an expert intergovernmental working group on accounting practices. A major objective of this group is to harmonize corporate reporting of a wide range of data. Since this effort deals with TNCs in general, it also applies to services TNCs. A bibliography lists the work undertaken in this context.
The group has agreed to take up at some future sessions information items for disclosure pertaining specifically to transnational banks and insurance companies. The following list of items, on which the group has agreed, may however be viewed as applicable to service corporations in general: (a) balance sheet; (b) income statement, including operating results and sales; (c) statement of allocation of net profits or net income; (d) statement of the sources and uses of funds; (e) significant new long-term capital investment; and (f) research and development expenditure. The information to be disclosed should be provided annually, where appropriate, and on a consolidated basis together with suitable explanatory notes.

A detailed listing of items of information to be discussed, agreed on by the Intergovernmental Working Group, is contained in document E/C.10/AC.3/1987/7.

Finally, the draft United Nations Code of Conduct on Transnational Corporations contains a section (agreed ad referendum) which provides for the disclosure of certain information by TNCs. When adopted, the implementation of these provisions should contribute to a better availability of data on individual transnational corporations, including transnational service corporations.

4.3 United Nations Economic Commission for Latin America and the Caribbean (ECLAC)

UNCTAD, ECLAC and UNDP have recently initiated a joint project on "External Sector Support" aimed at evaluating the situation of services statistics external sector. Regional seminars are organized and policies are set forth for the improvement of statistics.

4.4 World Tourism Organization (WTO)

WTO has recommended basic definitions and classifications for tourism statistics. A series of guidelines and technical handbooks have also been prepared in order to help both developed and developing countries in collecting, processing and disseminating tourism statistics. A series of seminars and workshops have also been organized on a regional level in order to help member countries in implementing WTO's definitions and classifications. Regular support is also being provided to developing countries in order to strengthen their capabilities in compiling tourism statistics. WTO's questionnaires have also been standardized and replies to these questionnaires are thoroughly checked and edited through exchange of correspondence with the reporting agencies. The coverage, quality, presentation and timeliness of data disseminated through regular statistical publications have also been improved.

4.5 International Monetary Fund (IMF)

In addition to the report referred to above (see reply to question 3), ongoing work on balance-of-payments statistics by the bureau of statistics focuses on coverage and currentness of data as well as consistency with methodology.
4.6 Organization for Economic Cooperation and Development (OECD)

To contribute to long-term qualitative improvement in international statistics on services, the OECD secretariat has been participating in the work on a general revision of the System of National Accounts, in collaboration with the statistical offices (or bureaux) of the UN, the IMF, the World Bank and the EEC. The goal with respect to services would be to increase significantly the detail and comparability of internationally available data. A wide variety of efforts are also being made to improve the availability and the quality of services statistics in a short to medium-term context. Particular mention may be made of the detailed balance-of-payments data relating to services which is being collected from member countries, along with information on national definitions. On a sectoral basis, work is proceeding particularly in the areas mentioned above in the answer to question 1, with a view to expanding the types and coverage of data which are internationally available for member countries. Particular attention is being paid to the issue of identifying the international dimension of service activities.

5. QUESTION: ARE YOU PROVIDING ANY FORM OF TECHNICAL ASSISTANCE TO DEVELOPING COUNTRIES IN THE AREA OF SERVICES STATISTICS (E.G. HOW TO DEVELOP A STATISTICAL SYSTEM OR DATA BASE IN SERVICES)?

5.1 United Nations Statistical Office (UNSO)

UNSO has not been providing technical assistance to developing countries in the area of service statistics so far because it has hardly any experience in the field. A UNSO directory of technical cooperation in statistics indicates the assistance given by some countries and organizations.

5.2 United Nations Centre on Transnational Corporations (UNCTC)

Through its technical cooperation programme, the Centre responds to requests from government organizations in developing countries for assistance in establishing national information systems. Many of these organizations are charged with monitoring the performance of transnational corporations and activities in their country. These information systems are meant to contain aggregate as well as corporate data, a good part of which pertain to services. The assistance given by the Centre ranges from the planning and installation of reference libraries to the design of sophisticated computer systems and software and training of government staff members to run them. The Centre also assists government organization in identifying the sources of meaningful data, in designing input formats to capture the data and output formats useful for management. Individual developing counties can also draw on the Centre's information resources to obtain answers to specific requests (e.g., the number of affiliates abroad of a transnational bank; the financial results of a particular transnational insurance company; the largest advertising agencies in the world; and the countries in which an engineering company has recent contracts). So far, however, no request has been received to assist in the establishment of a data base dedicated specifically to foreign direct investment and transnational corporations on services.
Within the framework of the Centre's other technical assistance activities, a great number of projects involves services as well. Thus, one set of projects concerns ad hoc requests on such matters as advice on restructuring a hotel management agreement; appropriate arrangements for setting up off-shore banking facilities; the setting up a financial analysis unit within capital market systems; and negotiating a management contract or joint venture between a transnational and local airline.

In addition, the Centre has conducted a large number of workshops in a variety of service industries. These are listed in the bibliography on services and transborder data flows referred to under question 1.

5.3 International Trade Centre UNCTAD/GATT (ITC UNCTAD/GATT)

ITC has the mandate to develop technical assistance only in the field of technical consultancy. In the pursuit of these objectives, ITC makes supply and demand studies in the fields of technical consultancy which includes engineering, contracting, operations and maintenance, computer software, training and various consulting services.

Part of the ITC mandate in the foreign trade of services includes the development of information management, availability of finance for projects, and the various information necessary to sell technical consultancy in overseas markets. ITC handbook advises on the availability of databases.

5.4 United Nations Economic Commission for Latin America and the Caribbean (ECLAC)

The Netherlands Government is supporting ECLAC's project on "Studies on Services Trade in Latin America". In this context an expert is visiting Argentina, Brazil, Uruguay and Junac (Junta del Acuerdo de Cartagena) in order to set up operational procedures of the work programme. With EEC support, JUNAC is undertaking a sub-project "The Improvement of Services Sector Statistics in Member Countries of the Andean Pact". This project includes improvement and harmonization of services statistics as well as technical assistance for member countries. ECLAC will participate in coordination tasks with other Latin American countries.

5.5 International Civil Aviation Organization (ICAO)

Regarding technical assistance to developing countries, ICAO projects rarely include statistics as a major component but expert assistance is provided when required. Regular activities include workshops in developing regions and visits by regional officers.

5.6 World Tourism Organization (WTO)

As part of its operational activities, WTO has fielded technical support missions aimed at strengthening the statistical capabilities of developing countries in the field of tourism statistics and raising the quality of training. Technical assistance to developing countries is also provided through technical guidance including preparation, publication and implementation of WTO's guidelines, technical handbooks and other technical documents related to the elaboration of tourism statistics.
5.7 **International Monetary Fund (IMF)**

The Fund's technical assistance is provided to member countries to aid in development of balance-of-payments statistics, including services. Such assistance takes the form of brief visits by Fund staff economists followed by a report with recommendations and covers review of data sources and compilation procedures in the country, together with an assessment of classification practices and their consistency with balance-of-payments methodology. Over recent years, the Fund has assisted some 16 member countries each year under this programme. In addition, the Fund conducts courses in balance-of-payments methodology through the IMF Institute. These courses, in English, French and Spanish, provide training for an average of some 70 balance-of-payments compilers in member countries each year.

***

In addition to the information provided with reference to the five questions as set out above the following documentation has been transmitted to the GATT secretariat:

**UNSO**

- Directory of technical cooperation in statistics (ST/ESA/STAT/105/Rev.1), 3 November 1986,
- Bibliography of industrial and distributive trade statistics (ST/ESA/STAT/SER.M/36,Rev.5), 1981,
- Organization and conduct of distributive trade surveys (ST/ESA/STAT/SER.F/19), 1977,
- International recommendation on statistics of the distributive trades and services (ST/ESA/STAT/SER.M/57), 1975.
- Note and report on ad hoc meeting on services statistics * held in Voorburg, Netherlands, 6-8 January 1987, (the report has been circulated informally to the members of the GNS).

*The purpose of the meeting was to try to organize the work in such a way as to achieve better and faster results by combining the efforts of participating countries and organizations. The participants concluded that services statistics in general are underdeveloped, in particular when they are compared with statistics on goods; that the lack of information on the contribution of service-industries to GDP in constant prices should be remedied; and that services statistics should be developed, even in situations where resources are shrinking. The participants also put forward suggestions concerning the priorities, objectives, procedures and organization of the work to be done. In this context agreement was reached on the sharing of work in this field among the participating countries. A follow-up meeting will take place in November 1987.*
UNCTC

- a bibliography on UNCTC work on services and transborder data flows, February 1987,

- a UNCTC report on the role of transnational corporations in services, including transborder data flows, E/C.10/1987/11, 26 January 1987,

- a bibliography on UNCTC work on international standards of accounting and reporting, October 1986,


- an extract from the UN Code of Conduct on Transnational Corporations concerning financial and non-financial information to be disclosed on a regular basis by corporations on their structure, policies, activities and operations, September 1986.

ICAO

- the 1985 Civil Aviation Statistics of the World providing data on aircraft, pilots, safety, fleets, traffic and finance by region and state,


WTO

- the 1985 edition of the "Methodological supplement to world travel and tourism statistics" on definitions and methods of collection of tourism statistics by country.

ILO

ILO indicated that the ILO yearbook of statistics and some other ILO statistical publications included statistics on (a) economically active population by industry and occupation, (b) employment by industry and occupation, (c) paid employment in transport, storage and communication, (d) unemployment by occupation and (e) wages in transport, storage and communication.