



Symposium on Cross-Border Supply of Services
World Trade Organization
28-29 April 2005

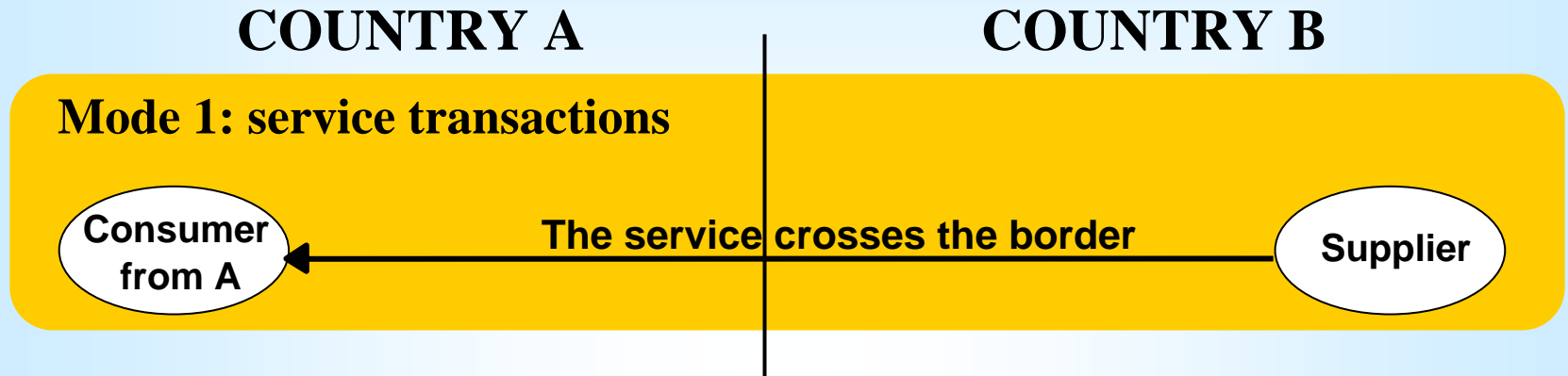
**Economic Importance of
Cross-border Trade in Services-
Recent Developments**

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Cross-border supply



In **statistical terms**, trade between residents and non-residents is recorded in the ***Balance of payments*** of a country.



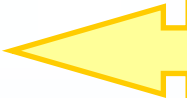
Balance of Payments Main Components

Commercial services:

- 1. [Redacted]
- 2. Travel
- 3. -10. Other commercial services

11. Government services
(not in GATS)

3. Construction services





Statistical coverage of modes of supply

Mode of Supply	Relevant Statistical Domains
<i>Mode 1: Cross border supply</i>	BOP: services categories excluding <i>travel</i> and <i>construction services</i>
<i>Mode 2: Consumption abroad</i>	BOP: <i>Travel</i>
<i>Mode 3: Commercial presence</i>	FATS statistics BOP: FDI data, <i>construction services</i>
<i>Mode 4: Presence of natural persons</i>	Insufficiently covered BOP: parts of commercial services components (excluding <i>travel</i>) Additional BOP Statistics: labour-related flows



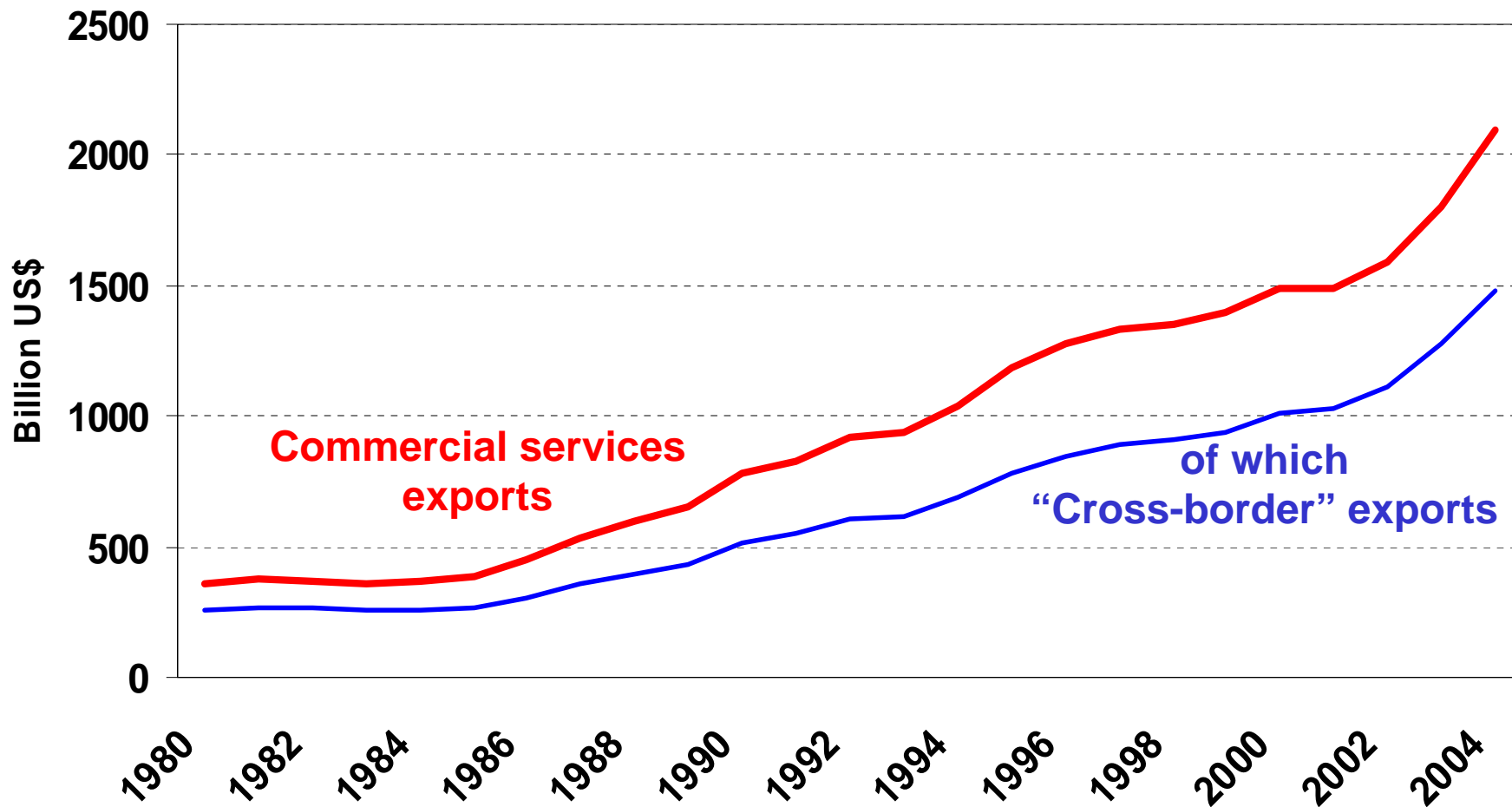
Sales by GATS Modes of Supply: Statistical Approximation

Mode of Supply	Estimated share
cross-border	35 %
consumption abroad	10 – 15 %
commercial presence	50 %
presence of natural persons	1 – 2 %

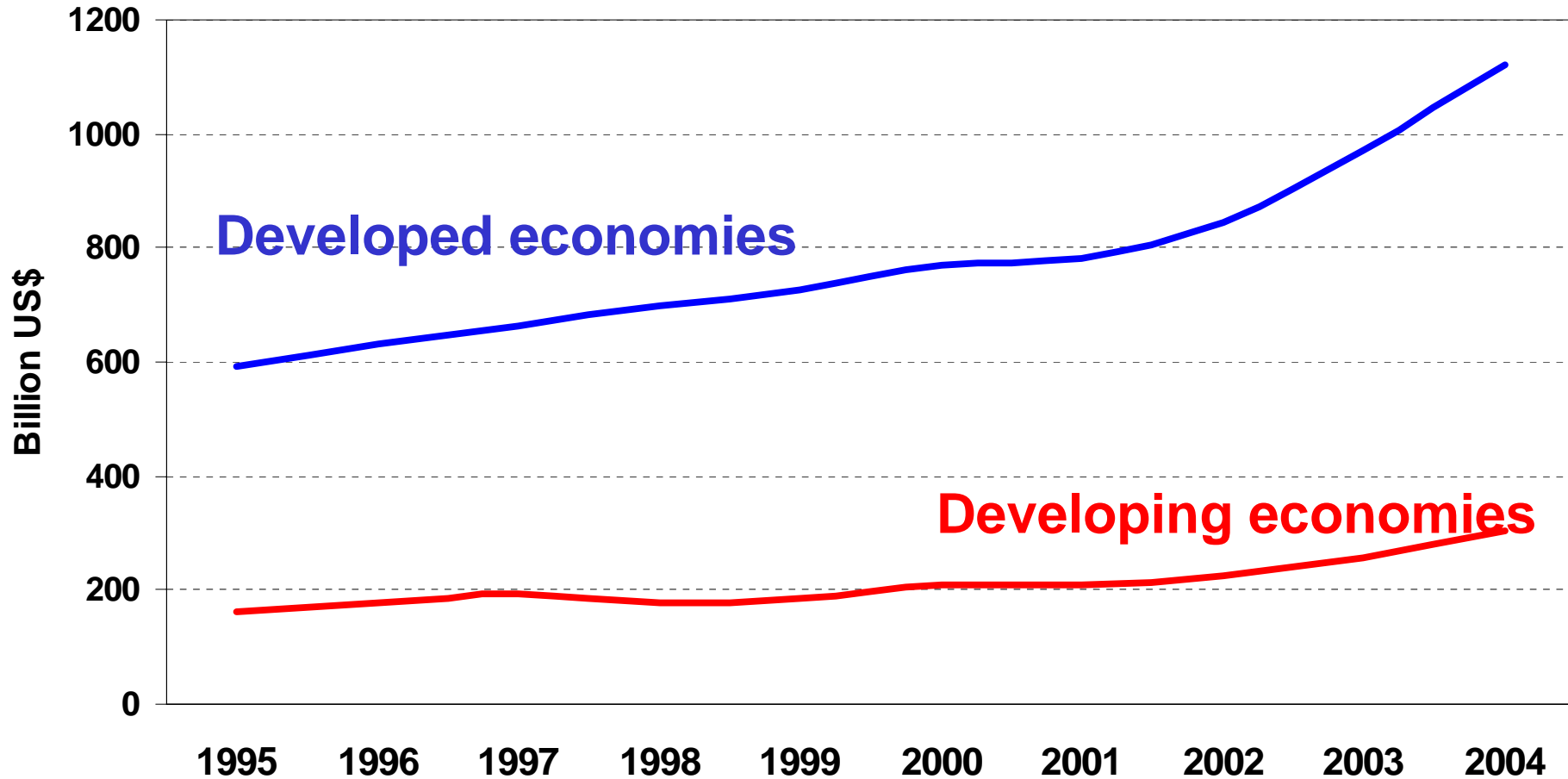


Commercial services exports 1980-2004

Balance of Payments

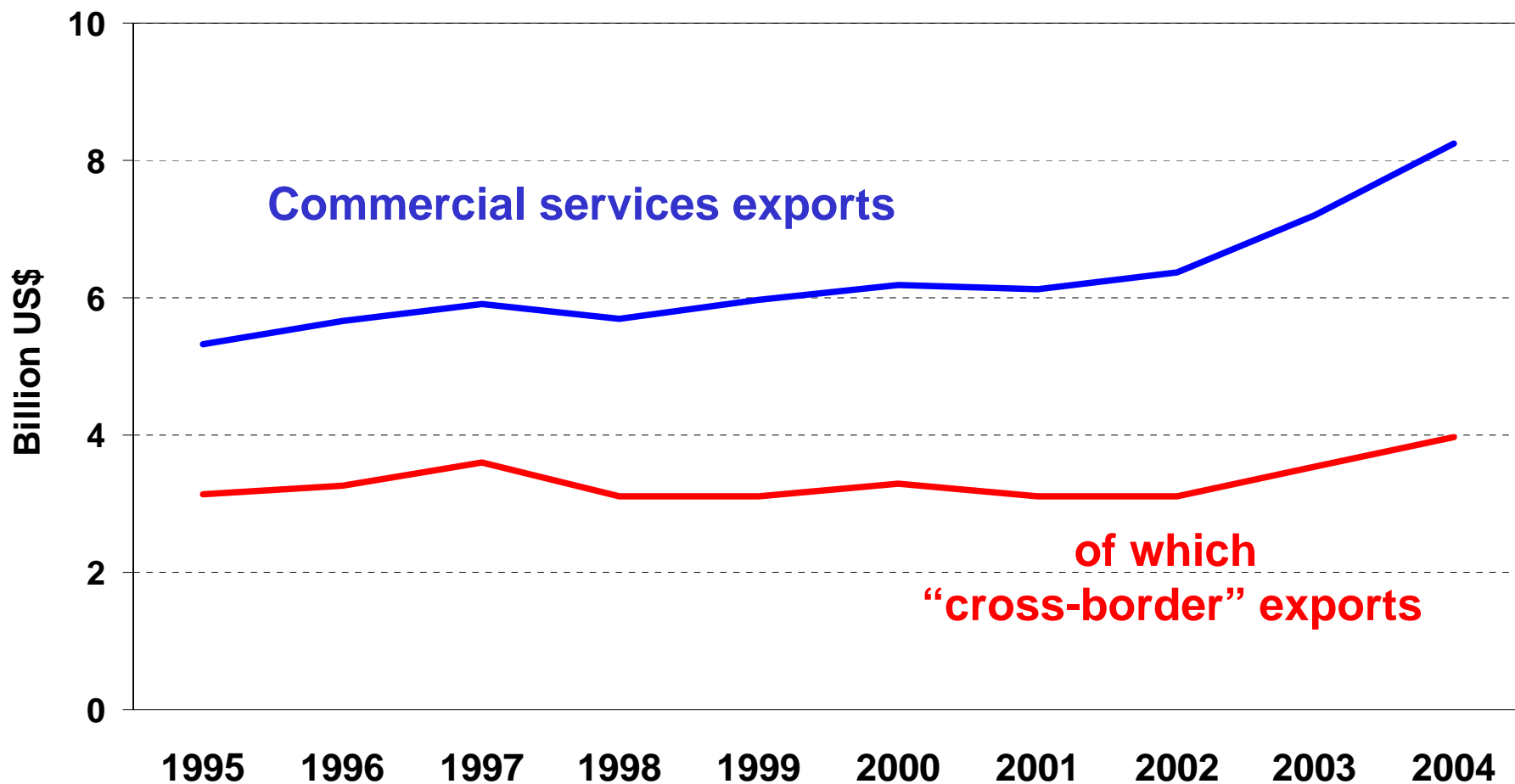


Cross-border commercial services exports by economic group 1995-2004



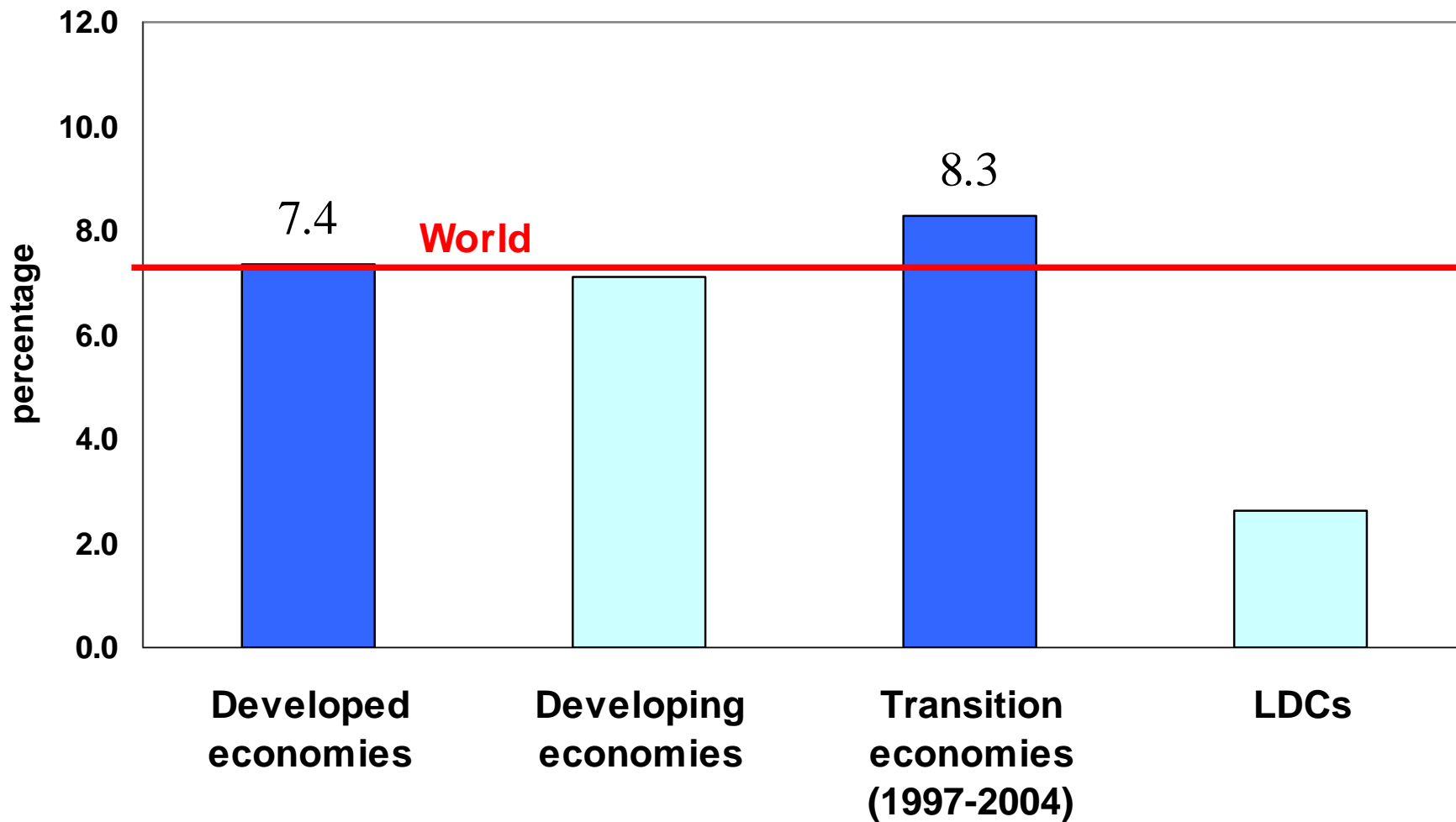


LDCs commercial services exports 1995-2004





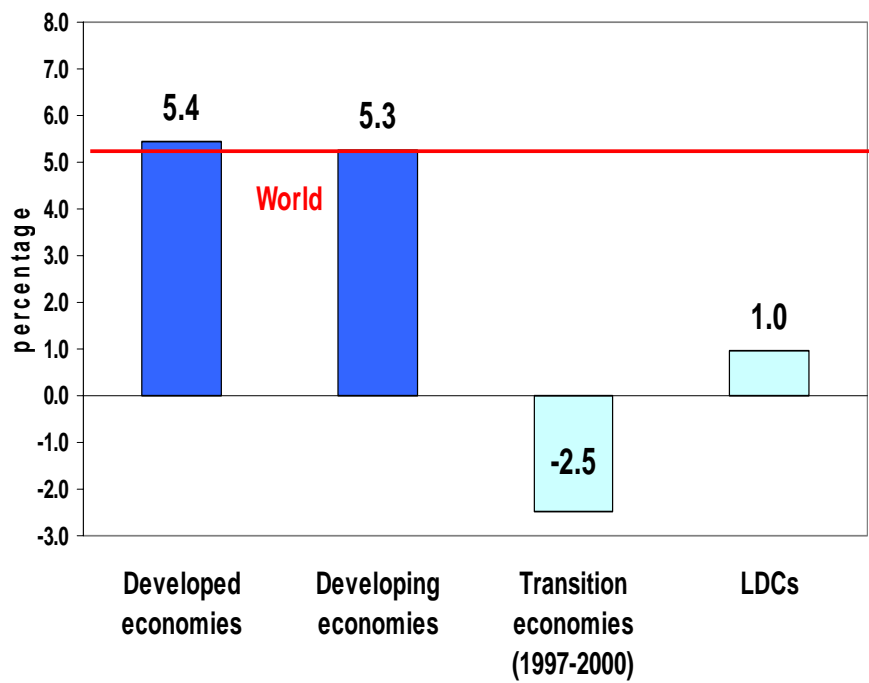
Growth of **cross-border** commercial services exports **by economic group** 1995-2004 (%)



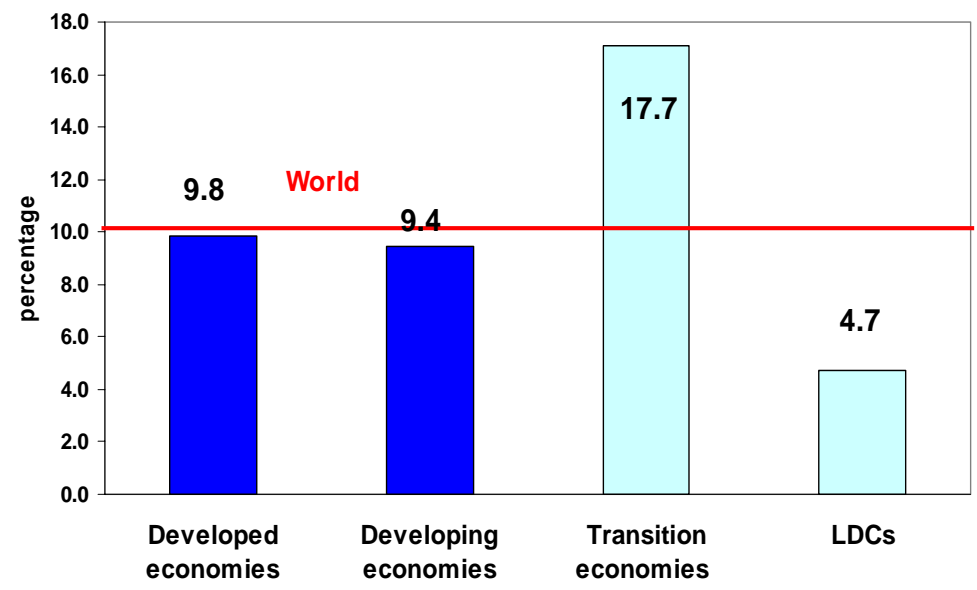


Growth of **cross-border** commercial services exports by economic group 1995-2004 and 2000-2004 (%)

1995-2000



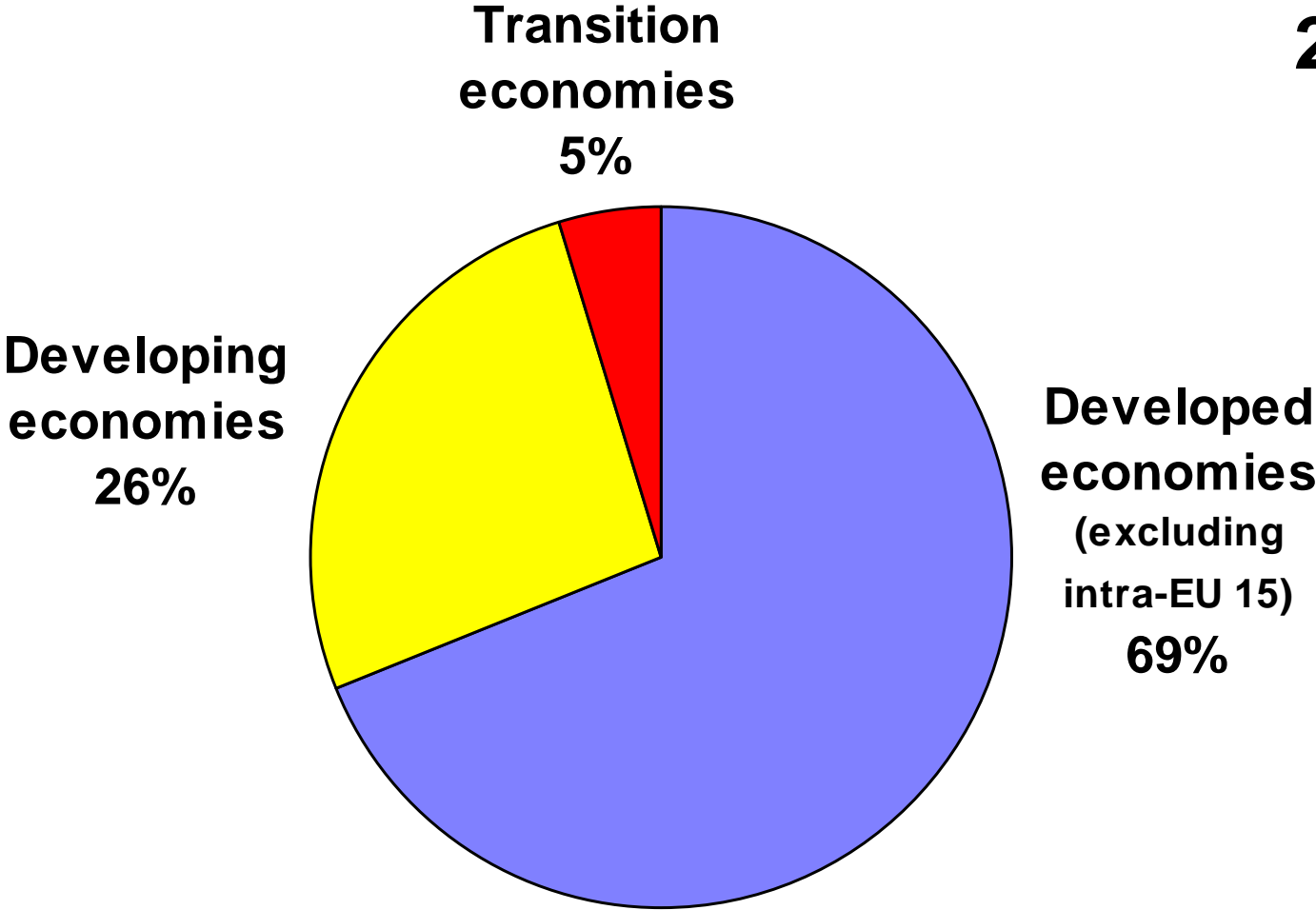
2000-2004



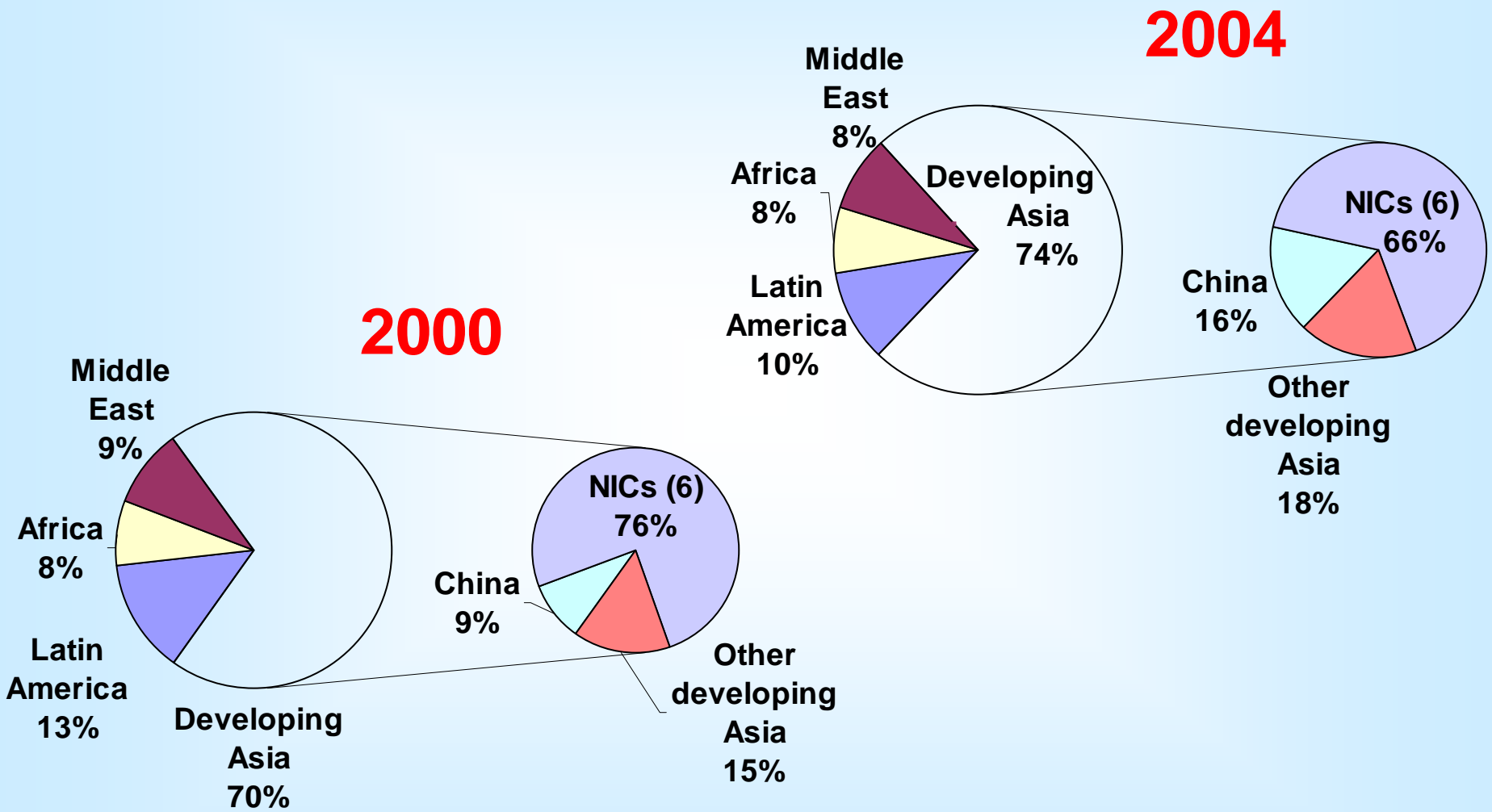
Cross-border commercial services exports by economic group



2003

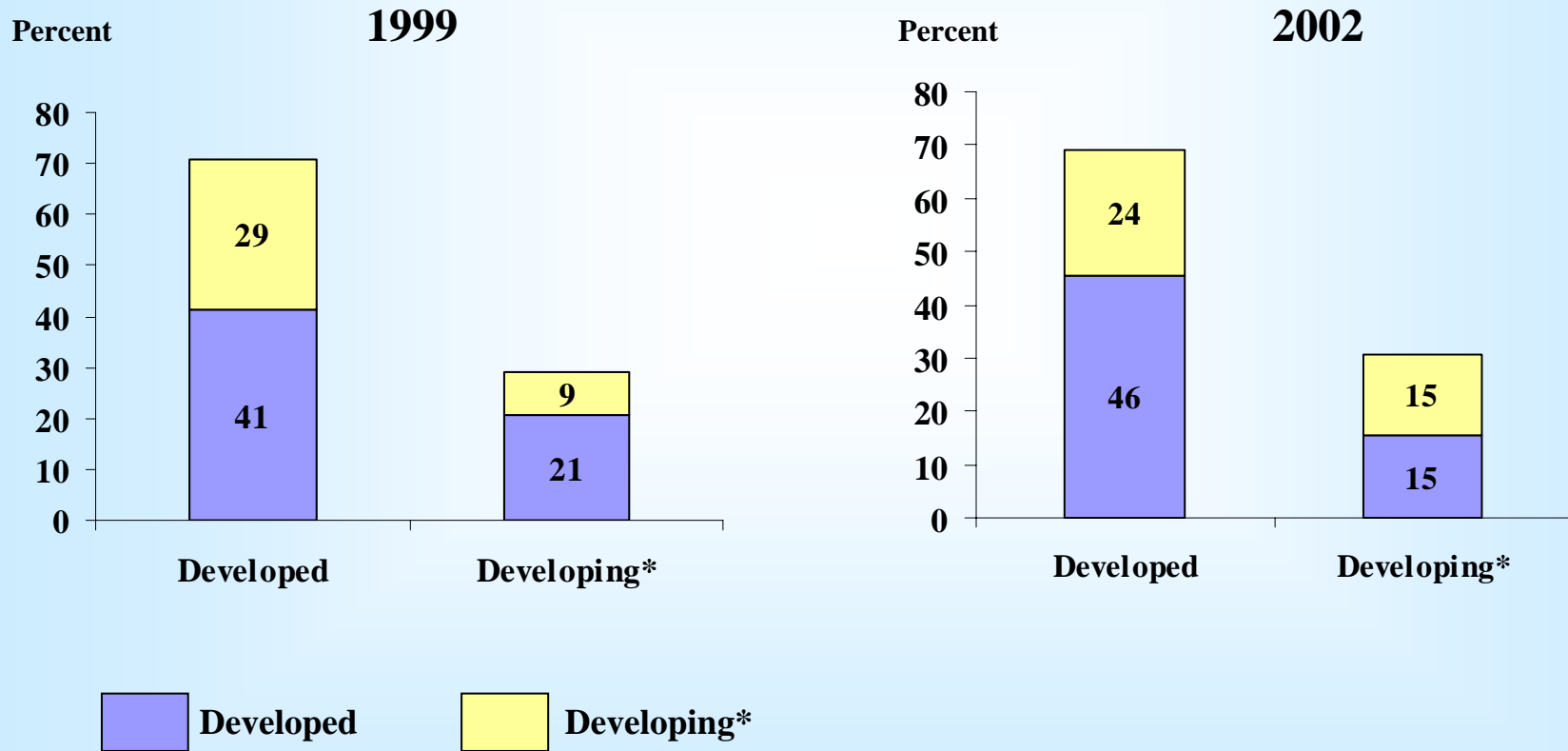


Cross-border commercial services exports by region





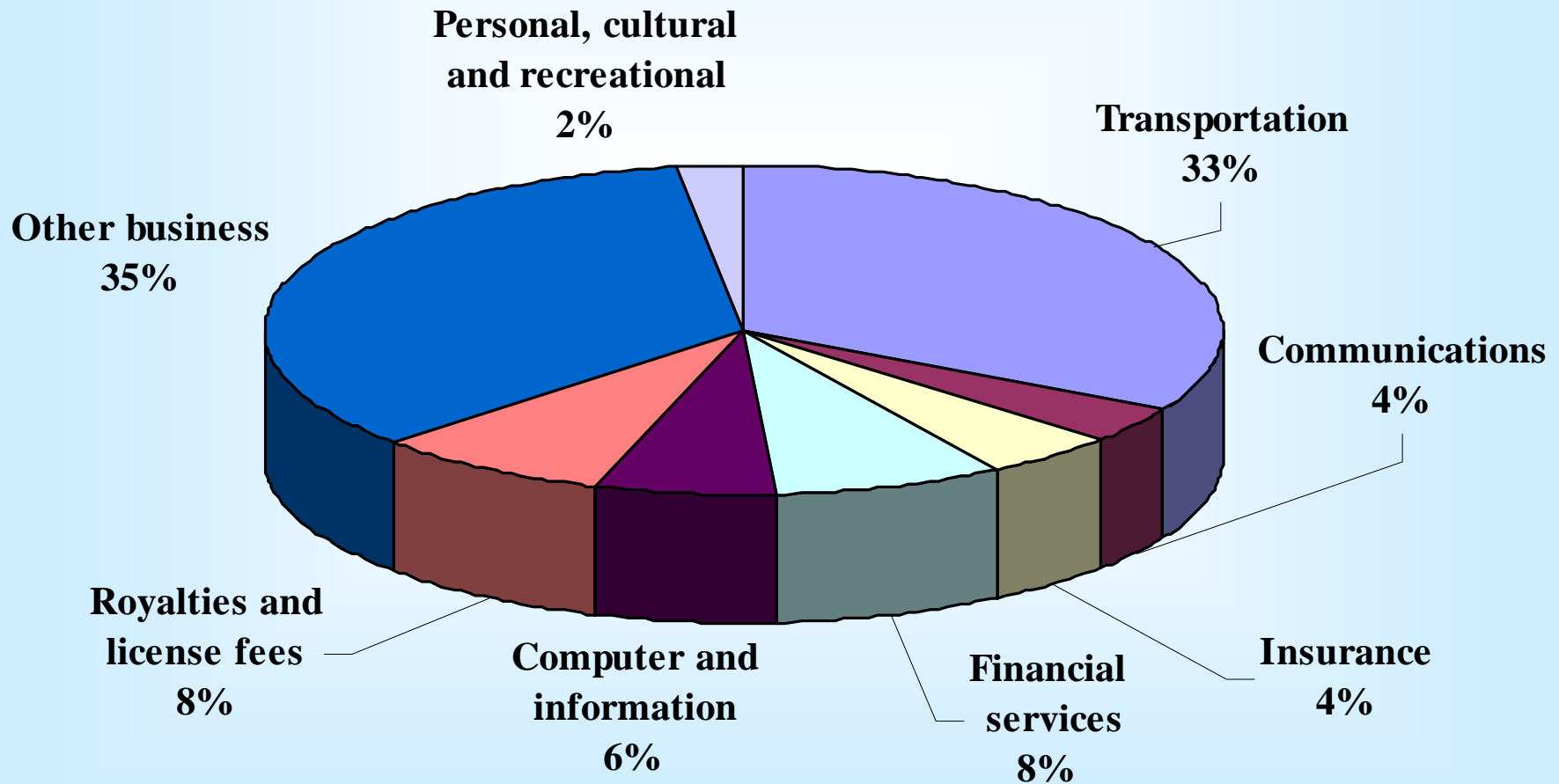
Services Cross-Border Supply Estimated Flows Between Developed and Developing Economies



* Includes transition economies

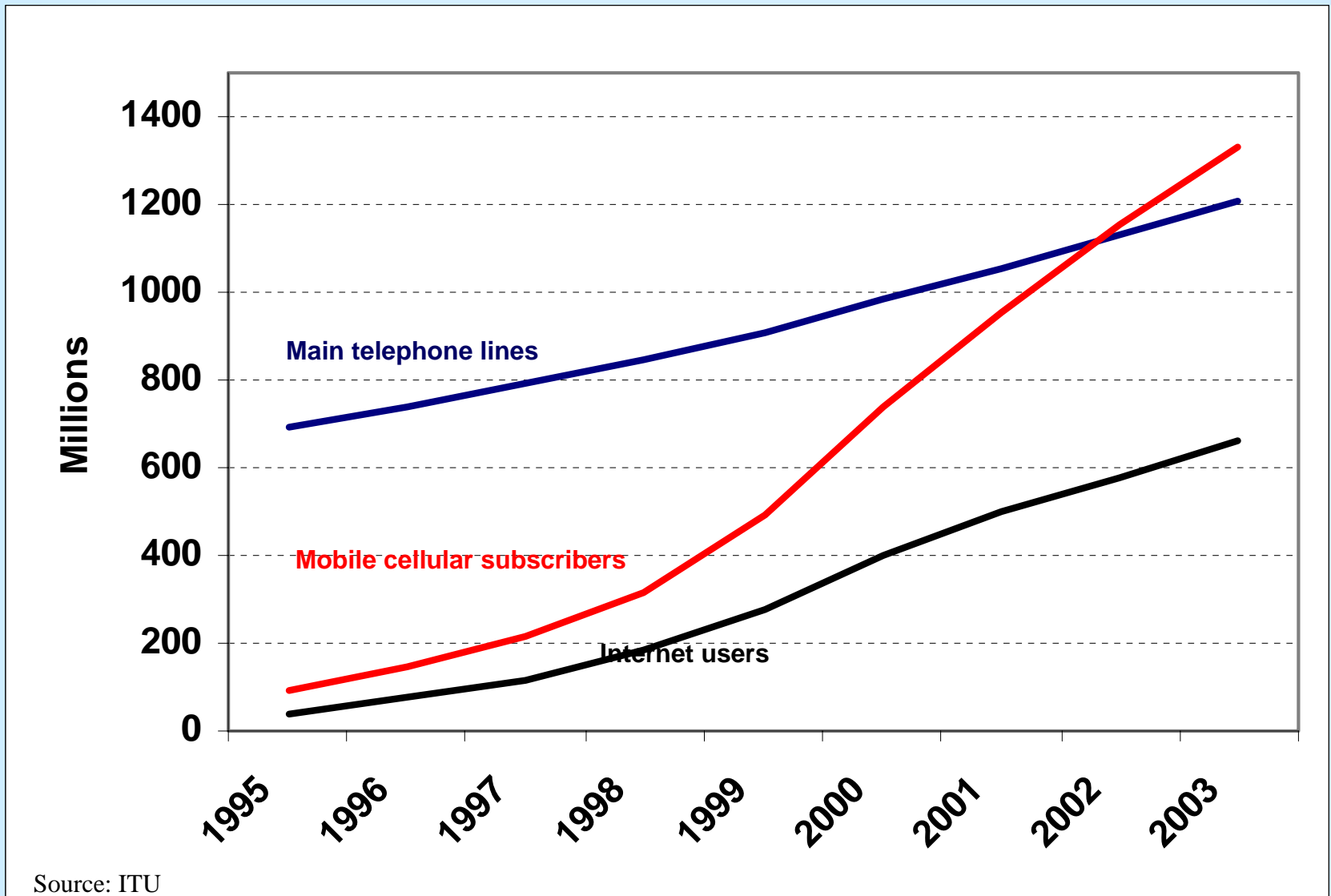


World Estimated Structure of Cross-border Services Exports, 2003



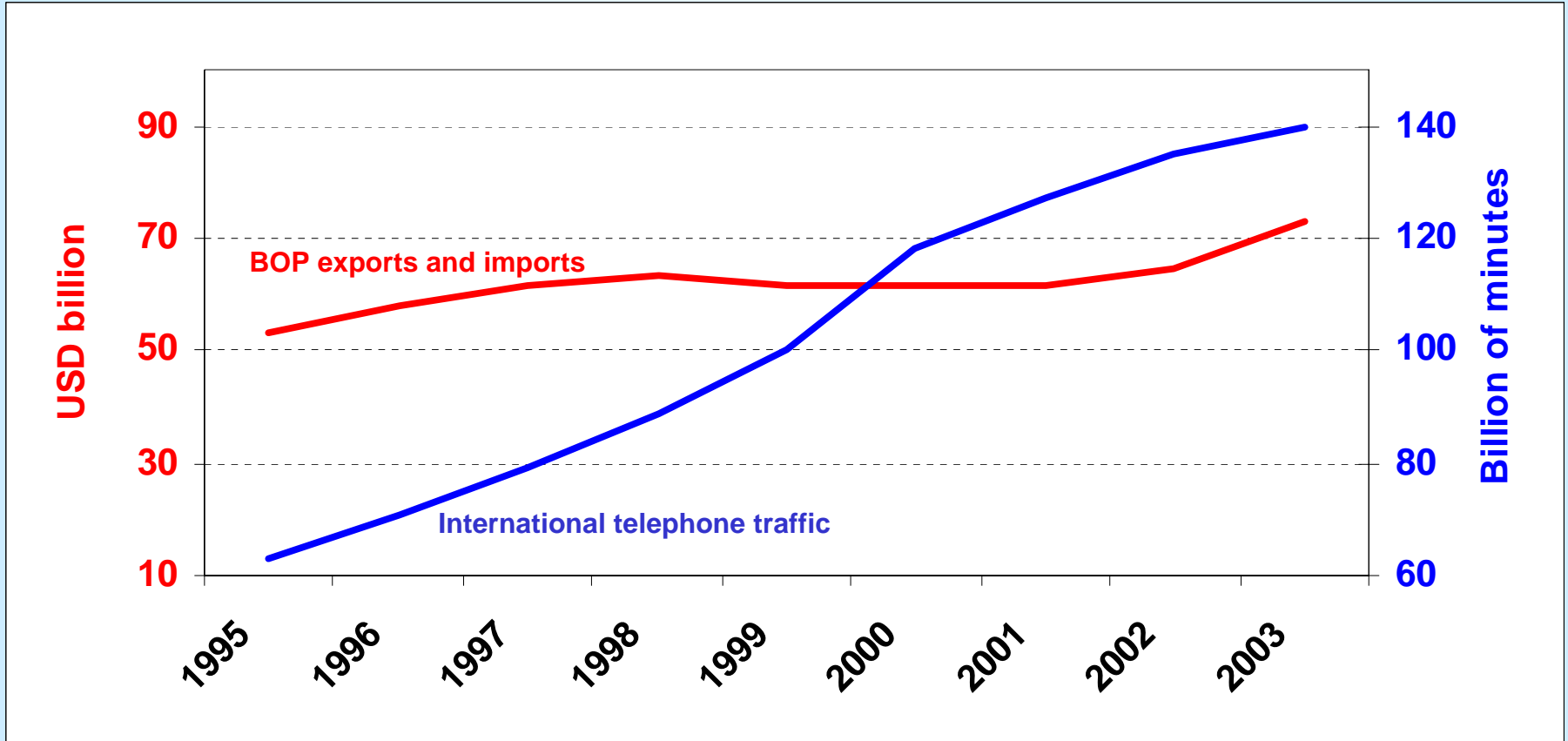


Telecommunication infrastructure, 1995-2003



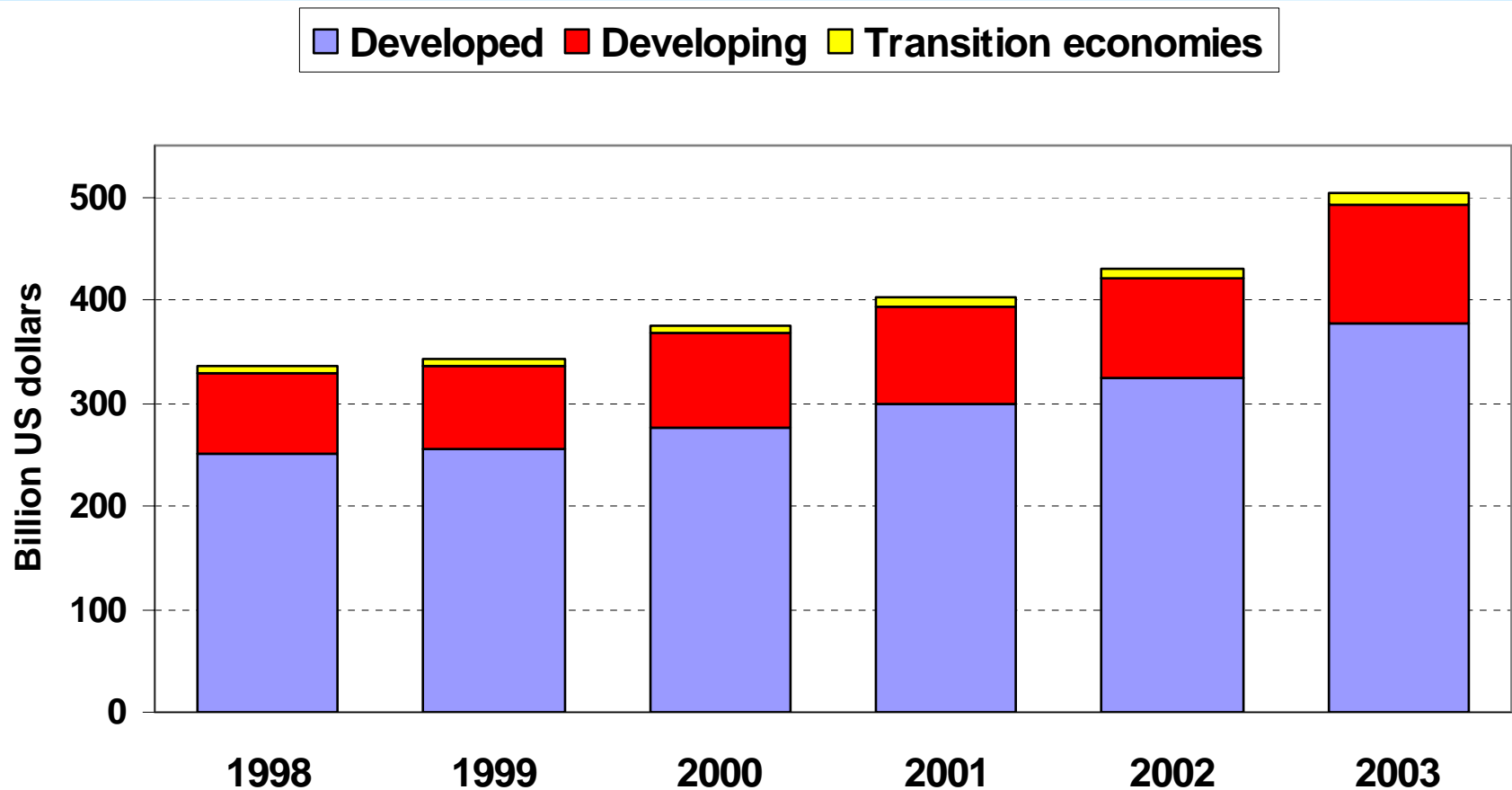
Source: ITU

Telecommunications - International payments and traffic, 1995-2003



Computer and information services exports 1998-2003

and Other business services exports





Offshoring and international statistics

- How to measure the share of off-shoring in international transactions (BOP)?
- Through bilateral transactions (upper limit), but
- bilateral data are only scarcely available
- asymmetries in reporting and under-reporting of imports contribute to incomplete measures (sectoral misallocation, export data better than import data)
- In addition, difficult to record internal across-border transactions of large multinationals (FATS statistics?)



Offshoring and international BOP statistics

- Example for Asymmetry:

India's exports in software services totals 11.3 bn\$ in 2003 of which some 6.8 bn\$ are bound for the US market.

US imports (affiliated plus unaffiliated) from India are 1.1 bn \$.

- That is only some 16% (import/export coverage)



Where to go from here?

- Improve reporting coverage of individual services sectors
- Provide bilateral trade flows
- Document deviations from international standards (metadata) and include economic analysis
- **However**, improved data require capacity building and technical assistance
- Inter-agency Task Force provides forum for developing guidance on improving these statistics