MEASUREMENT CHALLENGES
FOR MODE 4 TRADE

The Economic Impact of Mode 4
“Mode 4 at work”
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## Supply of Services by Modes
### 2014 Statistical Approximation

<table>
<thead>
<tr>
<th>Mode of Supply</th>
<th>Estimated share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - cross-border supply</td>
<td>27%</td>
</tr>
<tr>
<td>2 - consumption abroad</td>
<td>15%</td>
</tr>
<tr>
<td>3 - commercial presence</td>
<td>53%</td>
</tr>
<tr>
<td>4 – presence of natural persons</td>
<td>5%</td>
</tr>
</tbody>
</table>

Source: WTO Secretariat estimates
Challenges to measure mode 4 trade

- “Small” compared to total trade in services, and other modes *(is the most restricted)*
- Scarce data available, but show that importance varies across countries/sectors
- Globalization: mobility increasing and can be facilitated by special programs, EPAs…. But at the same making it more difficult to capture movements
- Conceptualize mode 4 statistically
- Compilers had many other challenges to tackle before focusing on mode 4

*BUT SOME DEVELOPMENTS IN RECENT YEARS!*
Mode 4 Information needs and statistical domains

Value of trade: Balance of Payments services trade

Contractual service suppliers as employees of service supplier sent abroad to fulfill a contract between his employer and consumer

Self-employed going abroad to fulfill service contract (incl. independent professionals)

Number of persons (flows and stocks): Tourism and Migration statistics

- Contractual service suppliers as employees
- Self-employed/independent professionals
- Intra-corporate transferees, employees of foreign affiliates
- Service sellers / persons responsible for setting up commercial presence
Recent compilation of Mode 4 Statistics

• Increasing number of Members engaging in compilation of estimates
• Eurostat developed its own program in 2016
• A global dataset on trade in services by mode of supply: A WTO project funded by EU
  – **Aim of project**: create-maintain experimental dataset on services trade by mode of supply (incl. mode 4)
  – **Possible applications**:
    • Better understand world trade developments
    • Respond to analytical questions => looking for economic mechanisms, estimating impacts
    • Orient trade negotiating strategies
    • Encouraging national compilation programs
Measuring International Labour Mobility, of which Mode 4

- Migrant workers employed in receiving jurisdiction
- Non-resident worker employed in receiving jurisdiction (seasonal, border workers)
- Migrant workers employed by a non-resident entity (long term posting)
- Non-resident worker employed by non-resident entity or self-employed (short term posting)

Source: UNECE Report on Measuring international labour mobility (draft), 2018
Summary

• Progress has been made for estimating the value of mode 4 transactions
• More to be done, in particular when it comes to number of mode 4 service suppliers
• Need for coordination and political will for development of statistics, in particular for mode 4
  • At the international level
  • At the national level, between agencies in charge of statistics and users (e.g. trade, migration, tourism authorities)