

MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND

RESTRICTED

MTN.GNS/W/17/Add.1
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Special Distribution

Group of Negotiations on Services

STATISTICS ON TRADE IN SERVICES

Addendum

At the eighth meeting of the Group of Negotiations on Services held on 29 June - 2 July 1987, the delegation of Brazil invited the representatives of the United Nations Statistical Office (UNSO), the United Nations Centre on Transnational Corporations (UNCTC), the United Nations Conference on Trade and Development (UNCTAD) and the International Monetary Fund (IMF) to supply written replies to a list of questions concerning statistics on trade in services.

In response to this request, the following reply been received from the UNCTC. The replies received from the IMF and the UNSO have been circulated in MTN.GNS/W/17.

ANSWERS^{*} TO QUESTIONS POSED BY THE BRAZILIAN DELEGATION

1. Question: Which are, in the view of the Organization you represent, the main problems for the identification and processing of international statistics on trade in services?

Answer: The main problems for the identification and processing of statistics on trade and foreign direct investment in services include the lack of agreed definitions of what, precisely, is trade and foreign direct investment in services, what industries are covered and the neglect of services in national and international data-collection efforts.

* These answers, as our submission to the last meeting of the Group (MTN.GNS/W/9/Add.1) are based on the work and experience of the Centre, irrespective of whether or not some of the activities covered by this work could be considered as trade in services for the purposes of the Uruguay Round.

2. Question: What is the definition of "services" and "trade in services" used by your organization? Is the definition you have been using considered satisfactory? If not, which would be the main shortcomings perceived and the possible means to overcome them? Is your Organization planning to overcome these difficulties, either in terms of critic evaluation or of alternation in the gathering of information on trade in services?

Answer: The Centre does not have a definition of trade in services. As regards foreign direct investment in services, the Centre's work, pragmatically, uses the foreign-direct-investment statistics reported by governments and tends to include non-equity forms of control as well. This state of affairs is, however, not satisfactory as national approaches vary widely and hence impair comparability. The main shortcomings of this state of affairs and the steps taken to overcome are spelled out in MTN.GNS/W/9/Add.1

3. Question: Taking into account that national agencies are the principal source of information on international trade in services, how does your Organization evaluate the present situation of available statistics in view of the need to identify the economic importance of trade in services? Would your Organization consider that there is sufficient homogeneity of concepts and a measurement system in order to permit an adequate comparative analysis of the flow of trade in services?

Answer: The present situation as regards available statistics on foreign direct investment in services is spelled out in MTN.GNS/W/9/Add.1. To quote paragraph 3 of that document: "... the quality of the FDI data in general and of service data in particular is very poor, and information on a number of important variables is either not available or not comparable."

4. Question: Does your Organization consider that there are means to quantify "efficiency" patterns in the area of trade in services? If you do how could this quantification be improved, particularly as far as international trade is concerned?

Answer: The Centre has not researched the issues raised in this question.

5. Question: In the view of your Organization could one consider that the economic characteristics of the possible services sector are sufficiently known in order to permit the evaluation of the existence or not of restrictive business practices, that is to say, of the market organization in the services sector?

Answer: Research on the services sector is still in its infancy; hence, all generalizations have to be made very cautiously. At the same time, however, certain basic characteristics of services - like the intangible and non-storable nature of many services - do appear to permit some general observations about the service sector as a whole. As to the

question of restrictive business practices, it is known from the goods sector that many of such practices exist; it can be assumed that they also exist in the services sector, although the Centre has not undertaken any work in this area.

6. Question: Could you enumerate the efforts undertaken by your Organization (or by others), in order to improve the quality of data on the international trade in services?

Answer: The efforts in this regard are described in MTN.GNS/W/9/Add.1.

7. Question: Are there any statistics of trade in services which take into account the level of participation of enterprises?

Answer: Not to the Centre's knowledge.

8. Question: Is it possible to determine the trade volume generated by each enterprise and its share in the total transactions in terms of trade in services?

Answer: The Centre has not undertaken work in this area.

9. Question: Is it possible to indicate the time-frame which has been covered by statistics of different countries, within each item of the sector?

Answer: National reporting on foreign direct investment in services varies widely, both in terms of time series data and the industry coverage of such data. Some countries report foreign direct investment data on some service industries which reach back several decades.

10. Question: In which periodicity could your Organization circulate the aggregate information on services?

Answer: As requested. The Centre normally reports broad aggregates on an annual basis in its reports on "recent Developments".

11. Question: How does your Organization envisage the possibility of obtaining quantifications which could eventually provide ways to compare the different levels of efficiency of a same sector, within different countries, in the field of services?

Answer: The Centre has not yet undertaken in-depth research on this matter, but it appears to be a rather difficult undertaking.

12. Question: How does your Organization envisage the possibility of making compatible the different aspects regarding the gathering of data and the nomenclature among transactions involving the internal and external market?

Answer: Document MTN.GNS/W/9/Add.1 outlines some efforts that are underway to increase the compatibility of statistics.

13. Question: Yesterday some delegations requested that developing countries were invited to forthcoming informal meetings on services statistics and classifications. Besides this initiative, would it be possible for your Organization to provide technical assistance to developing countries in order to help local authorities in collecting and processing data on trade in services?

Answer: The Centre provides technical assistance to developing countries on all matters which relate to foreign direct investment and transnational corporations. Among other things, the Centre has assisted developing countries in establishing national information systems on foreign direct investment and transnational corporations.