

MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND

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Group of Negotiations on Services

REFERENCE LIST OF SECTORS

Note by the Secretariat

In the section relating to future work, Part II of the Montreal Ministerial Declaration (MTN.TNC/7(MIN)) provides for the compilation by the Secretariat of a reference list of sectors by 20 April 1989. It is noted that this process could be assisted by submissions of participants in the Group of Negotiations on Services.

This note presents one possible reference list and discusses a number of matters related to its determination.

1. There is a variety of sectoral classification systems that could be used as a basis for delineating the a reference list of sectors of the Secretariat requested in Part II of the Montreal Ministerial Declaration (MTN.TNC/7(MIN)). Both existing and planned statistical classification systems answer to three broad characterizations, depending on whether their respective focus is on activities, products or international transactions. The International Standard Industrial Classification (ISIC) and the System of National Accounts (SNA) are examples of the first type; the planned Central Product Classification (CPC) is an example of the second type; and the IMF Balance of Payments (BOP) typifies the third category.¹

2. The ISIC is the most commonly used and best-known activity-based classification system (see Appendix III for a list of its major components). It does not make a formal distinction between goods and services, neither of which are defined or classified separately. Activities classified in the ISIC represent types of production that observation (statistical) units engage in. The unit can be real (i.e. observable) or fictive (i.e. a construction created by a statistician). In the ISIC, an industry is defined as the summation of all units primarily engaged in the same or similar kind of activity. Activity-based classifications suffer from two main shortcomings from the point of view of the proposed reference list. First, in terms of statistical coverage, an activity-based classification is incomplete. The units classified under a given category of the ISIC may include services which are not characteristic of the principal kind of economic activity of the producing unit. Recorded activities, therefore, may not correspond one to one with the actual production of services. A second problem derives from the fact that it is ultimately service outputs - and not the activities that generate them - which enter international trade

3. Product-based classifications, such as the CPC, are closely related to activity classifications inasmuch as products are typically the outputs of specific kinds of activities. Product-based classifications, however, provide a greater degree of disaggregation than activity-based systems as there are more identifiable products than activities. Thus, the CPC distinguishes almost 600 service products, as opposed to the ISIC's 130 service activities. The CPC is based on transactions between units and is thus similar to the ISIC in that it does not capture intra-unit transactions. A distinction is made between goods, services and intangible assets (both financial and non-financial), but all are considered to be products. As with the ISIC, no distinct definition of goods and services is provided in the CPC (see Appendix III for a list of its components). The CPC focuses on products that are transacted (i.e. sold commercially), as opposed to producers or kinds of activities.

¹For a more detailed description of the classification systems, their sources and the uses to which they are put, see GNS and Statistics: Note by the Secretariat, MTN.GNS/W/41, 24 June 1988.

4. The conceptual difference between activity- and product-based classifications can perhaps be illustrated as follows. In the ISIC, the output of a manufacturer of a certain product that also provides transportation, maintenance and repair services will be allocated to the sector that constitutes its primary sphere of activity - i.e. the manufacture of the particular product. The CPC, in contrast, will provide separate estimates of the value of all three components, providing a more accurate and detailed picture of the actual value of production.

5. Transaction-based classifications (see Appendix III) are typically framed with a view to monitoring developments in the balance of payments (BOP) of a given country. Their chief focus is on cross-border transactions involving flows of foreign exchange. Unlike activity- or product-based systems, transaction-based classifications are not designed to capture fully the universe of commercially-provided services.

6. The proposed reference list is based on a product classification for the following reasons. First, international transactions do not pertain to activities, as these are primarily statistical constructions. Second, the provision of a service may require a producer (supplier) to move to the location of the consumer (recipient). While a product-based system does not specifically include factor flows (e.g. movement of labour and capital) these are covered to the extent that they actually produce a service product. Services that require factor movement to be provided internationally have thus been included in the proposed reference list, as appears necessary at this stage from paragraph 4 of the Montreal Ministerial Declaration. Utilisation of a product-based system will also allow foreign provision to be related to domestic production. Furthermore, a focus on products allows a higher degree of disaggregation and precision to be attained should it become necessary, at a later stage, when examining the nature of transactions (e.g. specificity of purpose) or the sectoral implications of various concepts. Finally, a product-based system meets the objective of achieving the highest degree of concordance with existing and proposed systems for recording statistics on services trade and production.

7. The proposed reference list (see below) constitutes an aggregated version of the CPC (see Appendix II for a concordance between the reference list, the CPC, and the ISIC Rev.3). Services which, broadly speaking, may be seen as neither tradeable nor commercially provided have been excluded. Sales of intangible assets, such as franchising or licensing, have been included. It should also be noted that the tourism sector does not appear in the proposed reference list. Tourism can be seen as consisting of a large number of components (hotels, restaurants, transportation, etc.) which will already be registered elsewhere in the list. This does not, however, imply that tourism should not be included. Appendix I contains a non-exhaustive list of the likely components of a tourism sector, as its inclusion would necessitate the delineation of the components of the tourism sector.

PROPOSED REFERENCE LIST OF SECTORS

1. BUSINESS SERVICES

Rental/leasing of equipment without crew

- transport: cars, trucks, aircraft, ships, etc.
- non-transport: computers, construction/demolition, etc.

Real estate services (not including rental of land)

- involving own or leased property
- on a fee or contract basis (e.g. property valuation, estate management. etc.)

Installation and assembly work (other than construction)

Maintenance and repair of equipment (not including fixed structures)

Services incidental to manufacturing

Professional services (including consulting)

- Agricultural, forestry and fishing services
- Mining and oil-field services
- Legal services
- Accounting and taxation services
- Management and administrative services
- Architectural services
- Advertising
- Market research and opinion polling
- Surveying and exploration services
- Advisory and consultative engineering services
- Industrial engineering
- Engineering design services
- Project management services
- Urban planning services
- Interior design services
- R&D, laboratories, testing and certification
- Computer-related services (including hardware-related consulting, installation, data processing, etc.)
- Software development (including software implementation)
- Travel agents and tour operators
- Economic and behavioural research
- Labour recruitment and provision of personnel
- Investigation and security activities
- Public relations services
- Photographic services
- Miscellaneous professional services

Business services not included elsewhere

- Biotechnology services
- Cleaning of buildings and similar activities

- Packaging activities
- Waste disposal and processing
- Translation services
- Exhibition management services
- Printing and publishing
- Other

2. COMMUNICATION SERVICES

Postal services

Courier services

Telecommunication services

- Telephone services
- Telegraph services
- Data transmission services
- Telematic services (e.g. Teletex, Facsimile and Videotex services)
- Radio and television broadcasting services
- Other telecommunication services

Film distribution and related services

Other communication services

- News and press agency services
- Library and archives services

3. CONSTRUCTION SERVICES

Site preparation

New constructions

- Buildings
- Civil engineering (bridges, roads, etc.)

Installation and assembly work

Building completion

Maintenance and repair of fixed structures

4. DISTRIBUTION SERVICES

Merchanting (wholesale trade)

Retail trade

Agent fees and commissions related to distribution

Countertrading services

5. **EDUCATION SERVICES**

6. **FINANCIAL SERVICES** (excluding insurance)

Wholesale and other bank deposit services

Services related to the administration of financial markets

Financial leasing

Other credit granting services (personal loans, mortgages, credit card and other credit services)

Services related to securities markets (brokerage, securities issue and registration, portfolio management)

Other financial intermediation (including investment and property trusts)

Other services auxiliary to financial intermediation (loan broking, financial consultancy, foreign exchange services, etc.)

7. **HEALTH RELATED SERVICES** (not including personal care)

Human health services

- Hospital services
- Medical and dental practice services
- Other health services

Veterinary services

8. **HOTELS AND RESTAURANTS** (including catering)

9. **INSURANCE**

Insurance on freight

Non-freight insurance

- Life
- Pensions and annuities
- Disability and medical care
- Property
- Liability
- Other non-freight insurance

Services auxiliary to insurance (brokerage, consultancy, actuarial, other)

Reinsurance

10. PERSONAL SERVICES (not included elsewhere)

- House cleaning and maintenance services
- Nursing and other personal care services (including day-care)
- Other

11. RECREATIONAL AND CULTURAL SERVICES (not including radio/film/TV)**12. SALES OF INTANGIBLE ASSETS****13. TRANSPORTATION**Freight services

- Air Freight
- Ocean Freight
- Rail Freight
- Pipelines
- Internal and coastal waterways
- Road Freight
- Space launching and freight (including satellites)
- Other Freight

Passenger transportation services

- Air
- Ocean
- Rail
- Road
- Internal and coastal waterways
- Other

Charter services (leasing of vessels with crew)

- Sea
- Air and Space
- Road

Services auxiliary to transport

- Customs agents
- Cargo handling
- Storage and warehousing
- Port services
- Pre-shipment inspection

Other transport services**14. OTHER SERVICES NOT INCLUDED ELSEWHERE**

APPENDIX I

COMPONENTS OF TOURISM-RELATED PRODUCTS AND SERVICES

1. RETAIL TRADE SERVICES
2. REPAIR SERVICES OF PERSONAL AND HOUSEHOLD GOODS
3. HOTEL AND RESTAURANT SERVICES
 - Hotel and similar accommodation services
 - Other accommodation services
 - Food serving services
 - Beverages serving services for consumption on the premises
4. LAND TRANSPORT SERVICES
5. WATER TRANSPORT SERVICES
6. AIR TRANSPORT SERVICES
7. SUPPORTING AND AUXILIARY TRANSPORT SERVICES
 - Travel agencies, tour operators and tourist guides services
8. COMMUNICATIONS (post, telephone, etc.)
9. FINANCIAL SERVICES
 - Currency exchange
 - Cheque cashing
10. INSURANCE (especially relating to travel)
11. BUSINESS SERVICES
 - Leasing or rental services concerning machinery and equipment without operators
 - Leasing or rental services concerning personal and household goods
 - Other business services (guides, interpreters, etc.)
12. SERVICES INCIDENTAL TO HUNTING AND FISHING
13. ADMINISTRATIVE SERVICES OF THE GOVERNMENT
14. RECREATIONAL, CULTURAL AND SPORTING SERVICES
 - Motion picture, radio and television and other entertainment services
 - Other entertainment services
 - Libraries, archives, museums, and other cultural services
 - Sporting and other recreational services

APPENDIX II

CONCORDANCE BETWEEN PROPOSED REFERENCE LIST
AND CPC AND ISIC REV.3

<u>Proposed list</u>	<u>CPC</u>	<u>ISIC Rev.3</u>
1. <u>Business services</u>		
Rental/leasing transport	83101-105	7111-7113
Rental/leasing non-transport	83106-109, 832	7121-7130
Real estate: owned	821	7010
Real estate: fee/contract	822	7020
Installation/assembly	n.a.	n.a.
Maintenance/repair	633, 845, 886, 6112, 6122	n.a.
Incidental to manufacturing	884, 885	15-35
Professional services:		
- Agriculture, forestry and fishing	881, 882	0140, 0150, 0500, 0200
- Mining	883	1120
- Legal	861	7411
- Accounting	862, 863	7412
- Management	865 (-/-86505), 866	7414
- Architectural	8671	7421
- Advertising	871	7430
- Market research	864	7413
- Surveying	8675	7421
- Engineering consulting	8672, 8673	7421
- Industrial engineering	8672, 8673	7421
- Engineering design	8672	7421
- Project management	8660	7414
- Urban planning	8674	7421
- Interior design	n.a.	n.a.
- R&D	851-853, 8676	7310-7370, 7422
- Computer-related	841, 843-849	7210, 7230-7290
- Software	842	7220
- Travel agents	747	6304
- Behavioural research	852	7320
- Personnel	872	7491
- Investigation	873	7492
- Public relations	86506	n.a.
- Photography	875	7494
- Biotechnology	n.a.	n.a.
- Building cleaning	874	7493
- Packaging	876	7495
- Waste disposal	940	9000
- Translation	87905	n.a.
- Exhibition management	n.a.	n.a.
- Printing, publishing	n.a.	n.a.

<u>Proposed list</u>	<u>CPC</u>	<u>ISIC Rev.3</u>
2. <u>Communication services</u>		
- Postal	7511	6411
- Courier	7512	6412
- Telephone	7521	6420
- Telegraph	7522	6420
- Data transmission	7523	6420
- Telematics	n.a.	n.a.
- Radio/TV	9613	9213
- Other telecommunications	963	9213
- Films	9611, 9612	9211, 9212
- News/press agencies	962	9223
- Libraries/archives	963	9213
3. <u>Construction</u>		
- Site preparation	511	4510
- Building	521, 512	4520
- Level engineering	522, 513	4520
- Installation	514-516	4520, 4530
- Completion	517	4540
- Maintenance	n.a.	n.a.
4. <u>Distribution</u>		
- Wholesale	622	512-515
- Retail	631, 632	5220, 5231-39
- Agent fees	621	5110
- Countertrade	n.a.	n.a.
5. <u>Education</u>	921-929	801-809
6. <u>Financial</u>		
- Wholesale deposit	81115-81119	6519
- Administration	8131	6711
- Leasing	8112	6591
- Other credit	8113	6592
- Securities	8132	6712
- Other intermediation	8119	6599
- Other auxiliary	8133	6719
7. <u>Health</u>		
- Hospital	9311	8511
- Medical/Dental	9312	8512
- Other health	9319	8519
- Veterinary	9320	8520
8. <u>Hotels/Restaurants</u>	641-643	5510-5520
9. <u>Insurance</u>		
- Freight	81293	6603
- Life	81211	6601
- Pensions	81212	6602
- Disability/Medical	81213	6603
- Property	81291, 92, 94-95	6603
- Liability	81296	6603
- Other non-freight	81299	6603
- Auxiliary	814	6720
- Reinsurance	n.a.	n.a.

<u>Proposed list</u>	<u>CFC</u>	<u>ISIC Rev.3</u>
10. <u>Personal services</u>		
- House cleaning	980	9500
- Nursing	9332, 93193	8532
11. <u>Recreational</u>	9619, 964	9241, 9249, 9214, 9219
12. <u>Intangible assets</u>	891-892	65, 7310
13. <u>Transportation</u>		
Freight:		
- Air	732	6210, 6220
- Ocean	7212	6110
- Rail	7112, 7113	6010
- Pipelines	713	6030
- Internal/Coastal	7222	6120
- Road	7123	6023
- Space	733	6220
Passenger:		
- Air	731	6210, 6220
- Ocean	7211	6110
- Rail	7111	6010, 6021
- Road	7111, 7122	6021, 6022
- Internal/Coastal	7221	6120
Charter:		
- Sea/Internal/Coastal	7213, 7214, 7224, 7223	6110, 6120
- Air/Space	7340	62
- Road	7124	6023
Auxiliary services:		
- Customs agents	n.a.	n.a.
- Cargo handling	741, 742	6301, 6309
- Storage	742	6302
- Port services	743-746	6303
- Pre-shipment inspection	n.a.	n.a.
14. <u>Other services</u>		

N.B.: -/- denotes a non-inclusion

APPENDIX III

EXISTING AND PROPOSED CLASSIFICATION SYSTEMS

A. Activity-based Classification: Proposed Revised ISIC (December 1987)

5. CONSTRUCTION

- 501. Building of complete construction or parts thereof; civil engineering
- 502. Building installation
- 503. Building completion
- 504. Demolition of buildings and civil engineering work
- 505. Renting of construction or demolition equipment with operator

6. WHOLESALE AND RETAIL TRADE; REPAIR OR MOTOR VEHICLES, MOTORCYCLES AND PERSONAL AND HOUSEHOLD GOODS; RESTAURANTS AND HOTELS

- 61. Sale, maintenance, and repair of motor vehicles and motorcycles
- 62. Wholesale trade and commission trade except motor vehicles and motorcycles
- 63. Retail trade excluding motor vehicles/cycles; repair of personal and household goods
- 64. Restaurants and hotels

7. TRANSPORT, STORAGE, AND COMMUNICATION

- 71. Land transport
- 72. Water transport
- 73. Air transport
- 74. Supporting and auxiliary transport activities
- 75. Post and communication

8. FINANCIAL INTERMEDIATION, REAL ESTATE, RENTING AND BUSINESS ACTIVITIES

- 81. Financial intermediation
- 82. Activities auxiliary to financial intermediation
- 83. Real estate activities
- 84. Renting of machinery and equipment w/o operator and personal and household goods
- 85. Computer and related activities
- 86. R&D
- 89. Other business activities

9. COMMUNITY, SOCIAL AND PERSONAL SERVICE ACTIVITIES

- 91. Public administration and defence; compulsory social security and social assistance; other government provided or benefiting activities

- 92. Sewage and refuse disposal, sanitation and similar activities
- 93. Education
- 94. Health and social work
- 95. Activities of membership organisations
- 96. Recreational, cultural, and sporting activities
- 97. Other service activities
- 98. Private households with employed persons
- 99. Extra-territorial organizations and bodies

B. Product-based Classification: Central Product Classification Proposal
(June 1988)

CONSTRUCTION

- 511. Pre-erection work at building and construction sites
- 512. General construction work for buildings
- 513. General construction work for civil engineering
- 514. Assembly and erection of prefabricated constructions
- 515. Special trade construction work
- 516. Installation work
- 517. Building completion and finishing work
- 518. Renting services related to equipment for construction or demolition of buildings or civil engineering works with operator
- 521. Buildings
- 522. Civil engineering works
- 529. Other engineering works

TRADE SERVICES: HOTEL AND RESTAURANT SERVICES

- 611. Sale, maintenance and repair services of motor vehicles; sales of related parts and accessories
- 612. Sale, maintenance and repair services of motorcycles and snowmobiles; sales of related parts and accessories
- 613. Retail sales of motor fuel
- 621. Commission agents' services
- 622. Wholesale trade services
- 631. Food retailing services
- 632. Non-food retailing services
- 633. Repair services of personal and household goods
- 641. Hotel and similar accommodation services
- 642. Food serving services
- 643. Beverages serving services for consumption on the premises

TRANSPORT, STORAGE AND COMMUNICATION SERVICES

- 711. Transport services by railways
- 712. Other land transport services
- 713. Transport services via pipelines

- 721. Transport services by sea-going vessels
- 722. Transport services by non-sea-going vessels

- 731. Passenger transportation by air
- 732. Freight transportation by air
- 733. Transportation via space
- 734. Pental of aircrafts with crew
- 741. Cargo handling services
- 742. Storage and warehouse services
- 743. Supporting services for railway transport
- 744. Supporting services for road transport
- 745. Supporting services for water transport
- 746. Supporting services for air transport
- 747. Travsl agencies, tour operators and tourist guides services
- 748. Freight transport agency services
- 749. Other supporting and auxiliary transport services

POST AND TELECOMMUNICATION SERVICES

- 751. Postal and Courier services
- 752. Telecommunication services

BUSINESS SERVICES: AGRICULTURAL, MINING AND MANUFACTURING SERVICES

- 811. Financial intermediation services, except insurance and pension fund services
- 812. Insurance (including reinsurance) and pension fund services, except compulsory social security services
- 813. Services auxiliary to financial intermediation other than to insurance and pension funding
- 814. Services auxiliary to insurance and pension funding
- 821. Real estate services involving own or leased property
- 822. Real estate services on a fee or contract basis
- 831. Leasing or rental services concerning machinery and equipment without operators
- 832. Leasing or rental services concerning personal and household goods
- 841. Consultancy services related to the installation of computer hardware
- 842. Software implementation services
- 843. Data processing services
- 844. Data base services
- 845. Maintenance and repair services of office machinery and equipment including computers
- 849. Other computer services
- 851. Research and development services on natural sciences
- 852. Research and development services on social sciences and humanities
- 861. Legal services
- 862. Accounting, auditing and book-keeping services
- 863. Taxation services

- 864. Market research and public opinion polling services
- 865. Management consulting services
- 866. Services related to management consulting
- 867. Architectural, engineering and other technical services
- 871. Advertising services
- 872. Placement and supply services of personnel
- 873. Investigation and security services
- 874. Building-cleaning services
- 875. Photographic services
- 876. Packaging services
- 879. Other business services
- 881. Services incidental to agriculture, hunting and forestry
- 882. Services incidental to fishing
- 883. Services incidental to mining
- 884. Services incidental to manufacturing, except to the manufacture of metal products, machinery and equipment
- 885. Services incidental to the manufacture of metal products, machinery and equipment
- 886. Repair services incidental to metal products, machinery and equipment
- 887. Services incidental to energy distribution

INTANGIBLE ASSETS

- 891. Financial assets and liabilities
- 892. Non-financial intangible assets

PUBLIC ADMINISTRATION AND OTHER SERVICES TO THE COMMUNITY AS A WHOLE

- 911. Administrative services of the government
- 912. Services to the community as a whole
- 913. Compulsory social security services

EDUCATION SERVICES

- 921. Primary education services
- 922. Secondary education services
- 923. Higher education services

HEALTH AND SOCIAL SERVICES

- 931. Human health services
- 932. Veterinary services
- 933. Social services

SEWAGE AND REFUSE DISPOSAL, SANITATION AND SIMILAR SERVICES

SERVICES OF MEMBERSHIP ORGANIZATIONS

- 951. Services furnished by business, employers and professional organizations

- 952. Services furnished by trade unions
- 959. Services furnished by other membership organizations

RECREATIONAL, CULTURAL AND SPORTING SERVICES

- 961. Motion picture, radio and television and other entertainment services
- 962. New agency services
- 963. Libraries, archives, museums, and other cultural services
- 964. Sporting and other recreational services
- 970. Other services
- 980. Domestic services
- 990. Services provided by extra-territorial organizations and bodies

C. Transaction-based Classification: IMF Draft Classification of International Transactions in Services (May 1985)

1. TRANSPORT AND STORAGE SERVICES

- 1.1 Passenger
- 1.2 Freight and auxiliary transport services
 - 1.2.1. Freight
 - 1.2.2. Rental of transport equipment with crew
 - 1.2.3. Other transport and storage services

2. TRAVEL

- 2.1 Tourism
 - 2.1.1. Business travellers
 - 2.1.2. Students and trainees
 - 2.1.3. Other tourists

2.2 Other travel

3. GOVERNMENT TRANSACTIONS N.I.E.

4. POSTAL AND TELECOMMUNICATION SERVICES

- 4.1 Postal and courier services
- 4.2 Telecommunication services

5. CONSTRUCTION SERVICES

6. SERVICES INCIDENTAL TO MANUFACTURING

- 6.1 Processing (manufacture on a fee or contract basis)
- 6.2 Repair services

7. TRADE-RELATED SERVICES

- 7.1 Commission agents' services
- 7.2 Merchanting (wholesale trade services)

8. FINANCIAL SERVICES

- 8.1 Services of financial intermediation
- 8.2 Services auxiliary to financial intermediation

9. INSURANCE SERVICES

- 9.1 Life insurance, pension, and annuity services (other than compulsory social security)
- 9.2 Casualty insurance
- 9.3 Services auxiliary to insurance and pension funding

10. BUSINESS SERVICES

- 10.1 Leasing or rental services without operators
- 10.2 Computer services
- 10.3 R&D, architectural, engineering, and other technical services
- 10.4 Legal, accounting, auditing, and bookkeeping services; taxation services; market research and public opinion polling services
- 10.5 Management consulting services
- 10.6 Advertising services
- 10.7 Information services
- 10.8 Other business services

11. MISCELLANEOUS SERVICES

- 11.1 Education services
- 11.2 Health and social services
- 11.3 Motion picture, radio and television and other entertainment services
- 11.4 Other miscellaneous services