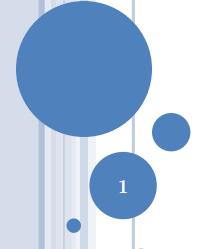
International Trade in Services statistics



Melike YALIN ALTUN
13 April 2021

OUTLINE

- Overview and legal basis
- Methodological basis
 - Concepts and definitions
 - Classifications
 - Coverage, periods
 - Constructing survey frame
 - Data collection
- Measurement and analysis
- Dissemination

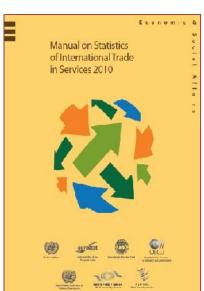
There is a need availability of statistics on international trade in services, detailed by

- service type
- mode of supply
- partner country

to free trade agreements, incentive and support mechanisms.

 Manual: Manual on Statistics of International Trade in Services 2010 (MSITS)

- > SNA 2008
 - > BOP 2009 (BPM6)
 - > MSITS 2010



EU Regulations & Manuals

- Regulation (EC) No 184/2005 of the European Parliament and of the Council of 12 January 2005 on Community statistics concerning balance of payments, international trade in services and foreign direct investment
- Commission Regulation (EU) No 555/2012 of 22 June 2012 amending Regulation (EC) No 184/2005 of the European Parliament and of the Council on Community statistics concerning balance of payments, international trade in services and foreign direct investment, as regards the update of data requirements and definitions
- Statistical Requirements Compendium 2017 edition, Eurostat
- Balance of Payments Vademecum, Eurostat
- Manual on Statistics of International Trade in Services 2010
- Balance of Payments and International Investment Position Manual 6th Edition (BPM6), IMF

METHODOLOGICAL BASIS CONCEPTS AND DEFINITIONS

INTERNATIONAL TRADE

International trade is defined as the whole set of international transactions in items that are outcomes of production activities.

- These items include goods and services.
- The international character of the transaction is defined by the residence of the parties to it.
- Residence refers to an individual who regularly resides in an economic territory for more than one year or an institutional unit located in that territory, who engages in economic activities and transactions.

WHAT IS ITSS?

- International trade in services is the service trade between resident and non-resident natural or legal persons.
- International Trade in Services Statistics (ITSS) refer to imports and exports of services by country and type of services performed by resident enterprises.

KEY DIMENSIONS OF INTERNATIONAL SERVICE TRADE

- Nature of the service:
 - sold or bought (exported or imported)
- Types of services
- Mode of supply
- Partner country

WHAT IS SERVICES?

- Services differ from goods in several respects.
 - Immateriality
 - Simultaneity
 - Interaction
 - Heterogeneity
- A more generic definition of services has been given by Melvin (1989) who considers that "core services" can best be thought of as relating to intermediation through time (banking, insurance) or space (telecoms, transportation, retailing, wholesaling...) with a wide range of diverse additional service items making up the balance of what most people refer to as services (tourism, consulting services, government services, utilities...

WHAT IS SERVICES?

2008 SNA defines services as

- 6.17 Services are the result of a production activity that changes the conditions of the consuming units, or facilitates the exchange of products or financial assets.
- 6.21 Margin services, on the other hand, result when one institutional unit facilitates the change of ownership of goods, knowledge-capturing products, some services or financial assets between two other institutional units.

- Extended Balance of Payments Services classification (EBOPS 2010)
- General Agreement on Trade in Services (GATS) Services
 Sectoral Classification List MTN.GNS/W/120 (W/120)

EBOPS

- Mainly product-based classification
 - Except for travel, construction and government goods and services n.i.e.: focus on transactor or mode of consumption of goods and services
- Extended: much more detailed than 12 BPM6 services components
- Includes additional memorandum items and complementary groupings

EBOPS - Extended Balance of Payments Services main services components

- 1. Manufacturing services on physical inputs owned by others
- 2. Maintenance and repair services n.i.e.
- 3. Transport
- Travel
- 5. Construction
- 6. Insurance and pension services
- 7. Financial services
- 8. Charges for the use of intellectual property n.i.e.
- 9. Telecommunications, computer and information services
- 10. Other business services
- 11. Personal, cultural and recreational services
- Government goods and services n.i.e.

General Agreement on Trade in Services (GATS) Services Sectoral Classification

- W/120 main categories are further detailed, the list includes 120 items
- Developed by the General Agreement on Tariffs and Trade (GATT) Secretariat for of trade negotiations (WTO)
- Not a statistical classification

GATS – MODES OF SUPPLY

 According to The GATS (General Agreement on Trade in Services); modes of supply are defined based on the location of the supplier and the consumer when a service is supplied, taking into account their nationality or origin.

Those modes are generally referred to as:

Mode 1: Cross border supply_

Mode 2: Consumption abroad

Mode 3: Commercial presence

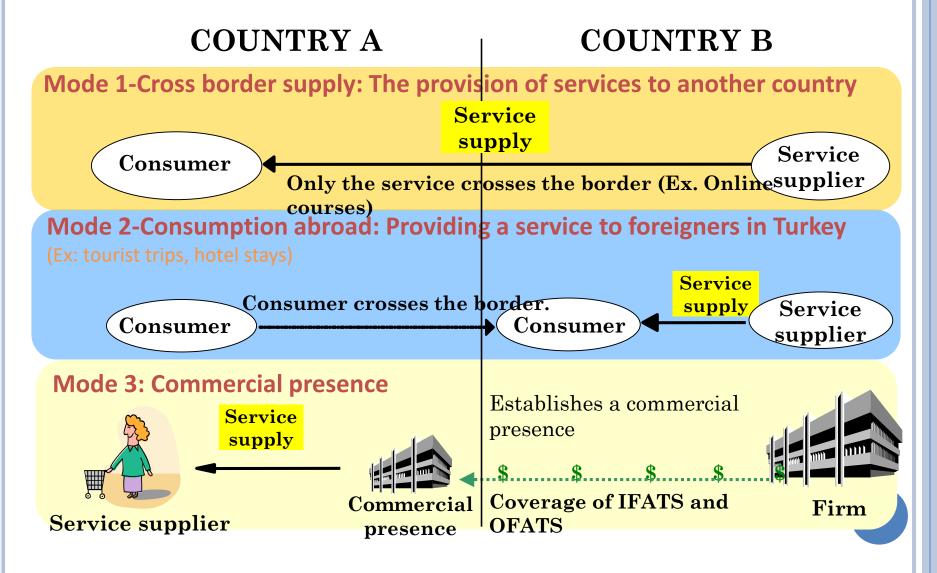
Mode 4: Presence of natural persons

Balance of payments statistics

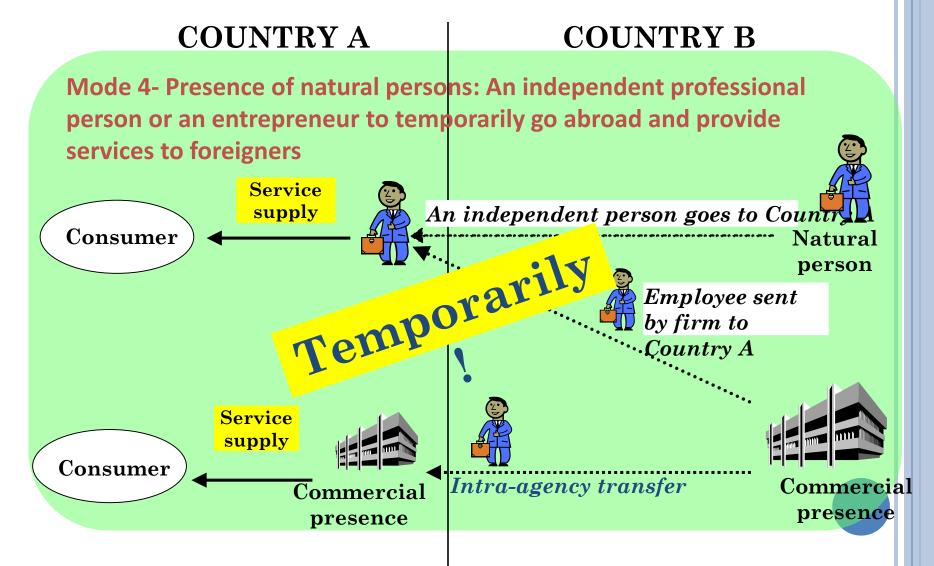
Foreign **Affiliates**

statistics (FATS)

Modes of Supply



Modes of Supply

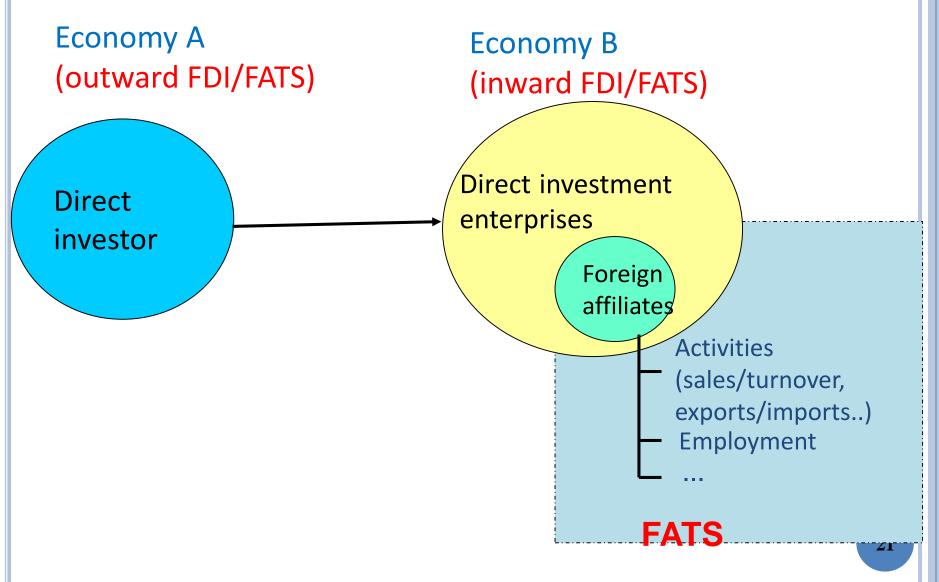


WHAT IS FATS?

Foreign AffiliaTes Statistics (FATS) describe the activities of **foreign affiliates**: enterprises resident in a country or area controlled or owned by (multinational) enterprises which are resident outside that country or area.

- **Inward FATS** describe the overall activity of foreign affiliates resident in the compiling economy.
- Outward FATS describe the activity of foreign affiliates abroad controlled by the compiling country.

FDI Statistics and FATS



From WTO presentation

Foreign affiliates covered by FATS

Control criterion

Majority-controlled foreign affiliates

(a single foreign investor owns more than 50% of voting power at each stage of the ownership chain):

Include branches and subsidiaries **Exclude** associates

Types of producers

Affiliates producing goods, services



TO SUM UP

"The MSITS 2010 framework utilizes two main building blocks for describing the international supply of services:

- Transactions between residents and non-residents (based on BPM6)
- Supply of services through the operations of foreign affiliates based on foreign affiliates statistics (FATS)"

(MSITS 2010, § 2.53)

ITSS IN TURKEY

- CBRT has been compiling ITSS monthly on the main services types.
- TurkStat compile data annually by using questionnaire on imports
 and exports in country and types of all the services detail
 (except Travel) in EBOPS, from the enterprises who residents of
 Turkey, engaged in international services trade.
- Travel service is compiled by Tourism Statistics Group in TurkStat and then added ITSS.
- TurkStat compiled ITSS annually for 2016-2018 reference years and published in March 2020.
- BoP have been revised by new ITSS set, by CBRT.
- 2019 ITSS were published in November 2020.

Classifications

- 1. Manufacturing services on physical inputs owned by others:
- Include processing, assembly, labelling and packaging (packaging related to transport NOT included)
- Manufacturing services are undertaken on the goods NOT OWNED by the manufacturer.
- The manufacturer is paid a SERVICE FEE by the owner of goods.
- The SERVICE FEE represents the value of the service contract
 recorded under services.

3. Transport

Alternative 1: Classification by mode of transport

- Sea transport (passenger, freight, other)
- Air transport (passenger, freight, other)
- Other modes of transport (passenger, freight, other)
- Extended classification of other modes of transport
 - Space transport
 - Rail transport (passenger, freight, other)
 - Road transport (passenger, freight, other)
 - Inland waterways transport
 - (passenger, freight, other)
 - Pipeline transport
 - Electricity transmission
 - Other supporting and auxiliary services
- Postal and courier services

3. Transport

Alternative 2: What is carried

- Passenger
- Freight
- Other
 - Postal and courier
 - Other

4. Travel

Alternative 1:Classification by purpose of travel

- Business
 - Border, seasonal and other short-term workers
 - Other
- Personal
 - Health-related
 - Education-related
 - Other

4. Travel

Alternative 2: Products consumed

- Goods
- Local transport services
- Accommodation services
- Food-serving services
- Other services
 - Health services
 - Education services

5. Construction

- Construction abroad
- Construction in the compiling economy

- 9. Telecommunications, computer and information services
- Telecommunications services
- Computer services
 - Computer software (of which originals)
 - Other computer services
- Information services
 - News agency services
 - Other information services

10. Other business services

- Research and development services (2 sub-items, 6 sub-sub-items)
- Professional and management consulting services
 - Legal, accounting, management, consulting and public relations
 - Legal services
 - Accounting, auditing, bookkeeping, and tax consulting services
 - Business and management consulting and public relations services
 - Advertising, market research, public opinion polling
 - o of which Convention, trade-fair and exhibition organization services
- Technical, trade-related and other business services
 - Architectural, engineering, scientific and other technical services
 - Architectural services
 - Engineering services
 - Scientific and other technical services
 - Waste treatment and de-pollution, agricultural and mining services
 - Waste treatment and de-pollution
 - Services incidental to agriculture, forestry and fishing
 - Services incidental to mining, and oil and gas extraction
 - Operating leasing services
 - Trade-related services
 - Other business services n.i.e. (of which employment services)

GENERAL AGREEMENT ON TRADE IN SERVICES (GATS) SERVICES SECTORAL CLASSIFICATION

W/120

- 1. Business services
- 2. Communication services
- 3. Construction and related engineering services
- 4. Distribution services
- 5. Educational services
- 6. Environmental services
- 7. Financial services
- 8. Health-related and social services
- 9. Tourism and travel-related services
- 10. Recreational, cultural, and sporting services
- 11. Transport services
- 12. Other services not included elsewhere

RELATED CLASSIFICATIONS: CENTRAL PRODUCT CLASSIFICATION (CPC)

1. Manufacturing services on physical inputs owned by others

EBOPS 2010		CPC 2.0	
code	Description	Code	Description
1	Manufacturing services on physical inputs owned by others	88	Manufacturing services on physical inputs owned by others
		892	Moulding, pressing, stamping, extruding and similar plastic manufacturing services
		893	Casting, forging, stamping and similar metal manufacturing services
		854	Packaging services

back to top...

2. Maintenance and repair services n.i.e.

EBOPS 2010			CPC 2.0			
code	Description	Code	Description			
2	Maintenance and repair services n.i.e.	8711	Maintenance and repair services of fabricated metal products, except machinery and equipment			
		8712	Maintenance and repair services of office and accounting machinery			
		8714	Maintenance and repair of transport machinery and equipment			
		8715	Maintenance and repair services of other machinery and equipment			
		872	Repair services of other goods			

back to top...

COVERAGE AND PERIODS

COVERAGE IN TURKSTAT

- All the resident enterprises engaged to the international trade in services are covered.
- All the services defined in the EBOPS 2010 except Travel
- Households are not included in the ITSS data set (But, the imports of passenger air transportation services is estimated and included in ITSS). No sufficient data sources yet for other exports and imports performed by households.
- **Geographical coverage:** It is all over Turkey. Questionnaire is applied to enterprises resident in Turkey.
- Sectoral coverage: ITSS survey covers 11 main topics in BPM6 services part except for tourism (travel)

PERIODS

According to the provisions of the Commission Regulation (EU) No 555/2012 and ECB Guideline ECB/2011/23

- Monthly BOP data by the 44th calendar day following the end of the reference period;
- Quarterly BOP/IIP data by the 85th calendar day following the end of the reference period
- 3. <u>Annual international trade in services by 9 months after the end of the reference period</u>

are deadlines.

Main Basic Sources:

- International Transactions Reporting Systems that contain the detail on the resident units carrying out international payments through accounts held in resident banks, with an item breakdown.
- **Trade registers** of resident operators involved in international trade in goods. Generally a link can be established between trade in goods and trade in services (e.g., through information on international freight).
- VAT registers include such variables as turnover, employment, main activity and total goods and services exports and imports.
- Foreign Direct Investment (FDI) register
- Balance sheet information
- Specific registers from trade associations or regulatory bodies
- The press and media
- Profiling

In TurkStat

SOURCE	TYPE/DATA USED
The Revenue	Value Added Tax (VAT) Declaration # 1 (Exemption amount in export of services by related exemption codes)
Administration	Value Added Tax (VAT) Declaration #2 (Exemption amount in import)
Foreign Trade Statistics	Value of inward or outward processing, maintenance and repair

- For export of services; the enterprises benefiting from the exemption in the following codes within the scope of the full exemption of the VAT1 Declaration, were included in the frame:
 - **302** : Export of services
 - **303** : Roaming services
 - **304** : Delivery, modification, maintenance and repair of sea, air and railway transportation vehicles
 - **305** : Services in ports and airports for sea and air transportation vehicles
 - **311** : International transportation
 - **312** : Exceptions in services provided to diplomatic representations and consulates
 - **313** : Exceptions in services provided to international organizations
- For import of services; Enterprises who pays reverse charge VAT in the code 101 under the 'full withholding' of the VAT-2 Declaration (transactions taken by enterprises whose residence or workplace or statutory center or business center not in Turkey), are included in the framework of service imports.

DATA COLLECTION

DATA COLLECTION

- ITSS Survey is conducted through a webbased program accessible from the TurkStat website.
- Respondent unit is enterprise.
- Respondents can easily enter the questionnaire by TurkStat web page by using ID and password provided by TurkStat regional offices.
- In the questionnaire, imports and exports in country and types of services detail
- Modes of supply questions are also included in the questionnaire.





nracati yapılan hizmetler	Tapmacik							
halati yapılan hizmetler								
irişiminizin yaptığı hizmet ih	racatı ve/veya hizmet ithalatını aşağıda yer alan hizmet türlerine göre belirtiniz. Soru	u işaretine tıklayarak ilgili hizmet t	ürüne ilişkin açıklamalara erişebilirsini					
lizmet Türleri		Yurt dışına hizmet satış geliri (İhracat) Türk Lirası (TL)	Yurt dışından hizmet alım gideri (İthalat) Türk Lirası (TL)					
1. Madencilik, Tanm, Orman	cilık ve Balıkçılık ile İlgili Hizmetler							
2. İmalat Hizmeti (fason üre	tim), Bakım ve Onanım Hizmetleri, Atık Yönetimi ve İyileştirme Hizmetleri							
🧿 3. İş ve Mesleki Hizmetler (ı izmetler)	operasyonel kiralama, muhasebe, danışmanlık, reklam, kamuoyu yoklama, hukuki vb.							
 4. Araştırma ve Geliştirme (Ar-Ge) Hizmetleri							
🥱 5. Fikri Mülkiyet Hakları (Te	if ve Lisanslar)							
3 6. Telekomünikasyon, Bilgis	ayar ve Bilîşim Hizmetleri, Yayımcılık ve Haber Ajansı Hizmetleri							
7. İnşaat Hizmetleri								
3 8. Finansal Hizmetler								
🧿 9. Sigorta ve Emeklilik Hizm	etleri							
	W. I. II. II. II. II.							
 10. Ticaret ve Ticaret ile ilgi 	i Diger Hizmetier (komisyonculuk vo.)							

Control & Analyze

- Data entry programme (Standard perspective)
- Base checks (edits) to ensure the internal consistency of the questionnaire
- Edits checking whether be trading services according to the framework source
- Edits questioning the consistence between the recorded services export or import value with administrative records

Control & Analyze

- Analysis perspective (1/2)
- Edits controlling the enterprises who are expected to export services according to the framework sources but declare <u>haven't</u> <u>exports of services</u>
- Edits controlling the enterprises who are expected to <u>export</u> <u>certain services</u> according to the framework sources
- Edits controlling the <u>consistency</u> between the export/import values that recorded to the questionnaire by enterprises whom in the framework list of VAT1 and VAT2 and the reference values by type of services and <u>framework sources</u>.

Control & Analyze

- Analysis perspective (2/2)
- Edits that checks the enters as the unknown country code
- Edits that controls the total of MoS
- Edits questioning whether the value of exports of goods is recorded as export of services
- Edits questioning the content of service of export and import value specified under the title of other service

Estimations

Export/Import estimations by using data in customs declarations:

The manufacturing industry services export/import values are estimated by using country codes and workmanship values for enterprises that declare their export/import of goods by inward/outward processing regime (DIR-HIR) in customs declarations but not involved in ITSS Survey.

2. Estimations for enterprises whose exports are below the threshold:

Export values by country and by types of services for the enterprises whose exports are below the threshold and therefore excluded from the survey frame of the ITSS Survey are estimated by using exemption values at VAT No.1 declarations for current and the previous years and export values for current year.

Estimations

3. Estimates for enterprises whose imports are below the threshold:

Import values by country and by types of services for the enterprises whose imports are below the threshold and therefore excluded from the fieldwork frame of the ITSS Survey are estimated by using exemption values at VAT No.2 declarations for current and the previous years and import values for current year.

4. Government good and services export/import value:

☐ The export/import data compiled by the Central Bank of the Republic of Turkey are used.

Estimations

5. Estimations on import of transport by using foreign trade data:

Import values of freight transportation are estimated with a regression model by using data on "the country and the value of the goods and the freight charges according to the type of goods declared in the customs declarations".

Final ITSS table consist of

- Surveyed data
- Export/Import estimations by using data in customs declarations
- Estimations for enterprises whose exports/imports are below the threshold by using VAT
- Estimations on transport import by using foreign trade data
- Travel data

Confidentiality:

Data are to be declared confidential only for the following reasons:

- They may concern a number of observations below a minimum threshold. This number is always more than two (usually 3): if data concerning two respondents were disseminated, each respondent would have easy access to the other's confidential data.
- The data are such that one or more observation(s) dominate(s) the total information by a percentage above a given rate (one observation more than %80, two observations more than %90)
- The data are such that the user or any respondent can estimate the reported value of a respondent quite accurately. Such disclosure occurs, and the data are declared sensitive, if upper and lower estimates for the respondent's value are closer to the reported value than a prespecified percentage.

ITSS is disseminated by

Press release https://data.tuik.gov.tr/Bulten/Index?p=International-Trade-in-Services-Statistics-2019-37496

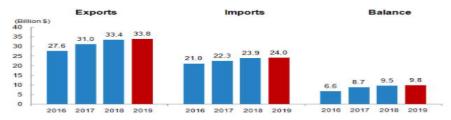
International Trade in Services Statistics, 2019

Services exports were 33.8 billion dollars in 2019, and imports were 24 billion dollars

According to International Trade in Services Statistics (ITSS), while services exports were 33.4 billion dollars in 2018, it increased by 1.1% to 33.8 billion dollars in 2019.

While service imports were 23.9 billion dollars in 2018, it increased by 0.4% in 2019 to 24.0 billion dollars.

Exports and imports of services and the balance, 2016-2019



Transportation services had the highest share with 71.7% in services exports

According to the Extended Balance of Payments Services Classification, while the share of transportation in total exports was 72.9% in 2018, it was 71.7% in 2019. The "other business services" was ranked at the second with 8.2% in 2018 and 9.4% in 2019. "Telecommunication, computer and information services" was the third with the share of 4.6% in 2019.

International trade in services by type of services, 2018-2019

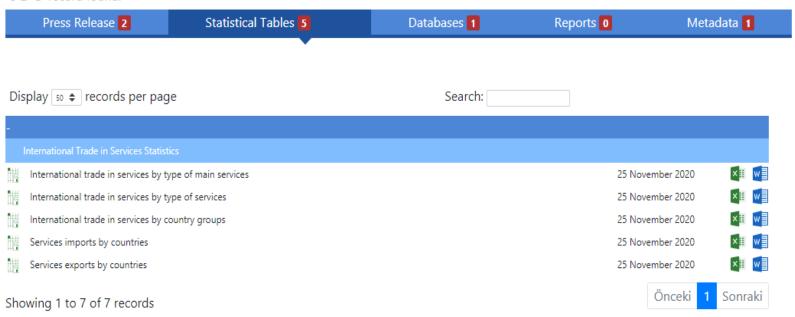
	Exports				Imports					
	(Million \$)		Share (%)		Change	(Million \$)		Share (%)		Change
Types of services	2018 ^(c)	2019	2018 ^(c)	2019	(%)	201801	2019	201801	2019	(%)
Total	33 403	33 759	100.0	100.0	1.1	23 859	23 953	100.0	100.0	0.4
Manufacturing services on physical inputs owned by others	299	354	0.9	1.0	18.3	139	98	0.6	0.4	-29.9
Maintenance and repair services	1 134	1 163	3.4	3.4	2.5	746	748	3.1	3.1	0.2
Transport	24 340	24 197	72.9	71.7	-0.6	9 453	9611	39.6	40.1	1.7
Construction	559	366	1.7	1.1	-34.6	186	60	0.8	0.3	-67.7
Insurance and pension services	1 277	1 366	3.8	4.0	7.0	1 967	1 850	8.2	7.7	-5.9
Financial services	555	470	1.7	1.4	-15.3	688	507	2.9	2.1	-26.2

Dissemination

ITSS is disseminated by

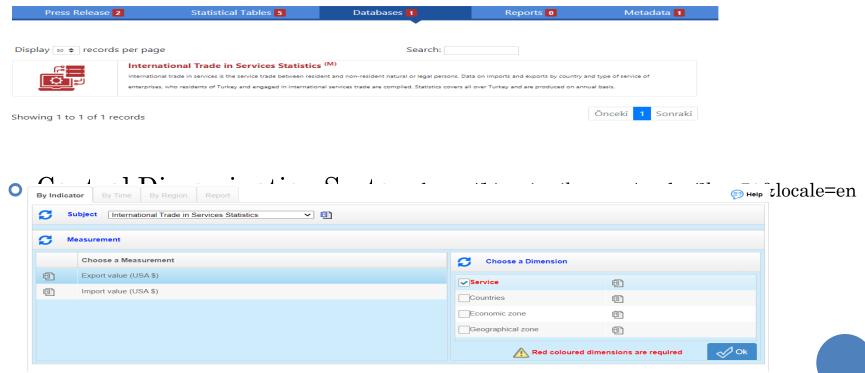
Statistical Tables

150 record found.



ITSS is disseminated by

- Databases
 - All data requirements in Balance of Payments Vademecum is provided in the database.



Thank you!