

Summary of some recent papers on the measurement of services trade

Prepared by

Associate Professor Mark Melatos
School of Economics, University of Sydney

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1. *Manual on Statistics of International Trade in Services (MSInTS) 2010*, published by the United Nations 2011.
[https://unstats.un.org/unsd/tradeserv/TFSITS/msits2010/docs/MSITS%202010%20M86%20\(E\)%20web.pdf](https://unstats.un.org/unsd/tradeserv/TFSITS/msits2010/docs/MSITS%202010%20M86%20(E)%20web.pdf)

Main points of paper:

- Sets out the internationally agreed framework for the collection and publication of statistics of trade in services.
 - Chapter 5 has a useful discussion of the four modes of services supply including in-depth examples of services transactions and how they should be classified.
 - Chapter 4 has a useful discussion on the collection of data regarding services transactions within firms (i.e. transactions involving foreign affiliates). Such transactions are not recorded in the balance of payments as they do not meet the definition of a transaction between a resident and non-resident.
2. Miroudot, S. and C. Cadestin (2017), "Services In Global Value Chains: From Inputs to Value-Creating Activities", *OECD Trade Policy Papers*, No. 197, OECD Publishing, Paris.
<https://www.oecd-ilibrary.org/docserver/465f0d8b-en.pdf?expires=1533785768&id=id&accname=guest&checksum=D09C81092F9D81269272D5F469817619>

Main points of the paper:

- Release of OECD's *Trade in Value-Added* (TiVA) database in 2015 provides a measure of bilateral services trade between 63 economies and 34 industrial sectors. Information on TiVA can be found at <http://www.oecd.org/sti/ind/measuring-trade-in-value-added.htm> and the database can be accessed at <https://stats.oecd.org/index.aspx?queryid=75537>.
- Direct services trade, as measured in the balance of payments, accounts for only about 20% of world trade. However, using the TiVA, services trade is measured in value-added terms (i.e. the value of services embodied in exported goods); services trade accounts for approximately 50% of global trade.
- TiVA emphasises the role of services as inputs into production and measures their associated value-added in this way. However, TiVA does not adequately capture the value-creating role of services when they are provided in-house by manufacturing firms (e.g. R&D, marketing, legal etc). This is relevant to the foreign affiliates transactions referred to in Chapter 4 of the *MSInTS 2010* publication listed above.

- TiVA also does not adequately measure the bundling by firms of final products (e.g. a machine) and services (e.g. installation/repair).
 - The increased “servicification” of manufacturing has implications for trade policy. As services trade tends to be more restricted than goods trade, firms that combine these activities and increasingly emphasise the latter may find themselves facing higher trade barriers than anticipated.
3. Heuser, C. and A. Mattoo (2017) “Services Trade and Global Value Chains,” *Global Value Chain Development Report 2017* (Chapter 6), International Bank for Reconstruction and Development / The World Bank.
https://www.wto.org/english/res_e/publications_e/gvcd_report_17_e.htm

Main points of the paper:

- Provides a summary of the increasing role of services in global value chains and relevant policy issues that arise.
- Uses the TiVA database to emphasise patterns of increased services use in global value chains and to highlight limitations of the value-added approach to measuring services trade. Again, this is relevant to the discussion of foreign affiliates services transactions in *MSInTS 2010*.