Trade in Services

Presented by
Robert McDougall
Current procedure

• Take IMF *Balance of Payments Statistics*.

• Fill in gaps.

• Reconcile export and import reports.

• Bilateralize.

• Adjust to GTAP concepts and categories:
  – royalties
  – margin services
  – travelers’ expenditures
IMV v OECD data

- IMF has more complete country coverage.
- IMF has more country detail.
- IMF has more commodity detail.
- IMF has inconsistent commodity detail; OECD has inconsistent partner country detail.
- Both IMF and OECD contain export/import inconsistencies.
- Only OECD has bilateral flows.
IMF plus OECD

- Exports to and imports from world:
  - present in original OECD statistics
  - absent from CPB-contributed data
  - inconsistent with IMF

- No data for bilateral flows between OECD non-reporters

- No breakdown of bilateral flows within OECD aggregate partners
Proxy bilateral trade pattern

- Should cover all standard GTAP countries.
- Can construct:
  - from IMF data following current bilateralization
  - from merchandise trade data
- There is a weak presumption that the merchandise trade data is better.
- This can be tested, taking approximation to OECD as the measure.
Reconciling IMF and OECD data

- Prefer IMF, adjust OECD?
- Prefer OECD, adjust IMF?
- Prefer OECD for some flows, IMF for other?
- Ideally, determine which is more reliable.
- Expediently, prefer the IMF:
  - OECD misses flows between non-reporters
  - OECD as contributed covers 75 per cent of world trade
Reconciliation

• Use proxy bilateral trade pattern to fill in gaps in OECD.

• Use proxy bilateral trade pattern to disaggregate countries.

• For each commodity, balance against IMF exports and imports, neglecting:
  – royalties (not used)
  – margin services (bilateral flows not used)
Downstream processing

- Apportion travelers’ expenditures across standard commodities.
- Balance margin services against margins from merchandise trade data.
- Add in Hong Kong reexport services.