



APPENDIX II: TAXONOMY

INTERNATIONAL SERVICES TRADE INFORMATION AGENCY (ISTIA), CASE POSTALE 3547, CH-1211 GENEVA 3

APPENDIX II

Taxonomy - Services Trade Statistics Capacity Building

With a view towards transparency in relation to the ISTIA Mandate¹, a taxonomy relevant to certain terms relevant to that mandate is provided:

1. DEFINITION: Trade In Services. Trade in services is also known as *services trade*, or *international trade in services*, refers commercial transactions that are undertaken by a juridical person qualified by a with a legal affiliation (usually residency or national affiliation) to an economy or country, with another juridical person possessing a legal affiliation to a different country. In the context of the General Agreement on Trade in Services (GATS) of the World Trade Organization (WTO), within which the legal framework for international trade in services is enshrined, i.e. that inter-economy, or international services commercial transactions can take place merely by virtue of movement of service provider or consumer in the process of the business transaction. As such, the term *trade in services* includes, but is not limited to, cross-border services transactions.
2. DEFINITION: Trade In Services Information. *Trade in services information*, also known as *services trade information*, addresses information providing qualitative and quantitative descriptive information addressing trade in services. This term comprises, *inter alia*, trade in services statistics.
3. DEFINITION: Trade In Services Statistics. Also being known as *services trade statistics*, *services statistics* or *services trade information*.
4. DEFINITION: Foreign Direct Investment (FDI). Per OECD guidelines (*paraphrased*), FDI is defined as a cross-border investment made by a foreign juridical person with intent to exert management control on an enterprise. The IMF statistical criterion for defining FDI is found below in *APPENDIX II.5.B*.

¹ See APPENDIX I: ISTIA MANDATE.



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5. DEFINITION: Trade In Services Statistics - National Accounts related
- A. DEFINITION: Cross-Border Services Trade Statistics. This statistics that detail the cross-border commercial activities of services-providers with services-consumers. Being statistics that are normally a part of national accounts data gathering work, collected by national governments and submitted to the International Monetary Fund (IMF), under guidelines of the most current version² of the IMF Balance of Payments Manual. This definition comprises, *inter alia*, trade in services as specified within the Four Modes of Supply, being a part of the legal framework of the General Agreement on Trade in Services (GATS) of the World Trade Organization (WTO).
- B. DEFINITION: Foreign Direct Investment (FDI) Statistics. Foreign direct investment, from a statistical perspective, is comprised of three components: equity, reinvested earnings and intra-company loans. FDI is measured as a part of national accounts data collection, undertaken by sovereign states. FDI statistics comprise investment, reported in national accounts, which is greater than or equal to 10% of the book value of the target enterprise, this being the criterion recommended in the IMF Balance of Payments manual. In the WTO GATS, a majority-owned (greater than 50%) ownership guideline is indicated. FDI can be undertaken by merger or acquisition or by greenfield investment, does not include portfolio, or speculative investment. FDI can be measured from both the inward and outward direction. Statistical information relevant to FDI directly concerns Mode 3 of the GATS *Four Modes of Supply*.
6. DEFINITION: Trade In Services Statistics – non-National Accounts related
- A. DEFINITION: Foreign Affiliate Trade Statistics (FATS). Foreign affiliate trade statistics are also known as *transnational corporations data*, or *operations data of multinational corporations*. FATS address the economic indicators that measure operations of FDI-based enterprises, such as assets, profits, sales, expenditures, employment, value-added (gross-product), inter- or intra- firm exports and imports, which have been aggregated at a meso- or macro- level. They are used to measure the effects that FDI has had on the home economy (inward FATS) or on the economy abroad (outward FATS).
- B. DEFINITION: Ancillary Trade In Services Statistics. Statistics that provide insight into the economic effects of trade in services, including *inter alia*, economic measurement as per the Four Modes of Supply of the GATS.

² As of 2005, the current version of the IMF Balance of Payments Manual is version V, which is currently under revision.