



Asia-Pacific
Economic Cooperation

Advancing
Free Trade for Asia-Pacific
Prosperity

Services Statistics and Baseline Indicators - Insights from APEC Economies

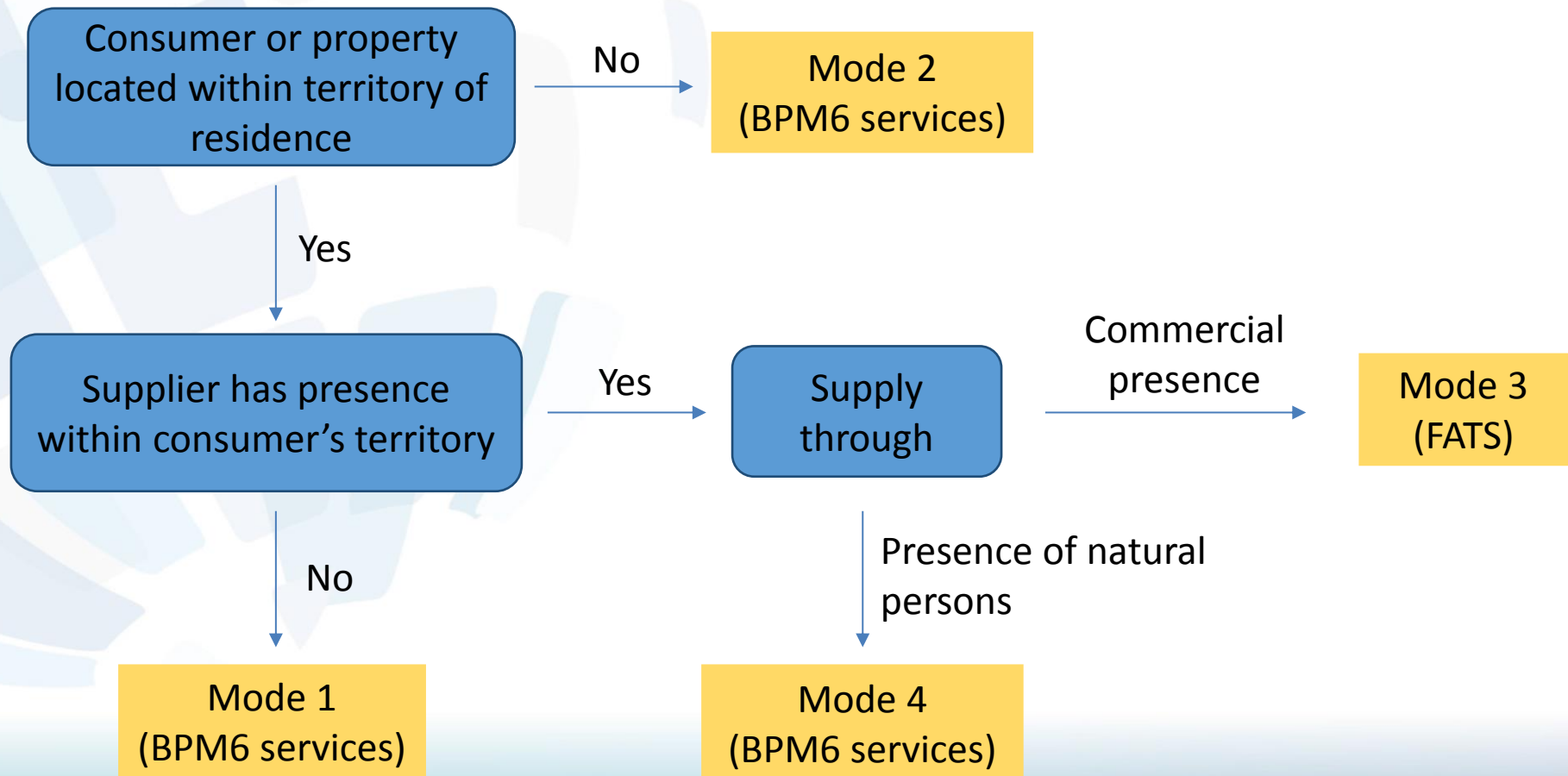
6 November 2015 – ADBI-ESCAP Workshop

Presented by
APEC Policy Support Unit

Background information

- Part of a report prepared for **APEC work on services**.
- **Assessment of baseline measures and indicators** relevant to services trade and its facilitation in APEC.
- **Recommendations** to improve future evaluation.

Modes of service supply in brief



Assessment of baseline measures and indicators



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1

Proposed measures of trade in services

No.	Baseline measure/indicator	Source	Mode 1	Mode 2	Mode 3	Mode 4
1	Cross-border trade in services	IMF	✓	✓		
2	Trade in services by sector	IMF	✓	✓		
3	Intra-APEC trade in services	OECD	✓	✓		
4	Services trade in value added	OECD	✓	✓		
5	Share of services in manufacturing exports	OECD	✓	✓		
6	Inward/ outward foreign affiliate trade in services statistics (FATS)	National			✓	
7	Foreign direct investment in tertiary sector	ITC			✓	
8	Investment in services by sector	ITC			✓	
9	Number of arrivals/ departures	WB		✓		✓
10	Intra and extra-APEC departures	UNWTO		✓		✓
11	Revealed comparative advantage (RCA) for services	WTO	✓	✓		

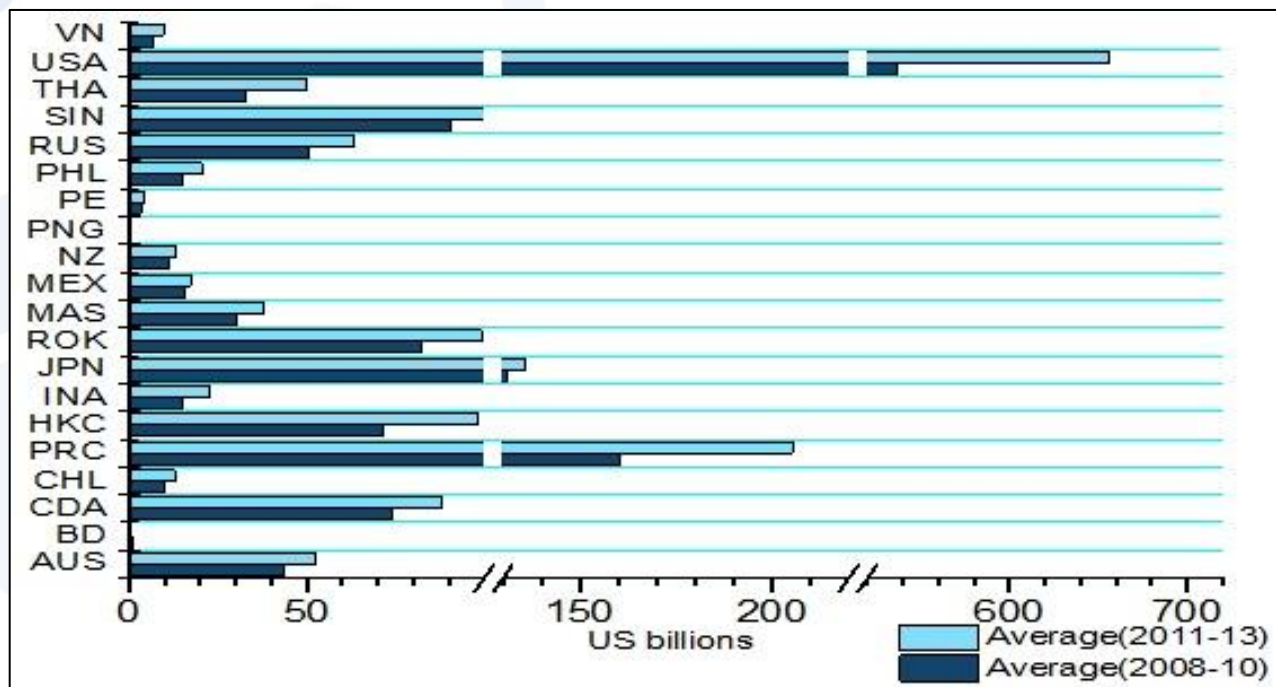
Source: APEC Policy Support Unit compilations.

Some examples...



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Cross-border trade in services (Exports)



Source: APEC Policy Support Unit computations based on data from IMF Balance of Payments Statistics.

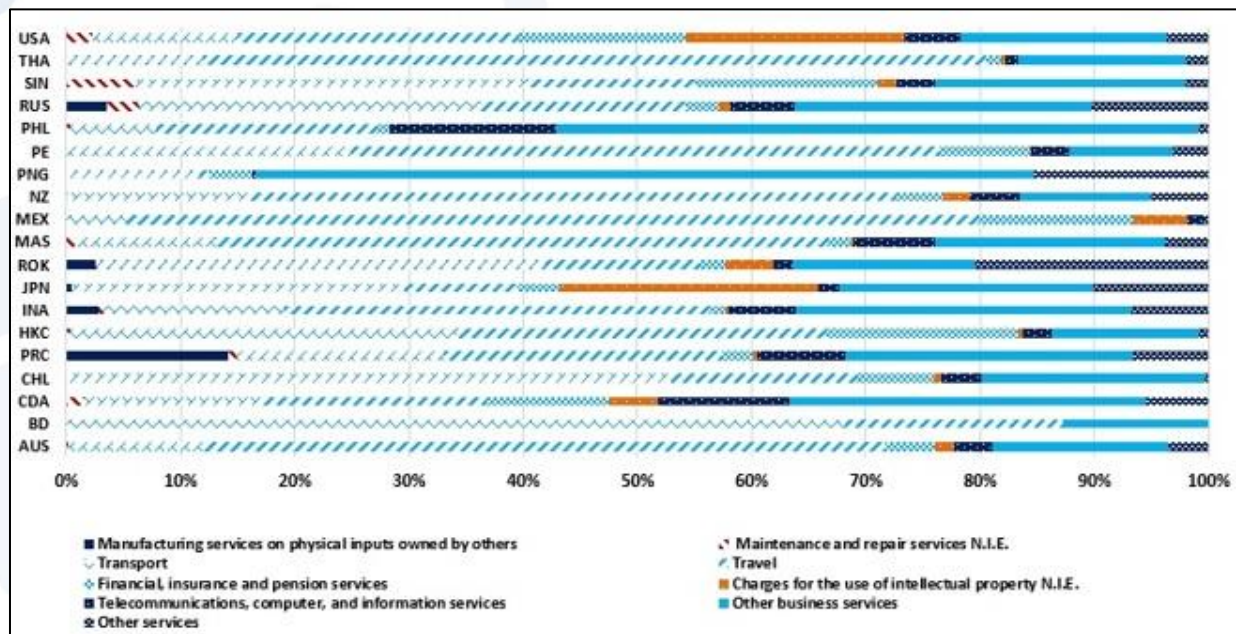
- **Average exports of services from 2011-2013 increased** compared to average from 2008-2010.
- For APEC as a whole, **CAGR from 2008 to 2013 was 5.03%.**

Some examples...



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Sectoral trade in services – Exports (Average, 2011-2013)



Source: APEC Policy Support Unit computations based on data from IMF Balance of Payments Statistics.

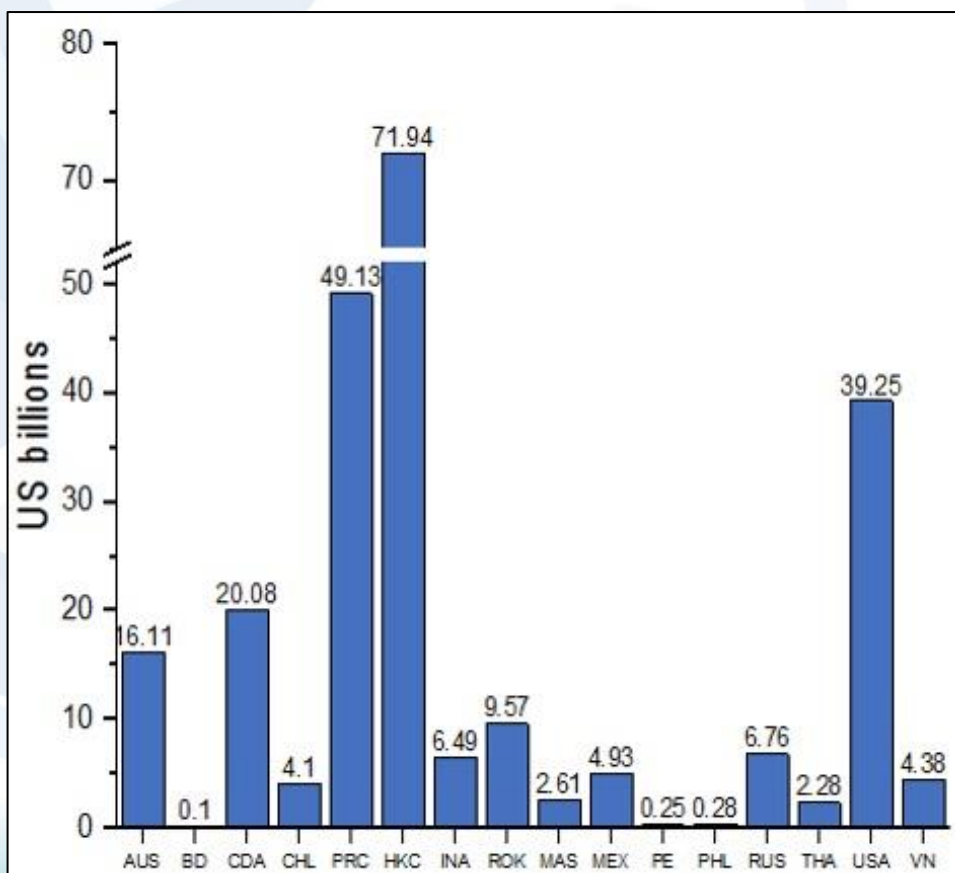
- **Travel, transport and other business services** are among the **top service sectors** across APEC economies.
- For some economies, top services include: **financial, insurance and pension**; and **telecommunications, computer and information**.

Some examples...



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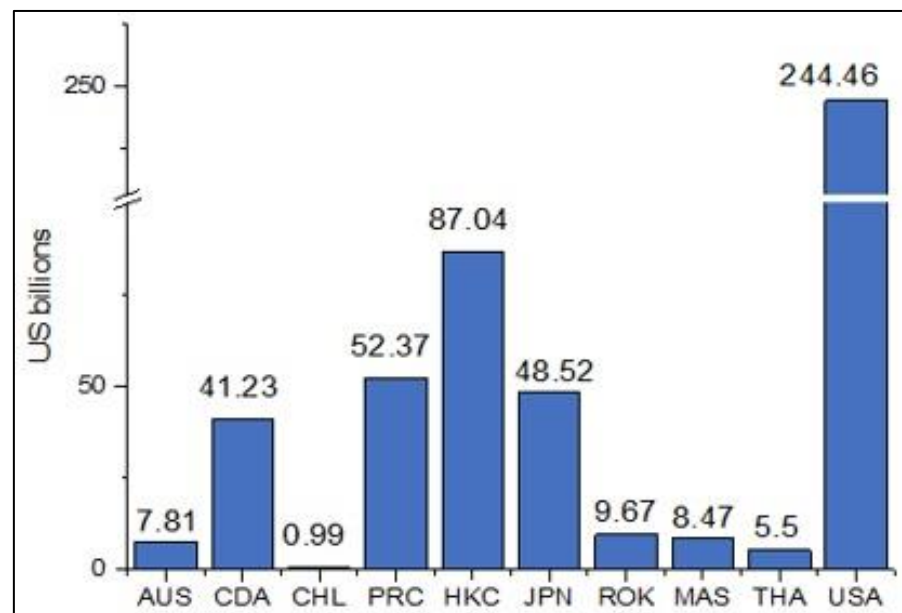
Inward FDI in tertiary sector (latest year)



Note: Latest year varies between economies. It could be 2010, 2011 or 2012

Source: APEC Policy Support Unit computations based on data from ITC Investment Map Database.

Outward FDI in tertiary sector (latest year)



Note: Latest year varies between economies. It could be 2010, 2011 or 2012

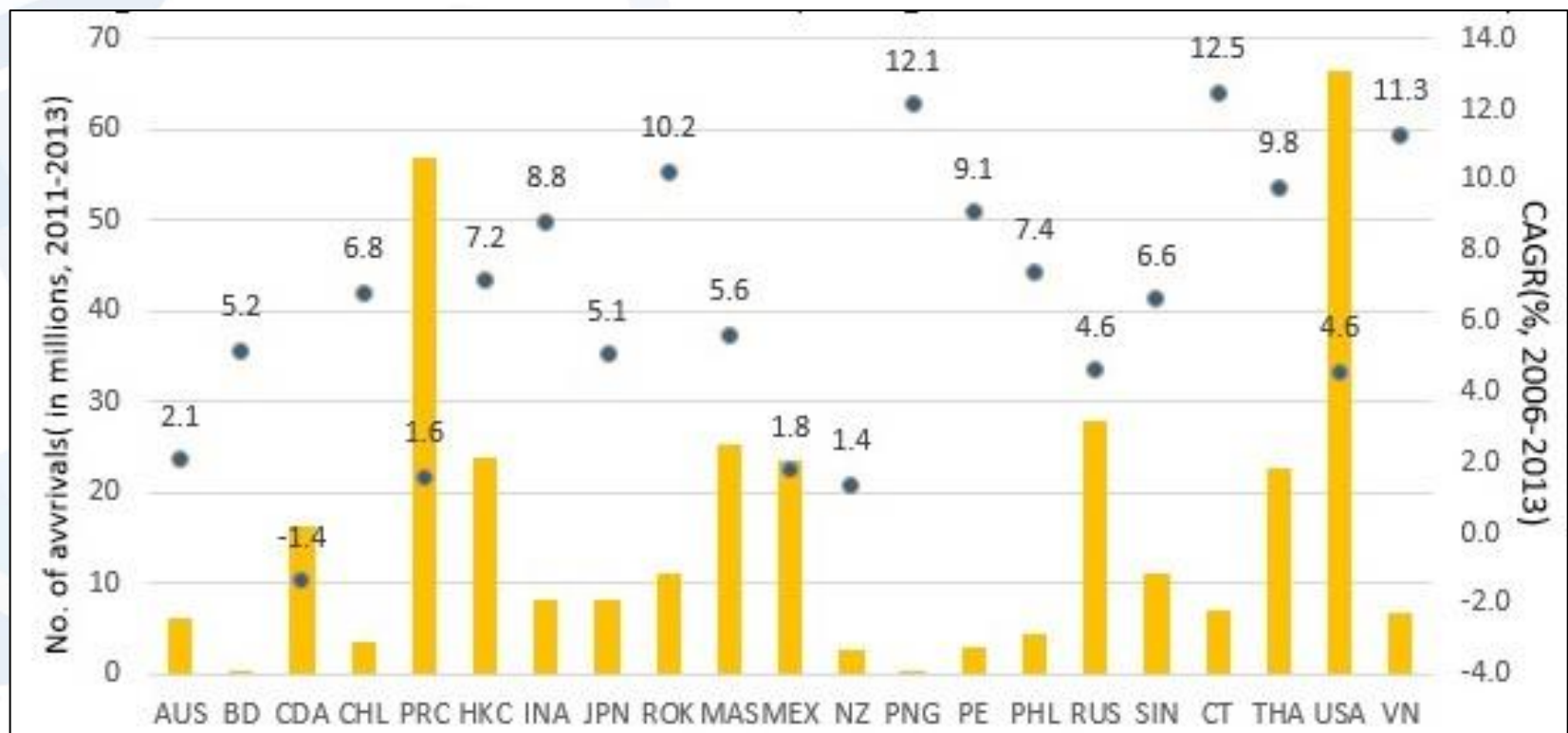
Source: APEC Policy Support Unit computations based on data from ITC Investment Map Database.

Some examples...



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International tourism arrivals (Average, 2011-2013 and CAGR, 2006-13)



Source: APEC Policy Support computations based on data from World Bank World Development Indicators and Chinese Taipei Ministry of Transportation and Communications

Assessment of baseline measures and indicators



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2 Indicators of regulatory conditions

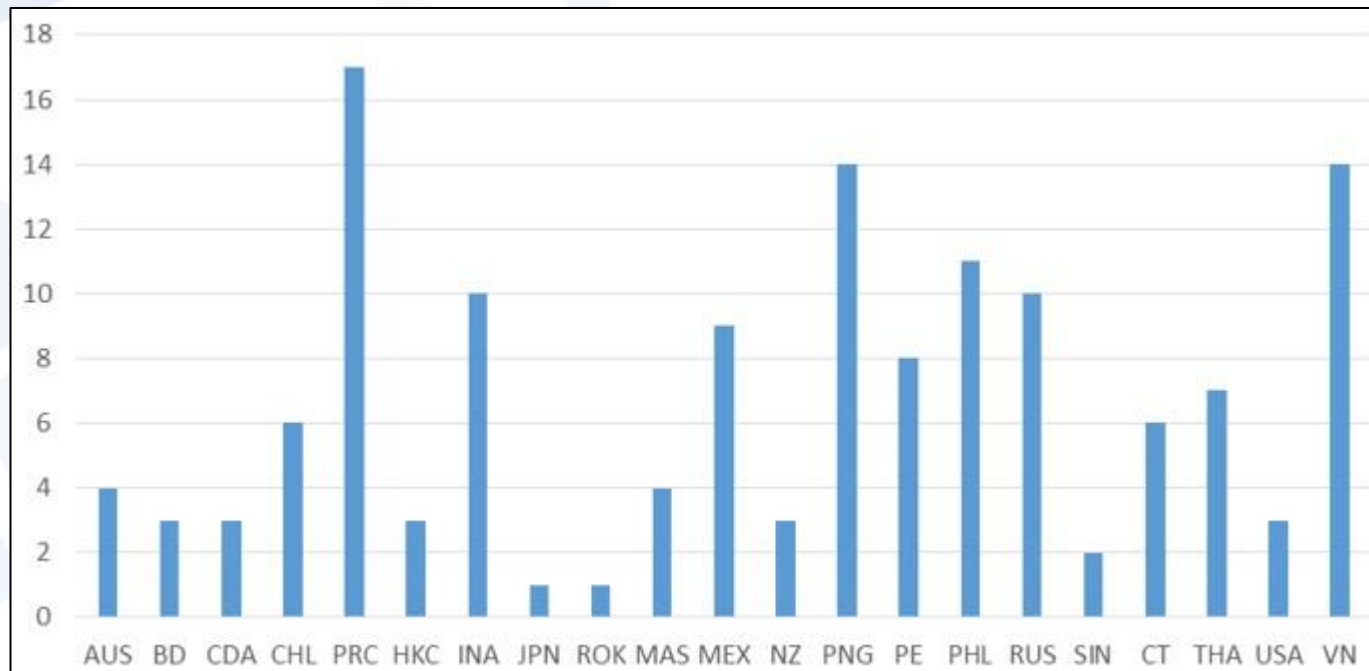
No.	Baseline measure/indicator	Source	Mode 1	Mode 2	Mode 3	Mode 4
1	Services Trade Restrictiveness Index	OECD	✓		✓	✓
2	FDI Regulatory Restrictiveness Index	OECD			✓	
3	Mutual Recognition Agreements (MRAs)	National				✓
4	Intra-APEC visa restrictions	National				✓
5	Ease of Doing Business Index	WB	✓	✓	✓	✓
6	Networked Readiness Index	WEF	✓	✓	✓	✓
7	Logistics Performance Index	WB	✓	✓	✓	✓
8	Quality of overall infrastructure	WEF	✓	✓	✓	✓
9	Tertiary school enrolment ratio	WB	✓	✓	✓	✓

Source: APEC Policy Support Unit compilations.

- **Policy indicators** (inputs to desired outcomes).
- More or less **within government control**.

Some examples...

Number of APEC economies requiring visa for nationals



Source: APEC Policy Support Unit computations based on data from various national sources.

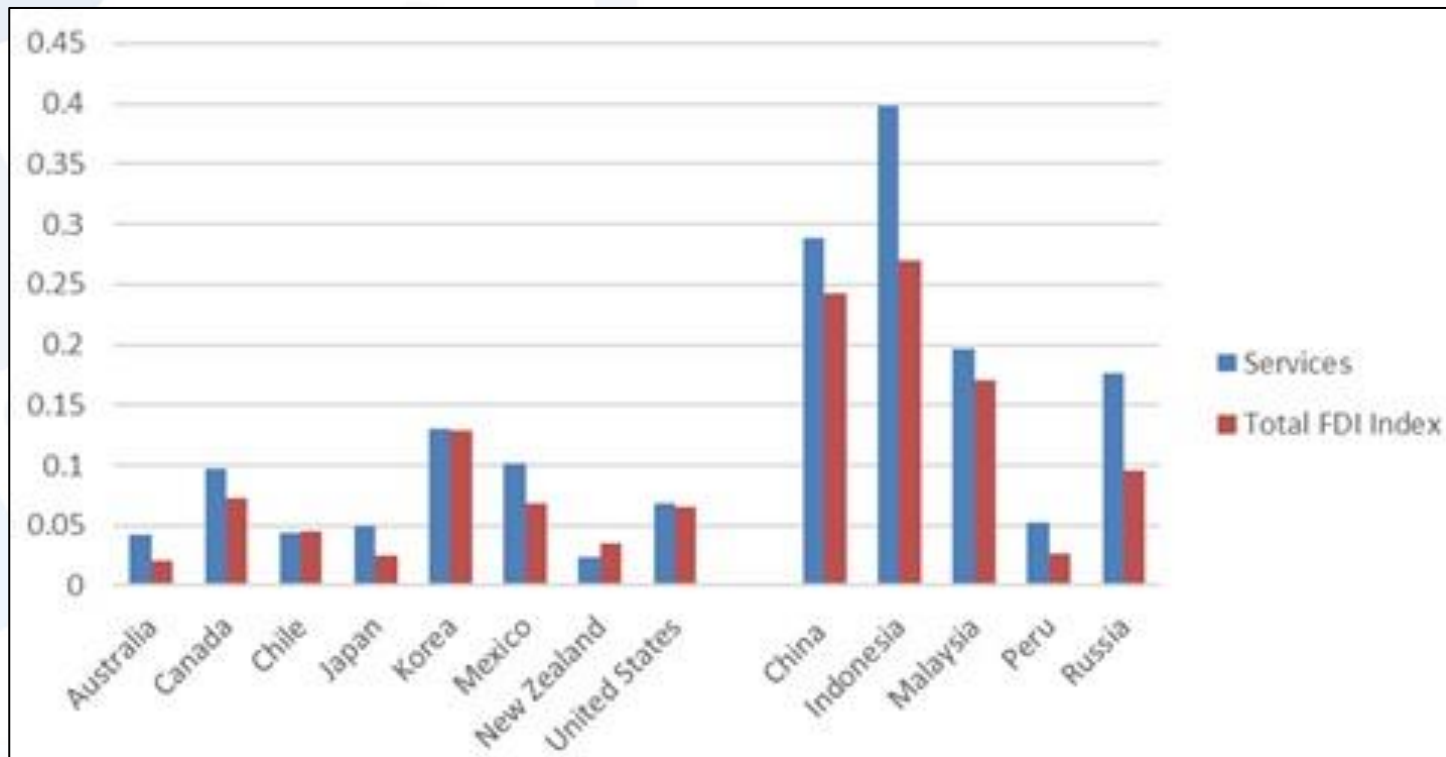
- **Visa requirements** among APEC economies **vary**.
- The number of APEC economies requiring visa for specific nationals can **range from 1 to 17**.

Some examples...



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FDI equity restrictiveness index



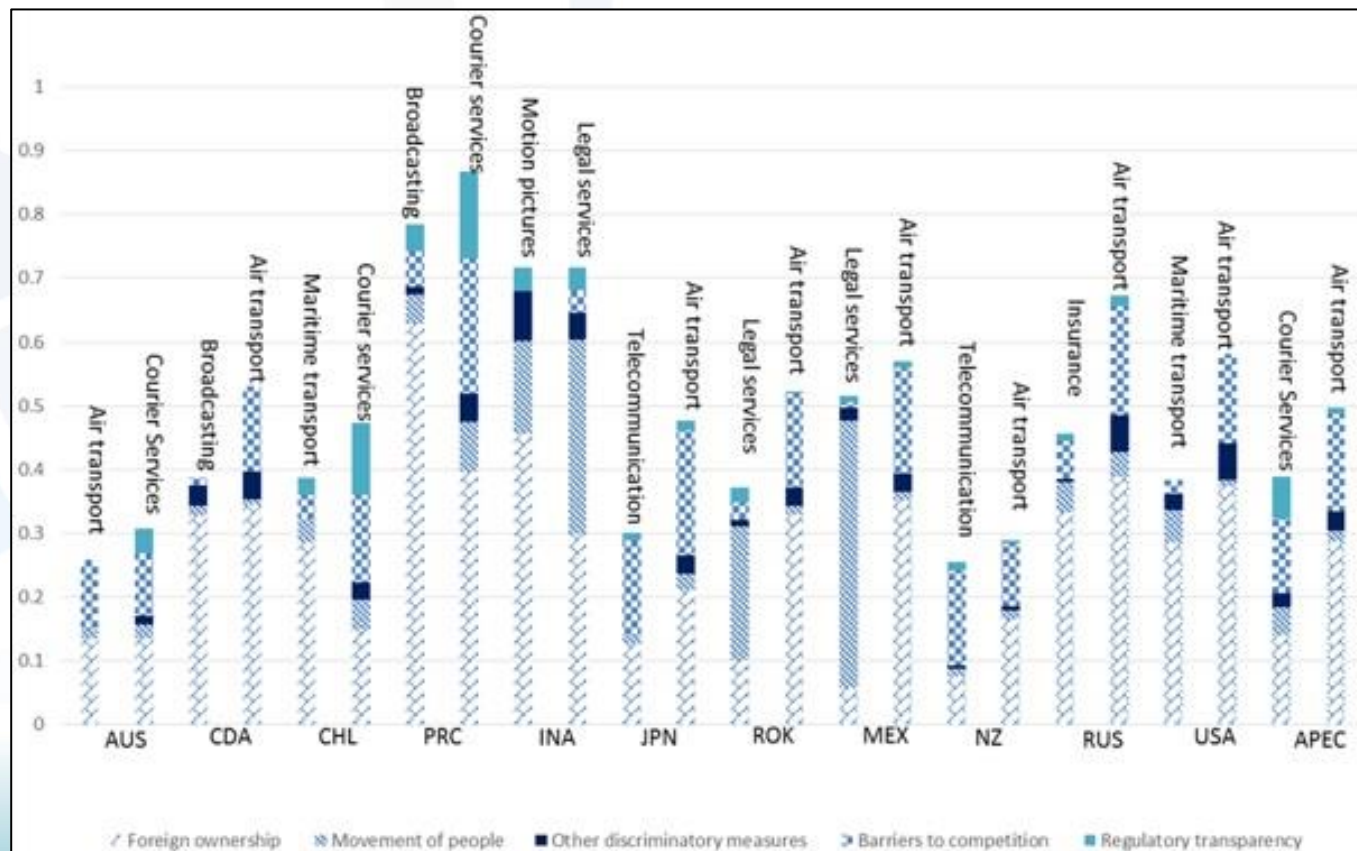
- With the exception of Chile and New Zealand, FDI equity restrictions are **higher in services (relative to all sectors)**.

Some examples...



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Services Trade Restrictiveness Index (Two most restrictive sectors per economy)



Source: APEC Policy Support Unit computations based on data from OECD Services Trade Restrictiveness Index (STRI) database.

Linkage between services and manufacturing

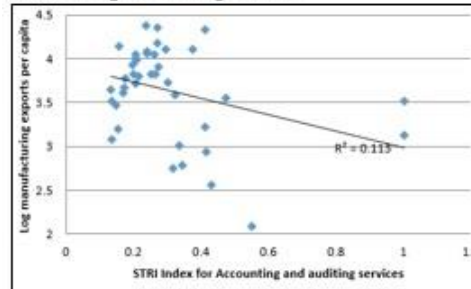


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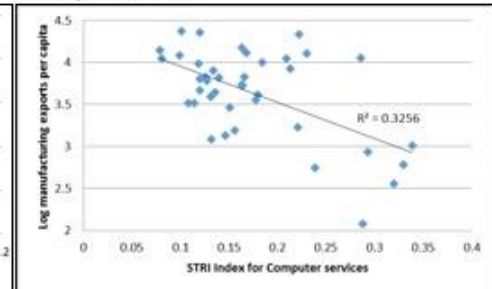
Manufacturing exports
and services
restrictiveness

The **more restrictive services** are, the **lower manufacturing exports per capita** are.

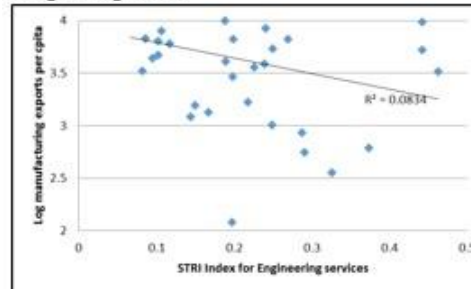
a. Accounting and auditing services



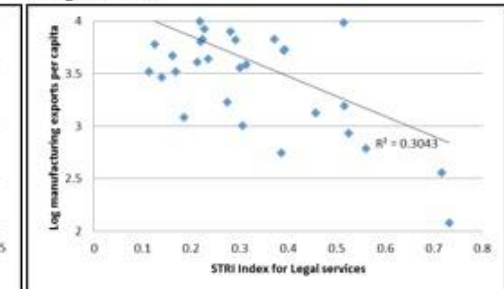
b. Computer services



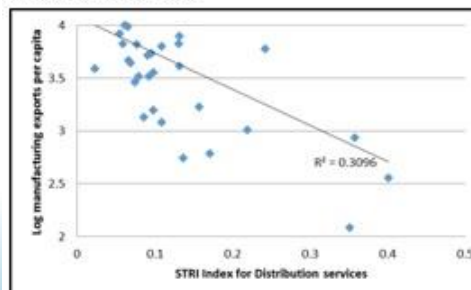
c. Engineering services



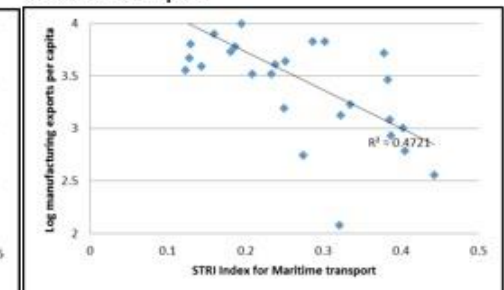
d. Legal services



e. Distribution services



f. Maritime transport



Source: APEC Policy Support Unit computation based on OECD-WTO TiVA, OECD Services Trade Restrictiveness Index (STRI) and World Bank World Development Indicators databases.

Results

- Analysis of data shows that **large variation exist between APEC economies** in terms of:
 - the **importance of trade in services.**
 - the **regulatory conditions that affect different modes of supply** of services.
 - the **general business conditions that impact provision of services collectively.**
- More importantly, there are **data gaps and limitations (in terms of time, sub-sectors, comparability, etc.)** in many of the baseline indicators and measures, which **restrict the depth of analysis.**

Summary of data availability



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1

Proposed measures of trade in services

No.	Baseline measure/indicator	AUS	BD	CDA	CHL	PRC	HKC	INA	JPN	ROK	MAS	MEX	NZ	PNG	PE	PHL	RUS	SIN	CT	THA	USA	VN
1	Cross-border trade in services	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	✓	✓
2	Trade in services by sector	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	✓	✗
3	Intra-APEC trade in services	✓	✗	✓	✗	✗	✗	✗	✗	✓	✗	✗	✓	✗	✗	✗	✗	✗	✗	✗	✓	✗
4	Services trade in value added	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✗	✓	✓	✓	✓	✓	✓	✓
5	Share of services in manufacturing exports	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✗	✓	✓	✓	✓	✓	✓	✓
6	Inward/outward foreign affiliate trade in services statistics (FATS)	✓	✗	✓	✗	✗	✓	✗	✓	✗	✗	✗	✓	✗	✗	✗	✗	✓	✗	✓	✓	✗
7	Foreign direct investment in tertiary sector	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✗	✓	✓	✓	✗	✗	✓	✓	✓
8	Investment in services by sector	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✗	✓	✓	✓	✗	✗	✓	✓	✓
9	Number of arrivals/departures	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
10	Intra and extra-APEC departures	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
11	Revealed comparative advantage (RCA) for services	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Note: A tick will be given even if the economy only has one data point.

Source: APEC Policy Support Unit compilations.

Foreign affiliates trade in services statistics (FATS)



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	Australia	Canada	Hong Kong, China	Japan	New Zealand	Singapore	Thailand	United States
Latest Year	2014	2012	2012	2012	2012	2013	2012	2012
Inward/Outward	Both	Outward	Inward	Outward	Inward	Inward	Inward	Both
Available years	2010-2014	1999-2012	2004-2012	1997-2012	2012	2009-2013	2010-2012	1999-2012
Frequency	Annual	Annual	Annual	Annual		Annual	Annual	Annual
Services sub-sectors	✓	✓	✓	a/	✓	✓	✓	
Currency	AUD	CAD	HKD	JPY	NZD	SGD	THB	USD

a/ Japan divides FATS into manufacturing and non-manufacturing; the report took only the latter.

Source: APEC PSU compilations based on data from various national sources

- **Only 8 economies** have foreign affiliate trade in services statistics (FATS) data.
- With the exception of AUS and USA, each of these economies have **either only inward or outward data**.
- **Categorization of services FATS** and **available years** also vary among them.

Summary of data availability



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2

Indicators of regulatory conditions

No.	Baseline measure/indicator	AUS	BD	CDA	CHL	PRC	HKC	INA	JPN	ROK	MAS	MEX	NZ	PNG	PE	PHL	RUS	SIN	CT	THA	USA	VN
1	Services Trade Restrictiveness Index	✓	✗	✓	✓	✓	✗	✓	✓	✓	✗	✓	✓	✗	✗	✗	✓	✗	✗	✗	✓	✗
2	FDI Regulatory Restrictiveness Index	✓	✗	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	✗	✓	✗	✓	✗	✗	✗	✓	✗
3	Mutual Recognition Agreements (MRAs)	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓	✗	✗	✓	✓	✓	✓	✓	✓	✓
4	Intra-APEC visa restrictions	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
5	Ease of Doing Business Index	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
6	Networked Readiness Index	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓
7	Logistics Performance Index	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
8	Quality of overall infrastructure	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓
9	Tertiary school enrolment ratio	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✗	✓	✓	✓

Note: A tick will be given even if the economy only has one data point.

Source: APEC Policy Support Unit compilations.

Recommendations for future evaluation



- To see **a complete coverage** of APEC economies in **all the indicators by certain agreed timeline**, i.e. **fix data gaps** going forward.
- To **increase the number of economies** with Services Trade Restrictiveness Index (**STRI**) and FDI Regulatory Restrictiveness Index (**FDI RRI**). If possible, all APEC economies should have a **baseline STRI** which can be **reviewed** after a five or ten-year period and correlated with outcome indicators.
- **Multi-year capacity building** for statistical agencies on how **to compile harmonized/comparable data** so that all APEC economies could **report comparable statistics**.