



**Asia-Pacific
Economic Cooperation**

2018/GOS/SYM/010

Building Competitive Services Sectors: The Data Dimension

Submitted by: Developing Trade Consultants



**Symposium on Services Trade
Singapore
30 May – 1 June 2018**

Building Competitive Services Sectors: The Data Dimension

Ben Shepherd, Principal.

May 30th, 2018.

Overview

- ▶ Data as a public good
- ▶ Availability of services trade data
- ▶ TiVA: Supporting services reforms for growth
- ▶ Key messages

Data as a public good

- ▶ Data is the raw material researchers in each economy use to examine the impacts of policies on economic performance.
- ▶ There is no direct measure of competitiveness, so data collection and analysis focuses on input and output measures.
 - ▶ Trade flows
 - ▶ Input-output relationships
 - ▶ Trade in value added
 - ▶ Quantitative measures of policies
- ▶ A key goal for any data collection or dissemination exercise is comparability: data for one region only can track performance over time, but if they differ substantially from the systems used elsewhere, there is no way to compare across regions.

Availability of services trade data

	No. of Economies
Report Data to UN Comtrade	21
Report Some Bilaterally Disaggregated Data	7
Report Some Sectoral Disaggregation	21
Report > 15 Sectors	14

Availability of services trade data

- ▶ Very little empirical modeling of services trade is possible without detail on trading partners and sectors.
- ▶ So for most APEC economies, it is not possible for domestic researchers to undertake detailed modeling with publicly available, internationally comparable data
 - ▶ Domestic sources may be available, but then comparability is an issue.
- ▶ Compare with the situation for goods: all 21 member economies report fully disaggregated data to Comtrade
 - ▶ All trading partners
 - ▶ Around 5,000 products
 - ▶ More product detail available from domestic sources, but not internationally comparable

Availability of services trade data

- ▶ The situation is even more challenging with respect to Mode 3 data:
 - ▶ Reporting to internationally comparable databases: 5 economies.
 - ▶ 2 sectors.
 - ▶ Data availability can be improved by looking at domestic sources, but comparability then becomes an issue.
- ▶ Mode 3 is a critical way of contesting services markets in many sectors, but we still lack systematic data on flows.

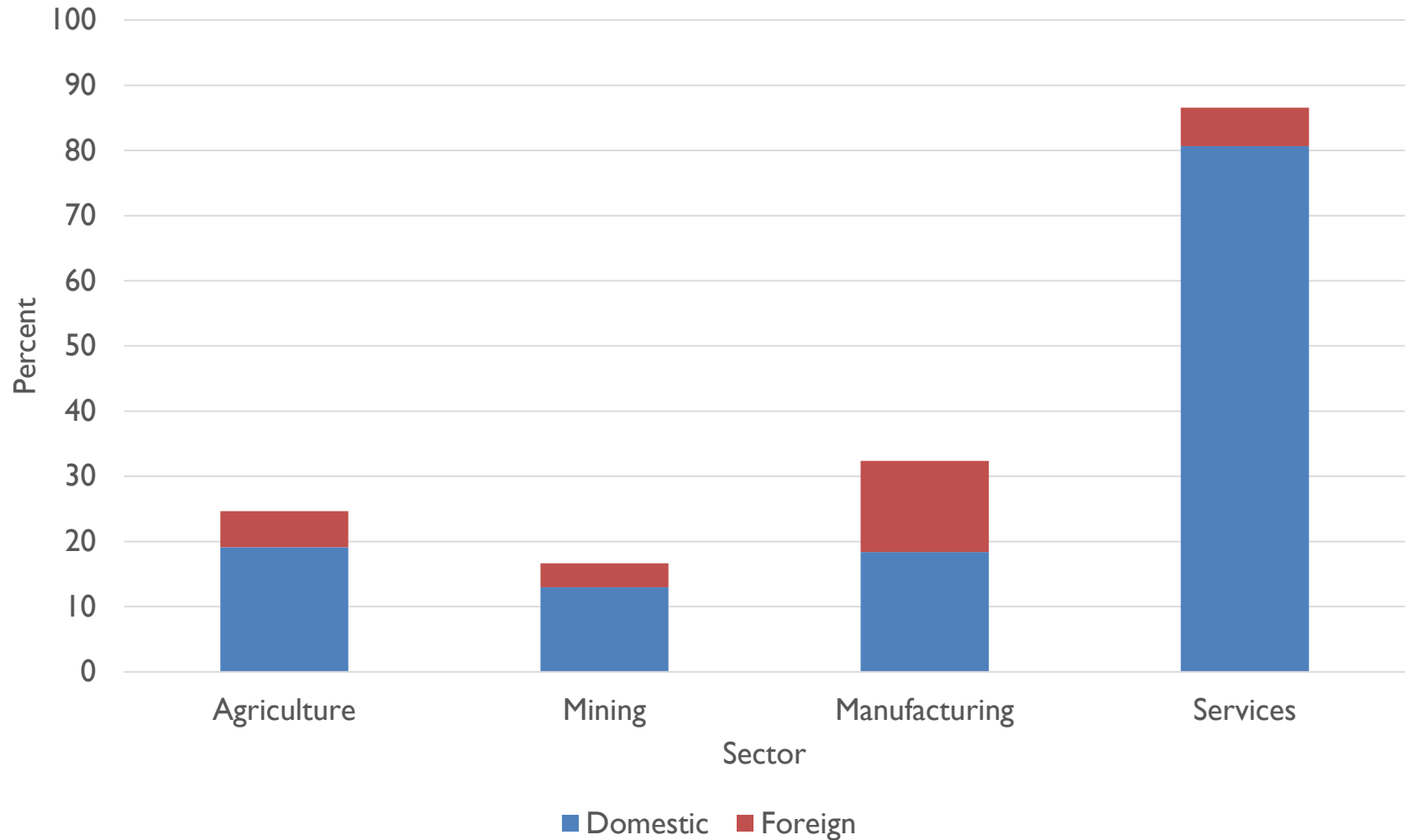
TiVA: Supporting services reforms for growth

- ▶ Standard trade data track gross values of exports and imports.
- ▶ Less and less meaningful in a context of GVCs and servicification.
- ▶ TiVA combines national accounts data, input-output tables, and trade data to provide a more nuanced understanding of trade flows.
- ▶ OECD-WTO TiVA covers 20/21 APEC economies.
- ▶ APEC TiVA will build on this effort and incorporate new data and methodologies to extend the analysis.

TiVA: Supporting services reforms for growth

- ▶ TiVA provides a breakdown of value added in trade flows by origin (domestic, foreign) and sector.
- ▶ The data allow us to see servicification in place, as trade flows in other sectors shift to have a greater proportion of embodied services.
- ▶ APEC TiVA will make it possible to break the data out further:
 - ▶ By firm size
 - ▶ By firm type (foreign invested; domestically owned).
- ▶ Helps make the case for focusing on services policies as drivers of broad-based competitiveness.

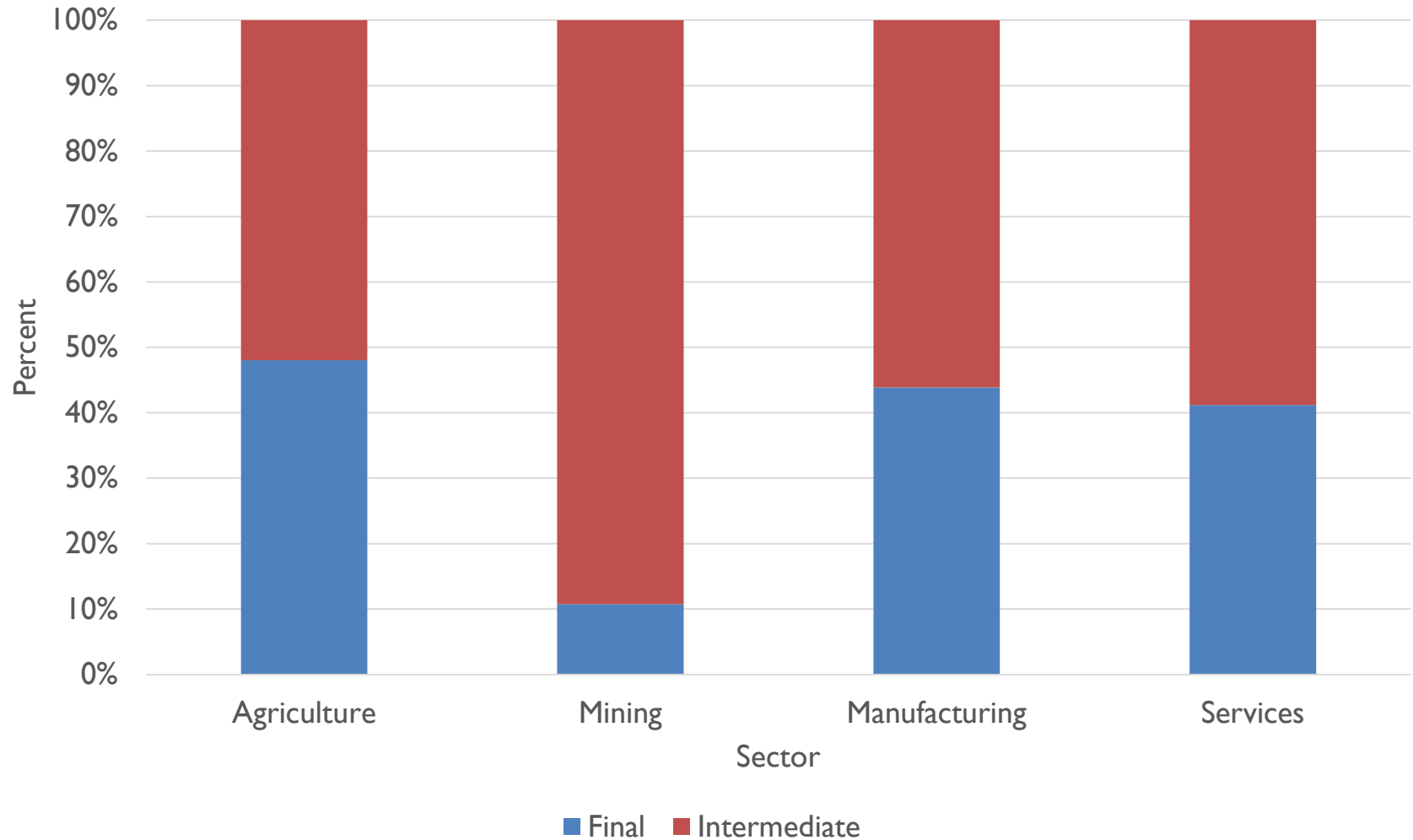
TiVA: Supporting services reforms for growth



TiVA: Supporting services reforms for growth

- ▶ A common rationale for strict regulation of services sectors is consumer protection
- ▶ But TiVA shows that services trade is heavily skewed towards intermediates: in other words, B2B transactions, not B2C.
- ▶ In most other settings, like domestic financial regulations, we recognize that the case for stringent regulations is stronger for B2C than for B2B.
- ▶ What are the implications of this result for regulatory stance in services sectors?

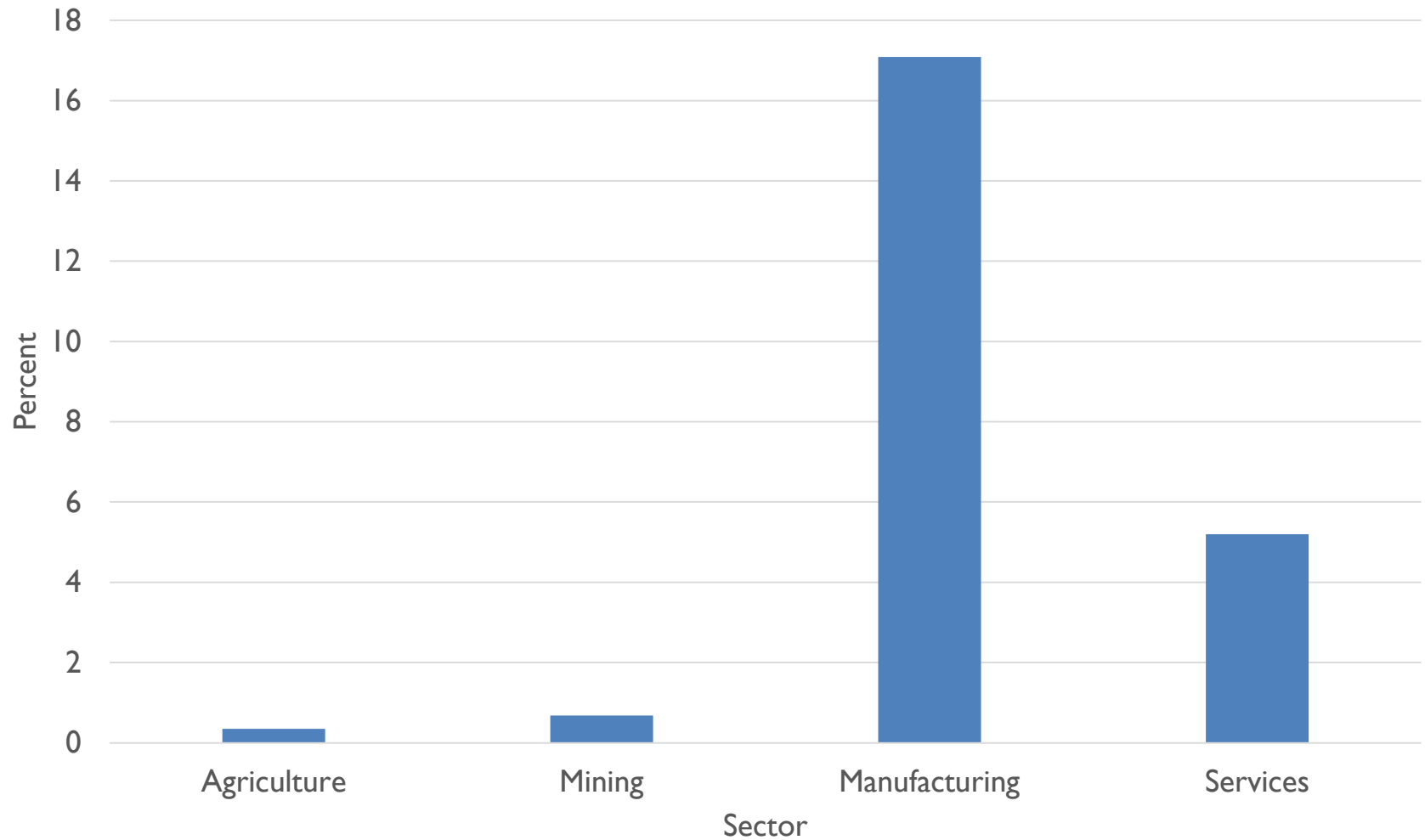
TiVA: Supporting services reforms for growth



TiVA: Supporting services reforms for growth

- ▶ By using input-output data, the TiVA approach also makes it possible to look at value chain linkages.
- ▶ Although GVCs have been developing rapidly, they remain more developed in goods than in services.
 - ▶ Technology?
 - ▶ Business practices?
 - ▶ Policy?
- ▶ Uncovering the links between policies and economic outcomes through a TiVA lens is an active area in research, but it still needs to be “translated” into concrete applications

TiVA: Supporting services reforms for growth



Key messages

- ▶ Services policies to boost competitiveness require rigorous research, which in turn requires high quality and comparable data
 - ▶ Trade flows
 - ▶ Production and national accounts data
 - ▶ Input-output data
 - ▶ Policy data
- ▶ APEC is relatively well positioned by comparison with other diverse regions...
- ▶ But there is scope to strengthen capacities in services trade data, particularly Mode 3, and to use APEC TiVA as an opportunity to develop statistical capacity around the region and extend existing methodologies.