

Statistical Insights: New OECD-WTO data provides coherent and comprehensive view of Global Trade in Services

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Services comprise a growing share of international trade. Yet detailed statistics on which countries trade which services with which partners remain patchy. Although worldwide, almost all countries provide an estimate of total trade in services as part of their balance of payments and national accounts, only around 50 OECD and non-OECD countries provide some geographical breakdown in their services statistics. This means that we have no data at all for 90% of all possible bilateral services trade relationships, which reflect nearly half of the global services trade value. Moreover, even where data are available, asymmetries – where country A's figures on exports to country B don't match country B's figures on imports from country A – undermine their usefulness.

To mitigate these problems, the OECD, WTO and countries have been collaborating to build a transparent and replicable global dataset of coherent bilateral trade in services statistics by main services categories. The first edition of the OECD-WTO Balanced Trade in Services (BaTIS) dataset is now available.

Why are current official statistics on trade in services trade so patchy?

There are many reasons why trade in services data are unsatisfactory, especially compared to merchandise trade statistics. Among the most straightforward is the fact that they can be difficult to identify despite the plethora of international guidelines. Whereas the physical nature of goods means they are relatively easy to measure when they cross borders, the delivery of services is more difficult to observe – even more so when they are delivered in digital form. Data confidentiality restrictions, when only one or a few firms dominate trade in a certain services category, add another layer of complexity. But there are many more factors that cause measurement problems and asymmetries. For example, countries typically use model-based estimates for services that can only be observed indirectly, and these may differ across countries. Payments for services may not coincide with their delivery (for example in construction projects). And measurement can become even more complicated when the service is delivered between affiliated firms.

The measure explained

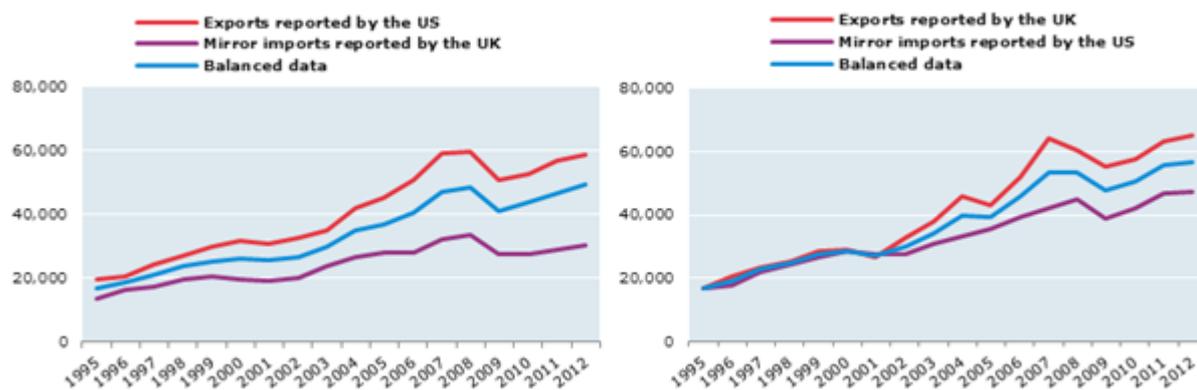
To reconcile asymmetries in bilateral trade in services statistics and to estimate bilateral flows where no statistics exist, BaTIS uses all available official data, and a variety of estimations, including linear interpolations and extrapolations, and econometric models, all of which are benchmarked to the officially reported totals and sub-totals.

Reported exports and imports are then reconciled using a “symmetry index” that gives more weight to those countries whose data more often agree with those of their trading partners (see our recent Statistical Insight on merchandise trade data). The balancing procedure also takes account of the reliability of different estimation methods, and gives preference to officially reported data over estimates.

Key findings

These adjustments mean that the final figure in the OECD-WTO BaTiS database for any given bilateral trade flow will differ from the figures reported by both countries, if these were originally asymmetric. Figure 1 below illustrates this for total services trade between the United States and the United Kingdom. Note that the balanced trade values fall between the two countries' figures, and reflect trends in both.

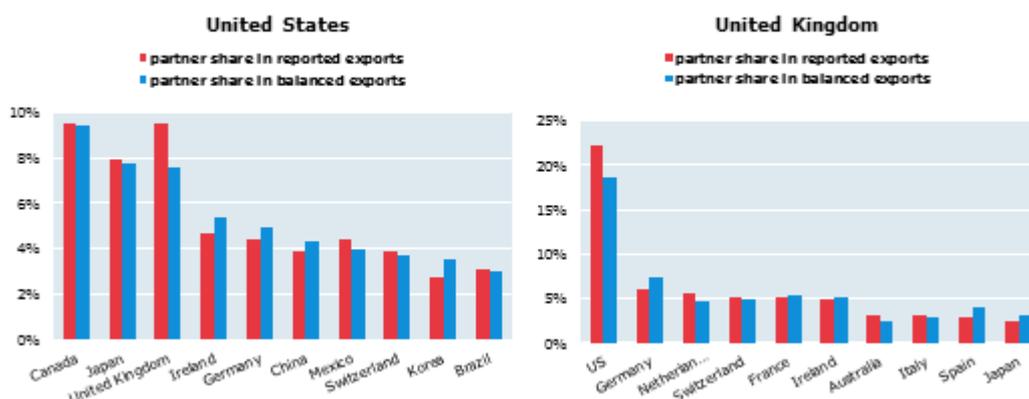
Figure 1. Balanced bilateral trade in services data – US to UK and UK to US



Source: [OECD-WTO BaTiS database](#)

BaTiS may also alter the ranking of a country's main trading partners. Figure 2 illustrates this for total trade in services, again focusing on US and UK exports. For example, official data for the US put the UK on a par with Canada as the US's most important export market for services, but balanced trade data show the UK falling to third place behind Japan. Similarly, although the US remains the most important export market for the UK services, its importance is significantly smaller when seen through the lens of BaTiS, while trade with many European markets, notably Germany and Spain, is larger.

Figure 2. Top 10 destination countries for service exports, 2010: reported versus balanced trade data for the US and the UK

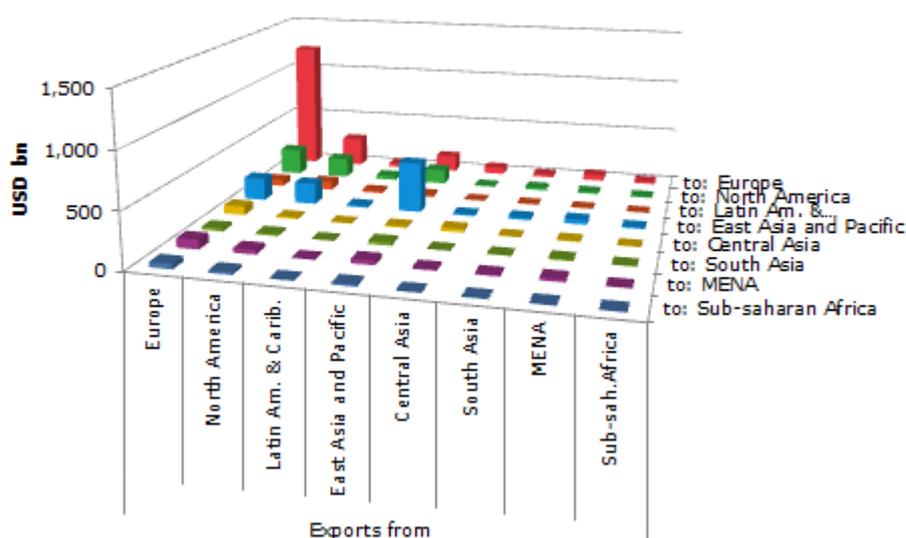


Source: [OECD-WTO BaTiS database](#)

BaTiS also provides insights on which countries systematically over- or under-report services trade figures as compared to their trading partners. One prime example is Bermuda, which reported only 1.4 bn USD of services exports in 2012, compared with 26 bn, 14 bn, and 5 bn USD reported as imports from Bermuda by the US, the Netherlands, and Ireland respectively. As Bermuda's symmetry index is much lower than those of its trading partners, total balanced services exports by Bermuda in BaTiS were 64 bn USD in 2012 – 45 times higher than Bermuda's officially reported figure. Much of these services reflected insurance and financial services (mainly imported by the US), and royalties and licence fees (mainly imported by the Netherlands).

Figure 3 summarises the global pattern of services trade as shown in the BaTiS database. Intra-EU transactions account for 28% of global services trade, and transactions among East Asian and the Pacific countries for another 11%. North America's services exports are less focused on its own region: Europe and East Asia and the Pacific are more important destinations of exports. Other regions account for very little of global trade in services, with intra-regional trade accounting for only limited shares in most.

Figure 3. Sources and destinations of global trade in services, 2012



Source: [OECD-WTO BaTiS database](#)

Where to find the underlying data

The OECD-WTO database currently contains data for 191 countries for all 11 main service categories in the Extended Balance of Payments Services (EBOPS) 2002 classification for 1995 to 2012. A new dataset using the EBOPS 2010 classification will be released in 2018 and updated annually thereafter. Further work to reduce asymmetries in official data is under way in collaboration with national statistical offices. For example, the United Kingdom and the United States are currently undertaking joint work to reduce their asymmetries in services trade (see articles by the UK Office for National Statistics “Asymmetries in trade data – diving deeper into UK bilateral trade data” and US Bureau of Economic Analysis “Understanding Asymmetries Between BEA’s and Partner Countries’ Trade Statistics”).

Further reading

- Fortanier, F., Liberatore, A., Maurer, A., Pilgrim, G. and Thomson, L. (2017) ‘The OECD-WTO Balanced Trade in Services Database’, OECD-WTO paper.