

BALANCE OF PAYMENTS TECHNICAL EXPERT GROUP (BOPTTEG)

OUTCOME PAPER (BOPTTEG) # 17

JUNE 2004

(1) Topic: Classification of Services

(2) Issues – see BOPTTEG Issues Paper #17

(3) Recommendations:

(i) On repairs on goods, there was agreement that it would be better classified as a service, although there were suggestions that there should be a presumption against reversing changes made for *BPM5* from *BPM4*. It was also noted that any change should be made consistent with any decision on whether goods for processing should be reclassified as a service.

(ii) The additional detail proposed as supplementary items for travel were supported.

(iii) There was agreement that computing and information services should be combined with communication in the standard components of the new manual. The proposed additional detail of information technology services may be considered as supplementary items, and it should be recognized that rapid technological changes could quickly make such splits redundant. Some members argued that the detail under computing and information services is not attainable even as a supplementary item because of difficulties in distinguishing between the various types of activities.

(iv) The split of construction was agreed.

(v) There was agreement that the treatment of financial services should be brought in line with developments in the OECD and AEG work to the extent feasible.

(vi) These recommendations will be referred to the Task Force on Statistics of International Trade in Services for coordination.

(4) Rejected Alternatives:

(i) It was considered that international passenger transport should not be moved from transport to travel.

(ii) It was concluded that “services between related enterprises n.i.e.” should be avoided and specific items used instead, because it could become a dump item, and because the large, lumpy nature of some results suggested that it may effectively include dividend-like payments. It was noted that this proposal was based on lengthy discussions at OECD-level on the need for such a category.

(5) Questions for the Committee:

(i) Does the Committee agree that goods for repair to be moved to services? See 3(i) above.

(ii) Does the Committee agree that the additional detail for travel be included as supplementary items? See 3(ii) above.

(iii) Does the Committee agree with the combination of communication and computing services? Does the Committee agree that the additional detail for information technology be included as supplementary items? See 3(iii) above.

(iv) Does the Committee agree that the additional split of construction be included? See 3(iv) above.

(v) Does the Committee agree with the harmonization with developments on financial services? See 3(v) above.

(vi) Does the Committee agree that international passenger transport should remain in transport? See 4(i) above.

(vii) Does the Committee support the inclusion of an item for “services between related enterprises n.i.e.” See 4(ii) above.