

MEASUREMENT CHALLENGES FOR MODE 4 TRADE

The Economic Impact of Mode 4

“Mode 4 at work”

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Supply of Services by Modes

2014 Statistical Approximation

Mode of Supply	Estimated share
1 - cross-border supply	27%
2 - consumption abroad	15%
3 - commercial presence	53%
4 – presence of natural persons	5%



Challenges to measure mode 4 trade

- **“Small”** compared to total trade in services, and other modes (*is the most restricted*)
- **Scarce data available**, but show that importance varies across countries/sectors
- Globalization: mobility increasing and can be facilitated by special programs, EPAs.... But at the same making it more **difficult to capture movements**
- **Conceptualize** mode 4 statistically ✓
- Compilers had many other **challenges** to tackle before focusing on mode 4



BUT SOME DEVELOPMENTS IN RECENT YEARS!



Mode 4 Information needs and statistical domains

Value of trade: Balance of Payments services trade

Contractual service suppliers as employees of service supplier sent abroad to fulfill a contract between his employer and consumer

Self-employed going abroad to fulfill service contract (incl. independent professionals)

Number of persons (flows and stocks): Tourism and Migration statistics

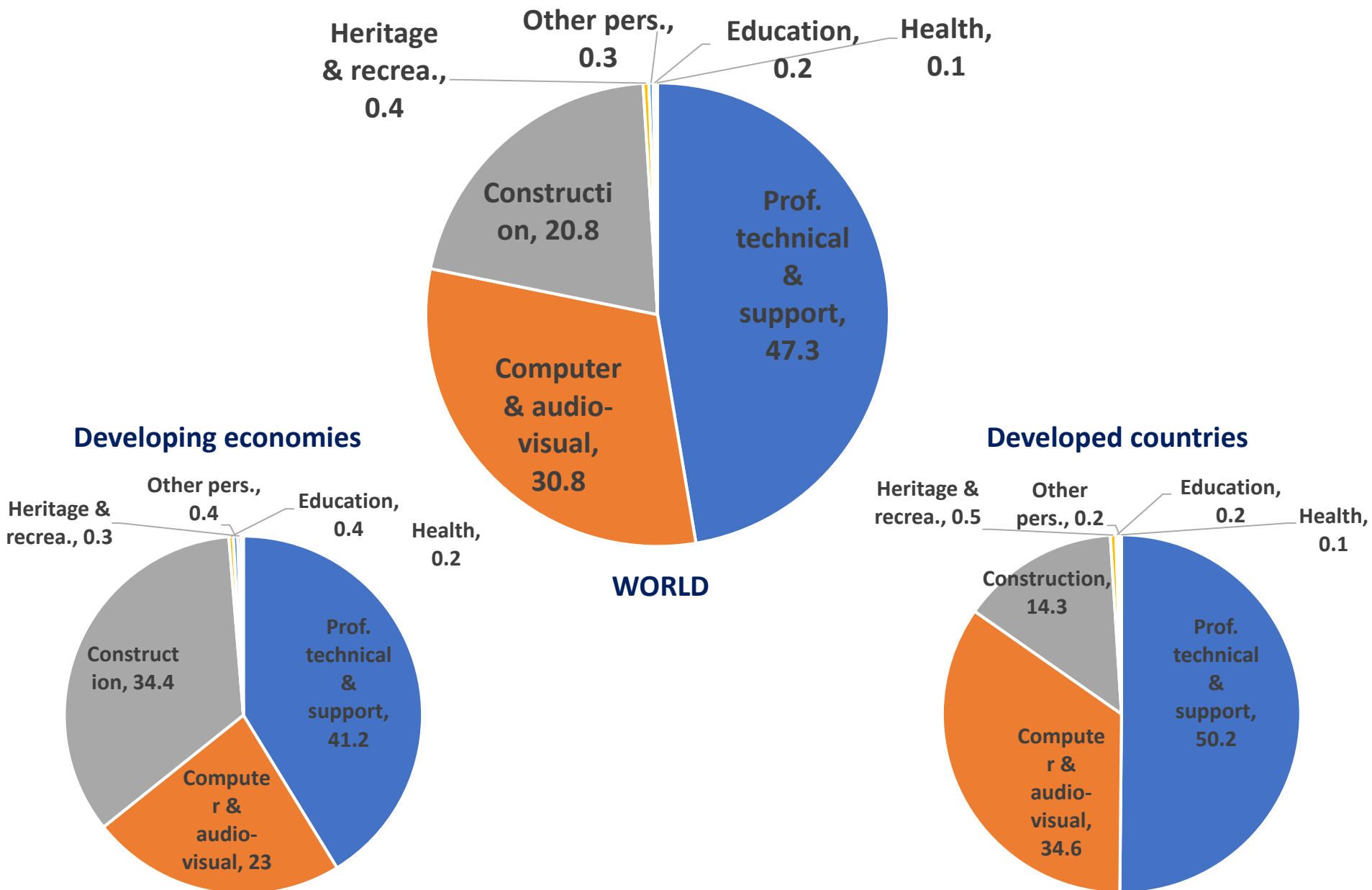
- **Contractual service suppliers as employees**
- **Self-employed/independent professionals**
- **Intra-corporate transferees, employees of foreign affiliates**
- **Service sellers / persons responsible for setting up commercial presence**



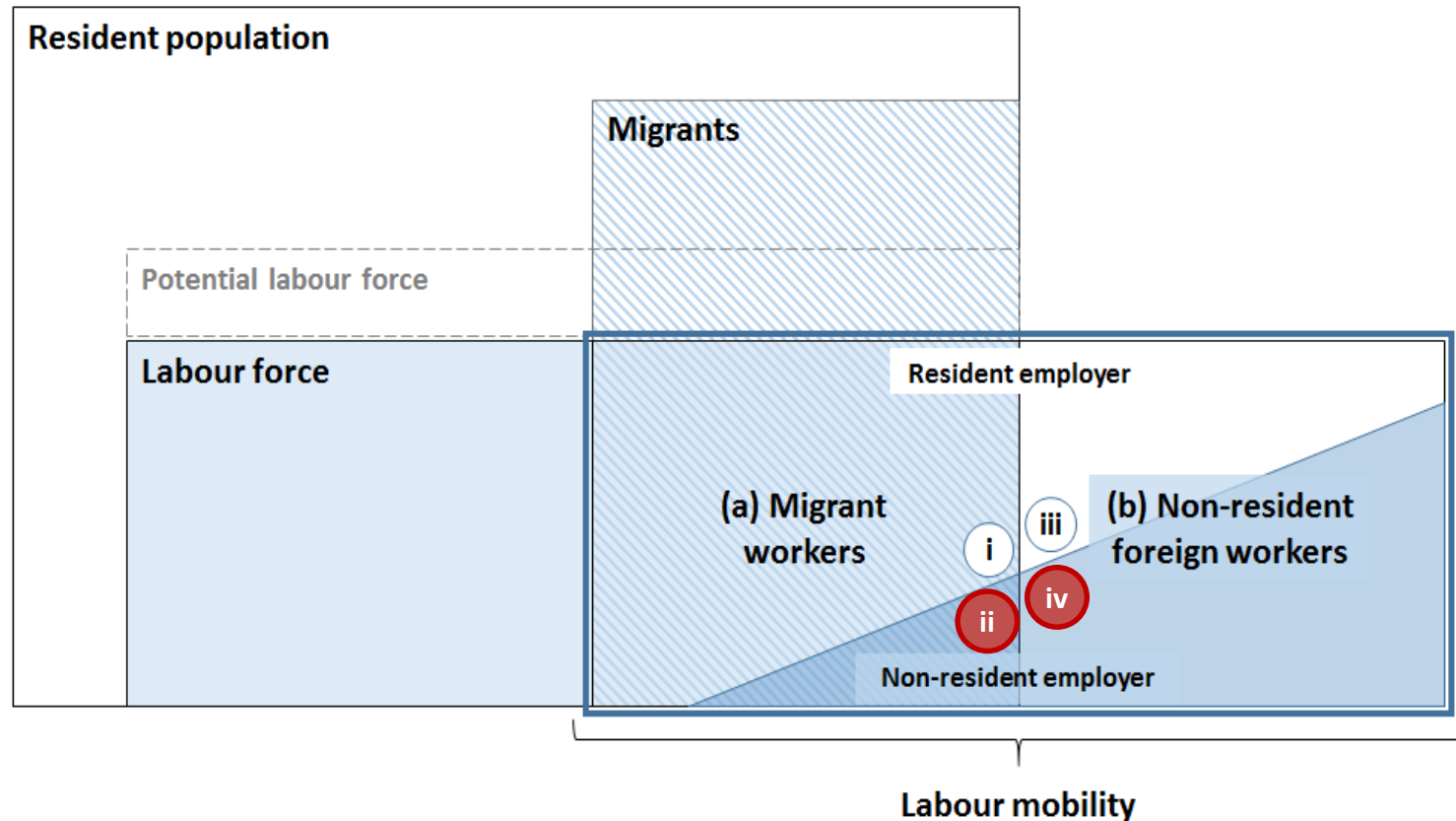
Recent compilation of Mode 4 Statistics

- Increasing number of Members engaging in compilation of estimates
- Eurostat developed its own program in 2016
- A global dataset on trade in services by mode of supply: A WTO project funded by EU
 - **Aim of project:** create-maintain experimental dataset on services trade by mode of supply (incl. mode 4)
 - **Possible applications:**
 - Better understand world trade developments
 - Respond to analytical questions => looking for economic mechanisms, estimating impacts
 - Orient trade negotiating strategies
 - Encouraging national compilation programs

Mode 4 by Type of Services 2014 (preliminary)



Measuring International Labour Mobility, of which **Mode 4**



- i** Migrant workers employed in receiving jurisdiction
- iii** Non-resident worker employed in receiving jurisdiction (seasonal, border workers)
- ii** Migrant workers employed by a non-resident entity (long term posting)
- iv** Non-resident worker employed by non-resident entity or self-employed (short term posting)

Summary

- Progress has been made for estimating the value of mode 4 transactions
- More to be done, in particular when it comes to number of mode 4 service suppliers
- Need for coordination and political will for development of statistics, in particular for mode 4
 - At the international level
 - At the national level, between agencies in charge of statistics and users (e.g. trade, migration, tourism authorities)

