Report

of the Third Meeting of the

Voorburg Group on Service Statistics

In Wiesbaden
Federal Republic of Germany

October 4 - 6, 1988

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1) Opening of the Meeting

The third meeting of the Voorburg Group on Service Statistics
was held at Wiesbaden, Federal Republic of Germany, from 4
October 1988 to 6 October 1988. A list of the participants
is attached as Annex I. The documents discussed during the
meeting are listed in Annex II. In the following, numbers
of papers refer to the attached list of documents, names
in brackets to the person who introduced the paper.

The participants were welcomed by Mr. Hölder, President
of the Federal Statistical Office, who pointed out that
great importance was attributed to the work on service sta-
tistics on the national as well as on the international lev-
el in order to meet the demand for data of political deci-
sion makers. The establishment of the Voorburg Group is,
in Mr. Hölder's words, a valuable contribution toward fur-
thering the construction of the conceptual framework on an
international level.

Mr. Drechsler opened the meeting and thanked the Federal
Statistical Office for hosting the conference. He expressed
his particular pleasure in being able to also welcome par-
ticipants from developing countries.
Mr. Ryten suggested that the host country should chair the
meeting.
Mr. Lützel was elected chairman.
The agenda was adopted as presented in Annex III.

2) Review of the State of the Work on ISIC Rev. 3 and CPC

Papers no. 1 (Drechsler, Beekman),

2 (Beekman),

3 (background paper)

Presentation

The meeting had before it an advanced copy of the International Standard Industrial Classification (ISIC), Rev. 3 and the Central Product Classification (CPC). These documents will be brought before the Statistical Commission which meets in February 1989. The introductory part was not yet included but will be discussed under point 6 of the agenda.

It was stressed that these drafts are the results of many years of discussions including several Expert Group meetings and that the parts dealing with services were strongly influenced by the contributions of the participants of this Group. Some contributions were taken as such, some others were discussed with the authors before or after the Expert Group meeting in New York in April 1988. It was pointed out that despite the contributions of this Group these parts of the classifications may need more consideration. Since, however, the Commission stressed in 1985 and 1987 that it wanted ISIC and CPC finalized in 1989, it was suggested by the Expert Group in New York to ask the Commission to adopt the ISIC, Rev. 3 and to adopt the CPC only provisionally so that it can be disseminated and used by countries. With the experience of these countries, the CPC could then, in about five years, be revised and improved.

Attention was drawn to the fact that the CPC is intended to be a classification in its own right and not merely an extension of ISIC. Nevertheless, a cross-reference table exists between the ISIC and CPC which can serve to identify the products produced by a particular industry. It is meant to be an exhaustive classification of all products and assets which can be the object of a transaction without overlaps or duplications.

It was also explained that, since the documents are at the moment being translated and further processed in New York, no changes can be introduced before the Statistical Commission meets. Substantial changes can probably be introduced after February but they need to be agreed to by the Commission because the Statistical Office cannot reopen discussions and cannot take the responsibility to decide by itself which changes to introduce and which not. Therefore, proposals for changes should reach the Office in time (i.e. before Christmas 1988) so that they can be worked out in a document on the basis of which the Commission can make its choices.

Participants were requested to send these comments as soon as possible to New York and also to Mr. Beekman in order to speed up the process.

Concerning the explanatory notes to the CPC, it was explained that for the goods part the notes to the Harmonized System are referred to. For the services part new notes are to be drafted. Participants of this Group who contributed to the CPC recently received a request from the Statistical Office of the United Nations (UNSO) to provide this Office, if possible, with explanatory material on their contributions. These materials will then be shown to the Statistical Commission as an example of the manner in which the notes will be completed by UNSO.

Discussion

The Group recognized that changes to the proposed ISIC revision draft were not possible before the meeting of the UN Statistical Commission next year. It, nevertheless, made some comments on the treatment of services.

One comment was made with respect to the part of ISIC dealing
with trade. It was said that the use of two different
criteria of classification might lead to problems when
applying the ISIC. Concerning financial services it was felt
that further work was necessary in order to track the rapid
development of entities providing these services. It was sug-
gested that those delegations who still have problems with the
current proposals (i.e. Canada, Germany, U.S.A. and IMF) could
contact one another and possibly draft a counter proposal that
could then be brought before the Statistical Commission. The
U.K., who worked out the present draft should be consulted as
well. It was noted with favour that the explanatory notes of
the document mention that repair and other related services
are included within manufacturing of goods. The issue of pro-
cessing was discussed but no definite recommendations were made.
It was pointed out that this was an important issue and that
guidelines on the treatment of processing in the ISIC should
be in line with the SNA.

The Group agreed that identification of particular services was
best left to the CPC. It was also agreed that the description
of services in the CPC should be a real service description,
separate from the occupational Group that provides them. Categ-
ories like "Services provided by ..." should, therefore, be
avoided. The question whether in the case of processing and
(major) repair the output is to be regarded as a good or a
service,was discussed. It was suggested that the ownership of
the raw materials might no longer be the only determining fac-
tor because there is a tendency to sell these materials to the
processor and to buy back the processed goods. It should be
made clear that a statistical unit classified to a category of
ISIC can produce different goods and services but that it is

not practical to list in the CPC all origins of production of
each category of goods and services.

When discussing paper number 3, the Group addressed the question of how
to define "services". Some participants felt that a comprehensive defini-
tion was neither possible nor needed and that a detailed classification
of commodities was more helpful. It was noted that several experts who in
the past worked out definitions for services, now doubt the need for them.
It was agreed that the explanatory notes to the CPC should provide infor-
mation on what is included in particular categories.

3) International Trade in Services

Papers no. 4 (Drechsler),
5 (background paper)
6 (background paper)
7 (background paper)

Presentation

Paper 4 summarizes the results of the joint IMF/UNSO enquiry on views and practices in respect to trade in services statistics. Replies from 51 countries were received. While views on general conceptual problems were fairly similar, more differences were encountered as to how particular borderline cases (e.g. processing, construction, authors' fees) should be treated. Differences in present practices are even larger and in respect to some items (repairs, license fees, construction abroad) very few countries follow the existing international guidelines. As to obtaining the basic data on trade in services, only a few countries reported severe difficulties; however, most countries experienced difficulties in the treatment of transactions between parent companies and foreign affiliates.

The replies to the UN/IMF questionnaire show that there is a grey area of uncertainty between the treatment of merchandise and non-merchandise transactions. Particular items in this area are processing, construction, authors' fees and copyrights. The Group recommends that further conceptual work be done on these items. Nonetheless, it was suggested that a distinction between goods and services should be attempted and that at the international level there should be guidelines for the key area to ensure consistent aggregation and comparability.

Paper no. 8 (Bloem/Author: Bos)

Presentation

In the contribution of the Netherlands it was pointed out that one of the largest problems in making parallel use of balance of payment data, foreign trade data and data from production statistics is the difference in valuation: FOB in the balance of payments, exports FOB and imports CIF in foreign trade statistics and invoice values in production statistics. This problem can be overcome by using invoice values in the core of the national

accounts, although it must be recognized that for some specific uses like the construction of I/O-totals more homogeneous prices may be needed. Whether CIF/FOB valuation generates these, however, is doubtful, especially because of the problems of data collection (CIF/FOB values being artificial constructions), experienced now and even more so (in Europe) after 1992. Furthermore, because CIF/FOB values are not homogeneous with purchasers/ producers values used domestically, nor with approximate basic values, invoice values would lead to better comparability on a disaggregate level of classes of goods and services; they would be in accordance with the perception principle because actual market transactions are followed, and would, in practice, be much easier to observe.

Discussion

The Group discussed the advantages and disadvantages of the concept of invoice valuation. The advantages are that actual transactions can be observed as they are recorded in the books of the traders and that consistency with other economic statistics on an enterprise level is easier to achieve. Furthermore, invoiced values might be helpful, should statistics collected at the border be abolished in the context of an economic union. Other participants stressed that for input-output purposes, uniform valuation cannot be dispensed with, and that the recommended SNA treatment should be maintained. It was expressed that in external trade, in addition to the CIF-values of imports also the FOB-values are of interest so that services are shown separately from the value of imported goods.

Paper no. 9 (Drechsler/Author: Nyitrai)

Presentation

The paper describes the conceptual and practical problems encountered in the revision of the Hungarian trade in services statistics. The goods and services category was defined in conformity with the SNA and a working definition was elaborated to distinguish services from goods. As in a number of other countries, the Hungarian goods-services distinction also differs from the presently recommended borderline between merchandise trade and nonmerchandise trade. The most important deviations are in respect to the treatment of construction and repairs.

Paper no. 10 (Lancetti)

Presentation

The document "Project on a harmonized statistical system" discusses initial ideas for the development of statistics on international trade in services. These are currently being discussed within working groups at EUROSTAT.

The paper indicates that two sources of information are possible:

- data collected from enterprises

- payments statistics (receipt or expenditure) which the banks may have available.

The paper shows that these two sources are both indispensable. It indicates the information to be collected from these two sources and how they can be used together in order to draw up the required statistics. A classification for international trade in services is proposed with definitions and comments on the various headings. This classification is intended to be a proposal for the definition of standards components of the new IMF Manual.

4) Analytical Classification for Service Statistics

Paper no. 11 (Veil)

Presentation

The study on Analytical Classifications of Services from the OECD presents
a systematic overview of the numerous services classifications (relating
to industries, activities and products) and assesses their analytical use-
fulness and statistical feasibility.

The classifications are grouped into eight categories, the most important
of which are the production-based, consumption-based and function-based
classifications.

The distinctions that are considered to be the most analytically useful
and feasible ones are reflected in a tentative general classification
derived from the final draft of ISIC Rev. 3. It is structured so as to allow
the distinction between market and non-market services, between pure public
and other non-market services, between consumer and producer services; it
provides also for a further breakdown of consumer services (into services
provided to persons and to goods) and of producer services (into upstream,
onstream and downstream services).

Discussion

ISIC and CPC are important classifications in respect to services, but are
not designed to meet all user analytical needs. Different purposes of
analysis may require different kinds of classifications and these should
be chosen by users as well as by policy makers, but the possibilities of
collecting the statistical data should be taken into account. An exercise
in testing different classifications may be useful in that it may provide
new insights.

5) Output and Price Measurement of Services

Paper no. 12 (Drechsler)
13 (background paper)
14 (background paper)

Presentation

Paper 12 summarizes the results of an enquiry by UNSO on general methodolo-
gical problems of quantity and price indices of services. So far, information
from only 22 countries is available, nevertheless, some general conclusion
can be drawn. Most countries support the view expressed by the background
document that in different circumstances different methods of approximations
may provide better results, and, therefore, it would not be appropriate
to strive for some uniformity in all service industries. With respect to
measuring the quantity of gross output and of value added in constant
prices, it was accepted that, in general, deflation is better than extra-
polation, double indicator method better than single indicator method and
output type approaches better than input type approaches, but it was re-
cognized that there might be cases where the opposite is true. Views were
divided as to whether or not productivity adjustments should be made when
input type approaches are applied. At least half of the responding coun-
tries considered that deeper stratification is an important way to improve
service indices.

Discussion

Many participants considered that price and volume measurements are more
difficult to apply to services than to goods though the principal problems
are of the same nature. It was stressed that statistical information on
services is poorer and, therefore, there are more unsolved problems. Addi-
tional information is needed especially with regard to productivity when-
ever the input approach in adopted. It was suggested that methods and re-
sults of productivity measurements carried out in one country be made avail-
able to other countries.

Paper no. 15 (Lal)

Presentation

The focus of paper 15 on Services Industries in the Business Sector of the Canadian Economy is an examination of concepts and statistics necessary to support the measurement of real output of services industries in the business sector of the Canadian economy.

Wherever appropriate, the Canadian practice is judged with reference to the guidelines and recommendations released about 10 years ago in the UN Manual on National Accounts at Constant Prices. It highlights the Canadian practice particularly in the area of deflation of trade margins and banking imputed services.

Discussion

There appear to be two schools of thought concerning the estimation of real output and value added of certain service industries. One school believes that there are intrinsic difficulties due to the structure of these services so that double deflation does not necessarily provide satisfactory results. Other views, however, suggest that no such difficulties exist. Rather, there is a lack of enough information but given the necessary data, double deflation can provide acceptable estimates of real product.

There are also differences of opinion on the issue of productivity assumptions. Some views are that selective adjustments might be worse than no adjustments.

The Group agreed that there should be a study spearheaded by members of the Group of the nature and structure of financial industries to deal with the special problems raised by these industries. Some participants stressed that when measuring the real output of services, the boundary between production and welfare should not be crossed. The use of a general deflator which in some countries is computed by the central bank as a measure of purchasing power is a means to provide across-the-board interpretable measures of output. The proposal to apply this measure to the value added of service industries was considered as a matter for future consideration.

Table no. 16 (Lützel)

Presentation

The table "Services by Type of Volume Measurement" shows in a systematical
way, how the volume of different types of services can be measured. It is
of importance, whether statistical information on the value, the prices
and the quantities of services provided to third parties is available. In
the case of market services where information on the values and prices is
available, it is proposed to deflate values. This is the best way, to take
into account within the volume component changes in the structure and in
the quality component of services. In all other cases second best solutions
have to be applied. Wherever possible, bench-mark figures on gross output
of the producers of services should be extrapolated using real output
indicators. Thus, it is possible to derive data on the change of produc-
tivity in the service sectors. In some cases, particularly in the area of
non-market services, there is no direct information on the value or on the
quantity of the gross output. In such cases, the only possible approach
is to extrapolate bench-mark figures on gross output by means of real input
indicators. The drawback of this approach is, that no information on the
change of productivity can be derived. There remains the task, to get inde-
pendentestimates on the change of productivity.

Discussion

The Group commented on the desirability of supplementing the table with
suitable notes on quality adjustments and alternative deflation methods.
Specifically, it was recommended to add footnotes to further qualify
individual cells of the table, particularly those pertaining to non-
market services where the notion of output must be distinguished from the
measurement of welfare. The Group shared the view that the table is a
useful tool to guide further work.

Paper no. 17 (Flaxen)

Presentation

The brief note on Output at Constant Prices in the Service Sector refers
to the problems in moving from estimates of service sector activity in
current prices to estimates at constant prices.

It first makes it clear that these problems have been faced, and solved
with greater or lesser success, for many years in compiling final expen-
diture estimates at constant prices and in compiling price indices, parti-
cularly consumer price indices. In the United Kingdom 69 separate price
indicators are compiled each month for consumer services, out of a total
of around 600 indicators used for calculating the consumer price index.

In the UK an independent estimate of the volume of output is also made,
independent of the expenditure and income based at constant price estimates
of Economic Activity. This is industry based and therefore covers inter-
mediate production. It utilizes extrapolations from a base period using
either volume indicators of change or deflated gross output measures.

In recent years there has been some modest expansion of the inquiries into
output in the service sector. In addition, a wealth of administrative data
exists on service activities, arising from value added tax returns. Some use
is made of this, but if better deflators could be compiled (and the quality
of the administrative data improved) this use could be considerably ex-
tended.

Discussion

There is a lack of information on estimates of gross output and gross value
added at constant prices for the service industries. Second best solutions
have to be adopted. Most of the Group recommended that such estimates should
be based on turnover (derived from value added tax returns in some countries)
deflated by suitable price indices. Where no suitable data on prices are
available, which is often the case, use might be made of direct volume
indicators, though only arbitrary allowance for quality changes (or produc-
tivity changes where the estimates are based on employment inputs) are
possible.

Paper no. 18 (Isacsson)

Presentation

The Group was informed that a study was being conducted to find out if prices
of services, in particular for business services, could be collected on a

regular basis. At present the availability of such prices is very poor. Only price indices of services within the private consumption are now collected. Some improvements in the collection of price data could be foreseen. As pertains to personal services for intermediate consumption, price indices will be computed for services like car rental services, cleaning services and laundry services. In business services some progress in collecting prices was expected for data processing services, some advertising services, guarding services and copying services. In the case of customized business services the prospects to collect prices in the future were also considered to be poor.

Discussion

The discussion concentrated on productivity measurements for different service industries. Due to a lack of information, it is often necessary to make arbitrary estimates. However, regardless of the particular productivity adjustments used, assumptions about productivity change - even when 0 - remain assumptions. The discussion made clear that a better measurement of real output of services is needed.

6) Statistical Units

Paper no. 19 (Beekman)

Presentation

Mr. Beekman stressed that this advanced draft of the introduction
to the ISIC, Rev. 3 was written under the constraints by the Sta-
tistical Commission that the purpose and use of the ISIC should
not be altered but that the part dealing with the statistical unit
should be modernized. He emphasized that the definition and description
of statistical units should be identical for the service area and for
other areas of the economy.

Moreover, the definitions that will appear in ISIC, Rev. 3 should be equal
to those in the SNA, Rev. 4 which will be brought before the Commission in
1991. Every effort should be made to harmonize work in this field.

The paper first distinguishes between reporting units (units from which data
are collected), observation units (units on which statistics are compiled)
and analytical units (created by the statisticians whenever they need more
detailed studies than can be made using the observation units). The latter two
are considered statistical units.

The most important requirement for an entity to be an observation unit is
that it is autonomous with regard to the processes described by the statistics
in question. This implies that such a unit has an independent contact with the
market. It is supposed that such an autonomous unit will have available the
relevant administrative records to answer questionnaires. The second criterion,
often in conflict with the previous one, is that a unit be homogeneous with
respect to economic activity and geographical region. The units of the hier-
archical system proposed are based on or derived from legal units or families
of legal units as these are commonly found in most countries. The definitions
of the different statistical units as they result from this theoretical approach
do not differ much from the definitions as they were in ISIC, Rev. 2. including
those for the technical unit and ancillary unit which are in fact analytical
units rather than observation units.

It was explained that it is the intention of the Statistical Office to present the current draft to the Statistical Commission and to later re-draft the introduction taking into account comments from this Group, from the SNA Expert Group, from the Round Table on Business Frames, to be held in Auckland in November, and from the Commission itself. In this respect, participants were requested to send their comments to New York before Christmas 1988 so that a consolidated paper can be prepared for the Commission. In order to facilitate work on this paper is was requested also to send copies of the comments directly to Mr. Beekman.

Discussion

The Group acknowledged that for the time being there is no alternative to using the concept of enterprise for financial accounts and the establishment for production accounts as the statistical units for a sort of activity break-down in industry statistics and in SNA. It was stressed that international comparability of data collected on these units is in doubt because the concepts are used in different ways by different countries. Nevertheless, it was suggested to preserve the internationally agreed language and to try to give it standard use. It was stressed that the definitions used in ISIC and SNA be identical.

Paper no. 20 (Green)

Presentation

The paper summarizes proposed new and revised standard statistical unit definitions and rules for recording businesses on the Australian Bureau of Statistics (ABS) list of businesses for use in short-term, annual and periodic economic data collections conducted by the ABS. The changes being considered seek to give greater emphasis than in the past to deliminating units to the current organizational structures of individual businesses - especially large businesses - and to the availability of data in the accounts of businesses.

The paper notes that the changes being considered, when implemented, are expected to result in more reliable and accurate reporting by businesses and, in turn, in the accuracy of economic and industry aggregates. It also notes that the changes envisaged are expected to yield a reduction in the burden that responding to statistical surveys imposes on individual (large) businesses.

Some examples are provided of the impact that the changes proposed will have on the collection and compilation of data relating to business and personal services industries.

Discussion

Several participants favoured a proposal to distinguish a statistical unit in between the enterprise and the establishment (it might be called management unit). Such a unit could be useful for collecting more detailed information on enterprises.

The topic of ancillary activities and ancillary units was discussed. It was recognized that for some analytical purposes it would be useful to have data on ancillary activities within enterprises. However, prevailing accounting practices make it impossible in many cases to extract such information from enterprise records.

Paper no. 21 (Author: Trogan)

Presentation

Paper 21, which was not discussed, uses an enterprise point of view to set out some items for discussion:

I   Production units and "false friends"
II   The three approaches: sector, branch, function
III   The special dimension: regionalisation
IV   Accounting variables to be observed
V   Data on employment

These thoughts are part of Eurostat's preliminary activity aiming at defining on overall conceptual framework for the services entity.

One interesting aspect of Mr. Trogan's paper is that it clearly warns against assuming too easily that particular terms can be translated easily and will have the same connotation in different countries.

A particularly important position on which further thought is needed
internationally is the treatment of certain business services produced
by the enterprise for its own use (accounting, computing, product develop-
ment, marketing etc.) which can, and increasingly are externalized.

Paper no. 22 (Lancetti)

Presentation

The paper on Statistics on Service, Sectoral Programme, gives a description
of the European Communities' programme on statistics on services.

In acknowledging the necessity to integrate such work areas as transport or
tourism statistics within a larger framework of statistics on services, a short
description of a statistics programme to follow the Community policies on
transport and tourism is also provided in annex II of this paper.

One interesting aspect of the programme is the dual approach used to take into
consideration the need for information on services as a whole and the highly
varied nature of the various services sectors.

This approach consists of

- defining on overall conceptual framework for the service entity;

- sectorizing the overall conceptual framework to reflect the various
  sectors.

At all times, the synergism of the two approaches should be borne in mind.

Discussion

The Group feels that the programme of the EC is important and interesting.
Further work in many fields is necessary. The discussion concentrated on the
measurement of output of service industries. Views were expressed that turn-
over cannot be used as an indicator of output for every single service in-
dustry. Margins could be a useful indicator for measuring the level of acti-
vity in different service industries, such as trade, insurance and banking.

7) Other Subjects on Services

Paper no. 23 (Köll)

Presentation

The following improvements were considered as most desirable by the parti-
cipants in a seminar on service statistics held by Statistics Sweden: invest-
ments in immaterial assets, investments in R and D, investments in education
and skill and investment in new markets, statistics on markets and how markets
develop. International comparability for statistics on exports and imports of
services but also for statistics on local production in foreign countries was
deemed essential. Furthermore, improvements in the statistics on productivity
in the service sector, statistics on small enterprises, agents of change, new
companies by fissions, statistics on capital stock and on information techno-
logy were considered important.

Discussion

The Group welcomed the exercise undertaken by Sweden to conduct an inquiry on
the need of users of service statistics, but the Group recognized that it is
not always possible to provide the type of information in the detail demanded
by the users. There is a special need for more information on investment in
such intangible assets as research and development, education and market
development.

Information on international trade in services and their respective market
shares was deemed to be of special importance in terms of international
negotiations and cooperative activities. In this respect, the Group pointed
out, that users need to have information on origin and destination by types
of services, although it was recognized that this information may be diffi-
cult and, in some countries, even impossible to obtain.

It was considered to be desirable that the countries which have not yet done
so, conduct enterprise surveys to obtain this kind of information. In this
respect, special importance should be placed on obtaining internationally com-
parable data. The topic was referred to the next meeting of the Group for
further deliberation.

Paper no. 24 (Parker/Author: Waite)

Presentation

The purpose of the paper Secondary Services is to define the various categories of secondary activities, especially in the field of services, and to discuss some of the problems associated with identifying and measuring these activities. The examples are taken from the U.S. economy and refer to the Standard Industrial Classification (SIC). Attention is drawn to the distinction between income and non-income generating activities and to the operating and auxiliary establishment. Further, the paper discusses possible ways of improving and expanding information on secondary services.

Discussion

Services are often provided as a secondary activity. For a complete picture of services, it is necessary to collect data on such services as separate items. The term secondary stands for "secondary" and "ancillary" activities in the sense of ISIC.

Papers no. 25 (Parker)
26 (Parker/Author: Triplett)

Presentation

Paper 25, Industrial Classification Systems for National Economic Accounting - Are Services a Problem? addresses the treatment of services in industry and product classification systems from the perspective of a national income accountant concerned with the preparation of national income and product (NIP) and input-output (I-O) accounts of the United States.

The major conclusions of the paper are as follows:

Improvements in service statistics require expanded collection of certain types of data for all industries, and the availability of these data by 4-digit SIC industry should satisfy all users, regardless of the structure of the SIC. The structure of the SIC has a significant effect on the quality of the NIP and I-O accounts because this type of data can only be obtained infrequently. When these data are not available, the quality of the accounts

can be reduced because of the structure of SIC. With regard to the second conclusion, two further points should be made: The structure of industrial classifications should take account of the extensive use of the commodity-flow method to prepare I-O and NIP accounts. This structure also should take account of the limited availability of detailed industry statistics.

Paper 26, Deflating Purchases of Electronic Computers in the U.S. National Accounts/Selected Papers, describes the general use of hedonic methods in constructing price indices and its application in the United States to electronic computers. The paper concludes hedonic methods may be applicable in special cases where normal price index methods are not applicable.

Discussion

The Group felt that the hedonic approach is a good method for recording price movements for unique goods where rapid changes in quality characteristics occur. Doubts were expressed whether the method is applicable to service industries with more diffuse characteristics.

With respect to the health services, it was stated that the hedonic method may provide a tool to identify price movements and quality changes. It was noted that the results of the hedonic approach are sometimes very sensitive, depending on the formula and the choice of base.

Paper no. 27 (Picard/Author: Trogan)

Presentation

The French Annual Survey on Service Enterprises, described in paper 27, is included within the general framework of surveys on enterprises, the results of which are gathered in a data bank called SUSE (Système Unifié de Statistiques d'Entreprises). In this data bank statistics obtained from the surveys and from the fiscal sources are gathered and matched. The survey, a sample survey, provides information on employment, investments, profit and loss accounts (for enterprises with more than 20 wage earners), detailed distributions of receipts and of expenditures. The principal economic activity is defined at

the 4 digits (official) level of the classification, but also using a more detailed (5 digits) classification, which is specific (and not official) to the survey and which makes it possible, in particular, to process the data according to the NACE.[1] As to national accounts, the survey is used to supplement the fiscal statistics, which are at the basis of the making of the accounts; the survey is also used to improve the fiscal data by permitting the review of the codification of the enterprise activity. Using SUSE makes it also possible to achieve a complete transposition of data by industry types to data by commodity types. A transposition from sales to output may also be done by determining the various flows, purchases for resale, intra-consumption. The latter transposition is essential for making national accounts of market services.

Discussion

The Group felt that countries engaged in developing programmes of surveys for service industries may wish to take advantage of the French system as a model.

For SNA purposes a breakdown of the turnover of service industries by type of services sold is needed in addition to information on own account fixed capital formation, on trade margins by products and tax rates by products.

Information on the working time of the self-employed was considered desirable, as well, but deemed difficult to gather.

Paper no. 28 (Isacsson)
29 (Halvorsen)
30 (Südfeld)

Presentation

The paper on Expanded Service Statistics in Sweden; a 3-year plan for the fiscal 1989/90 - 1991/92, describes what Statistics Sweden plans to do in order to expand the service statistics in the next 3-year fiscal period. A coherent system of quarterly, yearly and intermittent statistics will be developed. The quarterly collected data consist of turnover figures (and stocks in the case of retail and wholesale trade). The yearly surveys would

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1) Nomenclature générale des activités économiques dans les Communautés européennes.

be split in two parts, financial statistics with a detailed registration from enterprise accounting for big enterprises and much more delimited data registration for small enterprises (5 employees). Intermittently the (new) service statistics will put emphasis on more detailed information on turnover by activity, by type of service products and by class of customer.

Paper 29 presents general arguments for the necessity of starting detailed planning for development of statistics on services. An evaluation of the situation in Norway regarding services statistics reveals several short-comings. Several elements of a strategy are presented:

- the coordinating role of the national accounting

- the implementation of a more detailed services classification (CPC)

- the utilization of administrative registers

- the matter of organizing data collection, and

- the question of redistribution of resources spent on the goods area
  to the services area.

According to paper no. 30, the Federal Statistical Office of Germany is conducting in 1988 a pilot sample survey on a voluntary basis concentrating on enterprises offering modern business services. In this survey enterprises from the following individual spheres are included: data processing; tax consulting; business and management consulting; technical planning and consulting; research and development; advertising; renting moveables, incl. leasing.

The main purpose of this pilot survey is the methodological preparation of comprehensive statistics of services based on individual legislation. In addition, the Federal Statistical Office hopes to obtain first benchmark data on the progressively growing sphere of business services, especially about the main activity of enterprises in this sphere, employment, wages and salaries, turnover and fixed capital formation.

Discussion

The Group welcomes the activities in the countries which presented the
above papers which concern themselves with the development of additional
statistics on services. It was considered to be very helpful to conduct
such statistics in close cooperation with professional organizations re-
presenting the areas to be covered. The respective questionnaires should
collect both input and output information in order to permit estimates on
gross value added.

Paper no. 31 (Flores)

Presentation

Paper 31, Service Statistics in Mexico, describes the development and state
of service statistics in Mexico and comments on its most relevant aspects. In
the course of time, the coverage of the economic census, which is carried out
every five years, was enlarged; it comprises now 12 branches in service in-
dustries. Other sources of information on services are the household and
establishment surveys and administrative records. The conceptual frame for
the statistical development is the system of national accounts. The present
Mexican System of national accounts is based on the latest standards set out
by the United Nations. The general development that can be achieved through
national accounting reveals that availability of statistics related to the
service sector is acceptable, even if for some items results are not completely
satisfactory.

8) Future Work/Preparation of the Report

The Group expressed the concern that the continuity of their cooperation with UNSO will be maintained in an appropriate way beyond the date of the retirement of the present representative, Mr. Drechsler.

Three major items were put forward as future tasks of the Voorburg Group:

- deriving a working definition for trade in services which is consistent with the SNA constructs

- further deliberations on price and quantity indices for particular service fields

- the establishment of some sort of guidelines on selected service industries.

For the latter task, UNSO is asking countries to volunteer in conducting studies of particular service fields; UNSO will support such studies by supplying any pertinent international data available to them.

The Group considered the following issues to be of particular interest for future deliberations:

- Own-account services and ancillary units

- trade in services

- financial industries and insurance industries

- testing the applicability of hedonic methods to a particular service industry

- experiences with the implementation of ISIC - CPC

- the handling of processing and repair services and of work-for-fee and contract services

- volume and price programmes in connection with productivity and quality issues

- the discussion of pertinent activities and results of other groups of experts (i.e. SNA, balance of payments, EC working groups)

- the creation of general guidelines for suitable questionnaires and concepts of surveys

- the integration of users' perspectives, especially the informational
  requirements and expectations of negotiators in the area of inter-
  national trade in services

- units of measurement in services and commodities in general.

Some members of the Group pointed out that in the work of the Group a
balance should be maintained between the discussion of theoretical and
methodological issues and the exchange of practical experiences with the
construction and application of questionnaires, the conducting of surveys
and the response to users' needs.

It was pointed out by some participants that the work of the Group should
also reflect the concerns and possibilities of developing countries in this
area and that the Group might be a vehicle to ensure that these concerns
are being considered on the international level.

The next meeting of the Voorburg Group was agreed to take place in Ottawa
on invitation of Statistics Canada during the week of Monday 1 to Friday 6,
October 1989.

The chairman of the meeting thanked the participants for their valuable
contributions. The participants expressed their thanks to the Federal
Statistical Office for hosting the meeting.

The participants volunteered to prepare the following papers for discussion
at the next meeting:

OECD: - Sources and methods of trade in services

IMF: - Classifications in international trade in services

               - Price and quantities in international trade in services

               - Update of country concepts on trade in services

               - Some thoughts on a conceptual framework of financial
                 services

               - Some thoughts on a conceptual framework of services

               - A proposed system for collecting data on international
                 trade in services

GATT:	- User needs as emerging from the group of services negotiations
Australia:	- Own account production-transactors and transactions
Canada:	- A comparison of questionnaires used in different countries
Canada and United States:	- The definition of statistical units in specific service industries
United States:	- A survey of trade in services
	- The development of statistics on specific service areas
Netherlands:	- Investment in knowledge and markets
Sweden:	- Services in manufacturing industries
	- Data on exports and imports of services from bank sources - results of a study
	- A description of investment statistics for intangible investments
France:	- Transposition from industry to commodities
	- Short-term statistics on turnover and investments using VAT-documents and specific surveys
	- The relationship between statisticians and users through the Commission on National Accounts and Services
Germany:	- Services in manufacturing industries