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**MEASUREMENT OF THE MOVEMENT OF NATURAL PERSONS
SUPPLYING SERVICES UNDER THE GATS:
A DEVELOPING NEED FOR MIGRATION STATISTICS ***

UN Interagency Task Force on Statistics of
International Trade in Services **

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Measurement of the Movement of Natural Persons Supplying Services under the GATS: A developing need for migration statistics.

A Note for the Coordination Meeting on International Migration

by William Cave OECD Statistics Directorate

This brief note outlines a developing, but not yet well-defined, need for migration statistics from the perspective of international trade analysis and in particular international trade in services.

The General Agreement on Trade in Services (GATS) came into force on 1 January 1995 and further GATS negotiations have been taking place since 2000. Together these are generating new needs for statistics on trade in services in a rather broad sense.

A new Manual on Statistics of International Trade in Services (MSITS), which has been jointly developed by six agencies¹, through the UN Interagency Task Force on Statistics of International Trade in Services, and which is currently being prepared for publication by the UN, sets out detailed frameworks for measuring trade in services based mainly on Balance of Payments statistics, the System of National Accounts and Foreign Affiliate Trade in Services Statistics.

However there is one major area of trade in services where MSITS identifies a gap in existing statistical frameworks and national statistical programmes, and concludes that it could only set out the measurement issues and propose some partial indicators at present without any precise solutions. This area might broadly be described as the trade-related international movement of people in order to supply services. It should be noted that one peculiarity of services provision relative to goods provision is that in many instances a physical proximity is required between a service supplier and customer e.g. hotel services and cleaning services. Without the possibility of physical proximity no service could be provided in such cases.

Annex 1 of MSITS addresses this area and discusses the statistics that might be relevant for assessing the so called Mode 4² delivery of services through the presence in an economy of foreign natural persons.

What is the scope of Mode 4? It is still the subject of considerable debate but Mode 4 is taken to include the following cases:

- i. services delivered through **independent service suppliers** abroad;
- ii. **employees** employed abroad on a non-permanent basis by service companies that are:
 - resident in the host economy that are foreign owned;
 - resident in the host economy that are domestically owned;
 - non-resident in the host economy i.e. that have no lasting presence in the host economy.

The General Agreement on Trade in Services (GATS) also emphasises the **temporary or non-permanent** nature of this movement of people. Mode 4 concerns people who move to provide a service or for employment by service providers and when that provision is finished they leave. Even though the

¹ European Commission, International Monetary Fund, Organisation for Economic Co-operation and Development, United Nations, United Nations Conference on Trade and Development, and the World Trade Organization.

² Their four modes of service delivery in GATS: Mode 1 Cross border; Mode 2 Consumption abroad; Mode 3 Commercial presence; and Mode 4 Presence of natural persons

movement is not permanent it might last a number of years. No time cut off is specified. The GATS leaves it to the countries to specify in their commitments on mode 4 the type of people, e.g., in terms of service to be provided, skills, occupations, level of qualifications, they are prepared to admit under mode 4; how many such persons; and how long they can stay.³

MSITS sets out a number of partially relevant statistics and classifications to be explored in the measurement of mode 4 delivery of services.

These include:

the Balance of Payments subcomponents:

Trade in services

income subcomponent: *Compensation of employees*

current transfer subcomponent: *Workers remittances*

Other items:

Migration statistics

Work permits, where available: number, type, duration and occupation

Statistics on arrivals and departures monitored by immigration and tourism authorities

on: origin/destination, length of stay, purpose of visit etc

Population censuses and household surveys, including particularly labour force surveys: where nationality of worker, occupation, industry of work, and level of education would be relevant.

Relevant Classifications:

Trade in Services -EBOPS & GNSW120

Activity- ISIC

Product - CPC

Occupation - ISCO

Level of education - ISCED

Migration - UN categories of types of migrant/non-migrant

MSITS Annex 1 considers the UN *Recommendations on Statistics of International Migration* and their possible relevance to the trade-related movement of persons. It states: “No existing statistical system satisfactorily captures the temporary presence of natural persons abroad from the trade perspective. The UN framework for the characterisation of different categories of international migration refers to categories of international migrants and non-migrants, some of which may be relevant to GATS Mode 4 **if in each case the period of stay is restricted—that is, non-permanent and related to the supply of service products.** A part of this framework is set out below.

Non-migrant categories:

³ In practice, few countries have specified the number of persons, nor the actual length of stay permitted, preferring to maintain full flexibility to change these as and when they wish.

Foreign border workers: Foreigners granted the permission to be employed on a continuous basis in the receiving country provided they depart at regular and short intervals (daily or weekly) from that country.

Visitors (from abroad to the country): Foreigners admitted for short stays for purposes of leisure, recreation, holidays; visits to friends and relatives; business or professional activities not remunerated from within the receiving country; health treatment; and religious pilgrimages.

Foreign business travellers: Foreign persons on short visits related to business or professional activities not remunerated from within the country of arrival, whose length of stay is restricted and cannot surpass 12 months.

Foreigners admitted for employment:

Migrant workers: Persons admitted by a country other than their own for the explicit purpose of exercising an economic activity remunerated from within the receiving country. Some countries distinguish several categories of migrant workers, including (i) seasonal migrant workers, (ii) contract workers, (iii) project-tied workers, and (iv) temporary migrant workers.

Migrants having the right to free establishment or movement: Foreigners who have the right to enter, stay, and work within the territory of a state other than their own by virtue of an agreement or treaty concluded between their state of citizenship and the state they enter.

Migrants for settlement: Foreigners who are granted permission to stay for a lengthy or unlimited period and who are subject to virtually no limitations regarding the exercise of an economic activity.

Employment-based: Foreigners who are selected for long-term settlement because of their qualifications and prospects in the receiving country's labour market, but who are not admitted expressly to exercise a particular economic activity.

Entrepreneurs and investors: Foreigners who are granted the right to long-term settlement in a country on condition that they invest a minimum sum of money or create new productive activities in the receiving country.”

The correspondence between mode 4 and the above categories can be difficult to map. Some categories - such as migrants for settlement and possibly migrants having the right to free establishment or movement - clearly go beyond mode 4 in including permanent residence and establishment. Other categories may encompass some groups going beyond mode 4 - e.g., visitors includes both business visitors (partly falling under mode 4) and tourists (which do not). Some categories - such as foreign business visitors or migrant workers - are a closer fit to mode 4, but may include persons working in non-service activities which would not fall under the GATS⁴.

To conclude the UN Interagency Task Force on Statistics of International Trade in Services is currently looking for ways and opportunities to advance the measurement of mode 4 trade in services and to develop cooperation and dialogue with those whose interest overlaps with theirs.

The Coordination Meeting on International Migration is invited to note this developing trade in services interest in migration statistics.

⁴ There is some debate about the scope of service activities for the purposes of GATS mode 4. While some would exclude temporary agricultural workers, others would argue that they are suppliers of fruit-picking services and therefore fall under the GATS.

It may also wish to be aware of some very preliminary efforts that may realise more information on Mode 4 trade.

1. UNCTAD is developing some pilot studies with volunteer countries on mode 4 trade in services.

2. OECD has a programme of work on measuring international movement of highly skilled workers in relation to its impact on innovation and economic growth. In this context, the recording of occupation through ISCO and level of qualification through ISCED in migration statistics is a pre-requisite as these classifications are commonly used to identify the highly skilled in other data sources. Some other occupations, not directly available from ISCO (e.g. researchers) are also of interest.

3. WHO is planning a project to measure trade in health services including movement of health professionals and the impact on health care. From the health perspective, WHO are also interested in permanent migration of health professionals not just temporary movement. WHO is also considering other possible data sources such as:-

- institutional data e.g. from hospitals;
- recruitment agencies;
- migrant associations;
- professional registers;
- Ministry of Health statistics;
- Union statistics where a profession is unionized;
- industry surveys.

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