

Transport services

**UN Regional Workshop on
International trade in services Statistics
20-23 November 2017**

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What are transport services in balance of payments?

- Transport transactions between residents and non-residents
- For the provider of the transport service, where there maybe some (layers) subcontracting, it is the residency of the operator of the service, rather the owner of the vehicle or transport company.
- In Balance of payments services classification:

Transport is presented in two ways:

first by what is carried-

SCA Passenger transport (by any mode)

SCB Freight transport (by any mode)

SCC Other (supporting and auxiliary services plus postal and courier services)

Or second by mode of transport:

SC1	Sea transport
SC11	Passenger transport by sea
SC12	Freight transport by sea
SC13	Other
SC2	Air transport
SC21	Passenger transport by air
SC22	Freight transport by air
SC23	Other
SC3	Other modes of transport*
SC31	Passenger
SC32	Freight
SC33	Other
SC4	Postal and courier services

Other modes of transport?

- Apart from sea and air
- Other modes of transport include:
- Space, rail, road, inland waterway, pipeline, and electricity

What is included in the first breakdown of transport ?

Passenger services

- includes fares and other expenditure related to carriage of passengers
- Fares that are a part of package tours, charges for baggage, vehicles, or other personal accompanying effects are included.
- The valuation of passenger transport includes fees payable by carriers to travel agencies
- Also included are rentals provided by residents to non-residents, and vice versa, of vessels, aircraft, coaches with crews for limited periods (such as a single voyage), for the carriage of passengers.
- **Excluded** are services provided to non-resident passengers by carriers resident **within** the economy (in *travel*), cruise fares (*travel*), rentals or time charters without crew (*operating leasing*) and rentals or charters that are financial leases (not in EBOPS).

What is included in the first breakdown of transport ?

- **Freight transport services:**
- covers the transport of objects whether or not they change ownership
- The service charge may be charged directly or included in the price.
- freight costs up to the customs frontier of the exporting are shown as incurred by the exporter.
- freight costs beyond the customs frontier of the economy of the exporter are incurred by the importer.
- whether or not these costs are **imports** or **exports** of freight services depends on the residence of the freight operator.

Freight transport 2 ?

- *freight* services may include international transport of the compiling economy's exports and imports of goods.
- Included are transport services, provided by resident operators, that are supplied beyond the customs frontier on the compiling economy's exports (exports of freight services)
- and services provided by non-resident operators, supplied beyond the exporting economy's frontier, on the compiling economy's imports (imports of freight services).
- *freight services* provided by resident operators of compiling economy, inside territory of exporting economy, on the compiling economy's imports (i.e. exports of freight services)
- and by non-resident operators of compiling economy, inside the customs frontier of the compiling economy, on the compiling economy's exports (imports of freight services).

Freight transport 3

- Further *freight services* may include transport of goods that do not change ownership for example:
 - Transit trade through an economy
 - Transport of goods between third economies (cross-trade)
 - Coastal transport or other transport of goods between points within an economy
 - Movements of goods to or from entities located outside territories where the entities are residents (such as Government agencies) provided by non-resident carriers
 - Goods sent for storage or processing and migrants' personal effects

Other supporting and auxiliary transport services

- Included are various port and airport charges: cargo handling that is billed separately from freight; storage and warehousing; packing and repackaging; towing; pilotage and navigational aid; air traffic control; cleaning of transport equipment performed in ports and airports;
- salvage operations and associated agents' fees (including freight forwarding and brokerage services)
- **Excluded** from *transport* are: freight insurance (insurance services); goods procured in ports by non-resident carriers (goods, not services); repairs and maintenance of transport equipment (*maintenance and repair services n.i.e.*); repairs of railway facilities, harbours and airport facilities (in *construction*); and rentals or charters of carriers without crew (in *operating leasing services*).

Postal and courier services

- covers the pickup, transport and delivery of letters, newspapers, periodicals, brochures, other printed matter, parcels and packages.
- includes post office counter services, such as sales of stamps, poste restante services and mailbox rental services.
- Courier services include for example, timed, express and door-to-door delivery.
- **Excluded** are the movement of mail carried by air transport enterprises (under *transport, air, freight*), storage of goods (in *transport, other, supporting and auxiliary services*) and mail preparation services (in other *business services n.i.e.*).

Some data collection and compilation issues

- Data collection strategy
 - Consider the international transport situation of the country
 - What are the important modes?
 - main exporters, importers of transport services?
 - Main ports, airports, entry points?
 - how to deal with transport element of goods trade?
- What are the potential data sources:
 - ITRS, Business registers, Regulatory authorities in transport, Merchandise trade statistics, Customs records, Commercial payment data (e.g. payment cards used for air tickets), Transport sector data, Household expenditure data

Are surveys possible and for which transport services?

Examples related to merchandise trade

- Not always possible to measure directly the value of the freight transport and freight insurance services.
- Freight cost estimates (including both transport and insurance) can be derived from the CIF/FOB adjustments that are made to the merchandise trade statistics for Balance of Payments.
- CIF – FOB values are considered as freight costs (transport and insurance premiums).
- These costs are generally deemed payable by the importer of the goods

Examples related to merchandise trade 2

- **Merchandise trade (IMTS statistics)**
- Imports valued CIF (cost insurance freight)
- Exports values FOB (free on board)
- **Goods in (BOP statistics)**
- Import and exports statistical values FOB (free on board)

Methods for estimating freight and insurance costs on imports

- Option 1 Extract data from International Merchandise Trade Statistics
- Option 2 Collect, from importers, data on freight costs and insurance premiums paid on imports
- Option 3 Collect freight data from branch offices or agents of non-resident operators
- Option 4 Analyse trade flows, freight, and insurance rates
- Option 5 Use an arbitrary ratio approach
- Option 6 Extrapolate from resident transport and insurance companies experience

(Source IMF BPM6 CG Table 12.2)

Examples of transport exports

1 UAE exports oil (fob) to Australia on a UAE owned and operated tanker. Australia imports the oil from UAE (cif). The cost of freight is deemed a UAE export of a transport service to Australia.

2 Air France sells a ticket to a Moroccan resident to travel from Paris to Casablanca. The plane is operated by Air France. This is an export of a transport service from France to Morocco.

3 An Air France jet lands in Casablanca and pays a landing charge and for aircraft cleaning services. It refuels and buys food and water for the onward flight. The landing charge and cleaning services are a Moroccan transport export to France. The fuel and food are Moroccan goods exports.

Examples of transport exports 2

- Kazakhstan (Total Kazakhstan Ltd) exports gas to (ENI) in Italy through a pipeline that passes through Turkey. The Turkish resident operator of the pipeline charges for the onward delivery of the gas. This is an export of transport services from Turkey to Italy.
- Nissan (UK) exports cars to Sweden. The cars are transported on a Swiss owned (Malaysian operated) ship. Who is exporting the transport service to who?
- Etihad sells a an air ticket to a Singapore resident travelling from Frankfurt (Germany) to Sydney (Australia). The plane is operated on a codeshare arrangement by Qantas. Who is exporting a transport service to who?

Examples of transport exports 3

- A Hong Kong operated ship breaks down in the English Channel. It is towed by a Dutch operated tug to a French port (Boulogne) for repair

Who exporting a transport service to whom?

Examples of international transport questionnaires

- A guide to US international services questionnaires
<https://www.bea.gov/surveys/pdf/surveysu.pdf>
- BE9 Foreign airlines revenues and expenses
<https://www.bea.gov/surveys/pdf/be9.pdf>
- Also see BE29, BE30, BE37 for other US international transport surveys