

# Metadata

## Statistics on International Trade in Services

### Viet Nam

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#### Table of Contents

1.	Introduction .....	2
1.1	Purpose of the Handbook .....	2
1.2	Use of Statistics on International Trade in Services (SITS) .....	2
2.	General Information.....	2
2.1	Legal Basis.....	2
2.2	Organization of Work .....	3
2.3	Publications .....	4
3.	Methodology.....	4
3.1	Conceptual Framework.....	4
3.2	Data Sources.....	5
3.3	Classifications.....	5
3.4	Main limitations in coverage and quality.....	6
3.4	FATS .....	7
4	Processing systems .....	7
4.4	Survey .....	7
5	Improvement Plan .....	8
6	Annexes .....	9
	<i>Annex 1</i> – Codes used for Services in the ITRS.....	9
	<i>Annex 2</i> – Questionnaires used for the collection of data on SITS .....	9
	<i>Annex 3</i> – Definitions used in SITS .....	9

## 1. Introduction

### 1.1 Purpose of the Handbook

This Handbook summarizes the organization, methodology definitions and classifications used for the production of statistics on international trade in services in Viet Nam. This information is collectively known as Metadata. It is made available to all interested users and international organizations to help them assess the quality of the published data provided by the General Statistics Office of Vietnam (GSO) and the State Bank of Vietnam (SBV). The document will be updated every 2 years, and any changes to methodology made within the 2 year period will be flagged in the associated statistical publication.

Free copies of this handbook can be downloaded from <http://eascab.asean.org>.

The handbook identifies issues regarding compliance with international standards included in the UN Manuals on SITS (MSITS) published in 2002 and 2010.

### 1.2 Use of Statistics on International Trade in Services (SITS)

SITS are one of the most important statistical indicators on the performance of the national and world economies. They monitor the provision of services across the national borders and are used by many public- and private-sector decision-makers including for bilateral and multilateral trade negotiations, for planning and managing the economic, trade and monetary policies, for market research and commercial strategies, etc. The needs of the WTO General Agreement on Trade in Services (GATS) and ASEAN trade policies are of particular importance.

SITS are key elements to macro-economic statistics such as BOP and the National Accounts (GDP). However they go beyond cross border transactions as defined in BoP and also include statistics on provision of services via commercial presence (known as Foreign Affiliate Statistics – FATS) and also provision of services via the movement of natural persons (short term migrants and cross border business visitors).

## 2. General Information

### 2.1 Legal Basis

#### **General Statistics Office (GSO)**

The functions, responsibilities and authorities are set by the Statistical Law N°04-2003-QH11 issued by National Assembly of 17 June 2003. There is also a Government Decree (Decree N°54/2010/QĐ-TTg of 24 August 2010) on the function, organization and responsibility of the GSO, and a Directive of the Prime Minister (2010) on the promulgation of a “System of National Statistical Indicators” which are the basis for the establishment of “statistical regimes” fixing the requirements from ministries, other agencies and enterprises. ; *a specific regime covering non-financial enterprises has been (to be checked) implemented at the end of 2010, and quality and detail of data provided from enterprises would normally improve in the medium term.*

The “*Trade and Services Statistics Department*” is one of the 8 statistical departments. Its functions are enumerated by the Decree: (1) handling the implementation of periodical statistical mechanisms, (2) presiding and coordinating with relevant units in conducting census and statistical surveys, (3) providing data for the Integrated Statistics Department, statistics units within the branch and other users under the regulation by GSO and by law. The domain covers: domestic trade, hotels and restaurants, real estate business services and consultant services for individual and the public, transportation and telecommunication, information technology (IT), Tourism, Administrative and Auxiliary Services, international trade in goods and services; Establishment Census.

### **State Bank of Vietnam**

The Balance of Payments Decree (March 2014) says in its article 25 entitled “Responsibility of SBV”: “The State Bank of Vietnam takes the prime responsibility in collecting data and information for compiling and analyzing the balance of payments”. It adds: “the Ministry of Planning and Investment, the Ministry of Finance, the Ministry of Trade, the Ministry of Labor - Invalids and Social Affairs shall coordinate with the SBV in compiling and analyzing the BOP”.

## **2.2 Organization of Work**

### **2.2.1 Lead Responsibility**

The agreed lead responsibility for compiling SITS is the General Statistics Office of Vietnam (GSO).

Other organizations involved in collection or responsible for part of SITS are the State Bank of Vietnam (SBV).

The following institutional arrangements exist to facilitate and improve cooperation between these agencies to compile SITS and BOP statistics:

GSO provides SITS to SBV for BOP purpose under a Decree of Prime Minister (2008). There are quarterly meetings between the staff of both agencies (informal arrangements) before releasing the data to the public. There is apparently no problem of methodology and data sharing between GSO and SBV: the GSO provides data collected from surveys and the SBV provides data collected from the banking system.

### **2.2.2 Contacts**

<b>Agency name</b>	<b>Person Name</b>	<b>Function</b>	<b>Phone</b>	<b>Email</b>
General Statistics Office of Vietnam (GSO)	Mrs. Le Thi Minh Thuy	Director of Trade and Service Statistics	84 4 38435454	<a href="mailto:lmthuy@gso.gov.vn">lmthuy@gso.gov.vn</a>
State Bank of Vietnam (SBV)	Mr. To Huy Vu	Deputy Director - Statistics and Forecast Department		

## 2.3 Publications

SITS data are published in the following publications and media: (please, update)

Frequency	Title of the publication	Media	Comments, updates
Yearly	SBV annual report	Paper	Goods and services: GSO plans to publish services separately UNSD publication IMF publication For internal use only quarterly ITS data are provided to the Government Office, to the SBV to compile BOP data, and to some other Ministries such as the Ministry of Trade and the Ministry of Planning and Investment.
Yearly	GSO compendium annual survey		
Yearly	UN Service Trade Statistics Database	Website	
Yearly	BOPSY	Website	
Quarterly	No release		

The following service headings are included in the balance of payments in aggregation:

1. Transportation
2. Travel
3. Post and Telecommunication
4. Insurance
5. Financial Services
6. Government Services

Currently, there is no information on partner country details as banks do not report individual transactions. Country breakdown are introduced in the business and benchmark surveys.

## 3. Methodology

### 3.1 Conceptual Framework

SITS data are generally compiled in accordance with the United Nations' recommendations, contained in the Manual on Statistics of International Trade in Services published in 2002 and the 5<sup>th</sup> edition of the IMF Balance of Payments Manual.

These documents are available at UNSD publications web site: <http://unstats.un.org/unsd/pubs>; and the IMF website <http://www.imf.org/external/data.htm#guide>.

#### 3.1.1 Time of Recording

Services transactions are accounted when rendered.

#### 3.1.2 Valuation

The statistical value recorded is the market price of the services as invoiced by the service provider, excluding any consumption, sales or value added taxes.

### **3.1.3 Deviations**

There are some specific deviations from these international guidelines applicable in Viet Nam and these are summarized below:

There exists under-estimation of estimates of total exports and imports of services. For example, on air transportation, some transactions could be compiled on a net basis instead on a gross basis.

There exists significant misclassification of estimates of total exports and imports of services. For example there could be double counting between construction services and merchandise trade or between goods and computer services.

## **3.2 Data Sources**

The main sources of data on SITS are listed below together with a brief summary:

### **3.2.1 Source 1: ITS Surveys by GSO**

ITS data are also collected from:

- Quarterly reports from corporations (Airlines, sea transportation post and telecommunication services)
- Foreign travelers' expenditures survey is used since 2003 (every two years) to estimate travel services.
- Annual enterprises surveys: general use for national accounts, industry statistics and statistics on specific sectors. A question has been added on ITS (exports and imports of service: yes or no) and almost all variables which will be reported under FATS statistics (sales, turnover, value added, employment, exports and imports of goods and services).
- Survey on Insurance and Freight of imported goods is used since 2005 (every 3 years) to estimate I and F ratio
- A benchmark survey was conducted in 2009, and will be repeated every five years: the focus put on services exports and imports of enterprises, applying the EBOPS breakdown and a report by partner countries.
- New quarterly SITS survey of enterprises from Q1 2011

**3.2.2. Source 2:** expenditure through credit card by Vietnamese visitor abroad.

## **3.3 Classifications**

### **3.3.1 Commodity**

SITS are compiled and published using the 11 BPM5 service. The Extended BOP classification of services (EBOPS) is used for more detailed breakdowns (where available). This is in turn based on the UN CPC and on the WTO GATS trade in services classification.

### **3.3.2 Country**

The benchmark SITS survey collected data on partner countries, but there is presently no regular information.

### **3.3.3 Mode of Transport**

The following headings are used for transport services: Air, Water, Railroad and Land.

### **3.4 Main limitations in coverage and quality**

In principle, all services in which one of the parties is resident outside the statistical territory are included as services under BOP. The statistical territory corresponds to the economic and legal territory of the country, in line with the UN requirements.

Significant under-estimation occurred on air transportation, for instance, some transactions could be compiled on a net basis instead on a gross basis.

Significant misclassification existed when a double counting between construction services and merchandise trade occurred or between goods and computer services.

#### **3.4.1 Freight and insurance**

A sample survey is done every 3 years by the GSO. The first one was done in 2005, the second was done in 2010, and the third has been conducted in 2013. The ratio of insurance and freight is used to do the CIF/FOB adjustment for goods imports; its value in 2013 is presently 6.6%.

#### **3.4.2 1 Transportation services**

Based on the results of the census which has been conducted in 2009; the country of residence of the operators may be difficult to provide; generally enterprises make the classification using the country of the flag.

#### **3.4.3 2 Travel services**

It is a priority sector for the development in the economic plan.

The GSO conducts an expenditure survey every two years. The purpose of the visit is provided and the one year rule for the definition of the residency is applied. The survey does not cover Vietnamese travelers' expenditures abroad.

#### **3.4.4 3 Communications services**

The enterprises mostly provide the net value and not the gross value of the transactions.

#### **3.4.5 4 Construction services**

The one year rule is applied for determining if it is a service or an FDI.

There is a breakdown between construction abroad and construction in the resident economy.

#### **3.4.6 5 Insurance Services**

The data are based on the reports submitted monthly by the banks to the SBV. For imported goods there is a sample survey every five years which is carried on by the GSO.

#### **3.4.7 6 Financial Services**

The data are based on the reports submitted monthly by the banks and other credit institutions to the SBV. The calculation of FISIM is not a priority as for the moment there is little cross-border trade (exchange control).

#### **3.4.8 7 Computer and Information Services**

The data based on the ITS quarterly survey from 2011, but included in "other services". It is one of the sectors which have been fostered by the Government strategy for the economic development. It needs a specific survey.

### **3.4.9 8 Royalties and License fees**

The data based on the ITS quarterly survey from 2011, but included in “other services”.

### **3.4.10 9 Other Business Services**

There is no breakdown at the moment. The main requirement needed to provide EBOPS items is to identify the universe of providers and purchasers of these services.

### **3.4.11 10 Personal cultural and Recreational Services**

The data based on the ITS quarterly survey from 2011. Data on this heading is included in “other services”. It needs a specific data collection on education and health services.

### **3.4.12 11 Government services nie.**

Data is provided by the Ministry of Finance and the Ministry of the Foreign Affairs for the debit side. Problems encountered on the credit side (receipts from foreign embassies).

## **3.4 FATS**

Some inward FATS variables are already available in the Annual Enterprises Survey (AES), matching data of AES with IMTS from customs. Available FATS variables are the following: number of enterprises, number of employees, sales, turnover, fixed asset and long term investment, exports and imports of goods.

## **4. Processing systems**

### **3.5 Survey**

#### **4.1.1 Data capture**

Data is captured through paper-based.

#### **4.1.2 Data flow**

Data is collected from enterprises and agencies and to be forwarded to Provincial Statistics Offices (PSO) and GSO.

#### **4.1.3 Tools (hardware and software)**

It would need specialized software to facilitate data capture and data checking.

#### **4.1.4 Data checking**

Manual.

#### **4.1.5 Data validation**

Manual.

## 5. Improvement Plan

The following programme has been agreed at national level:

- The charge of SITS data collection and compilation will be given to the GSO. SBV will not compile anymore SITS from the ITRS system. The ITRS will continue to be used for the compilation of other BOP items.
- ITS Census has been conducted in 2009 for the first time. This census will continue to be conducted every five years. Q A yearly survey and a quarterly survey are also conducted from 2011, using the EBOPS classification and providing a breakdown by partner country. In parallel an “insurance and freight survey” for the calculation of the CIF/FOB ratio will be conducted every five years. These census and surveys are included in the national census and survey program which has been signed and issued by the Prime Minister in 2008 and just modified in 2012.
- Focus to be put on more detailed classification according to EBOPS and to a classification by partner countries.
- The coordination of the statistical system will be reinforced in order to facilitate the circulation of information, and especially the one needed for the construction of a business register.
- Improving ITS quarterly sample surveys for Non-SOEs with a focus on large enterprises: - Continuing to develop e-form (online and excel form) for data collecting
  - More detailed and clear guidelines, especially for insurance and construction areas, focusing on large enterprises
  - Controlling data quality, improving estimation and grossing up skills
- Providing information on FATS statistics
  - Inward FATS: extracting some FATS indicators from Annual Enterprises Survey (AES), matching AES with IMTS from customs. In 2013, the first time we published data Inward FATS from 2006 to 2011.
  - Outward FATS: annual survey will be proposed in the National Programme of census and survey after the year of 2017



## 6. Annexes

### Annex 1 – Codes used for Services in the ITRS

### Annex 2 – Questionnaires used for the collection of data on SITS

- *Questionnaire on Service Export*
- *Questionnaire on Service Import*

### Annex 3 – Definitions used in SITS

BPM5 and 6 – Fifth and sixth edition of the IMF Balance of Payments manual.

CIF – “Cost, insurance and Freight” – the Customs based valuation for statistics on the imports of goods.

EBOPS – Extended Balance of Payments Classification of Services.

FISIM – Financial Intermediation Services, Indirectly Measured.

FOB – “Free on Board” – The Customs based valuation for exports of goods and the BOP based valuation for both imports and exports of goods.

Foreign affiliate - Synonymous with a foreign direct investment enterprise. FATS focus on the activity of foreign affiliates that are majority owned by a direct investor.

Foreign direct investment - is the category of international investment that reflects the objective of a resident entity in one economy to obtain a lasting interest in an enterprise resident in another economy.

Foreign direct investment enterprise - is an incorporated or unincorporated enterprise, in which a direct investor resident in another economy owns 10 per cent or more of the ordinary shares or voting power (for an incorporated enterprise) or the equivalent (for an unincorporated enterprise).

Globalization - The term is generally used to describe an increasing internationalization of markets for goods and services, the means of production, financial systems, competition, corporations, technology and industries. Among other things, this gives rise to increased mobility of capital, faster propagation of technological innovations and an increasing interdependency and uniformity of national markets.

Goods - Physical objects for which a demand exists, over which ownership rights can be established and whose ownership can be transferred from one institutional unit to another by engaging in transactions on markets; they are in demand because they may be used to satisfy the needs or wants of households or the community or used to produce other goods or services.

Juridical person - Means any legal entity duly constituted or otherwise organized under applicable law, whether for profit or otherwise, and whether privately owned or governmentally owned, including any corporation, trust, partnership, joint venture, sole proprietorship or association.

Natural person - An individual. A foreign natural person in a country means an individual who does not reside in the country and who is a national of or has the right of permanent

residence in a foreign country.

Output - consists of those goods or services that are produced within an establishment that become available for use outside that establishment, plus any goods and services produced for own final use.

Related enterprises - Those where there exists a direct investment relationship. BPM5 defines the direct investment relationship as ownership, by a direct investor resident in one economy, of 10 per cent or more of the ordinary shares or voting power (for an incorporated enterprise) or the equivalent (for an unincorporated enterprise) of an enterprise resident of another economy. Further, direct investment enterprises comprise those entities that are either directly or indirectly owned by the direct investor.

Resident Institutional units or individuals - are resident in a country when they have a centre of economic interest in the economic territory of that country. Individuals and institutional units changing countries are normally only considered resident in the new country after one year, although the one year guideline may be interpreted flexibly.

Sales - measure gross operating revenues less rebates, discounts and returns. Sales should be measured exclusive of consumption and sales taxes on consumers, as well as value added taxes.

Services - Outputs produced to order and which cannot be traded separately from their production; ownership rights cannot be established over services and by the time their production is completed they must have been provided to the consumers; however, as an exception to this rule there is a group of industries, generally classified as service industries, some of whose outputs have characteristics of goods, i.e., those concerned with the provision, storage, communication and dissemination of information, advice and entertainment in the broadest sense of those terms; the products of these industries, where ownership rights can be established, may be classified either as goods or services, depending on the medium by which these outputs are supplied.

In practice, service industries (or activities) are taken to be those in sections G to Q, inclusive, of ISIC, Rev 3. In BPM5, the concept of services is, in principle, essentially that of the 1993 SNA but for practical measurement reasons international trade in services includes some trade in goods between residents and non-residents, such as those bought by travelers and similarly goods purchased by embassies. On the other hand, payments for international trade in goods may under certain circumstances indistinguishably include service charges, such as insurance, maintenance contracts, transport charges, royalty payments, packaging and software.

Value added (gross) - The value of output less the value of intermediate consumption; it is a measure of the contribution to GDP made by an individual producer, industry or sector. The 1993 SNA recommends that value added be valued at basic prices and offers a more detailed discussion of the concept.