

A Classification of Services for International Trade

Summary

This classification of services is designed as a general-purpose statistical classification system capable of accommodating all economic goods of the service type. The degree of detail presented in the classification structure is limited, but within these limits emphasis is given to services that are known to be involved in international trade. As data on trade in services are developed and experience is gained in applying the classification, additional detailed classes can be added as required.

Classifications of services are less well developed generally than are the related statistical classifications such as those of commodities, industries and occupations. It has become increasingly evident, however, that industries and occupations that provide services are of increasing importance in developed economies and therefore the need for improved general classifications of services is now being recognized. A draft Standard Classification of Services, developed in Statistics Canada between 1970 and 1973 along with specialized classifications in such service areas as health services, education services and financial services, have provided useful guidance in the development of this classification of services for international trade.

For present purposes "services" may be defined as intangible economic goods produced for sale or distribution through the market mechanism or through established programs or institutions. In most cases tangible goods (commodities) can be distinguished from intangible ones (services) without difficulty but borderline cases and transactions involving a mix of services and commodities are by no means uncommon. For example purchase of a durable commodity (a machine or appliance) usually includes a service warranty and a guarantee applicable for a stated period but both the buyer and seller are in no doubt about the transaction - it involves a commodity and the service component is supplementary.

This classification provides not only a hierarchical structure for the classification of services but also a set of definitions and a framework to assist in collecting, organizing or tabulating, and presenting data on the production, distribution and consumption of services, including their importation and exportation. It should also assist in providing a consistent set of classes of services to be used in discussions or negotiations concerning services. To provide such a tool the classification structure must be complete to ensure that any type of service that is encountered can be accommodated and the classes of services at each level of the hierarchy must be mutually exclusive so that any type of service that is encountered can be fitted into one and only one of the classes.