

International Supply of Services by Modes of Supply (MoS) Statistics

Methodology

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Introduction¹

1 The importance of measuring international services performance by mode of supply for trade policy needs

The share of services production in different economies varies according to their income levels and stands between 40% and 70%. Investment in the services sector continues to increase in line with the expansion of new technologies and related businesses.

The *General Agreement on Trade in Services (GATS)*² of the *World Trade Organisation (WTO)*, in force since 1995, was the first multilateral trade agreement in the field of services. In GATS, the supply of services is defined on the basis of the geographical location of the supplier and the consumer of the service at the time the transaction takes place. The GATS defines trade in services as "the supply of the service through the four modes of supply considered in the GATS". Services disaggregated by mode of supply provide information on where and how services are supplied to foreign customers. For example, legal services may be delivered to the customer by email (cross-border delivery or Mode 1) or the customer may travel to the lawyer's country (consumption abroad or Mode 2). However, such services may also be provided by the lawyer in person, when travelling to the customer's country of residence (natural person presence or Mode 4) or through a subsidiary established by the lawyer in the customer's country of residence (commercial presence or Mode 3).

This extended dimension of international trade in services, also referred to as **international supply or provision of services**, is of great importance from a trade policy perspective, as market access conditions vary between the four modes of international services supply. Since the entry into force of the GATS, most other regional trade agreements (bilateral or multilateral) follow similar principles by establishing their commitments according to the four modes of supply.

Consequently, trade policy makers need statistics to support them in negotiating agreements. These negotiations can take place at the global, multilateral or bilateral level, for specific services within the services sector and depending on how the respective services are supplied internationally, i.e. by mode of supply. In order to monitor such agreements, trade policy makers, but also analysts, require statistics to assess whether such agreements generate trade activity in the country, or, on the contrary, divert it to other destinations.

Statistics on services supplied by the four modes are also used for policy analysis by providing a more complete picture of how firms supply and purchase services internationally, combining services traded across borders (between a non-resident and a resident) with services supplied via foreign affiliates.

On the other hand, a deeper understanding of the trade-investment relationship in the services sector allows for a more accurate assessment of the role of services in the productive structure of an economy and their contribution to its economic and social development, as well as their position in global and regional supply chains.

¹ This introduction is an important part of the content of Chapter 1: Introduction, from the European business statistics Compiling Guide for drawing up European statistics on international supply of services by mode of supply (MoS-CG), ed. 2023, prepared by Eurostat:

<https://ec.europa.eu/eurostat/documents/3859598/18117329/KS-GQ-23-021-EN-N.pdf>

² https://unstats.un.org/unsd/trade/publications/14-66197-E-MSITS%202010%20Compilers%20Guide_WEB.pdf

Detailed statistical information on the international supply of services by service category and counterpart country helps trade policy makers to pursue the agenda of ongoing and future trade negotiations with evidence-based statistical data. MoS statistics show how and where services are supplied internationally, and allow the impact of services trade agreements to be monitored.

Information on international services supply is provided from two very different statistical frameworks:

1. Transactions between residents and non-residents reported in the **Balance of Payments (BoP) for services** on the basis of the centre of economic interest (residence) of the institutional unit. As such, it covers GATS Modes 1, 2 and 4, via the *International Trade in Services Statistics (ITSS)* within the BoP framework.
2. **Foreign Affiliates Statistics (FATS)** which, within the framework of business statistics, cover a number of economic indicators on the activity of foreign-controlled subsidiaries/branches, thus providing information on the supply of services through GATS Mode 3 (commercial presence).

Traditionally, information on international trade in services has been structured around the dimensions "who" is trading and "with whom" (country of origin and destination), "what" is being traded (type of service), and "how much" (in terms of the monetary market value of the trade transaction). *The Handbook on International Trade in Services Statistics 2010 (MECIS 2010)*¹, together with its accompanying *Compilation Guide*² provide extensive information on how to collect, compile and disseminate international trade in services statistics following internationally accepted standards. The information needs described in MECIS 2010 are in fact driven by the structure of the GATS.

With an increasing interest in "how" services are traded between countries, the purpose of MoS statistics is to:

- Disaggregate the figures of international trade in traditional services by type of service and counterpart country according to Modes 1, 2, 3 and 4.
- Better quantify commercial presence in line with the GATS definition.
- Provide a bridge between two different statistical domains (ITSS and FATS) in order to present a comprehensive overview of international trade in services.

2 Digital trade in services and modes of supply

When thinking about "how" services are supplied, the important role of digital transformation cannot be ignored. More and more services have become tradable across borders thanks to digital tools, while new *digital services* have been created (e.g. services based on big data analytics or cloud computing services).

Several initiatives, most notably the UNCTAD-led *"Partnership on Measuring ICT for Development"*³ led by UNCTAD, have begun to address this phenomenon in recent

¹ [https://unstats.un.org/unsd/tradeserv/TFSITS/msits2010/docs/MSITS%202010%20M86%20\(E\)%20web.pdf](https://unstats.un.org/unsd/tradeserv/TFSITS/msits2010/docs/MSITS%202010%20M86%20(E)%20web.pdf)

² https://unstats.un.org/unsd/trade/publications/14-66197-E-SITS%202010%20Compilers%20Guide_WEB.pdf

³ U. N. Conference on Trade & Dev., Division on Tech. & Logistics Sci., Int. Trade in ICT Services and ICT-Enabled Services: Proposed Indicators from the Partnership on Measuring ICT for Development, Technical Note No 3 Unedited, TN/UNCTAD/ICT4D/03, (2015).

years. More recently, the second edition of the IMF-OECD-UNCTAD-WTO *Handbook on Measuring Digital Trade*¹ provides a comprehensive conceptual framework for the statistical measurement of digital trade. The Handbook defines "digitally delivered trade" as "any international transaction that is conducted remotely via computer networks". This definition aligns very well with the existing definition of "ICT-enabled services" developed by UNCTAD² and the concept of cross-border supply of services (Mode 1).

By definition, "digitally delivered trade" refers only to services, since the delivery of goods is "almost"³ always offline. In the Handbook, it is stated that: Digitally delivered services are not defined by a complete absence of human interaction in the provision of the service, although when such interactions are present, they must always take place remotely via computer networks. As such, the range of technologies relevant to digital delivery is broader than the corresponding range of digital ordering: *Services provided via video calls and handwritten emails, as well as voice calls, messages via fax or any other digital means of communication, and via cloud computing networks, are all included in digitally supplied commerce.*

For *services that can be digitally supplied*, cross-border supply (Mode 1) is in fact equivalent to the definition of *digitally supplied services* in the Handbook. As stated in the Handbook, some services are estimated to be delivered via Mode 1, without being digitally deliverable: For example, transport services are mostly Mode 1 without being a digitally delivered service. However, as transport and other non-digitally supplied services are easily identifiable, the rest of the services estimated as part of Mode 1 can be considered part of digitally supplied trade.

The Handbook also includes examples of non-Mode 1 services that could be digitally supplied and consumed abroad (such as digitally supplied services consumed by a customer via Mode 2). The value of transactions in such cases can be considered as virtually negligible.

As explained in the Handbook, surveys of digitally supplied cross-border services can be used to derive an estimate of the lower bound on the total value of Mode 1 transactions. However, in the case of Spain this is unnecessary since the INE's *International Trade in Services and Other International Transactions Survey (ECIS)* already collects on a quarterly basis the predominant mode of supply in international services transactions.

The Handbook also defines the concept of *digitally ordered or ordered trade* (equivalent to the concept of e-commerce). This concept refers to both goods and services and is defined in the Handbook as: "The international purchase or sale of a good or service, carried out via computer networks by methods specifically designed for the purpose of receiving or placing orders".

As far as services are concerned, the way in which the service was requested (whether digitally or by other means) has no influence on the associated mode of supply.

¹ WTO | Publications - Handbook on Measuring Digital Trade
https://www.wto.org/english/res_e/publications_e/digital_trade_2023_e.htm

² United Nations Conference on Trade and Development, UNCTAD Expert Meeting on Results from Pilot Surveys on Exports of ICT-enabled Services, UNCTAD (Nov. 28-29, 2017),
<https://unctad.org/en/pages/MeetingDetails.aspx?meetingid=1651>.

³ The question arises as to whether or not remotely printed goods using 3D printers are delivered digitally.

The estimation of *digitally supplied trade within Mode 1* is not covered separately in these statistics for the time being.

3 Modes of supply under the European regulation on business statistics

The legal mechanism for EU countries to produce a MoS statistic with a common output that allows for homogeneous comparisons stems from the European Union's requirement to provide data *on International Service Provision by Modes of Supply (MoS¹)* from the reference year 2023 onwards.

These European requirements are set out in:

- REGULATION (EU) 2019/2152 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 27 November 2019 concerning European Business Statistics repealing ten legal acts in the field of business statistics, referred to as the EBS Regulation (EBS-R²). <https://www.boe.es/buscar/doc.php?id=DOUE-L-2019-81961>
- COMMISSION IMPLEMENTING REGULATION (EU) 2020/1197 of 30 July 2020 laying down the technical specifications for the implementation of the EBS-R. <https://www.boe.es/buscar/doc.php?id=DOUE-L-2020-81288>

The detailed technical specifications of MoS are included in Annexes I and VI of this implementing regulation. Specifically in Annex I, *Table 38* appears: *Statistics on international activities. International Trade in Services by mode of provision. Annual data.*

¹ Modes of Supply (MoS)

² European Business Statistics Regulation (EBS-R)

I Objectives

The *International Trade of Services by Mode of Supply (MoS)* is a structural statistic analysed and summarised annually which takes a global perspective to make an estimate of the value of international trade in services supplied by the four modes recognised by the *General Agreement on Trade of Services (GATS)* of the *World Trade Organisation (WTO)*:

- **Mode1 (M1):** Cross-border supply
- **Mode2 (M2):** Consumption abroad (or in Spain)
- **Mode3 (M3):** Market presence
- **Mode4 (M4):** Presence of natural persons

In addition, for modes M1 and M3, the *Distribution Services*¹ provided by wholesalers and retailers in international trade of goods will be estimated. These services, although they form part of the complementary groups of the *Extended Balance of Payments Classification for Services (CABPS 2010)*, are not required on a mandatory basis within the framework of the Balance of Payments for Services. However, they are included in the WTO GATS *Services Sectoral Classification of Services (W/120)*.

This extended dimension of international trade in services to the four modes includes:

- Services transactions between residents and non-residents included in Balance of Payments statistics.
- Services transactions between residents through commercial presence included in the Foreign Affiliates statistics.

¹ The estimation of the *Distribution Services included in M2*, especially those included in the price of goods, objects or souvenirs purchased by resident/non-resident tourists and excursionists on their trips abroad/to Spain, are also included in MoS. However, a methodology for estimating the mark-ups included in the price of these goods still needs to be better developed, since most tourism expenditure statistics are collected from tourists themselves when they leave the country or at home, and they do not know the elements that make up the final price of the purchased object. It is recommended to investigate the use of the *Tourism Satellite Account (TSA)* as a possible source for estimating such distribution services via Mode 2.

II Type of Operation

This operation can be considered a synthesis and analysis statistic given that its main inputs are the results of the *Balance of Payments in Services (BoP_ITSS)* compiled by the Bank of Spain (BdE), *the International Trade in Services and Other International Transactions Survey (ECIS)* compiled by the INE and *the Foreign Affiliates Statistics (FATS)*, compiled by several organisations including the INE.

Additionally, in the case of the estimation of *Distribution Services* for M1, other inputs are added: *International Trade in Goods by Enterprise Characteristics (TEC)*, compiled by the Spanish Tax Agency (AEAT), *the Structural Business Statistics (SBS)*, *the Tourism Expenditure Survey (EGATUR)* and *the Residents' Tourism Survey (RTS)* compiled by the INE, and the *Balance of Payments for Goods (BoP_Goods)* compiled by the Bank of Spain.

III Content

1 POPULATION SCOPE

The study population is composed of:

- Institutional units (companies or other entities) resident in Spain that carry out International Trade in Services with non-residents in the terms defined by the Balance of Payments (Balance of Payments scope).
- Companies resident in Spain controlled¹ from abroad (subsidiaries and branches of foreign companies resident in Spain belonging to foreign multinational groups) that sell services to residents in Spain (IFATS scope). These companies can also be part of the Balance of Payments area as they are resident in Spain and can carry out services transactions with non-residents.
- Companies not resident in Spain, but controlled² from Spain (subsidiaries and branches resident abroad belonging to Spanish multinational groups) that provide services to residents of the country in which they themselves are resident (OFATS scope).

2 GEOGRAPHICAL OR TERRITORIAL SCOPE

The focus of investigation covers the resident and non-resident institutional units in the Spanish economic territory that are within the population scope.

3 DATA REFERENCE PERIOD(S)

The reference period is the calendar year.

4 STUDY AND CLASSIFICATION VARIABLES

4.1 STUDY VARIABLES

The study variables are:

- **Imports and procurements of services:** Imports and procurements of services consist of the value of all services provided by non-residents to residents (imports or payments in BoP_ITSS terms), and the value of services provided internationally to residents in Spain through foreign commercial presence established in the Spanish economy. Services provided by non-residents to residents comprise modes M1, M2

¹ The concept of control refers to the one included in the paragraph. 3.8 (Concept of control) of Chapter 3 (Statistical units and concepts) of the *European business statistics compilers' manual for foreign affiliates statistics* (ed. 2024):

<https://ec.europa.eu/eurostat/documents/3859598/18622388/KS-GQ-23-018-EN-N.pdf/bfcf28ea-1430-e089-d971-76f85800623a?version=3.0&t=1709546836946>

² Idem 1.

and M4, and services provided to residents through a foreign commercial presence established in the Spanish economy are covered by M3¹ (FATS).

- **Exports and provision of services:** Exports and the provision of services consist of the value of all services provided by residents to non-residents (exports or collections in BoP_ITSS terms) and the value of services provided internationally to residents of another country through the establishment of a Spanish commercial presence (under the control of a Spanish resident unit) in that country. Services provided by residents to non-residents comprise modes M1, M2 and M4, and services provided through the commercial presence abroad of Spanish companies are covered by M3 (FATS).

4.2 CLASSIFICATION VARIABLES

The classification variables of the operation are of two types: Those referring to the dimensions already present in the Balance of Payments and FATS statistics (e.g. geographical area/counterpart country or type of service in the case of BoP_ITSS), and those referring to the modes of supply themselves, which are collected in ECIS.

In terms of the **dimensions present in the annual Balance of Payments for Services (BoP_ITSS)**, receipts and payments for international services transactions between residents and non-residents are broken down to a very high level of disaggregation by type of service and country, although MoS only requires:

- **Type of service** according to the Expanded Balance of Payments Classification for Services (CABPS-2010) as contained in the United Nations Handbook on International Trade in Services Statistics (MECIS-2010) et al. and the IMF's 6th Balance of Payments and International Investment Position Handbook (BPM6). The CABPS headings considered in MoS are of three types (see Table 1 below):
 - **Main components of the CABPS 2010** (12 headings plus aggregates).
 - **Detailed components of the CABPS 2010** (covers different items within the 12 main headings, some of them *optional*, and some referring to *goods* that are included in the definitions of some of the main headings of services according to the CABPS).
 - **CABPS 2010 Supplementary Groups** (including *Distribution Services*, which are not included in the BoP_ITSS data).

¹ According to the current Handbook on International Trade in Services Statistics (MECIS 2010), Mode 3 can in fact also be part of the balance of payments statistics for specific CABPS 2010 headings, e.g. In the case of construction services. This is the case when commercial presence, which is defined in the GATS as: the term "any type of commercial or professional establishment" takes the form of entities which do not have their own legal personality, such as, apart from the branches already mentioned in FATS, representative offices, sales offices or establishments linked to construction abroad for work not exceeding one year, and which are therefore considered to be non-resident entities in the country of location as they are not legally constituted subsidiaries in those countries. This case of Mode 3 is almost negligible compared to the majority Mode 3 of commercial presence through subsidiaries and branches resident in their country of location, which is covered by FATS.

Table 1. Product breakdown by EBOPS 2010 main and detailed components, and complementary groupings

EBOPS 2010 Main Components	EBOPS 2010 Detailed components
1. Manufacturing services on physical inputs owned by others	
2. Maintenance and repair services n.i.e.	<i>Optional: 2.a Of which: goods</i>
3. Transport <i>Optional: Valuation of freight transport services on a transaction-basis</i>	3.1. Sea transport
	3.2. Air transport
	3.3. Other modes of transport
	3.4. Postal and courier services
4. Travel	4.a. Of which: goods
5. Construction	5.a. Of which: goods
6. Insurance and pension services	
7. Financial services	
8. Charges for the use of intellectual property n.i.e.	
9. Telecommunications, computer, and information services	9.1. Telecommunications services
	9.2. Computer services
	9.3. Information services
10. Other business services	10.1. Research and development services
	10.2. Professional and management consulting services
	<i>Optional items:</i>
	10.2.1. <i>Legal, accounting, management consulting, and public relations services;</i>
	10.2.2. <i>Advertising, market research, and public opinion polling services</i>

	10.3. Technical, trade-related, and other business services
	Optional items:
	10.3.1. Architectural, engineering, scientific, and other technical services;
	10.3.2. Waste treatment and de-pollution, agricultural and mining services;
	10.3.3. Operating leasing services;
	10.3.4. Trade-related services;
	10.3.5. Other business services n.i.e.
11. Personal, cultural and recreational services	11.1. Audiovisual and related services
	11.2. Other personal, cultural and recreational services
12. Government goods and services, n.i.e	12.a Of which goods

EBOPS 2010 complementary grouping

C. Total trade-related transactions (optional item)

C.a Trade-related services (item 10.3.4 – optional item)

C.b Distribution services

– Country or geographical area:

- From origin (in the case of BoP_ITSS imports/payments), or to destination (in the case of exports/collections): For M1, M2 and M4.
- Country or geographical area of residence of the *ultimate Institutional Control Unit (ICU)¹* that exercises control over the foreign subsidiary/branch resident in Spain (in the case of procurements of services under FATS); or country or geographical area of residence of the foreign subsidiary/branch controlled by a Spanish company whose ICU is resident in Spain (in the case of supplies of services under FATS): For M3 (FATS)

In both cases the required level of geographical breakdown will be **Geo Level 5 (approx. some 87 countries and geographical areas)** as laid down in the COMMISSION IMPLEMENTING REGULATION (EU) 2020/1470 (GEONOM²) of 12 October 2020 on the nomenclature of countries and territories for European statistics on international trade in goods and on the geographical breakdown for other business statistics (such as BoP or FATS).

In the annual Balance of Payments for Services (BoP_ITSS) most of the services headings are broken down to Geo 5 country level, with some exceptions to Geo 3 (Financial Intermediation Services Indirectly Measured or FISIM) and Geo 6 (for Total Services).

¹ [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Foreign_affiliates_statistics_\(FATS\)](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Foreign_affiliates_statistics_(FATS))

² <https://eur-lex.europa.eu/legal-content/ES/TXT/PDF/?uri=CELEX:32020R1470>

With regard to the **dimensions present in the annual Foreign Affiliates Statistics (FATS)**, at the geographical level only Geo 1, Geo 2 and Geo 3 levels are required by regulation, although the information is collected at the most disaggregated Geo level, which makes it possible to obtain data at Geo 5 level, and thus to integrate the BoP_ITSS and FATS data by geographical disaggregation. On the other hand, FATS does not directly capture local sales of services classified by CABPS 2010 to residents in the country of residence of the commercial presence or by any other classification, which is the objective of the M3. As they are producer-oriented statistics, they collect different economic variables by main economic activity of the commercial presence according to CNAE 2009. This means there is a need for work on FATS in order to convert FATS data by CNAE into services by CABPS, and thus be able to integrate FATS and BoP_ITSS, not only at the Geo level, but also by type of service according to CABPS 2010.

As for **the most important dimension, which is the four modes of supply** set out in the WTO GATS, they are defined as follows:

- **Mode 1. Cross-border supply:** occurs when a service is supplied from the territory of one country to the territory of any other country. It is similar to trade in goods where the product is delivered across borders (physical or non-physical in the case of services), with the consumer and supplier remaining in their respective economic territories.

Most *digitally delivered services* are included in this mode, as they are cross-border services provided remotely via computer networks. All services provided via video calls and handwritten emails, as well as voice calls, messages via fax or any other means of digital communication, and also via cloud computing networks, are included in digitally supplied trade via Mode 1.

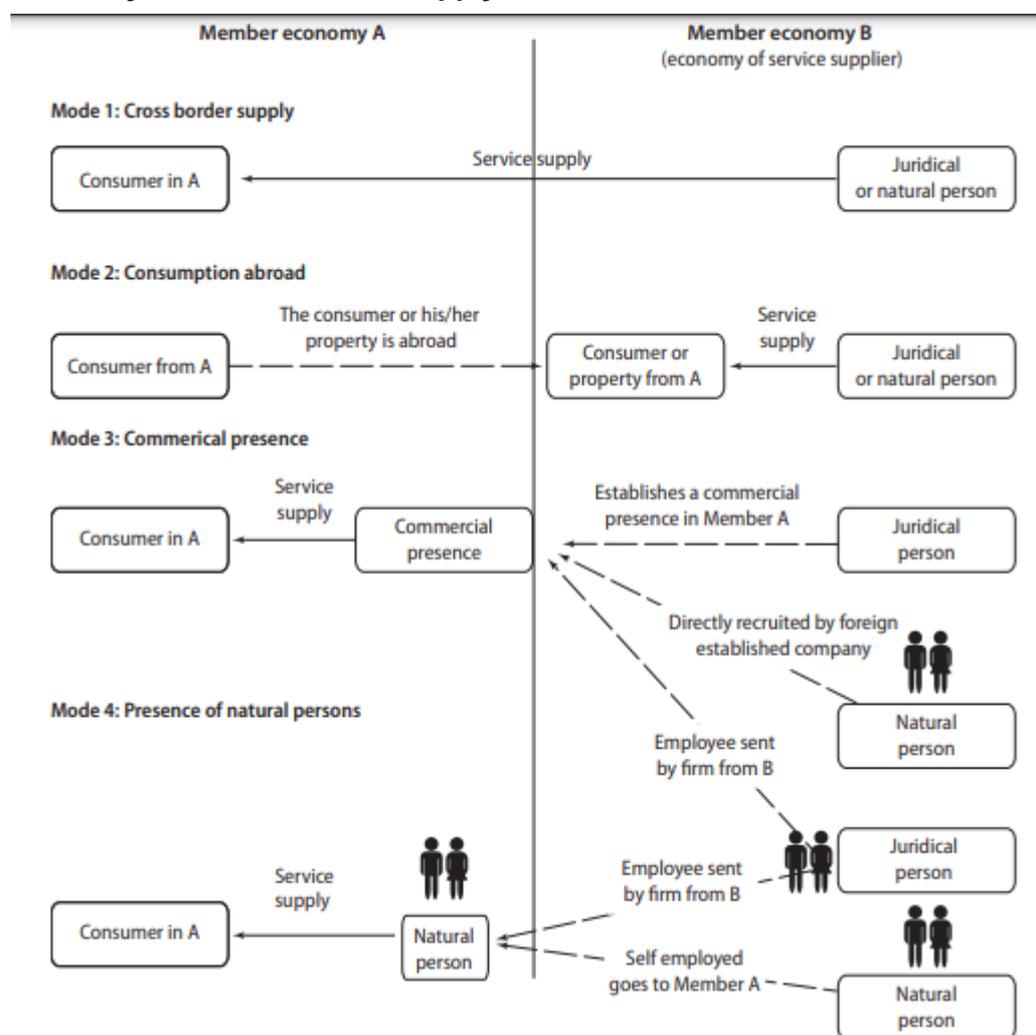
- **Mode 2. Consumption abroad:** takes place when the service is provided in the territory of one country to a consumer in any other country, which means that either the consumer or their property is abroad. Typical examples are cross-border tourism activities such as visits to museums and theatres, as well as trips abroad for medical treatment or language courses. This also includes services such as ship repair abroad, in which case only the consumer's property is moved or located abroad.

This mode may include, on a residual basis, certain *services supplied digitally* to non-residents (or to goods owned by non-residents) that are relocated to the country of the service provider. For example, the case of tourists who subscribe to digital telephony services in the country they are visiting.

- **Mode 3. Commercial presence:** occurs with the supply of a service by a service provider of one country through commercial presence in the territory of any other country. Service providers often need to establish a commercial presence abroad to ensure closer contact with the consumer at the various stages of production, distribution, marketing, sales and delivery, as well as in the context of after-sales services. Commercial presence in a foreign market covers not only legal persons in the strict legal sense, but also legal entities that share certain characteristics, such as representative offices and branches. Examples in this context include financial services provided by a branch or subsidiary of a foreign bank, medical services provided by a foreign-owned hospital and courses provided by a foreign-owned school.

- **Mode 4. Presence of natural persons:** occurs when a person is temporarily present in the territory of an economy other than their own in order to provide a commercial service. Mode 4 is defined as the supply of a service by a service provider of one country through the presence of natural persons in the territory of any other country. Mode 4 is generally understood to cover:
 - Contractual service providers, whether employees of a foreign service provider or self-employed;
 - Intra-corporate transferees and foreign employees directly employed by enterprises established abroad;
 - Sellers of services entering the host country to establish contractual relations for the purpose of a service contract, or persons establishing a commercial presence.

Summary table of modes of supply (Source: MECIS 2010)



IV Characteristics of the operation

1 STATISTICAL UNIT

The statistical unit for Balance of Payments (BoP) statistics, as stated in the 6MBP¹, is what is termed the "*institutional unit*" which can be a corporation (financial or non-financial), a quasi-corporation, a household, a non-profit institution, a general government agency, as well as other types of units.

For European business statistics, the statistical unit used to compile FATS statistics is the *enterprise*². Annex II of the EBS-R (2019/2152) mentions the following to define the statistical units concerned by the statistics covered by the EBS-R (where MoS is included):

- For the BoP_ITSS domain (within the scope of international activities statistics) the statistical unit is not applicable in the sense that MoS data in this domain should refer to international trade in services carried out by any resident unit (irrespective of the institutional sector to which they belong).
- For the FATS domain (within the scope of national business statistics), the statistical unit is the enterprise (it is restricted only to that type of institutional unit).

In particular, the statistical unit or unit to which the data with which FATS is compiled refer is the "statistical enterprise" (SE), also referred to as the Enterprise Statistical Unit (ESU).

In the case of the "statistical enterprise" (SE), the statistical unit in FATS is considered to be the subsidiary "enterprises" resident in Spain under the control of foreign enterprises (Inward FATS) and the subsidiary "enterprises" not resident in Spain under the control of Spanish enterprises (Outward FATS), whatever their main economic activity within the scope of the activities considered in FATS, and their size, and provided that they are market-producing units.

The definition of a "statistical enterprise" (SE) or UEE is laid down in COUNCIL REGULATION (EEC) No 696/93 of 15 March 1993 on the statistical units for the observation and analysis of the production system in the Community (known as SU-R).

An UEE or EE is the smallest combination of legal units which constitutes an organisational unit producing goods or services and which has a certain degree of autonomy in decision-making, especially with regard to the allocation of its current resources.

It is necessary to clarify that the concept of a "statistical enterprise" or UEE is defined in the SU-R (1993), although it is not developed in depth. Nor is this concept very explicitly detailed in the EBS-R. Prior to the entry into force of the EBS-R in 2019, in 2015 Eurostat made an in-depth interpretation and development of the statistical concept of enterprise included in the SU-R, which must be applied as a statistical unit in most business statistics, and even more compulsory after the entry into force of the EBS-R.

This detailed interpretation is included in "*Annex 2 to the Notice of intention of the Business Statistics Directors Group and the Directors of Macroeconomic Statistics*

¹ [file:///C:/Users/U016807/Downloads/bopman6s%20\(2\).pdf](file:///C:/Users/U016807/Downloads/bopman6s%20(2).pdf) (see Chapter 4: Economic territory, units, institutional sectors and residence, section C. Units p.53)

² The EBS-R (Regulation (EU) 2019/2152) defines the enterprise as the statistical unit of FATS.

on the consistent implementation of Council Regulation (EC) No 696/93 on statistical units (2015)", which includes:

- *Definition of Statistical Units as in CR 696/93, Annex Section III and IV: Statistical Units definitions (with the definition of all possible statistical units in the various business, trade and summary statistics).*
- *Operational rules for its implementation as developed by the Task Force Statistical Units (with the operational rules for the practical implementation of these units in the various economic statistics).*

The "Notice of intention" drafted by the Eurostat Task Force "Statistical Units" and adopted by the ESS Directors of Business Statistics (BSDG) and Macroeconomic Statistics (DMES) is available at the following link.

[https://circabc.europa.eu/sd/a/0203fc33-9780-4ffa-8cb8-8adbbe6cf00d/Notice%20of%20intention%20of%20BSDG%20and%20DMES%20on%20the%20consistent%20implementation%20of%20Council%20Regulation%20\(EC\)%20No%20696_93%20on%20statistical%20units.doc](https://circabc.europa.eu/sd/a/0203fc33-9780-4ffa-8cb8-8adbbe6cf00d/Notice%20of%20intention%20of%20BSDG%20and%20DMES%20on%20the%20consistent%20implementation%20of%20Council%20Regulation%20(EC)%20No%20696_93%20on%20statistical%20units.doc)

According to this statistical concept of Enterprise (EE or UEE), an 'enterprise' can be:

- An independent Legal Unit (ULE) that is not part of the company group, meaning that it is assumed to have decision-making autonomy.
- A company group formed by one or more Legal Units.
- A subset of one or more Legal Units of a company group.

This change in the treatment of enterprises, which has also been implemented in the Statistical Exploitation of the Central Business Register (CBR), was announced by the INE in a press release on 17 December 2019:

https://www.ine.es/prensa/nueva_definicion_empresa.pdf

It should be noted that most of the "statistical enterprises" are independent Legal Units, so the Enterprise=Legal Unit identity remains valid. The change will only affect Legal Units that are part of corporate groups (about 3.1% of the total).

2 BASIC STATISTICS

The main basic statistics that serve as input for drawing up the MoS are:

2.1 BALANCE OF PAYMENTS FOR SERVICES (BANK OF SPAIN)

It collects monthly, quarterly and annual data on exports (international receipts) and imports (international payments) for various breakdowns of services by type of service and country/geographical area, according to their periodicity.

In particular, the data used by MoS are those of the annual *International Trade in Services Statistics (ITSS¹)* compiled by the Bank of Spain to be sent to Eurostat as part of its Balance of Payments statistics².

The Bank of Spain compiles the Balance of Payments for Services in compliance with European Commission Regulation (EU) 555/2012³ of 22 June 2012, amending Regulation (EC) 184/2005 of the European Parliament and of the Council concerning Community statistics on Balance of Payments, International Trade in Services and Foreign Direct Investment, known as the BoP Regulation (BoP-R⁴).

To compile the Balance of Payments for Services, the Bank of Spain uses the ECIS (which is a basic statistic mainly compiled from direct collection via questionnaires, and to a lesser extent, from tax records), as one of the main inputs for estimating the "Other services" heading, adds information from other sources and makes accounting adjustments, in order to meet international standards: *6th IMF Balance of Payments Handbook (6MBP)* and *UN Handbook on International Trade in Services (MECIS 2010)*.

To compile MoS (M1, M2 and M4), the INE uses these data from the Balance of Payments for Services (ITSS) by country and type of service, adjusted to international standards, and distributes this information according to the MoS modes of supply included in the ECIS.

2.2 SURVEY ON INTERNATIONAL TRADE IN SERVICES AND OTHER INTERNATIONAL OPERATIONS (INE):

It collects quarterly information on the value of imports and exports of non-tourist services (known as "Other services"), as well as payments and receipts of other international transactions linked to the income and capital account of the balance of payments, carried out by institutional units resident in Spain (companies and other entities) with non-residents.

The main aim of the ECIS is to serve as a basic statistical source for the Bank of Spain and the INE itself in the compilation of Balance of Payments statistics (heading "Other services") and National Accounts of the Spanish economy, in compliance with European regulations BoP-R and ESA-2010 (European System of National and Regional Accounts), respectively.

To this end, the ECIS is also aligned with existing international statistical manuals in this field: *United Nations Handbook of International Trade in Services Statistics 2010 et al. (MECIS 2010)* and the *International Monetary Fund's 6th Balance of Payments and International Investment Position Handbook (6MBP)* in that the services covered largely follow the *2010 Extended Balance of Payments Classification of Services (EBCPS 2010)* and its definitions, which are included in both manuals.

¹ International Trade In Services Statistics (Eurostat): https://ec.europa.eu/eurostat/statistics-explained/index.php?title=International_Trade_in_Services_statistics_-_background#Scope

² External Statistics - Balance of Payments and International Investment Position Data (Bank of Spain): <https://www.bde.es/webde/es/estadisticas/temas/estadisticas-exteriores.html>

³ <https://eur-lex.europa.eu/legal-content/ES/TXT/PDF/?uri=CELEX:32012R0555>

⁴ Balance of Payments Regulation (BoP-R)

ECIS is primarily a sample survey with direct data collection that measures raw levels. However, it could also be considered a mixed type operation by combining direct collection with the use of administrative data (in the case of ECIS, tax data) that are available simultaneously with the data collected via questionnaire.

The legal units (ULEs) initially selected from the ECIS sample framework (sample ULEs) contribute through the process of delineation of the CBR units ("Profiling") to the identification and selection of the sample "statistical enterprises" (SEs), which are the subject of the statistics.

In order to reduce the burden on reporting units, only a direct data collection via questionnaire is carried out for the initially selected sample ULEs. The information from the rest of the ULEs (non-sampling ULEs) of each sampling "statistical enterprise" (SE) is imputed, based on the tax information available from these ULEs and the data collected directly from the rest of the units.

The ECIS questionnaire, apart from collecting exports/imports of non-tourist services by country and type of service in order to serve as input for the estimation of the "Other services" heading of the BoP, **also collects each quarter direct information on the predominant mode of supply of services**, for the set of exports and imports declared by each respondent (sample ULE) for the same type of service (service code) and counterpart country.

An extract from the ECIS questionnaire is presented in Figure 1 where the respondent should simply tick the box with the predominant mode of supply of the exported service¹:

Figure 1: Extract from ECIS questionnaire

Service and/or international operation description	Service/ operation code	Mode of supply				Counterpart country	Export value and/or income in euros (no decimals)
		1	2	3	4		
_____	<input type="checkbox"/> <input type="checkbox"/>	_____	_____				
_____	<input type="checkbox"/> <input type="checkbox"/>	_____	_____				
_____	<input type="checkbox"/> <input type="checkbox"/>	_____	_____				

2.3 STATISTICS ON FOREIGN AFFILIATES-FATS (INE AND OTHER)

Although the name *FATS (Foreign AffiliaTeS)* and its respective statistics "*Inward FATS (IFATS)*" and "*Outward FATS (OFATS)*" is old, it is still used for simplicity despite the fact that the IMPLEMENTING REGULATION (EU) 2020/1197 of REGULATION (EU) 2019/2152 (EBS-R), lists these statistics in its Annex I as:

¹ There is another identical table in the questionnaire for imported services.

- **Table 14:** National business statistics on the ultimate control enterprises (equivalent to IFATS)¹
- **Table 33:** Statistics on international activities. Control by institutional units of the reporting country on enterprises abroad (equivalent to OFATS)²

The INE together with the Bank of Spain (Bank of Spain), the Ministry of Transport and Sustainable Mobility (MITMS) and the Directorate-General (DG) of Insurance and Pension Funds (DGSFP) (Ministry of Economy, Trade and Enterprise) compile the *Foreign Affiliates Statistics (FATS)*, which are divided into *Inward FATS* (activities of subsidiaries of foreign companies in Spain) and *Outward FATS* (activities of subsidiaries of Spanish companies abroad).

Bodies responsible for IFATS by sector:

- Industry, commerce and non-financial services sector: Office for National Statistics
- Construction sector: MITMS
- Financial sector: Bank of Spain
- Insurance and pension fund companies: DGSFP

Bodies responsible for OFATS by sector:

- Industry, construction, commerce and non-financial services (including insurance and VET): Office for National Statistics
- Financial sector: Bank of Spain

The INE, as coordinator of the National Statistical System (SEN), is in charge of integrating the data of all the above economic sectors required in FATS, for their subsequent sending to Eurostat, and publishes the FATS (FILINT and FILEXT) in Spain with regard to the economic sectors under its responsibility.

Since FATS statistics mainly collect information on the economic activities of subsidiaries/branches of foreign enterprises resident in a country, they **are recommended³ as the main basic statistical source for estimating the supply of services through Mode 3 or commercial presence.**

The basic statistics used to estimate distribution services within Mode 1:

¹ These statistics are published in Spain for the sectors for which the INE is responsible as [Subsidiaries of foreign companies in Spain \(FILINT\)](https://www.ine.es/dyngs/INEbase/es/operacion.htm?c=Estadistica_C&cid=1254736161127&menu=ultiDatos&dp=1254735576550) within the *Statistics on Companies according to Group Membership (EEPG)*: https://www.ine.es/dyngs/INEbase/es/operacion.htm?c=Estadistica_C&cid=1254736161127&menu=ultiDatos&dp=1254735576550

² These statistics are published in Spain for the sectors for which the INE is responsible as *Statistics on subsidiaries of Spanish companies abroad (FILEXT)*: https://www.ine.es/dyngs/INEbase/es/operacion.htm?c=Estadistica_C&cid=1254736162975&menu=ultiDatos&dp=1254735576550

³ See section 5.2.2 (pp.46-47) of the *European business statistics compilers guide for European statistics on international supply of services by mode of supply (MoS-CG)*, ed. 2023, from Eurostat.

2.4 TRADE DATA FOREIGN TRADE DATA BY COMPANY CHARACTERISTICS¹-TEC (CUSTOMS-AEAT)

The aim of the *Foreign Trade Statistics by Enterprise Characteristics (TEC²)* is to complement the *Foreign Trade Statistics (FTS)³* also compiled by Customs (Tax Agency), by characterising the companies involved in intra-Community merchandise exchanges and with third countries.

The *ECT* is intended to meet, on the one hand, users' demand for information on the profile of companies exporting and importing goods and, on the other hand, the demand corresponding to the Community regulations listed below, which are the same as those governing MoS:

- REGULATION (EU) 2019/2152 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 27 November 2019 concerning European Business Statistics repealing ten legal acts in the field of business statistics, referred to as the EBS Regulation (EBS-R⁴). <https://www.boe.es/buscar/doc.php?id=DOUE-L-2019-81961>
- COMMISSION IMPLEMENTING REGULATION (EU) 2020/1197 of 30 July 2020 laying down technical specifications for the implementation of the EBS-R. <https://www.boe.es/buscar/doc.php?id=DOUE-L-2020-81288>

Detailed technical specifications for ECT are included in Annex I of this implementing regulation in *Table 16: National business statistics on trade in goods by enterprise characteristics*.

The TEC provides information on the total value of imports and exports of goods by companies' economic activity, by the number of employees and by the number of countries with which it has trade links. It also provides data on the number of firms exporting and importing goods according to different relevant variables.

The population scope of TEC is made up of the companies that, having declared foreign trade operations of goods, either with EU countries and/or with third countries, appear in the Central Business Register (CBR) compiled by the National Statistics Institute, in the reference year of the statistics. The CBR incorporates all Spanish companies and their local units of all economic activities according to the CNAE (National Classification of Economic Activities), except for agricultural and fishing production, administrative services of the Central, Autonomous and Local Administration (including Social Security) and the activities of property owners' associations and domestic service.

The importance of TEC in the MoS domain lies in the fact that it allows the identification of those wholesalers and retailers of trade in goods who operate internationally within the commerce sector (Section G of the CNAE). Knowledge of

¹ <https://sede.agenciatributaria.gob.es/Sede/estadisticas/estadisticas-comercio-exterior/datos-comercio-exterior-caracteristicas-empresa.html?faqId=438c1fdde3575710VgnVCM100000dc381e0aRCRD>

² Trade by Enterprise Characteristics

³ *Foreign Trade Statistics (FTS)* is regulated at the European level by regulations: Regulation (EC) No 638/2004 of the European Parliament and of the Council of 31 March 2004 on Community statistics relating to the trading of goods between Member States; and Regulation (EC) No 471/2009 of the European Parliament and of the Council of 6 May 2009 on Community statistics relating to external trade with non-member countries.

⁴ European Business Statistics Regulation (EBS-R)

the value of their exports of goods is useful as an input for estimating exports of *Distribution Services* linked to M1.

2.5 STRUCTURAL BUSINESS STATISTICS-SBS (INE)

The SBS is actually a set of three statistics¹: The SBS: Industrial sector, SBS: Trade sector and SBS: Service sector, depending on the economic sector of coverage.

The National Statistics Institute compiles annually, for the sectors of Industry, Trade and Non-Financial Services, the Structural Company Statistics whose first objective is to offer information on the main structural and economic characteristics of the companies in the different study sectors, by means of a wide set of variables relating to employed personnel, turnover and other income, purchases and consumption, staff expenses and investments, etc.

The information obtained must meet a set of basic requirements such as being internationally comparable and meeting the information needs demanded by the various users of these statistics. It also allows the study of the transformations that have taken place in the sectors under study. Other main utilities of the SBS include the following:

- These statistics (SBS and EEPG) can meet the information requirements of international organisations, in particular the European Union Statistical Office (EUROSTAT) and comply with the stipulations of Regulation 2019/2152 of the European Parliament and the Council on European Business Statistics (EBS Regulation) and its implementing legislation 2020/1197, specifically as to its tables on structural business statistics and statistics on subsidiaries. The methodological adaptation to these regulations has made them comparable to the rest of the countries in the European Union, which publish this same information on their respective scopes and sectors.
- Provide basic information for National Accounts.
- Serve as a framework for updating short-term indicators.
- Meet the statistical needs of the Autonomous Communities.
- To serve other national and international users (institutions, companies and associations, researchers, universities and, in general, anyone interested in the structural analysis of the economic sectors under study).

The statistical unit of the SBS is the enterprise, defined as the statistical enterprise in the same terms as in FATS or the ECIS.

The SBS provide information on variables that can help to estimate certain ratios that can be assimilated to trade margins, which, when applied to the TEC data, can result in obtaining a good estimator of the exports of the *Distribution Services* associated with M1.

¹ The following link provides links to each of the three SBS sectoral statistics:
https://www.ine.es/dyns/INEbase/es/categoria.htm?c=Estadistica_P&cid=1254735570541

In short:

With the exception of BoP_ITSS which has its own regulation and ECIS which has none of its own, all other statistical sources mentioned above serve as input to MoS: FATS, TEC and SBS are also governed by the same regulations as MoS mentioned in section 3 of the Introduction.

In order to estimate modes M1, M2 and M4, the INE uses the Balance of Payments for Services (BoP_ITSS) data adjusted to international standards, using the information on these modes collected in the ECIS.

To estimate M3, we start from the final FATS data. For the estimation of *distribution services* within M1, the main sources are TEC and SBS, although very partial use is made of other statistics already mentioned (EGATUR, ETR and Balance of Payments for Goods). Finally, FATS data are also used for *Distribution Services* within M3.

3 ESTIMATION OF MODES OF SUPPLY M1, M2 AND M4 FROM SERVICES BALANCE OF PAYMENTS AND ECS DATA

There are different methodological issues to consider when estimating services exports and imports by modes of supply M1, M2 and M4 from BoP_ITSS data. Of particular note is the treatment of certain goods included in some service headings of the CABPS 2010, and distribution services.

The **Total International Service Performance (ISS¹)** for the total of the three main modes associated with BoP_ITSS is expressed as:

$$ISS = ISS.M1 + ISS.M2 + ISS.M4; \quad (1)$$

Where:

ISS.M1= Total international services provided via M1.

ISS.M2= Total international services provided via M2.

ISS.M4= Total international services provided via M4.

However, **ISS** does not exactly match the **Total Services of BoP_ITSS (S)**. The reason for this is that the international supply of services according to the GATS modes must refer exclusively to pure services, and yet some of the services headings of the CABPS 2010 included in BoP_ITSS include by definition also goods, indistinguishable from services.

The four BoP_ITSS services headings from which the value of goods has to be subtracted for the purpose of estimating **International Services Provisions** following the GATS mode-by-mode definition are as indicated in Table 1 above:

- 1. Maintenance and repair services not included elsewhere:** Optional, and provided that the value of spare parts or mechanisms is also included in these services, and these are differentiated in the invoice.

¹ International Supply of Services.

2. **Travel:** This services heading also includes the value of goods purchased by tourists or excursionists on business or leisure trips, including goods purchased by cross-border and seasonal workers.
3. **Construction:** This service heading also includes the value of building materials and tools included in contracts for the provision of construction services.
4. **Government goods and services not included elsewhere:** It includes not only the value of services provided by general government, but also the value of goods supplied or procured by general government in the exercise of its activity.

The BoP_ITSS does not disaggregate the value of the goods included in the four previous headings from the total value of the heading, which includes goods plus services.

On the other hand, there is a type of service called *Distribution Services* (which can occur via M1 and M3) which is part of the CABPS 2010 complementary groups, but which is not mandatorily included in the BoP_ITSS. However, they are included in the WTO GATS *Services Sectoral Classification of Services (W/120)*. For these reasons, **ISS, which is the aggregate to be distributed by modes M1, M2 and M4**, is in line with the GATS service classification (W/120) which is almost identical to the CABPS 2010, except in the two aspects mentioned above.

It follows that **the relationship between ISS and S** is as follows:

$$ISS = S + S_{DS_M1} - SBG - SDG - SEG - SLG; \quad (2)$$

Where:

S = Total of services BoP ITSS

S_{DS_M1} = Distribution services supplied via M1

SBG = Value of goods included in the Maintenance and Repair Services n.i.e.

SDG = Value of goods included under Travel.

SEG = Value of goods included under the heading Construction services.

SLG = Value of goods included under the heading Government Goods and Services n.i.e.c.

In summary, as mentioned above, the **Total International Service Provision (ISS)** for the total of the three main modes associated with BoP_ITSS does not coincide with the **Total BoP_ITSS services (S)**. The difference is that to S we have to add *Distribution services (S_{DS_M1})*, which are not included in S because BoP_ITSS does not include them, and subtract the goods included in certain service headings of BoP_ITSS, which are not included in a differentiated way within the total services of each of these four service headings.

Substituting (1) in (2):

$$ISS.M1 + ISS.M2 + ISS.M4 = S + S_{DS_M1} - SBG - SDG - SEG - SLG; \quad (3)$$

Thus, the **Total Services (BoP_ITSS)** is expressed in terms of modes of supply as follows:

$$S = (ISS.M1 - S_{DS_M1}) + ISS.M2 + ISS.M4 + SBG + SDG + SEC + SLG; \quad (4)$$

To obtain the data on **international service provision, distributed by the three modes M1, M2 and M4**, we start from the BoP_ITSS data, which are distributed by M1, M2 and M4 according to the weight that each of the modes has in the ECIS (which reflects the predominant mode of the service), taking into account that: 1) *for M1 it is necessary to add the S_DS_M1, and 2) the value of the goods mentioned in each of the service headings concerned must also be subtracted before carrying out the distribution by modes.*

3.1 ESTIMATE OF THE VALUE OF GOODS INCLUDED IN CERTAIN SERVICE HEADINGS

To estimate the value of the goods included in service headings 1, 3 and 4 in the previous section, from 2023 onwards, **the ECIS includes in its questionnaire the value of these goods separately from the total of the heading**, so that the value of these goods is estimated directly.

However, the goods included under heading 2 *Travel*, not being a service heading in ECIS, are estimated specifically by drawing on some of the basic statistical sources used to estimate both receipts and payments under *Travel*, in the framework of the BoP_ITSS.

To estimate the **value of goods included in the BoP_ITSS Travel (SDG)**, different approaches are used for receipts and payments:

- 1. Receipts/exports (SDG_X):** The value of the goods included in receipts under the heading *Travel* by geographical breakdown is estimated from some of the data on expenditure on goods¹ included in the INE's *Tourism Expenditure Survey (EGATUR*²). These estimates have been produced by INE for the Band of Spain in order to be consistent with the international BoP_ITSS standards for *Travel*.
- 2. Payments/imports (SDG_M):** The value of goods included in payments under the *Travel* heading by geographical breakdown is estimated from the ratio of expenditure on goods by residents abroad included in the INE's *Tourism Residents Survey (ETR*³) on total expenditure on tourism by foreign residents. These estimates are conducted as follows:

$$\text{SDG}_M = \text{SD}_M * (\text{Expenditure on goods in ETR/Total expenditure on ETR})^4; (5)$$

¹ EGATUR collects the expenditure on goods of tourists and excursionists in a differentiated way (in the latter case more limited), including: Purchase of clothes, jewellery, handicrafts, typical products, souvenirs, groceries, drinks and others (cleaning, pharmacy, etc.), and extraordinary expenses (purchase of real estate, land or sea vehicles, other non-standard purchases of value, and others).

² https://www.ine.es/dyngs/INEbase/es/operacion.htm?c=Estadistica_C&cid=1254736177002&menu=ultiDatos&idp=1254735576863

³ https://www.ine.es/dyngs/INEbase/es/operacion.htm?c=Estadistica_C&cid=1254736176990&menu=ultiDatos&idp=1254735576863

⁴ ETR only captures expenditure on tourist goods (in the numerator of the ratio), and moreover in a very aggregated way that includes only expenditure on valuables and durable goods (truncated to €6,000 for the purposes of estimating expenditure on goods), and the value of a residual item called *Other expenditure*. In terms of total tourism expenditure (in the denominator of the ratio), international transport is eliminated, either directly or by removing 60% of the value of the tourism package (estimation of international transport within the standard package including agency/tour operator margins/commissions), and transport expenditure at destination is included, and the remaining expenditure on accommodation services, meals and other activities, as well as expenditure on goods is included in the numerator.

Where:

SD_M= Value of payments/imports for Travel in BoP_ITSS.

3.2 ESTIMATION OF DISTRIBUTION SERVICES ASSOCIATED WITH M1

3.2.1 Introduction to the concept of Distribution Services

Distribution services are broadly defined as those provided by wholesalers and retailers in the trade sector, which according to the SNA¹ 2008 are operators who buy and resell goods with no or only minimal transformation of the goods (e.g. cleaning and packaging). They thus provide a service to producers and consumers of goods by storing, displaying and delivering a selection of goods in agreed locations, thus facilitating their purchase.

In BoP, these distribution services are included in the balance of goods without separating them from the value of exported/imported goods.

The *value of the production or output* of these wholesalers/retailers in international trade is measured by the total value of the *trade margins* earned on the resale of the goods purchased. The mark-up is defined as the difference between the actual or imputed selling price of a good purchased for resale, and the price that would have to be paid by the distributor to replace the good at the time it is sold, or becomes available. Margins on certain goods may be negative if their prices have to be lowered for some reason. They should also be negative in the case of goods that are not sold and are discarded because they have a very low residual value or are stolen (SNA 2008).

MoS distribution services (trade margins) are cross-border services on exported or imported goods. The international trade of these goods, apart from the commercial margin on the value of the good, will also entail goods transport services (freight), and probably also insurance, under the terms of delivery (incoterms) that have been agreed between wholesaler/retailer and customer.

In the balance of goods, goods are valued f.o.b.² whereby all costs of freight, insurance, etc. to the border of the exporting country are included in the value of the exported/imported goods. If the exported/imported goods are related to international trade wholesalers/retailers (Section G of CNAE-2009), it will be impossible to isolate the trade margins from the rest of the costs such as freight, insurance, etc., which will be aggregated in the value of the good. On the other hand, in the balance of goods, the main economic activity of the exporter/importer is not available, making it impossible to identify the population of international trade wholesalers/retailers targeted by distribution services.

¹ System of National Accounts (United Nations)

² **"Free on board, agreed port of loading"**: The seller delivers the goods "on board the vessel" designated by the buyer at the named port of shipment, and therefore stowed; at that moment the risks of loss or damage to the goods are transferred from the seller to the buyer. The seller contracts the main carriage, through a consignee, on behalf of the buyer. The seller also carries out the necessary customs formalities for export.

The buyer pays all costs after delivery of the goods: freight, unloading at the port of destination, import customs clearance, as part of his purchase price. You can, if you wish, take out insurance to cover the risk during transport by ship.

3.2.2 Recommended procedure for estimation of Distribution Services

EUROSTAT MoS COMPILATORY GUIDE. USE OF TEC AND SBS:

The Eurostat *Compilation Guide MoS*¹ (from now on the MoS-CG) recommends, among the possible methods proposed, to use data from the *Foreign Trade Statistics (FTS)*², in our case produced by the AEAT (Customs and Excise Department), focusing on the operations of international trade wholesalers/retailers in the Trade Sector (Section G of the CNAE). The TEC is a statistic which, within the foreign trade in goods (FTS), makes it possible to identify operators by their main economic activity, which the balance of goods does not allow.

It is true that TEC follows the principles of FTS, and therefore, unlike the BoP methodology which follows the principle of "transfer of economic ownership", it follows the principle of "border or country crossing" without necessarily resulting in a change of ownership of assets. However, in FTS, the variable "*Nature of Transaction (NoT)*" is available for each transaction, and it is possible to select those whose NoT codes correspond to an actual sale/purchase in which there is a transfer of economic ownership, from those involving processing traffic (goods that do not undergo a transfer of actual ownership between countries, but leave the country to be processed or transformed in another country), or repaired abroad. This makes it possible to equate, at least in this respect and only for goods crossing the border, the BoP and FTS methodology, given that the estimating of the *Distribution Services* should be done at the closest level to BoP, as the MoS data are estimated from BoP_ITSS.

Moreover, in FTS (TEC) the principle of statistical valuation of goods is f.o.b. for exports and c.i.f.³ for imports, so that it is also very difficult, as in the case of the balance of goods, to isolate the trade margins included in the value of the exported/imported goods, not only from the value of the goods themselves, but also from all the costs incurred in making them available to the customer.

EXPORTS:

The MoS-CG recommends estimating exports of distribution services included in M1 (cross-border supply) on the basis of TEC data on exports of goods for traders that come under Section G of CNAE. However, we can get closer to the BoP framework by considering only the set of transactions of this group with a NoT code linked to an actual purchase/sale (with transfer of economic ownership of the good)⁴.

Moreover, in order to estimate exports of distribution services from the TEC, the MoS-CG recommends estimating a mark-up ratio from the SBS data, which, when applied to the TEC data, allows these services to be estimated.

¹ See chapter 10 (Distribution services) of the *European business statistics compilers guide for European statistics on international supply of services by mode of supply (MoS-CG)*, 2023, prepared by Eurostat: <https://ec.europa.eu/eurostat/documents/3859598/18117329/KS-GQ-23-021-EN-N.pdf>

² Foreign Trade Statistics.

³ **Cost, Insurance and Freight, named port of destination:** When an item is CIF-rated it means that the selling price includes the cost of the goods, the cost of transport, as well as the cost of marine insurance, and coincides with the customs value in the country of importation of the goods.

⁴ This approximation of the FTS/TEC framework to the BoP framework only by the NoT is to some extent limited to goods that cross the border, as goods estimated in BoP where there is a real change of ownership, but do not cross the border, are not included in the TEC framework.

This ratio is recommended to be estimated by the quotient between the variables "Gross margin on goods for resale" (numerator of the ratio) which is included in the SBS for companies resident in Spain and with main activity in sections B, C, D, G of the CNAE:

"The mark-up is the return on the activity of purchase and resale without further processing. It is calculated on the basis of net turnover related to trading activities of purchase and resale without further processing, total purchases for resale and changes in stocks of goods and services purchased for resale. The gross margin on goods for resale includes sales, purchases and changes in stocks of goods and services in relation to goods and services purchased for delivery to third parties on the same terms. It is also referred to as gross trading margin.

And the variable "Net turnover" (denominator of the ratio) which is reported in the SBS:

"For all activities except financial, insurance and pension activities CNAE 64, 65 and some activities of 66, net turnover consists of all income generated during the reference period in the ordinary course of business of the statistical unit, and is presented net of all price reductions, discounts and rebates granted by the statistical unit. Income is defined as economic benefits during the reporting period in the form of inflows or increases in assets, or decreases in liabilities, that result in an increase in equity and do not relate to contributions from owners of equity.

Both variables are perfectly defined in the European regulation, and the ratio (gross trade margin / net turnover) can be compared to the part of the company's or trader's turnover that has been generated from the resale of goods in the unprocessed state.

IMPORTS:

In order to calculate the ratios (trade margins/turnover) for imports of goods, it would be necessary to know these ratios for each of the countries from which goods are imported. As this is not possible for the time being (it may be possible in the future for EU27 countries, since the SBS is a homogeneous European statistic in all EU member states and some EFTA countries¹), it is recommended to use also the ratios calculated for exports of goods for the calculation of imports of M1 distribution services.

MICRODATA VS. AGGREGATE DATA:

The MoS-CG recommends as optimal to do this estimation of distribution services by cross-checking the ECT with the SBS at the micro-data level, in order to estimate distribution services at the individual level for each operator for which the cross-checking is successful between the two sources. For those that are not cross-checked, the trade margin ratios of those that are cross-checked are used to obtain an estimate.

The aggregate level approach is also feasible, as the regulation only requires to provide the aggregated M1 distribution services per counterparty country at the Geo 5 level. In the case of Spain, the micro-data crossover approach² is used as far as possible.

LEGAL UNIT VS. STATISTICAL ENTERPRISE

The European regulation requires statistics that serve as a source for the estimation of distribution services (TEC and SBS), that their statistical unit is the Statistical Enterprise

¹ European Free Trade Association (Switzerland, Norway, Liechtenstein and Iceland)

² Known as "Micro-Data Linking" or MDL.

Unit (UEE), i.e. the statistical unit must be what is called the "Statistical Enterprise" and not the Legal Unit (ULE, in its initials in Spanish) or simple TIN.

Most UEEs are made up of a single ULE, so that $UEE=ULE$, however, in the case of business groups or even large companies, they may be made up of one or several UEEs which in turn are made up of several ULEs. It may also be the case of a corporate group consisting of a single ULE.

Fortunately, what is termed "profiling" of the CBR identifies the UEE to which each ULE registered in the CBR belongs, so that the UEEs are identified by means of their own identification number. This makes it possible to link, through the "Profiling" of the CBR, the ULEs or TINs with their UEEs, so that, although the ULE is the information unit (and therefore the collection unit) in TEC and SBS, estimates can be provided on the basis of the UEE as the statistical unit.

On the other hand, the estimation of certain variables at the UEE level is carried out by simply adding the value of these variables of the ULEs that make up the UEE (additive variables). For other variables, estimation at the UEE level requires a consolidation process when there are intra-firm economic relationships between the ULEs that make up the UEE. This means eliminating intra-company flows, so that the result of the variable at the UEE level is not the mere sum of the value of the variable of its ULEs but a consolidated value at the UEE level (non-additive variables).

In the case of TEC, exports and imports of goods are considered as additive variables. In the case of SBS, the variables making up the commercial margin ratio (gross margin and turnover) are non-additive.

In TEC, the exports and imports of an UEE can be obtained by simply adding those of its ULEs. In SBS, information on gross margin and turnover is available at both ULE and UEE level (at already consolidated level).

MERCHANTING AS PART OF DISTRIBUTION SERVICES:

Within these M1 distribution services, the MoS-CG indicates that "*Merchanting*" transactions should also be added, which are triangular transactions and international arbitration of goods consisting of the purchase of goods from a non-resident and their resale to another non-resident, in the same or a subsequent period, provided that the goods do not enter or leave Spain, and that there is no transformation of the goods between the purchase and the sale. This is a common type of transaction for wholesalers/retailers in international trade. The ECIS questionnaire captures for balance of goods purposes both purchases and sales of merchanting, whereby the net of the transaction is considered as part of exports of distribution services M1.

The inclusion of "*Merchanting*", which is a transaction of goods that do not cross the border, together with the selection in TEC of transactions of goods that cross the border with a NoT code referring to a real sale (change of ownership), allows the best possible approximation to the BoP scope (goods with effective transfer of ownership whether or not they cross the Spanish border) for the estimates of Distribution Services.

3.2.3 General formulation of Distribution Services export and import estimators

EXPORTS DISTRIBUTION SERVICES:

- **Formulation of the estimators for the TEC and SBS units that are cross-checked:**

The micro-data approach is used as a matter of priority, so that for each statistical enterprise (UEE) where there is crossover between TEC and SBS, the following formula is applied for each country of destination of exported distribution services according to TEC:

$$(SDS - X)_{i,c}^{cruzan} = (TEC - X)_{i,c}^{cruzan} * \left(\frac{EEE - MARGEN}{EEE - TUR} \right)_i^{cruzan}; \quad (5)$$

$$\forall i \in \{cruzan\}; \forall c \in \{país de destino exportaciones TEC\}$$

Where:

$(SDS - X)_{i,c}^{cruzan}$ = Exports to country c of Distribution services via M1 of ECT and UEE belonging to the set of ECT UEEs cross-referenced with SBS.

$(TEC - X)_{i,c}^{cruzan}$ = Exports of goods to country c in ECT, corresponding to ESU i with some type of commercial activity (section G of CNAE-2009), regardless of whether it is its main economic activity, or a secondary or auxiliary activity.

$EEE - MARGEN$ = Gross margin on goods for resale according to the SBS for UEE i with some kind of business activity (section G of CNAE-2009), regardless of whether it is its main economic activity, or a secondary or ancillary activity.

$EEE - TUR$ = Net turnover according to the SBS for UEE i with some kind of business activity (section G of CNAE-2009), irrespective of whether it is its main economic activity or a secondary or ancillary activity.

$\left(\frac{EEE - MARGEN}{EEE - TUR} \right)_i^{cruzan}$ = Gross trade margin ratio of goods according to SBS of UEE i, or weight of the resale transactions of goods without processing of UEE i in its total net turnover. The trade margin in the numerator of the ratio is the total gross margin of the company, as the SBS does not allow distinguishing the part of the margin that is obtained by international resale of goods from the part corresponding to domestic operations. Therefore, no different ratio is calculated per country of destination of the goods (hence no sub-index c).

- **Formulation of the estimators for TEC and SBS units that do NOT cross over:**

As the SBS is primarily a stratified random sample survey, there is a significant share of ECT exporting EUEs that are not part of the SBS sample, i.e. they do not cross over.

For these units their exports of TEC goods are available, but not the variables "gross margin" and "net turnover" of the SBS, which are used to construct the trade margin ratio.

These mark-up ratios are estimated for those units which do not cross over with SBS, on the basis of the ratios of those which do cross over and have the same "characteristics" in terms of activity, size and type of control as those which do cross.

The ratios of those that did cross over are stratified on the basis of the three aforementioned variables that serve to characterise the companies¹. The idea is to build strata to group UEEs that crossed over in a homogeneous way on the basis of certain characteristics, and to calculate average ratios per stratum of those UEEs, so that we assign UEEs that do not cross over an average ratio according to the stratum to which they belong.

The stratification or characterisation variables of enterprises are:

- **Main economic activity NACE 2009 (7 categories)²: 4511-4519-4531-4532** (wholesale and retail sale of all kinds of motor vehicles, their parts and accessories), **4520** (maintenance and repair of motor vehicles), **4540** (sale, maintenance and repair of motorbikes and their parts and accessories), **4611-4619** (trade intermediaries, except of motor vehicles and motorbikes), **4621-4690** (wholesale trade, except of motor vehicles and motorbikes), **47** (retail trade, except of motor vehicles and motorbikes) and **REST** (activities not included in G).
- **No. of employed persons (3 categories):** 0-49, 49-249 and 250+.
- **Type of control (3 categories):** Spanish (domestic, multinational) and foreign.

When there are fewer than 3 or 4 UEEs in any of the strata, the stratum is transformed into a superstratum consisting only of the activity variable and the range of employed.

Let h be the stratum formed by the combination of the three previous stratification or characterisation variables of the UEEs of TEC (declared TEC or TEC under threshold) that crossed with SBS. The formula for estimating the average ratios for a stratum h is expressed as:

$$\widehat{RATIO}_h = \left(\frac{\widehat{EEE-MARGEN}}{EEE-TUR} \right)_h = \frac{\sum_{i \in h} (EEE-MARGEN_i * FACTOR_i)}{\sum_{i \in h} (EEE-TUR_i * FACTOR_i)} ; \quad (6)$$

$$\forall h \in H; \forall i \in \{cruzan\}; \forall i \in h$$

Where:

i = Each UEE of TEC included in stratum h with successful cross-referencing with SBS.

$EEE - MARGEN_i$ = The gross margin on goods for resale of the UEE $i \in h$ extracted from SBS.

$EEE - TUR_i$ = Net turnover of the UEE $i \in h$ extracted from SBS.

¹ These are the same three variables used to characterise enterprises in the STEC statistics (Services Trade by Enterprise Characteristics).

² The idea is to separate 4520 and 4540 from the rest of 45, as 4520 is non-trade and 4540 is only partly trade, which could make a difference to the ratios of the other classes in 45 that are really trade. In the case of 46, trade intermediaries are clearly separated from wholesale traders. REST is necessary to take into account those UEEs that are not in the G, but carry out some secondary and/or auxiliary activity of a commercial nature.

FACTOR_i = The indirect factor allocated to the UEE $i \in h$ extracted from SBS.

H = Total number of strata h considered.

The formula for estimating distribution services via M1 for TEC's UEEs j that have not crossed with the SBS will be identical to (5) where the mark-up ratio is estimated via formula (6) as a function of the stratum h to which the non-crossing UEE j belongs:

$$(SDS - X)_{j,c}^{no-cruzan} = (TEC - X)_{j,c}^{no-cruzan} * \widehat{RATIO}_h; \quad (7)$$

$\forall j \in \{no\ cruzan\}; \forall j \in h; \forall c \in \{país\ destino\ exportaciones\ TEC\}; \forall h \in H$

– **Final formulation of Distribution Services export estimators:**

The final formulation of the Distribution Services export estimators will be the sum of the exports of these services for the crossing and non-crossing units according to formulae (5) and (7), plus the *net exports of Merchanting* from the BoP:

$$(SDS - X)_c = \sum_{i=1}^{\{cruzan\}} (SDS - X)_{i,c}^{cruzan} + \sum_{j=1}^{\{no-cruzan\}} (SDS - X)_{j,c}^{no-cruzan} + [(BOPMERCH - V)_c - (BOPMERCH - C)_c]; \quad (8)$$

$\forall i \in \{cruzan\}; \forall j \in \{no\ cruzan\}; \forall c \in \{país\ destino\ exportaciones\ TEC\ y\ Merchanting\};$

Where:

$(BOPMERCH - V)_c$ = Revenue from the sale (V) of goods involved in triangular or merchanting operations according to BoP. These data are not available at the micro level but at the aggregated level per country of destination of sale.

$(BOPMERCH - C)_c$ = Expenses for the purchase (C) of goods involved in triangular or merchanting operations according to BoP. These data are not available at the micro level but at the aggregate level by country of origin of purchase.

IMPORTS DISTRIBUTION SERVICES:

The share of Spanish goods imports that come from exporting companies resident in other countries that are internationally active (those operating mainly in the G sector) is not known, as this information is not directly available in Spain. This would require information on the TEC and SBS of each country from which Spain imports goods.

In the EU, there is an obligation for the 27 intra-EU countries (and countries that wish to join) to compile the ECT and SBS with a homogeneous and comparable output, which could theoretically lead to an attempt to make an estimate for imports of Distribution Services similar to that of exports, based on the ECT and SBS of the 27 member states found in the Eurostat database. TEC and SBS are statistics published by Eurostat at EU and Member State level, although they refer to aggregated data and not to micro-data. On the one hand, its publication schedule at country level may not be compatible with that of MoS for the purposes of Distribution Services. On the other hand, many of the breakdowns presented by country or other dimensions are confidential or non-publishable, and although Eurostat has such information available to calculate the

various European aggregates, whatever each country marks as confidential/non-publishable is veiled information at the member country level that Eurostat is not authorised to disseminate.

In the rest of the countries of the world (or extra-EU countries) there is no obligation for any statistical homogeneity, which would pose a problem of asymmetry when correctly estimating imports of extra-EU Distribution Services using the TEC and SBS potentials of those countries, in relation to intra-EU ones.

For this reason, the MoS-CG, given the impossibility of distinguishing Spanish imports of goods from non-resident trade wholesalers/retailers, recommends the approach used by TISMOS¹:

1. We start from Spanish imports of goods according to BoP to be closer to the BoP scope, and also because these imports are valued f.o.b, as in the case of TEC exports which have been used for the estimation of exports of Distribution Services.
2. As the value of goods imported from non-resident commercial wholesalers/retailers is not known at BoP, and the ECT of the counterpart countries is not available, the weight of exports of goods from resident international trade wholesalers/retailers over total exports of goods according to ECT is used, which, multiplied by total imports of goods according to BoP, is used to roughly estimate² the value of BoP imports from non-resident commercial wholesalers/retailers.
3. Finally, it is multiplied by the mark-up ratio estimated from the Spanish SBS³, to estimate the imported distribution services, i.e. the mark-up share of the total value of goods imported by Spain from non-resident wholesalers/traders.

In formula:

$$(SDS - M)_c = (BOP - M)_c * \left(\frac{TEC - X}{X}\right)_c * \left(\frac{EEE - MARGEN}{EEE - TUR}\right); \quad (9)$$

$$\forall c \in \{\text{país de origen importaciones bienes según BOP y TEC}\}$$

Where:

$(SDS - M)_c$ = Imports of distribution services from country c via M1.

$(BOP - M)_c$ = Imports of goods from country c according to Spanish BoP.

$TEC - X$ = Exports of goods to country c according to the Spanish TEC, in respect of companies with some type of commercial activity (section G of CNAE-2009), regardless of whether it is their main economic activity, or a secondary or auxiliary activity.

¹ TISMOS (Trade In Services by Modes Of Supply) is the WTO's Trade in Services by Modes of Supply dataset, containing estimates of trade in services across the four modes of supply identified in the WTO's General Agreement on Trade in Services (GATS). It covers more than 200 economies and regions and 55 sectors in the period 2005-2022: https://www.wto.org/spanish/res_s/statis_s/gstdh_mode_supply_s.htm

² This approximation is based on the (strong) assumption that the weight of exports of goods to Spain by resident wholesalers/retailers of trade in a country over that country's total exports of goods to Spain is exactly the same as that of Spain in relation to that country.

³ Again, the (strong) assumption is made that the estimated trade margin ratio for Spain is equivalent to the ratio of wholesalers/retailers of trade of any country exporting goods to Spain.

X = Total exports of goods to country c according to the Spanish TEC.

$EEE - MARGEN$ = Margin gross margin of goods for resale according to the Spanish SBS for companies with some kind of commercial activity (section G of CNAE-2009), regardless of whether it is their main economic activity, or a secondary or auxiliary activity.

$EEE - TUR$ = Net turnover according to the Spanish SBS for companies with some kind of commercial activity (section G of CNAE-2009), regardless of whether it is their main economic activity or a secondary or ancillary activity.

$\left(\frac{EEE-MARGEN}{EEE-TUR}\right)$ = Ratio of gross trade margin of goods according to Spanish SBS, or weight of resale transactions of goods without transformation over total net turnover. The trade margin in the numerator of the ratio is the total gross margin of the company, as the SBS does not allow distinguishing the part of the margin that is obtained by international resale of goods from the part corresponding to domestic operations. Therefore, no different ratio is calculated per country of destination of the goods (hence no sub-index c).

By subtracting the mark-up ratio from formula (5):

$$\left(\frac{EEE - MARGEN}{EEE - TUR}\right) = \frac{(SDS - X)_c}{(TEC - X)_c};$$

And by entering its value in (9):

$$(SDS - M)_c = (BOP - M)_c * \left(\frac{TEC - X}{X}\right)_c * \frac{(SDS - X)_c}{(TEC - X)_c};$$

The term is cancelled: $(TEC - X)_c$ and (9) takes the form of:

$$(SDS - M)_c = (BOP - M)_c * \frac{(SDS - X)_c}{(X)_c}; \quad (10)$$

$$\forall c \in \{\text{país de origen importaciones bienes según BOP y TEC}\}$$

This formula (10) is interpreted as meaning that imports of distribution services for country c are estimated by multiplying Spain's imports of goods from country c , according to the Spanish BoP, by the weight of Spanish exports of distribution services to country c with respect to Spain's total exports of goods to country c , according to Spain's TEC.

3.2.4 Information received from statistical sources used for the estimation of exports and imports of Distribution Services

TEC DATA (AEAT):

- 1. Exports limited to commercially active operators:** TEC micro data on exports are received from the following units:

- ULEs or TINs whose main activity in TEC is Trade (Section G of CNAE-2009) and whose parent company also has Trade as its main activity in TEC.
- ULEs or TINs whose main activity in TEC is Trade (Section G of CNAE-2009) and whose parent company has as its main activity in TEC an activity other than Trade.
- ULEs or TINs whose main activity in TEC is NOT Trading and whose parent company's main activity in TEC is Trading.

Through the "Profiling" of the CBR, it is known to which statistical company or UEE all these ULEs and matrices of the TEC file belong, which makes it possible to add up the exports of all those that belong to the same UEE, thus obtaining an aggregate export value at the UEE level. This value will be multiplied by the mark-up ratio at the UEE level, obtained or estimated from the SBS.

- 2. Exports deemed to be actual sales with "title transfer":** The TEC micro data of reported exports are received with their "Nature of Transaction" (NoT) code, and only those transactions whose NoT code is compatible with the BoP concept of "transfer of ownership" are selected. These NoT codes are for the two regimes (INTRASTAT and SAD) ¹ those with the first digit: 1, 3, 8 or 9.
- 3. Exports declared in INTRASTAT and SAD exports:** Export TEC micro data are received from the two regimes to cover both intra-EU transactions and transactions with third countries (extra-EU). In the case of intra-EU trade in goods, a file of exports declared in INTRASTAT is received which includes transactions above the declared exemption threshold, which may vary from year to year. Intra-Community external trade above the threshold is the only one that is obligatory for traders to declare (declared Community trade). The same file includes all extra-EU transactions from the SAD (Single Administrative Document) or EXTRASTAT regime.
- 4. Intra-Community "low threshold" exports:** Another microdata file is received with the trade operators whose intra-EU exports are below the threshold (undeclared trade or trade under the threshold) that is estimated indirectly by the AEAT, through VAT Form 349 for intra-Community transactions of goods. In this case, intra-EU exports are assimilated by EU country to the taxable bases of Form 349 restricted to E-key transactions: Deliveries of goods. In the case of this file, no NoT information is available as the information is estimated.

In this way, all information on intra-EU trade (declared and estimated) is available, potentially allowing for the maximum possible crossover or intersection set between TEC and SBS.

SBS DATA (INE):

- **Full SBS micro-data at ULE or TIN level:**
 - Complete micro-data is received at the level of all sample units (TINs) in the SBS (both those collected directly via questionnaire and those collected via administrative/tax sources), including information on "Gross margin on goods for

¹ INTRASTAT (NoT): <https://sede.agenciatributaria.gob.es/Sede/aduanas/intrastat-obligaciones-estadisticas/noticias-interes/nuevos-codigos-naturaleza-transaccion-intrastat.html>

SAD (NoT):

https://sede.agenciatributaria.gob.es/static_files/Sede/Tema/Aduanas/Ventanilla_Unica/informacion/dec_ad/AN_EXO_XII_DUA22.pdf

resale" (if the main activity of the SSU is within the CNAE sections: B to G) and "net turnover".

- Depending on the type of ULE, only its main economic activity is included, or the main activity together with its secondary or auxiliary activities (up to a maximum total of twelve) collected within the same questionnaire, or information on these activities collected through what are known as SBS Modules¹, which are used for the compilation of the Commodity Statistics. Apart from these activities, the % of net turnover for each of them is included. All this variety of activities allows us to know if the ULE is involved in some kind of commercial activity (activities within section G Commerce of the CNAE-2009), even if Commerce is not its main activity. In this respect, a variable is included in the file (CFMEMI) that estimates for each ULE the part of the turnover that is generated by commercial activity (except for activities G45.20² and G45.40³), based on all the activities included in the questionnaire or in Modules.
 - The identifier of the "statistical enterprise" (UEE) to which each ULE belongs according to the "Profiling" of the CBR is included, if it is not a separate or independent ULE, which allows linking the SBS microdata files of ULEs and UEEs.
 - For each ULE, the variable FACTOR (direct lift factor) is included, which represents the weight of that sample ULE within the population frame of ULEs in the SBS.
- **Complete SBS micro-data at the level of "Statistical Undertaking" or UEE:**
- Complete micro-data are received at the level of all UEE or SBS "Statistical Businesses", including information already consolidated at the UEE level (as these are non-additive variables), on "Gross margin on goods for resale" (if the main activity of the UEE is within the CNAE sections: B to G) and "net turnover".
 - Only the final main economic activity of the UEE is included, although through the link with the ULEs file, its secondary and auxiliary activities can also be identified according to those assigned to the ULEs that form part of the UEE in that file. In this respect, and although Trade is not the main activity of the UEE, the CFMEMI variable is also included in the file, which estimates for each UEE the part of its turnover that is generated by trade activity (except in the case of activities G45.20 and G45.40), based on all the activities included in the questionnaire or in Modules for its ULEs.
 - For each UEE, the variable FACTOR (indirect uplift factor) is included, which represents the weight of that sample UEE within the SBS population frame of UEEs.

¹ Microdata files are also received for the SBS sample ULEs selected to provide information in each Module (specific information on certain specific CNAE activities studied in the framework of the product statistics).

² G45.20: Maintenance and repair of motor vehicles (not a commercial activity of sale or resale of goods)

³ G45.40: Sale, maintenance and repair of motorcycles and their parts and accessories (mixes sale of goods, but also services)

3.2.5 Process for estimating mark-up ratios at the UEE level

1. The ULEs TEC microdata files of declared exports (INTRASTAT and SAD) and estimated intra-EU exports under threshold are cross-checked with the SBS ULEs microdata file. In this case the common cross-referencing identifier is the TIN. The file of ULEs with "successful crossover" (they cross) and the file of "unsuccessful crossover" (no-crossover) are obtained.
2. As Distribution Services have to be estimated at the UEE level, the margin-to-trade ratios involved in their estimation at the UEE level must also be calculated, in order to be able to multiply them by the aggregated exports at the UEE level, calculated from the TEC files. To this end:
 - For ULEs that have crossed, their UEE is identified in the SBS ULE microdata file and the UEE identifier is searched for in the SBS UEE microdata file, assigning the UEE the variables consolidated at UEE level: "Gross margin on goods for resale" and "net turnover", which makes it possible to estimate by quotient the ratio of trade margin to UEE.
 - For the ULEs that have NOT crossed, their UEE is identified through CBR's "Profiling", and their mark-up ratio is estimated as explained in the section below. 4.3.2.3, always based on the ratios of the UEEs, whose ULEs did cross.

3.2.6 Economic activities of the UEE for which the mark-up ratio is calculated

The MoS-CG recommends that Distribution services should only be estimated on the basis of enterprises categorised as wholesale/retail trade, i.e. enterprises whose main economic activity comes under section G of CNAE-2009 (Trade), with the exception of activity G45.20, which is a service activity.

In the Spanish case, the TEC files received include only ULEs that are either in the G or not in the G, but their parent is. The SBS files are complete files that include all sample ULEs/UEEs whose main economic activity is within the sectoral study areas of the SBS, which include Trade.

On the other hand, the SBS filing system of ULEs (TINs) allows for the distribution of turnover by the different economic activities carried out by that TIN, including trade, even if the main activity of the TIN is not trade. Similarly, although the SBS microdata file of UEEs only includes the main activity of the UEE, its other economic activities can be traced to those of its ULEs.

In this regard, it is possible to exploit all this information to extend the scope of coverage of the Distribution Services to any company (UEE) that either has G as its main economic activity, as stated in the Handbook, or does not have it, but it is known from the SBS that the commercial activity is part of its secondary or ancillary activities, through the information of its ULEs. This information is provided by the variable CFMEMI which is included in the SBS file of UEEs.

The following table presents the different cases of main economic activity of the UEE and its CFMEMI (variable indicating whether the UEE has any kind of commercial activity). Depending on these, the mark-up ratio may or may not be calculated:

Table 1: Calculation of trade margin ratio according to economic activities of the UEE and its CFMEMI (trade activity)

CASES	CNAE SECTOR (UEE)	MAIN ECON. ACTIVITY (UEE)	CFMEMI (UEE)	TRADE MARGIN RATIO
1	B, C, D, E, H, I, J, L, M, N, P, Q, R, S95, S96 (Industry and Services)	Any 4-digit activity in the SBS sectors: B, C, D, E, H, I, J, L, M, N, P, Q, R, S95, S96	>0	Trade margin ratio is calculated if possible*
2			=0	These EUEs are disregarded for calculating the ratio
3	G (Trade)	Any 4-digit activity in sector G ≠ G45.20 (including G45.40)	>0	The mark-up ratio is calculated if possible*
4			=0	Uncommon because if main activity is G ≠ 4520, CFMEMI should be >0 unless TUR=0 or the only secondary trade activity is 4540 (not included in CFMEMI). Ratio is calculated if possible*.
5	G (Trade)	G45.20	>0	Trade margin ratio is calculated if possible*
6			=0	These EUEs are disregarded for calculating the ratio

*The calculation of the ratio is possible depending on the values of MARGIN and TUR taken by the UEEs assigned to each case: 1) If MARGIN and TUR are different from 0, the ratio can be calculated; 2) If MARGIN is 0 and TUR is different from 0, the ratio will be 0; 3) If TUR=0, the ratio cannot be calculated.

4 M3 ESTIMATION BASED ON FOREIGN AFFILIATES STATISTICS DATA

As mentioned in section 2.3, foreign affiliates trade statistics (FATS) are the most appropriate source for the estimation of international service supply through commercial presence (Mode 3 or M3).

The M3 focuses on estimating services supplied exclusively to residents of an economic territory by affiliates/branches of foreign enterprises located in the same economic territory. Unlike modes M1, M2 and M4—which cover the supply of services between residents and non-residents measured in payments balance—M3 aims at the statistical measurement of trade in services between residents of an economic territory, where the provider of these services is an enterprise residing there under foreign control.

In order to aggregate the data of the four modes and obtain an overall estimate of Spain's international trade in services, the Spanish exports of services to a given country supplied by modes M1, M2 and M4 and the M3 services supplied to residents of that country by affiliates/branches under Spanish control that reside in that country are all added up. This overall figure is referred to in the MoS statistics as **Exports and services**. Similarly, Spanish imports of services originating in a foreign country supplied by modes M1, M2 and M4 as well as M3 services supplied to Spanish residents by affiliates/branches residing in Spain that are under the ultimate control of a company or

entity which resides in said foreign country are both added. This overall figure is referred to in the MoS statistics as **Imports and purchases of services**.

However, FATS do not directly provide services to residents through resident foreign subsidiaries or branches, which are the subject of the M3. FATS provide the **total net turnover or output value** (the FATS variables of most interest for estimating services) without disaggregating the net turnover generated exclusively by the sale of services to residents.

The total net turnover (or output value) collected from FATS' foreign affiliates includes the sale of goods and services to both residents and non-residents from the affiliate's country of residence. In other words, no *a priori* distinction is made between sales of goods and sales of services, nor between domestic sales and exports of the affiliate.

On the other hand, as FATS is a producer-oriented statistic, it provides the net turnover associated with the main economic activity and/or secondary or auxiliary activities of the affiliate (according to the Spanish Economic Activities Classification or CNAE-2009) without disaggregating by product type (goods and/or services), in accordance with a standardised international classification of products. For M1, M2 and M4, The Extended Balance of Payments Services Classification (CABPS-2010 as per its reference in Spanish) is used; and in order to integrate M3 with the rest of the modes, it is necessary to disaggregate the services sold by foreign affiliates to residents applying the CABPS-2010 as well.

In summary, for the estimation of M3, FATS is used as a starting point, but it is necessary to:

- Estimate the part generated only by the sale of services to residents out of the affiliate's total output turnover/value. For this purpose, exports of both goods and services must be excluded from the subsidiary's total turnover. Sales of goods in the country of residence of the subsidiary are also excluded from turnover.
- Distribute these sales of services to residents according to CABPS-2010 service products, using a bridge table between CNAE-2009 and CABPS-2010.

4.1 ESTIMATED PROCUREMENT OF THE M3 SERVICES VIA THE FOREIGN AFFILIATE STATISTICS (IFATS)

4.1.1 iFATS sectors covered by the INE: Industry, commerce and non-financial services

iFATS_INE is compiled on the basis of the information collected in the Structural Business Survey (SBS¹ or EEE, as per its Spanish initials) compiled by the INE on an annual basis and whose sectoral scope is precisely that of companies residing in Spain whose main economic activity is in industry, commerce or non-financial services. More specifically, in the CNAE-2009 sectors: **BCDE G HIJ K²(INE) LMN PQ R S95 S96**.

¹ SBS (industry, commerce and services sectors):

https://www.ine.es/dyngs/INEbase/categoria.htm?c=Estadistica_P&cid=1254735570541

² Although iFATS_INE does not generally cover the financial and insurance sector (sector K of the CNAE-2009), there are certain groups/classes of this CNAE sector that—given that they are not covered by either the BdE nor the DGSFP of the MINECO—the INE (K642, K643, K661, K6621 and K6629) does cover.

For the purpose of iFATS, in its various questionnaires, the SBS exhaustively collects the information of all foreign affiliates residing in Spain (or those companies controlled from abroad) based on the Central Companies Directory (CCD or DIRCE). The population of iFATS affiliates is thus a census-researched subset of the sample of SBS resident enterprises. And, as regards these foreign affiliates, all variables included in the SBS questionnaires are also collected.

The SBS variables used to estimate the purchase of services via M3 are: **Net turnover**¹ for all sectors of CNAE2009 covered by the SBS/iFATS except for **D3514** (trade in electrical energy), **G** (trade, except G4520: maintenance and repair of motor vehicles) and **K** (finance and insurance), for which the variable **production value**² (**also known as output**) is used. In the case of those three sectors, the M3 methodology recognises the output as the most appropriate variable for a correct estimation of the value of the service purchased/provided. Turnover is collected directly in the SBS questionnaires, however, production value is a variable derived from turnover and other variables in the SBS questionnaire.

SBS/iFATS MICRODATA VS. MACRODATA:

For the estimation of M3, micro-data are available for the sample of SBS enterprises (including iFATS affiliates) at both the legal unit (ULE or NIF) level and the "statistical enterprise" (or EMP) level, irrespective of whether this is a single enterprise, that is, having a single Tax ID or NIF, or multiple (comprising several NIFs).

These micro-data for the sample of enterprises are available both for the ULEs that are directly surveyed via the various SBS questionnaires and for the ULEs that, although also part of the sample of enterprises, are not surveyed, and their data are estimated via administrative sources instead. In all cases, the variables collected in the questionnaires and those that have been imputed are available, as well as the derived variables and economic aggregates. The non-additive variables referring to the EMP sample are already consolidated at the EMP level (all intra-firm flows between the ULEs comprising the EMP are eliminated). In the case of M3, both **net turnover** and **output** are non-additive variables that have been consolidated for each affiliated company (EMP).

On the other hand, micro-data are also available for the so-called SBS Modules. For certain activities, together with the main SBS questionnaire, the reporter receives an additional questionnaire to collect complementary information on the specific characteristics of each sub-sector. Thus: For Trade (3 Modules) and certain Services activities (15 Modules), an annex questionnaire (Module) is included which, among other features, **requests the breakdown of turnover by type of activities and services rendered** (very useful for the identification of services in the M3) or by type of clients. The statistical results obtained are disseminated annually in the operations called Trade Sector Product Statistics³ and Service Sector Product Statistics⁴.

¹ The definition of turnover is given on p.31 of the SBS methodology:

https://www.ine.es/metodologia/t37/metodologia_eee2023.pdf

² The definition of economic aggregate production value (or output) is given on page 38 of the SBS methodology:

https://www.ine.es/metodologia/t37/metodologia_eee2023.pdf

³ <https://www.ine.es/metodologia/t09/t0930e01p0118.pdf>

⁴ <https://www.ine.es/metodologia/t37/t3730e01p0108.pdf>

The possibility of working at the micro-data level of both ULEs and EMPs grants access to individualised information on the main and secondary economic activities of the ULEs that make up each foreign affiliated company collected in the SBS/iFATS. This information is very useful for the M3, as it detects the affiliated companies that provide services as either a main or a secondary/auxiliary activity, through the economic activities declared via the SBS questionnaire or via the Module, by each of the ULEs that comprise them.

TURNOVER/PRODUCTION VALUE GENERATED IN SPAIN:

Information on the generation of turnover from a geographical point of view is provided in the comprehensive questionnaire¹ for SBS legal entities (T1A) in section D2:

D2. Desglose de la cifra de negocios (casilla D1.1) (*) por destino geográfico de las ventas (en porcentaje)

	<u>Porcentaje</u>
1. España _____	_____ %
2. Resto Unión Europea** _____	_____ %
3. Resto del Mundo _____	_____ %
Total _____	100 %

(**) El Reino Unido salió de la Unión Europea el 31 de enero de 2020

This section provides the % of the turnover generated in Spain by the foreign subsidiary/branch. This information is essential for estimating the sales of services by the foreign subsidiary residing in Spain to Spanish residents, which is the objective of the M3.

However, the fact that these are sales of services in Spain does not fully guarantee that they are sales to residents, as there are many non-residents, especially during holiday periods or business trips who are visiting Spain, and purchase services related to tourism: accommodation, catering, leisure, health, education, etc., in many cases from foreign subsidiaries in Spain (e.g. from foreign-controlled hotel chains, etc.).

At first, it is assumed that all domestic (in Spain) sales of services by these foreign affiliates will be made to residents. However, there will be a subsequent amendment to exclude the estimated percentage of sales in Spain that foreign affiliates (especially those linked to the hotel and catering sector and the leisure and culture sector) make to non-residents temporarily displaced to Spain for a correct estimation of these sales, as exports of services by affiliates should be excluded from M3 (see below "Amendment of sales to non-residents already included in M2" in the same 4.1.1 section).

The ULEs in the sample of affiliated enterprises that are surveyed with the simplified questionnaire for legal persons in the SBS (T1S) or with the questionnaire for natural persons (CYS) that do not include section D2; and those ULEs whose results are imputed because they are not surveyed, also have an imputed value for the D2 variables in the available microdata files.

¹ The various SBS questionnaires can be accessed at:

https://www.ine.es/dyngs/INEbase/operacion.htm?c=Estadistica_C&cid=1254736176902&menu=metodologia&dp=1254735576550

Given that for the derived variable **production value (or output)** there is no specific geographical breakdown, it is assumed that the % of production value generated in Spain coincides with that of turnover generated in Spain.

TURNOVER/PRODUCTION VALUE BROKEN DOWN BY ECONOMIC ACTIVITIES:

Turnover is broken down by activity in the SBS legal entity questionnaires in section D3. This section asks for the % of turnover generated by the main activity and the secondary activities of the surveyed ULE, at the four digits (class) of the CNAE2009. Below is the D3 of the paper questionnaires, which only consider 4 secondary activities. However, the electronic questionnaire, which is completed online, offers the possibility for respondents to break down their turnover into up to 12 secondary activities¹.

D3. Desglose de la cifra de negocios (casilla D1.1) (*) por actividades (en porcentaje)

Además de su actividad principal, las empresas realizan frecuentemente otras actividades económicas secundarias. En este apartado se solicita desglosar el importe de la cifra de negocios (indicado en la casilla D1.1) entre su actividad principal y, si fuera el caso para su empresa, las otras actividades secundarias.

Por favor, describa lo más detalladamente posible la/s actividad/es secundaria/s que procedan para su empresa e indique el porcentaje de su cifra de negocios que se deriva de cada una de ellas.

	Porcentaje
1. Actividad principal de la empresa _____	_____ %
2. Descripción detallada de las actividades secundarias	
2.1 _____	_____ %
2.2 _____	_____ %
2.3 _____	_____ %
2.4 _____	_____ %
Total	100 %

The possibility of having the turnover of each ULE that is part of the population of foreign affiliated companies broken down into up to 12 activities (other than the main activity), enables us to more thoroughly identify their potential sales of services to residents, even if the ULE does not have one of the activities included in the services/trade sector as its main activity.

For ULEs that receive a Module annexed to the regular SBS questionnaire because their main activity is one of those selected in the scope of the Modules, the ULE is not obliged to answer D3 of the questionnaire, because the Module already asks for a very detailed breakdown of turnover by type of activities and services provided.

Likewise, for the turnover of ULEs receiving a natural person questionnaire where the D3 does not exist, or the turnover of ULEs whose information is imputed on the basis of administrative information, a breakdown equivalent to that of the D3 is estimated.

As there is no breakdown by activity for the derived **output/production value** variable, it is assumed that this breakdown is equivalent to that of turnover.

¹ Although the sectoral scope of the SBS/iFATS_INE covers only enterprises whose main economic activity falls within the following CNAE2009 sections: **BCDE G HIJ K (INE) LMN PQ R S95 S96**; the secondary activities declared by the sample enterprises in Questionnaires/Modules may correspond to any economic activity included in CNAE2009, even if it is outside the sectoral scope of SBS/iFATS.

BRIDGE TABLE CNAE2009-CABPS2010 FOR THE CONVERSION OF ECONOMIC ACTIVITIES INTO SERVICE PRODUCTS:

Once the turnover generated by the foreign subsidiary in Spain—equivalent to its sales to residents—is disclosed through D2, along with the breakdown of said turnover by main and secondary economic activities through D3 and the information from the Modules, it is necessary to identify which of the previous activities coded in CNAE2009 involve sales of service products, as per the CABPS2010.

Eurostat has elaborated an **EBOPS2010-NACE correspondence table, rev.2¹**, for aggregations of the NACE (European classification of activities that is almost entirely equivalent to the Spanish CNAE) at the division level (2 digits), and in some cases at the group (3 digits) and class level (4 digits). This table usually establishes 1-to-1 (100%) ratios between the codes of both classifications—except for certain NACE codes which are split between several EBOPS codes (international classification of extended balance of payments services which is fully equivalent to the CABPS).

However, the economic activities of the SBS questionnaires and the 18 Modules are normally collected at class level (4-digit CNAE2009). For this reason, the INE has prepared its own correspondence table at a more disaggregated level than that of Eurostat (4 digits of the CNAE2009), in order to be more precise in the assignment of the corresponding CABPS2010 headings covered by MoS (see Table 1 in section 4.2 of this methodology: Breakdown by product into main and detailed components of the CABPS2010, as well as complementary products).

For the compilation of this bridge table, advantage has been taken of the close link that exists between the CNAE2009 (National Classification of Economic Activities) and the CPA2008 (Classification of Products by Activity), as they are equivalent in codes up to the fourth digit, and thus more easily establish the correspondence between CPA2008 and CABPS2010, as both are product classifications. In this way, the relationship between CNAE and CABPS is established through the intermediation of the CPA.

For those cases when this type of 1-to-1 correspondence does not exist and when there is a univocal correspondence with the 4-digit CNAE2009 codes included in the SBS, we have opted for the direct assignment according to the INE conversion table of the CABPS2010 code, pursuant to the criterion established in the more aggregated Eurostat correspondence table.

It is true that, in many cases, for a correct assignment of a CABPS2010 code to a specific CNAE2009 activity, it is necessary to know up to the fifth or sixth digit of the CPA2008 code. This is not possible as in the SBS only four digits are available. Eurostat recommendations have also been followed in these cases, especially in the case of the assignment of two CABPS2010 codes (1. Transformation services and 2. Repair services), based on CNAE2009 codes specific to the manufacturing industry (section C of the CNAE).

¹ This table appears in section 6.3.4 (pages 84-86) of the 'European business statistics compilers guide for European statistics on international supply of services by mode of supply', called MoS-CG, ed. 2023: <https://ec.europa.eu/eurostat/documents/3859598/18117329/KS-GQ-23-021-EN-N.pdf>

GENERAL FORMULA FOR ESTIMATING THE PURCHASE OF M3 SERVICES BY RESIDENTS:

In general, the acquisition of services by residents is estimated on the supply side as described below, on the basis of the services supplied in Spain by resident foreign affiliates:

– Unitary subsidiary companies (composed of a single ULE or NIF):

$$(Prestación\ de\ servicios\ en\ ES)_i^{a,s,c} = (Variable\ EEE)_i^a * \left(\frac{\% \text{ de "a" asignado a "s"}}{100} \right) * \frac{(\% \text{ CN en ES})_i}{100}; \quad (1)$$

$\forall i \in \{ \text{empresa filial extranjera unitaria de la muestra IFATS} \};$

$\forall a \in \{ \text{actividad económica principal o secundaria según CNAE2009} \};$

$\forall s \in \{ \text{servicio según CABPS2010 al nivel de desagregación exigido en MoS} \};$

$\forall c \in \{ \text{país de residencia de la UCI (matriz) que controla a la empresa filial i} \}$

With:

$(Prestación\ de\ servicios\ en\ ES)_i^{a,s,c}$ = Equivalent to the provision of service 's' supplied in Spain by the foreign unitary affiliate enterprise i controlled from country 'c' and with economic activity 'a' (whether main or secondary).

$(Variable\ EEE)_i^a$ = The variable SBS shall correspond to turnover or production value, depending on the CNAE2009 code of activity 'a' (main or secondary) of the unitary foreign affiliate enterprise i, calculated according to the expression:

$$(Variable\ EEE)_i^a = \begin{cases} CN_i^a = \frac{\% \text{ CN}_i^a}{100} * CN_i, \forall a \notin \{D3514, G - G4520, K\} \\ VP_i^a = \frac{\% \text{ CN}_i^a}{100} * VP_i, \forall a \in \{D3514, G - G4520, K\} \end{cases} \quad (2)$$

With:

CN_i^a = Turnover of the unitary foreign subsidiary enterprise i for its activity 'a' (main or ancillary), calculated from the total amount of turnover reported by the subsidiary (CN_i) in the questionnaire, and the % of turnover generated from activity 'a' reported in point D3 of the SBS questionnaire or in Modules ($\% \text{ CN}_i^a$).

VP_i^a = Estimated production value for the unitary foreign subsidiary enterprise i corresponding to its activity 'a' (main or secondary), calculated from the total estimated amount of the subsidiary's production value (VP_i), and the % of turnover generated from activity 'a' reported in point D3 of the SBS questionnaire or in Modules ($\% \text{ CN}_i^a$).

$(\% \text{ de "a" asignado a "s"})$ = Percentage assigned of service 's' for economic activity 'a' according to the CNAE2009-CABPS2010 conversion table.

NOTE: In some cases, this percentage is 0 because the economic activity 'a' is not related to the target business or service activities of the M3 (e.g. when 'a' is an industrial, agricultural, fishing, etc. activity, with no correspondence in CABPS). When according to the conversion table there is a relationship between activity 'a' and services or trade, most of the time the relationship between 'a' and 's' is univocal (1-to-1) according to this table. Therefore, this percentage is 100. In some cases, however, it may be less than 100 if the activity is distributed among several types of CABPS2010 services.

$(\% \text{ CN en ES})_i$ = Percentage of the total turnover amount generated in Spain by the foreign unitary affiliated enterprise i , as declared in point D2 of the SBS questionnaire (or imputation). It is assumed that this percentage, generated in Spain, corresponds to the total sales to residents.

Although the population of iFATS foreign affiliates is studied exhaustively and therefore they are mostly self-represented in the sample (they have a raising factor =1), sometimes, there are field incidences or frame errors that make it necessary to change the raising factor of some foreign affiliates in the sample in order to obtain a correct estimate of the population data. The SBS, in both its ULE and EMP micro-data file, includes an elevation factor for each sample unit. For this reason, **the estimator for the service supply in Spain (or ES) by the foreign unitary affiliate i is:**

$$\begin{aligned} & (\widehat{\text{Prestación de servicios en ES_elevado}})_i^{a,s,c} \\ & = (\text{Prestación de servicios en ES})_i^{a,s,c} * \text{Factor}_i; \end{aligned} \quad (3)$$

With:

Factor_i = Direct raising factor assigned to unitary foreign affiliate i according to the SBS, which is equal to the number of population-based enterprises represented by sample enterprise i in its stratum.

– **Multiple subsidiary companies (composed of more than one ULE or NIF):**

As mentioned above, for multiple foreign affiliates, there is information at the micro-data level for their **turnover** and **production value, both consolidated**, associated only with their main economic activity. The % of National Accounts (CN) in Spain (ES) is also available.

As the statistical unit of iFATS, and hence of M3, is the statistical enterprise 'EMP', sales of services to residents must be estimated from the above-mentioned consolidated variables at the EMP level. However, as these variables are associated only with the EMP's main activity, all the potential secondary trade/service activities that this EMP could be carrying out based on the main and secondary activities of the ULEs that comprise it would be lost for the M3.

In order to take advantage of the full range of possible activities of the EMP and to better capture all its potential services, it is necessary to estimate the sales of services to residents of all the ULEs that make up the EMP from each of the main and secondary activities of its ULEs. However, it should be noted that:

- Given that the statistical unit is the EMP and not the ELU, **the consolidated turnover or production value at EMP level must be used as the basis for estimating M3 domestic services sales.**

- The sum of the estimated turnover or production value for the different activities of each ULE that make up the EMP will not equal the consolidated figures of these variables for the EMP, as they are not additive.

In order to take into account not only the main activity of the EMP but also its secondary activities through the activities of its ULEs, it is necessary to bridge this gap between the sum of the figures of each ULE and the consolidated figures at the EMP level. For this purpose, a so-called '**consolidation factor or coefficient**' is included in the formula which corrects this inequality, respecting the consolidated totals at the level of the EMP which are distributed by each of the main and secondary activities of the EMP on the basis of the activities of its ULEs.

$$\begin{aligned} & (\widehat{\text{Prestación de servicios en ES_elevado}})_j^{a,s,c} \\ &= \sum_{i \in j} (\text{Prestación de servicios en ES})_i^{a,s,c} * (\text{factor de consolidación})_j \\ & * \text{Factor}_j ; \end{aligned} \quad (4)$$

With:

$$(\text{factor de consolidación})_j = \frac{(\text{Variable EEE consolidada})_j}{\sum_{i \in j} \sum_{a \in i} (\text{Variable EEE})_{i,j}^a} ; \quad (5)$$

$\forall j = EMP; \forall i = ULE ; \forall i \in j ;$

$\forall a \in i$ (actividad principal o secundaria/s declarada/s por la ULE i);

$\forall c \in \{\text{país de residencia de la matriz que controla a la empresa filial múltiple } j\}$

NOTE: The consolidation factor will be 1 if there are no intra-firm trade flows between the ULEs comprising the EMP.

With:

$(\text{Variable EEE consolidada})_j$ = The consolidated SBS variable shall correspond either to the consolidated turnover or the consolidated production value for EMP j, depending on the CNAE2009 code of the main activity of EMP j.

$\sum_{i \in j} \sum_{a \in i} (\text{Variable EEE})_{i,j}^a$ = This is the sum of all turnover (or production value) for all 'a' main and secondary activities reported by the ULEs i ($a \in i$) that make up EMP j ($i \in j$). For the purposes of homogeneity, the SBS variable for each of the ULEs i that is chosen to perform the sum by activity 'a' (whether turnover or output), will be that which corresponds to the consolidated SBS variable of EMP j, regardless of that which corresponds according to the 'a' main or secondary activities of each ULE i.

Factor_j = Indirect elevation factor assigned to multiple foreign affiliate j according to the SBS.

PROCESSING AND REPAIR SERVICES IN THE CONTEXT OF MANUFACTURING INDUSTRY:

Goods Processing Services Without Transfer of Ownership and Maintenance and Repair Services n.i.e. are two main service headings of the CABPS2010 that may appear to be linked to some activities included in the manufacturing industry sector (section C of CNAE2009).

In Eurostat's conversion table **EBOPS2010-NACE rev.2**, relationships are often established between activities in CNAE2009 that are outside the scope of the commerce or services sector (e.g. industrial, agro-fishing, energy or water, gas and electricity supply activities) and specific service products included in the CABPS2010. These services can be provided as a consequence of a main or secondary activity within the goods manufacturing sector.

In many of these cases, one-to-one relationships are established between CNAE2009 codes, in principle unrelated to trade and services, and CABPS2010 service product codes. However, in the case of some CNAE manufacturing industry codes (section C of CNAE2009 covered by SBS/iFATS), the potential allocation of some of these codes to CABPS2010 processing and repair services is much less straightforward. The problem lies in the fact that, at the highest levels of disaggregation, all the NACE/CPA-CABPS conversion tables provided by Eurostat on its website only show up to the fourth digit. A correct assignment of certain CPA codes associated with manufacturing industry to these two services would require knowing up to the fifth—and in some cases sixth—digit of the CPA. As already mentioned, the SBS/iFATS only collects the CNAE2009/CPA2008 codes up to the fourth digit, which is up to the level where CNAE and CPA match up.

In order to address this issue, Eurostat recommends identifying enterprises which sell processing and repair services (CABPS2010) within the manufacturing sector, based on an existing statistical source. The only source that links the CNAE2009 with the CABPS2010 is STEC¹ (Services Trade by Enterprise Characteristics) which characterises enterprises that trade internationally in services, distributing, where possible, services export/import data by type of CABPS2010 service and country, by main economic activity, employee size and by control of the enterprises involved in that trade.

STEC does in fact focus on sales/purchases to and from abroad—i.e. exports and imports of services—while the M3 aims to estimate domestic sales (to residents) of those two services by foreign affiliates within the manufacturing sector that reside in Spain. However, it is assumed that the proportions of exports of processing and repair services reported in STEC by CNAE2009 companies within the manufacturing sector, both residing in Spain and under foreign control (foreign affiliates subject to M3), are the same as those corresponding to domestic sales (in Spain) of these two services by those very affiliates.

¹ STEC :

https://www.ine.es/dyngs/INEbase/operacion.htm?c=Estadistica_C&cid=1254736177112&menu=ultiDatos&idp=1254735576778

In summary, the allocation of the transformation and repair services included in CABPS2010 for iFATS affiliates with activities included in section C (manufacturing industry) of CNAE2009 is carried out at two levels:

- If the CNAE/CPA code within the four-digit manufacturing industry has a one-to-one correspondence with the transformation or repair services included in the CABPS2010 according to the CNAE/CPA-CABPS conversion tables, direct assignment is carried out (100%).
- Sometimes this is not possible, because one must know more than four digits of the CPA code within the manufacturing industry in order to assign it directly (100%) to one of the two services, and instead we only have it at four digits. In such cases, the foreign affiliates of STEC residing in Spain with a main economic activity at four digits in the manufacturing industry CNAE must be used, which does not allow for a direct assignment to one of the two services. For these foreign STEC affiliates with these CNAE codes, an estimation is made regarding the proportion in which they report exports of these two services in STEC with respect to total reported services. Finally, based on this ratio for exports of the two services, the same ratio is established for domestic sales of both services.

CORRECTION FOR SALES OF SERVICES TO NON-RESIDENTS ALREADY INCLUDED IN M2:

The M3 target is the sales of services to Spanish residents by foreign affiliates also residing in Spain. The above sections assume that the sales made by these subsidiaries in Spain are always supplied to residents in Spain, when this is not always true.

This assumption is derived from the use of the general M3 estimation made in point D2 of the SBS questionnaire, and more specifically, the % of turnover generated in Spain. This turnover generated in Spain may also include sales of services in Spain to non-residents visiting Spain. That is to say, it may include exports of services, since they are sales of services between residents (the foreign subsidiaries resident in Spain supplying the services) and non-residents temporarily displaced to Spain (mainly tourists, excursionists, cross-border or seasonal workers, and business, health or training travellers, among others). These service exports have to be estimated, and eliminated by definition from the M3 figures.

It should be noted that the receipts of the **Travel** item in the payments balance already include the value of all goods and services associated with tourism sold by Spanish residents to non-residents. These services also include those associated with the tourism sector supplied to non-residents by foreign affiliates which are residing in our country's economic territory, which are those services that are the subject of the M3.

In the MoS methodology, exports (income) associated with **Travel** are included in M2 (consumption of services in Spain). Failure to correct the M3 figures for these export transactions between residents (foreign affiliates) and non-residents would result in a double tally, as these sales of tourism services (exports) are already included in M2.

Eurostat notes the need for this amendment of the M3 figures for their correct estimation. In particular, in its MoS-CG Manual, it states that it is appropriate to focus on foreign affiliates residing in each country and operating in Hotels and restaurants (section I of CNAE2009), which includes accommodation services and food and drink services (catering); in Arts, Entertainment and Recreation (section R), in Educational Services (section P) and in Health and Social Work Activities (section Q).

These CNAE2009 activities are the ones that could be most closely linked to the potential tourism services received by non-residents. Eurostat emphasises that each country should focus primarily on the above CNAE activities with the greatest weight in its tourism industry. In case no reliable estimation method can be found, it recommends using a general percentage of 50% turnover for section I (Hotels and restaurants), which Eurostat itself has estimated for the EU as that generated on average by the hotel and catering sector as a result of sales to non-residents.

The first problem underlying the correct estimation of this value is that for all tourism goods and services provided to non-residents and estimated under the **Travel** (receipts) heading, the main (and secondary) economic activity of the providers is not known, nor is it known how much of these are controlled from abroad, i.e. they are foreign affiliates residing in Spain. The reason is that **Travel** is estimated on the basis of demand and not supply sources, which means that the characteristics of the providers, such as their activity, their size or from which country they are controlled, are unknown. If we turn to **STEC**, which characterises these service exporting firms precisely by these three variables, as a possible alternative, no solution is found either because **Travel** is one of the headings to which no characteristics can be attributed in STEC for the reason already given that it is estimated on the basis of information collected directly from the recipients of the services themselves (tourists, etc.), and not from the service-providing firms.

The solution is to be found in the information provided by the **Tourism Satellite Account (TSA¹)**, drawn up by the INE. Table 4 of the TSA provides information on tourism expenditure by product, period and expenditure by residence of the traveller.

In the case of products, it includes the correspondences between products characteristic and uncharacteristic of tourism, along with the activities/branches of the CNAE2009. The characteristic tourism products are classified by CPA2008.

In relation to the type of tourist expenditure by residence of the traveller, it distinguishes between:

- Inbound tourist spending: It is the one done by those not residing in Spain.
- Domestic tourist spending: That of those residing in Spain.
- Domestic tourist spending: The sum of the two above.

This allows the ratio to be calculated: **(Inbound tourism spending/Domestic tourism spending)** which reflects the weight of tourism expenditure by non-residents with respect to total tourism spending (residents + non-residents) in Spain, by branches of activity and characteristic tourism products.

It is not possible to calculate this ratio limited only to the foreign affiliates covered by M3, since the TSA figures, being included in the National Accounts framework, refer to the total number of companies residing in Spain, with no distinction between them by type of control (domestic/foreign). For this reason, the above ratio is assumed to be the same for both domestic and foreign-controlled resident enterprises (M3 target).

¹ TSA in INEbase:

https://www.ine.es/dyngs/INEbase/operacion.htm?c=Estadistica_C&cid=1254736169169&menu=ultiDatos&idp=1254735576863

This ratio—conveniently applied to the tourism spending (sales of goods and services) of foreign affiliates in Spain operating in the aforementioned tourism branches of the CNAE2009—provides the precise estimate of the part of this expenditure made by non-residents that is already included in M2. Said part must therefore be excluded from the M3 figures.

Before applying these ratios to the turnover figures of the iFATS subsidiaries in the CNAE branches involved in tourism, the activities and products characteristic and uncharacteristic of tourism presented in the TSA are filtered in order to reconcile them with the balance of payments methodology, as there are considerable methodological differences between the TSA and the payments balance. The TSA follows the recommendations contained in the 'International Recommendations for Tourism Statistics' (IRTS2008), while the payments balance uses the 6th Edition of the 'Balance of Payments and International Investment Position Manual' (6MBP, as per its Spanish initials).

For example, within the characteristic products of tourism according to the TSA, all tourism expenditure associated with **international transport** of non-residents is not included under the **Travel** heading of the Payments Balance, but under 'Other Services', despite it having a significant weight in the total bill of the non-resident tourist.

In addition, **travel agency and other reservation services**—which include commissions paid to travel agencies and other tourism intermediaries—are already included in the final price of accommodation or transport or package tours paid by non-resident tourists to these intermediaries. These prices are already reflected in the expenditure values declared in the Tourism spending surveys that serve as the basis for the estimation of the **Travel** section. In an effort to avoid double tallies, these commissions should not be part of the tourism expenditure as they simply represent the intermediaries' margin, as agreed between the tourist and the end-provider of tourism services. These commissions earned by resident intermediaries in their brokerage relations with non-residents (non-resident tourists or tour operators) are to be included under 'Other services' in the payments balance.

Finally, **products that are not characteristic of tourism (tourist services provided by public authorities)** according to TSA, should not be taken into account either, just like with the above-mentioned cases of international transport services and travel agency and other reservation services, since they correspond to division O84 of CNAE2009, which is not within the sectoral scope of SBS/iFATS.

Once these three concepts (international transport, agencies and uncharacteristic products) have been eliminated from the TSA, the remaining list of TSA characteristic products (and their associated CNAE branches) which are services and which are reconciled with the payments balance methodology are:

PRODUCTS CHARACTERISTIC OF TOURISM (TSA)	CNAE 2009/CPA 2008
1A: Hotels and similar establishments	I55
1B: Real estate rental services	L68 (L6810+L6820+L6831+L6832)
2: Food and beverage provision services	I56
7: Transport equipment rental services	N771 (N7711+N7712)
9: Cultural services	R90+R91+R92
10: Sports and recreational services	R93
TOTAL	

According to the CNAE2009-CABPS2010 conversion table, these CNAE2009/CPA2008 codes correspond with two CABPS2010 codes of those considered in MoS:

- **Other personal, cultural and recreational services**(1A: Hotels and similar establishments, 2: Food and beverage provision services, 9: Cultural services and 10: Sports and recreational services)
- **Operating leasing services** (1B: Real estate rental services, 7: Transport equipment rental services).

Taking into account that these two CABPS2010 services are the only ones that would include potential supplies of services in Spain to non-residents by foreign affiliates residing in Spain, the general formula (4) above can be reformulated as detailed below so as to consider ONLY supplies of services to Spanish residents:

$$\begin{aligned}
 & (\widehat{\text{Prestación de servicios a residentes en ES_elevado}})^{s,c} \\
 = & \begin{cases} 1) (\widehat{\text{Prestación de servicios en ES_elevado}})^{s,c} * \\ * \left(1 - \frac{GTR_{CST}^s}{GTI_{CST}^s}\right) * \frac{(\widehat{\text{Prestación de servicios en ES_elevado}})^{s,c}}{(\widehat{\text{Prestación de servicios en ES_elevado}})^s}, \\ \forall s \in \left\{ \begin{array}{l} \text{Otros servicios personales, culturales y recreativos;} \\ \text{servicios de arrendamiento operativo} \end{array} \right\}; \\ 2) (\widehat{\text{Prestación de servicios en ES_elevado}})^{s,c}, \text{ en caso contrario} \end{cases} \quad (6)
 \end{aligned}$$

Where:

$(\widehat{\text{Prestación de servicios a residentes en ES_elevado}})^{s,c}$ = Equivalent to the provision of service 's' supplied ONLY to residing in Spain by foreign affiliates residing in Spain and controlled from country 'c'.

$(\widehat{\text{Prestación de servicios en ES_elevado}})^{s,c}$ = Equivalent to the provision of service 's' supplied in Spain (which could also include that supplied to non-residents) by foreign affiliates residing in Spain as well and which are controlled from country 'c'. This is the same formula (4) above for all j EMPs with domain variables 's' and 'c'.

$\left(\frac{GTR_{CST}^s}{GTI_{CST}^s}\right)$ = Ratio of inbound tourism spending (GTR) (non-residents) over domestic tourism spending GTI (residents + non-residents) for service 's' according to TSA (Tourism Satellite Account) information.

$$\frac{(\widehat{\text{Prestación de servicios en ES_elevado}})^{s,c}}{(\widehat{\text{Prestación de servicios en ES_elevado}})^s} = \text{Weight of the 's' services supplied in Spain by foreign affiliates residing in Spain under the control of the managing 'c' country, with respect to the total 's' services of all foreign affiliates residing in Spain. This is a ratio that geographically distributes the overall ratio provided by the TSA: } \left(1 - \frac{GTR_{CST}^s}{GTI_{CST}^s}\right).$$

4.1.2 iFATS sectors not covered by the INE: Construction, Insurance, and Pension and Financial Services¹

As discussed in section 2.3, the iFATS sectors not covered by the INE are:

- **Construction sector:** Covered by the Spanish Ministry of Transport and Sustainable Mobility (MITMS). It refers to section F (Construction of the CNAE-2009).
- **Financial sector:** Largely covered by the Bank of Spain (Banco de España or BdE). Refers to the following activities in section K64 (Financial services, except insurance and pension funding of CNAE-2009):
 - K641 (Money brokerage): K6411 (central bank) and K6419 (other monetary intermediation).
 - K649 (Other financial service activities, except insurance and pension funding): K6491 (Financial leasing), K6492 (Other lending activities) and K6499 (Other financial services, except insurance and pension funding n.e.c.).
- **Insurance and pension fund companies:** Covered by the Directorate General of Insurance and Pension Funds (DGSFP) of the Ministry of Economy, Trade and Enterprise (MINECO). Refers to the following activities in section K65 (Insurance, reinsurance and pension funding, except compulsory social security) and K66 (Activities auxiliary to financial services and insurance) of CNAE-2009:
 - **Mediators:** K6622 (Activities of insurance agents and brokers).
 - **Pensions:** K6530 (Pension funds) and K6630 (Fund management activities).
 - **Insurance:**
 - K651 (Insurance): K6511 (Life insurance) and K6512 (Non-life insurance).
 - K6520 (Reinsurance).

In contrast to the iFATS sectors covered by INE—where complete micro-data are available at ULE and MSE level—in the case of construction, insurance, pension funds and the financial sector, the INE receives only the aggregated data at the EMP level following the standard formats established for the transmission of iFATS data to Eurostat from the responsible institutions mentioned above.

¹ There are certain classes of section K (insurance and financial activities) of the CNAE-2009 that are collected directly by the INE: See footnote 2 in section 4.1.1.

The iFATS information reported on these activities of the most interest for M3 purposes is:

- **The section of CNAE-2009 corresponding to the main activities of either F (MITMS) or K (BdE, DGSFP_Mediators, DGSFP_Pensions and DGSFP_Insurance) foreign affiliates.** No information is available on secondary or ancillary activities of foreign affiliates in these sectors of activity. With respect to the main activity, disaggregated information on the specific activities at class level (4 digits) is not available, although it is known which CNAE class within K corresponds to report each institution (see above). This makes it possible to establish, by means of the CNAE2009-CABPS2010 correspondence table, the following relationships between the main activities reported and their type of service:
 - **F: Construction services**
 - **K64: Financial services**
 - **K65: Insurance and pension services**
 - **K6622: Insurance and pension services**
- **Consolidated information is available at an aggregate level on net turnover and the production value or output by activity and country of residence of the parent company,** through the files sent to INE by each institution for activities F (MITMS file) and K (BdE file, Mediators file, Pensions file and Insurance file). Among many other variables, the **number of companies (foreign affiliates) that are active** within each activity is also available.
- **The country of the UCI (or parent company) that ultimately controls the foreign subsidiary in Spain is available.**

It is assumed that:

- All iFATS data reported by MITMS, DGSFP and BdE refer only to services (construction services, insurance and pension or financial services), as they only cover activities included in sections F (Construction) and K (Insurance and financial activities) of the CNAE-2009.
- As a result, foreign subsidiaries residing in Spain in these sectors do not sell goods locally to Spanish residents, nor do they export them.
- These foreign affiliates may export construction services, insurance services and pension or financial funds from Spain. However, the files received only provide the net turnover and the value of the total production or output without a geographical breakdown of where it is generated. For the purposes of M3, it is therefore necessary to estimate the exports of these services in order to subtract them from the turnover or total production value reported in the iFATS files.

ESTIMATION OF EXPORTS OF CONSTRUCTION AND INSURANCE, PENSION AND FINANCIAL SERVICES USING STEC:

STEC provides information on companies exporting services by country and type of service, disaggregated by activity, size and control.

Starting with the aggregated iFATS data on net turnover (from section F) and output value (from section K) by country of the parent company, the STEC is used to subtract the output generated by the export of the services specific to those activities. These

services, as mentioned above, are: construction services, insurance and pension fund services and financial services.

In order to estimate only the sale of local construction services, insurance and pension fund services and financial services by foreign affiliates whose main activities are those included in sections F or K of CNAE covered by MITMS, BdE and DGSFP, the procedure is as follows:

– **Section K:**

- All STEC companies whose country of control and main activity coincide with the countries of control and with the 4-digit activities of the K covered by the iFATS files of the BdE, Intermediaries, Insurance and Pensions of the DGSFP are identified.
- For each STEC combination of country of control and type of service exported, an average of the STEC exports of these services is estimated—whether it be for insurance and pension fund services or financial services (all corresponding to affiliates with CNAE K).
- For each combination of activity K and control country in the different iFATS files, an export value is estimated by multiplying the estimated average value of STEC exports for that combination by the number of enterprises (foreign affiliates) active in that combination, according to each iFATS file.
- Finally, this estimated value of service exports for each combination of service type and controlling country is subtracted from the production value or output for that combination in the iFATS files of BdE and DGSFP. In case this subtraction is negative—which would imply that the output value in iFATS is less than the exported services estimate for a given combination—the value of those services sold locally by foreign affiliates is assumed to be zero.

– **Section F:**

- All STEC companies whose controlling country and main activity match controlling country and activity type F—Construction, covered by the MITMS file—are identified.
- For each STEC combination of controlling country and construction service exported (either construction service abroad or in Spain), both corresponding to affiliates with CNAE F, an average of the STEC exports of these construction services is estimated.
- For each combination of activity F and control country from the MITMS iFATS file, a value of construction services exports is estimated by multiplying the estimated average value of STEC exports for that combination by the number of enterprises (foreign affiliates) active in that combination according to the MITMS iFATS file.
- Finally, this estimated value of construction service exports for each combination of construction service and controlling country is subtracted from the value of net turnover for the same combination in the MITMS iFATS file.
- To the result of that subtraction, an average ratio from STEC is applied to discount the value of goods (building materials) included in the value of construction services, in order to estimate pure construction services, as required

by the MoS methodology. In case these services are negative, the value of these pure construction services sold locally by the foreign affiliates is assumed to be zero.

GENERAL FORMULA FOR THE ESTIMATION OF RESIDENTS' PURCHASES OF FINANCIAL SERVICES, INSURANCE AND PENSIONS AND CONSTRUCTION:

As discussed in the previous section:

– Section K (financial, insurance and pension services):

$$(Prestación de servicios en ES)_f^{a,s,c} = \begin{cases} VP_f^{a,s,c} - \hat{X}_{STEC,f}^{a,s,c}, & \text{si } VP_f^{a,s,c} > \hat{X}_{STEC,f}^{a,s,c}; \\ 0, & \text{en caso contrario;} \end{cases}$$

$\forall f \in \{iFATS \text{ files: BdE, Intermediaries, Pensions and Insurance (DGSFP)}\};$

$\forall a = K$ (insurance and pension fund activities (covered by the activities of the DGSFP: K6622 (Intermediaries), K6530 and K6630 (Pensions), K6511, K6512 and K6520 (Insurance)); and financial activities (covered by the activities in the BdE file: K6411, K6419 and K649));

$\forall s \in \{\text{insurance and pension services; financial services}\};$

$\forall c \in \{\text{country of residence of the UCI (parent company) that ultimately controls the foreign affiliates}\}$

With:

$$\hat{X}_{STEC,f}^{a,s,c} = \hat{X}_{STEC}^{a,s,c} * ENT_f^{a,s,c};$$

Where:

$(Prestación de servicios en ES)_f^{a,s,c}$ = Equivalent to the provision of service 's' (financial or insurance and pension services according to 'f') supplied in Spain by the foreign affiliates included in file 'f' controlled from country 'c' and with principal economic activity 'a'.

$VP_f^{a,s,c}$ = Value of the production or output of the foreign affiliates included in file 'f' controlled from country 'c' and with main economic activity 'a' (with a=K) and which, depending on 'f', will be assigned a service 's' (financial service or insurance and pension service).

$\hat{X}_{STEC,f}^{a,s,c}$ = STEC estimate of exports of services corresponding to the active foreign affiliates of file 'f' controlled from country 'c' with main activity 'a' and service 's' corresponding to this activity 'a'.

$\hat{X}_{STEC}^{a,s,c}$ = Estimate from STEC of the AVERAGE exports of services corresponding to the foreign affiliates controlled from country 'c' with main activity 'a' and the service 's' corresponding to this activity 'a'.

$ENT_f^{a,s,c}$ = Number of active enterprises (foreign affiliates) included in file 'f', controlled from country 'c' and with main economic activity 'a' (a=K) and service 's' corresponding to this 'a' activity (financial or insurance and pension services according to 'f').

– **Section F (Construction services):**

The main difference from the formulation for Section K is that the CABPS-2010 construction services include both the provision of construction services themselves as well as the construction materials (and other goods) associated with the provision of those services.

As mentioned in point 3, MoS requires the values of goods to be excluded from the value of certain CABPS-2010 services: Maintenance and Repair (optional), Travel, **Construction** and Government.

For this reason, the following formulation takes into account only the actual construction services provided in Spain by foreign construction subsidiaries resident in Spain, reported in the MITMS file. In order to estimate these services only, a ratio of the value of goods out of the total value of construction services provided by these affiliates in the ES is subtracted, assuming that this ratio is the same in average terms as the ratio of construction services (services+goods) exported by these affiliates, as reported in the Trade in Services Survey (IECIS) or in the STEC.

$$\begin{aligned}
 & (\text{Prestación de servicios en ES})_{MITMS}^{F,const,c} = \\
 & = \begin{cases} (CN_{MITMS}^{F,const,c} - \hat{X}_{STEC,MITMS}^{F,const,c}) * (1 - \frac{\widehat{Xb}_{STEC}^{F,const,c}}{\widehat{X}_{STEC}^{F,const,c}}), \\ \text{si } (CN_{MITMS}^{F,const,c} - \hat{X}_{STEC,MITMS}^{F,const,c}) * (1 - \frac{\widehat{Xb}_{STEC}^{F,const,c}}{\widehat{X}_{STEC}^{F,const,c}}) > 0; \\ 0, & \text{en caso contrario;} \end{cases}
 \end{aligned}$$

MITMS=iFATS file submitted by MITMS;

F= Section F (Construction) of the CNAE-2009;

const=Construction services;

∀ c ∈ {country of residence of the UCI (parent company) that ultimately controls the foreign construction subsidiaries residing in Spain}

With:

$$\hat{X}_{STEC,MITMS}^{F,const,c} = \frac{\widehat{X}_{STEC}^{F,const,c}}{\widehat{X}_{STEC}^{F,const,c}} * ENT_{MITMS}^{F,const,c};$$

Where:

*(Prestación de servicios en ES)*_{MITMS}^{F,const,c} = Equivalent to construction services 'const' provided in Spain by foreign-controlled subsidiaries included in the MITMS file controlled from country 'c' and with main economic activity 'F' (construction).

*CN*_{MITMS}^{F,const,c} = Value of the net turnover of the foreign affiliates included in the MITMS file controlled from country "c" and with main economic activity "F" (construction), and therefore suppliers of construction services "const".

$\hat{X}_{STEC,MITMS}^{F,const,c}$ = Estimate from STEC of exports of construction services "const" (including services + associated goods) for active foreign affiliates in the MITMS file controlled from country "c" and with main activity "F" (construction).

$\widehat{X}_{STEC}^{F,const,c}$ = Estimated AVERAGE exports of construction services "const" (comprising services + associated goods) for foreign affiliates controlled from country "c" and with main activity "F" (construction) included in the ECIS/STEC scope.

$\widehat{X}b_{STEC}^{F,const,c}$ = Estimated AVERAGE exports of goods included in construction services "const" for foreign affiliates controlled from country "c" and with main activity "F" (construction) included in the scope of ECIS/STEC.

$ENT_{MITMS}^{F,const,c}$ = Number of active enterprises (foreign affiliates) included in the MITMS file, controlled from country "c" and with main economic activity "F" (construction), and thus supplying service "s" (construction service).

4.2 ESTIMATE OF M3 SERVICE SUPPLY VIA OFATS

4.2.1 Outward Foreign Affiliates Statistics (OFATS) sectors covered by the INE: Industry, construction, trade and services, including insurance and pension funds, and some financial services not covered by the BoE

AVAILABLE SOURCES AND FILES:

The OFATS data available for the sectors covered by INE have the following characteristics:

- The sections of the CNAE-2009 covered are: **BCDE F G HIJK (excluding financial activities covered by the BdE) LMN PQRS.**
- No data are collected on secondary or ancillary activities of foreign subsidiaries controlled from Spain.
- The variables required in OFATS by the European regulation are collected: **Net turnover (CN), No. of employees (EMP), No. of active companies (foreign subsidiaries controlled from Spain) (ENT), Gross investment in tangible fixed assets (INV) and Employee benefits expense (PRE).**
- OFATS sources are:
 - **Form D-8 (Annual report on the development of Spanish investment abroad):** Administrative form for Spanish residents investing abroad, where they are required to declare their investments in foreign companies, branches or significant shareholdings (generally >10% ownership) and a with net worth >€1.5M, submitting key information such as balance sheets and profit and loss accounts. They must be submitted to the Directorate General for International Trade and Investment of the Ministry of Economy, Trade and Enterprise (MINECO) within 9 months of the end of the accounting period. It is mainly used to compile the statistics on Spanish Foreign Direct Investment Abroad (FDI-outward) and as the main source of OFATS from the stock of Spanish foreign investment abroad (Foreign Investment Register or RIE).

- **EuroGroups Register (EGR):** This is a statistical register of European multinational groups compiled by Eurostat on the basis of contributions from all EU Member States, and based on the statistical registers of national companies (the DIRCE, in the case of Spain). It is mainly used in OFATS to estimate the data of investors below the D-8 reporting exemption thresholds.
 - **Other complementary sources:** Reports of listed companies and renowned Spanish brands, country-by-country declarations of multinationals with Spanish parent companies (AEAT), press releases on groups, etc.
- The files available on OFATS for M3 purposes are aggregated data (as in the case of iFATS data not covered by INE) by variable, main economic activity and country of location of the foreign affiliate controlled from Spain. Two aggregated data files related to OFATS data are available as input:
- **REQUEST_1 (OFATS data):**
 - Final OFATS data file of the sectors under the responsibility of the INE at the highest level of breakdown, by country of residence of the Spanish affiliate and main CNAE, at four digits.
 - Aggregating countries and CNAE according to the Eurostat regulation would give exactly the results included in the final OFATS file sent to Eurostat for the sectors under the responsibility of the INE. It therefore includes the information from the RIE (D-8) that complies with the OFATS methodology¹, raised and adjusted as appropriate by the rest of the sources mentioned above.
 - It only contains the variables Net Turnover (CN), No. of employees (NPE) and No. of foreign affiliates under Spanish control (ENT), **but gives no clue as to how much of the CN has been generated by sales of local services in the country of residence of the ES-controlled affiliate (M3 target).**
 - **REQUEST_2 (RIE raw data complying with the OFATS methodology, from which the final OFATS data are estimated):**
 - File with aggregated data similar to PETITION_1 that refers exclusively to the **gross data of the subsidiaries collected in RIE (Foreign Investment Register of the MINECO) without adjustment or elevation, and that comply with the OFATS methodology**, by CNAE and the subsidiary's country of residence.
 - RIE collects information on **the part of the CN generated by the sale of services by the subsidiaries in the country of residence (target of M3)**, together with the rest of the OFATS variables (CN, EMP, ENT, INV and PRE), among many others. These additional variables were included in D-8 in compliance with an INE-MINECO collaboration agreement on RIE, for the

¹ The RIE data that would fall within the scope of OFATS would be only those corresponding to foreign subsidiaries controlled by UCIs (parent companies) residing in Spain. In other words, it would be RIE data provided in the D-8 by ultimate direct investors residing in Spain that exercise majority control over foreign direct investment enterprises abroad, either by direct control (>50% ownership), or by indirect or minority control, or other methods of exercising control such as the taxation of the subsidiary's board of directors/management members.

purpose of M3. These M3 variables of interest, together with CN, EMP and ENT, are also included in REQUEST_2, and are:

- **VENTSERV** = Turnover (CN) share corresponding to sales of products and services to companies and individuals residing in the country where the subsidiary is located.
- **SERV**= Turnover (NC) share corresponding EXCLUSIVELY to the provision of services to companies and individuals residing in the country where the subsidiary is located.

These two variables are not required at OFATS level and are therefore not in REQUEST_1. However, **SERV** is fundamental to the M3.

- The aggregates by country and CNAE of REQUEST_1 and REQUEST_2 may differ somewhat, with the final OFATS results being those of REQUEST_1. The reason is that the information in REQUEST_1 (final OFATS data) is estimated on the basis of the data in REQUEST_2 (RIE raw data complying with OFATS methodology), by upscaling and adjusting them via other complementary sources, in order to estimate possible under-coverage of the RIE due to its exemption reporting thresholds or other reasons.

ESTIMATION OF THE OUTPUT OR PRODUCTION VALUE IN OFATS:

By regulation, OFATS does not require the estimation of the **Production Value (VP)** as iFATS does. However, M3 requires that, for certain sectors of activity (**D3514, G, excluding G4520 and K**), the VP is used instead of the CN.

Eurostat recommends that the PV in OFATS be estimated from the OFATS CN using the iFATS PV/CN ratio. This assumption implies that the weight of VP over CN is the same for foreign subsidiaries under Spanish control residing in a certain country as it is for foreign subsidiaries in Spain and under Spanish control for the aforementioned sectors. This is a strong assumption that does not actually need to be made, but is recommended in the absence of VP information for OFATS.

The formulation would be:

1. The combination of activity and country exists in both iFATS and OFATS:

$$VP_{OFATS}^{a_0, c_0} = CN_{OFATS}^{a_0, c_0} * \frac{VP_{iFATS}^{a_1, c_1}}{CN_{iFATS}^{a_1, c_1}}, \quad si \ a_0 = a_1 \ y \ c_0 = c_1; \quad (1)$$

2. Only the country is shared by both iFATS and OFATS:

$$VP_{OFATS}^{a_0, c_0} = CN_{OFATS}^{a_0, c_0} * \frac{VP_{iFATS}^{c_1}}{CN_{iFATS}^{c_1}}, \quad si \ a_0 \neq a_1 \ y \ c_0 = c_1; \quad (2)$$

3. Only the activity is shared by both iFATS and OFATS:

$$VP_{OFATS}^{a_0, c_0} = CN_{OFATS}^{a_0, c_0} * \frac{VP_{iFATS}^{a_1}}{CN_{iFATS}^{a_1}}, \quad si \ a_0 = a_1 \ y \ c_0 \neq c_1; \quad (3)$$

4. Neither the activity nor the country of OFATS is shared by iFATS (the general iFATS ratio is used):

$$VP_{OFATS}^{a_0, c_0} = CN_{OFATS}^{a_0, c_0} * \frac{VP_{IFATS}}{CN_{IFATS}}, \quad \text{si } a_0 \neq a_I \text{ y } c_0 \neq c_I; \quad (4)$$

$\forall a_0 = \text{actividad económica principal OFATS};$

$\forall a_I = \text{actividad económica principal IFATS};$

$\forall c_0 = \text{país de residencia de la filial española OFATS};$

$\forall c_I$

$= \text{país de resid. de la matriz de la filial extranjera residente en ES según IFATS};$

With: *VP* (Production Value in iFATS or OFATS) and *CN* (Net turnover in iFATS or OFATS).

Finally, in case $CN_{OFATS}^{a_0, c_0} > 0$ and the iFATS *VP/CN* ratio in any of the cases 1), 2), 3) and 4) is $\{<=0, 0/0, \infty\}$, then $VP_{OFATS}^{a_0, c_0} = CN_{OFATS}^{a_0, c_0}$.

PROCEDURE FOR ESTIMATING THE M3:

The starting point is the aggregated data from REQUEST_1, which contains the final OFATS data sent to Eurostat by the affiliates' country of residence and the activity sectors covered by the INE. As discussed above, the REQUEST_1 data are virtually the REQUEST_2 data (subset of RIE raw data that comply with the OFATS methodology) once they have been raised and adjusted.

However, REQUEST_2 includes the SERV variable (services provided to residents in the affiliate's country), which is essential for M3, and which is not included in REQUEST_1. In order to estimate the share of the SNB has been generated from the sale of services to residents in the country of the affiliate in a given combination of country and activity of REQUEST_1, the variable SERV of REQUEST_2 must be used for that same combination. The following is done:

– For shared (country, activity) combinations in REQUEST_1 and REQUEST_2:

*(Prestaciones de servicios a residentes en "c")*_{PETICION_1}^{a,s,c}

$$= \begin{cases} CN_{PETICION_1}^{a,s,c} * \left(\frac{SERV_{PETICION_2}^{a,s,c}}{CN_{PETICION_2}^{a,s,c}} \right) * \left(\frac{\% \text{ de "a" asignado a "s"}}{100} \right), \\ \quad \forall a \notin \{D3514, G - G4520, K\}; \\ VP_{PETICION_1}^{a,s,c} * \left(\frac{SERV_{PETICION_2}^{a,s,c}}{CN_{PETICION_2}^{a,s,c}} \right) * \left(\frac{\% \text{ de "a" asignado a "s"}}{100} \right), \\ \quad \forall a \in \{D3514, G - G4520, K\} \\ \text{y } \forall VP_{PETICION_1}^{a,s,c} \text{ calculada como en (1), (2), (3) ó (4);} \end{cases}$$

$\forall a \in \{\text{actividad económica principal de las filiales OFATS según CNAE2009}\};$

$\forall s \in \{\text{servicio CABPS2010 exigido en MoS correspondiente a la actividad } c\};$

$\forall c \in \{\text{país de residencia de las empresas filiales españolas}\}$

With:

CN , VP and $SERV$, defined as Turnover, Production Value and Provision of services to companies and individuals residing in the same country where the subsidiary is located for the combinations (country, activity and service associated with the activity).

(% de "a" asignado a "s") = Percentage assigned of service 's' for economic activity 'a' according to the CNAE2009-CABPS2010 conversion table.

The ratio $\left(\frac{SERV_{PETICION_2}^{a,s,c}}{CN_{PETICION_2}^{a,s,c}}\right)$ calculated from the data in REQUEST_2, cannot always be calculated mathematically, and *ad hoc* solutions that also take into account the following are applied:

- Whether or not the value of $VENTSERV_{PETICION_2}^{a,s,c}$ (Sales of goods and provision of services to companies and individuals residing in the country where the subsidiary is located for combinations) is zero; and if not, whether it is equal to CN or $SERV$ or both.
 - If "c" corresponds to a service sector activity (with correspondence to "s").
- **For combinations (country, activity) NOT shared in REQUEST_1 and REQUEST_2:**

In this case, data will exist for a combination (country, activity) in REQUEST_1 and not in REQUEST_2 (the reverse is highly unlikely as the data in REQUEST_1 are estimated from the raw RIE data contained in REQUEST_2, adjusting and raising the latter for RIE under-coverage).

The provision of services to residents of the country where the Spanish subsidiary is located is considered to match the turnover or VP in REQUEST_1 exactly, provided that the Spanish-controlled subsidiary only sells services locally in that same country (it does not export services).

$$\begin{aligned} & (\text{Prestaciones de servicios a residentes en "c"})_{PETICION_1}^{a,s,c} \\ & = \begin{cases} CN_{PETICION_1}^{a,s,c} * \left(\frac{\% \text{ de "a" asignado a "s"}}{100}\right), & \forall a \notin \{D3514, G - G4520, K\}; \\ VP_{PETICION_1}^{a,s,c} * \left(\frac{\% \text{ de "a" asignado a "s"}}{100}\right), & \forall a \in \{D3514, G - G4520, K\} \\ & \text{y } \forall VP_{PETICION_1}^{a,s,c} \text{ calculada como en (1), (2), (3) ó (4);} \end{cases} \end{aligned}$$

$\forall a \in \{\text{actividad económica principal de las filiales OFATS según CNAE2009}\};$

$\forall s \in \{\text{servicio CABPS2010 exigido en MoS correspondiente a la actividad } c\};$

$\forall c \in \{\text{país de residencia de las empresas filiales españolas}\}$

4.2.2 OFATS sectors covered by the Bank of Spain (BdE)

Characteristics of the BdE file:

The BdE provides the INE with a file containing the final aggregated OFATS data (in the same format and with a similar structure to that of the iFATS) with the following characteristics:

- The only section of CNAE-2009 covered is K (financial and insurance activities). Therefore, in the main economic activity field of the BdE file, only section K appears, without specifying the K division, group or class.
- However, for OFATS purposes it is known that the BdE only provides information on Spanish subsidiaries abroad controlled by Spanish multinational groups:
 - Whose parent companies have the following main activities of K64 (financial services except insurance and pension funding): K6419 (other monetary intermediation), K6492 (other lending) and K6499 (other financial services, except insurance and pension funding n.e.c.).
 - And whose foreign subsidiaries under the control of said parent companies (OFATS and M3 target) may be in any class of K64 or K66 divisions (activities auxiliary to financial services and insurance), except K6430 (Collective investment in funds and similar financial institutions).
- All activities in Section K that do not fall under the above BdE scheme (both financial services and insurance and pensions) will be considered to be within the OFATS sectors covered by the INE.
- No data are collected on secondary or ancillary activities of foreign subsidiaries controlled from Spain.
- The variables required in OFATS by the European regulation are collected: **Net turnover (CN)**, **No. of employees (EMP)**, **No. of active companies (foreign subsidiaries controlled from Spain) (ENT)**, **Gross investment in tangible fixed assets (INV)** and **Employee benefits expense (PRE)**.

PROCEDURE FOR ESTIMATING THE M3:

It is considered that:

- The aggregate CN data (Turnover) from the OFATS file of the BdE for each combination (country, activity K) correspond exclusively to sales of services (it is assumed that there are no sales of goods as the CNAE is always K) in the foreign country of residence of the Spanish subsidiaries that are controlled from ES. Exports from that country are also assumed to be zero, since there is no information on exports.
- The services sold locally are all assumed to be financial services, since the Spanish subsidiaries and branches abroad are all known to be in divisions K64 and K66, although only K appears in the BdE file. And although it is known that K66 includes both activities auxiliary to financial services (K661 and K663) and insurance and

pension fund services (K662 and K663), and the BdE file does not specify the group stating precisely the type of service, these subsidiaries/branches will be considered to provide only financial services as the parent companies that control them are financial (K6419, K6492 and K6499).

- Finally, in the case of financial services, for a correct estimation of the provision of financial services by Spanish subsidiaries abroad to residents in the country where the subsidiary is located, it is necessary to estimate the PV or output for each combination of activity (K) and country from the CN, since in OFATS it is not compulsory to report the VP. For these purposes, the VP in OFATS should be estimated from the CN in OFATS multiplied by the VP/CN ratio in iFATS, following the formulae mentioned above, according to case (1), (2), (3) or (4):

$$(Prestaciones\ de\ servicios\ a\ residentes\ en\ "c")_{OFATS_BdE}^{K,fin,c} = VP_{OFATS_BdE}^{K,fin,c};$$

$$\forall VP_{OFATS_BdE}^{K,fin,c} \text{ calculada como en (1), (2), (3) ó (4);}$$

With:

OFATS_BdE = BdE aggregated OFATS data file;

K = financial activities (covered by the subsidiaries of the OFATS file of the BdE: K64 and K66);

fin = financial services;

$\forall c \in \{\text{country of residence of the subsidiary/branch controlled from ES}\};$

V Breakdowns, periodicity and timetable of MoS submissions to Eurostat

1 MoS BREAKDOWNS REQUIRED BY THE EUROPEAN REGULATION

The tables required in Commission Implementing Regulation (EU) 2020/1197 of 30 July 2020 in the MoS part require the following breakdowns based on combinations of the survey and classification variables included in sections 3.4.1 and 3.4.2, respectively¹:

- 1. International provision of services by mode of provision and geographical breakdown:** Total international service provision for total modes M1+M2+M3+M4 (1) x Modes of supply (4) x Level 5 Geo (87).
- 2. International provision of services by mode of provision, type of product and geographical breakdown:** Total international service provision (1) + [CABPS 2010 Core Components (12) + CABPS 2010 Supplementary Groups (3)] x Modes of supply (4) x Level 5 Geo (87).
- 3. International provision of services by mode of provision, detailed type of product breakdown and geographical breakdown:** Total international service provision (1) + [2010 CABPS 2010 Main Components (12) + 2010 CABPS 2010 Supplementary Groups (3) + 2010 CABPS 2010 Detailed Components (22)] x Modes of supply (4) x Level 5 Geo (87).

Total international provision of services corresponds to the study variables already defined in section 3.4.1, which, according to the direction of trade flow, are **Total imports and procurements of services**, and **Total exports and provisions of services**.

In short, the regulation requires the provision of a staggered timetable (see table in para. 5.2) information on the study variables from the combination of different breakdowns by type of services from the CABPS 2010 with the two always fixed classification variables: geographical dimension (Geo 5) and the four GATS modes of supply (MoS).

2 PERIODICITY AND TIMELINE FOR SENDING MoS DATA TO EUROSTAT ACCORDING TO THE EUROPEAN REGULATION

The periodicity of MoS is annual, starting with the reference year 2023. The consignments required by regulation are: For M1, M2 and M4 in T+10M, and for M3 and Total (M1+M2+M3+M4) in T+22M², where T is the reference year.

In the case of sending in T+22M, together with the data of M3 and Total modes whose sending is compulsory, the possibility is left to resend the data of M1, M2 and M4 already sent in T+10M, if there has been any update of these between T+10 and T+22. This possibility is entirely *optional*, but it is the one followed by Spain.

¹ In brackets are the number of dimensions stated in the regulation (including optional items) for each study variable and classification.

² The reason for the time discrepancy between the sending of M1, M2 and M4 in T+10M, and that of M3 and Total modes in T+22M, is the fact that for M3 the FATS statistics need to be available, and these are only available from T+20M (according to the timetable established in the European regulation for sending FATS). This gives MoS producers two months to estimate M3 from FATS.

The following table summarises the MoS tables with all their breakdowns and the timetable for transmission to Eurostat, according to the dates indicated in the regulation for each mode.

Table of MoS sent to Eurostat, according to regulation

Breakdown	Variable	Geo breakdown	Product breakdown	MoS breakdown	First reference year	Data transmission deadline	First data transmission	INEbase publication date
1. International supply of services by mode of supply and geographical breakdown	Exports and provisions Imports and acquisitions	Geo 5 level (87)	1. Total (1)	M1 M2 M4	2023	T+10M	oct-24	nov/dec-24
				M1 (OPTIONAL) M2 (OPTIONAL) M3 M4 (OPTIONAL) Total: M1+M2+M3+M4		T+22M	oct-25	nov/dec-25
2. International supply of services by mode of supply, type of product and geographical breakdown			1. Total (1) 2. EBOPS 2010 main components (12) 3. EBOPS 2010 complementary grouping (3)	M1 M2 M4	2025	T+10M	oct-26	nov/dec-26
				M1 (OPTIONAL) M2 (OPTIONAL) M3 M4 (OPTIONAL) Total: M1+M2+M3+M4		T+22M	oct-27	nov/dec-27
3. International supply of services by mode of supply, detailed type of product breakdown and geographical breakdown			1. Total (1) 2. EBOPS 2010 main components (12) 3. EBOPS 2010 complementary grouping (3) 4. EBOPS 2010 detailed components (22)	M1 M2 M4	2027	T+10M	oct-28	nov/dec-28
				M1 (OPTIONAL) M2 (OPTIONAL) M3 M4 (OPTIONAL) Total: M1+M2+M3+M4		T+22M	oct-29	nov/dec-29

Note: The years indicated in the table as the first reference years (2023, 2025 and 2027) are those indicated in the regulation, which sets these first years according to the years of publication of the two planned editions of the MoS-CG:

- For breakdown 1: Y+2 years, where Y is the year of publication of the first edition of the Eurostat MoS-CG.
- For breakdown 2: Z+2 years, where Z is the year of publication of the second edition of the Eurostat MoS-CG.
- For breakdown 3: Z+4 years, where Z is the year of publication of the second edition of the Eurostat MoS-CG.

The 1st edition of the MoS-CG was published in 2021, hence the requirement for breakdown 1 (International provision of services by mode of supply and geographical breakdown) was required for the first time by 2023.

The 2nd edition of the MoS-CG was published in 2023, and therefore breakdown 2 (International supply of services by mode of supply, type of product and geographical breakdown) is required from 2025 onwards. Breakdown 3 (International supply of services by mode of supply, detailed type of product breakdown and geographical breakdown) is required from 2027 (4 years after the publication of the 2nd edition).

VI Dissemination plan and frequency

The INE publishes the following tables in INEbase:

1. MoS by type of operation (variable), mode of supply and type of service (CABPS-2010 product breakdown):

EBOPS-2010 product breakdown	Variable	Geo breakdown	MoS breakdown	National press release calendar (T=reference year)	
1. Total (1) 2. EBOPS 2010 main components (12) 3. EBOPS 2010 complementary grouping (1) 4. EBOPS 2010 detailed components (19)	Exports and provisions	World total (1)	M1 (provisional) M2 (provisional) M4 (provisional)	T+13 months	January T+2 years
	Imports and acquisitions		M1 (definitive) M2 (definitive) M3 (definitive) M4 (definitive) Total: M1+M2+M3+M4 (definitive)	T+25 months	January T+3 years

Note: The complementary group (1) of this table refers to Distribution Services.

2. MoS by type of operation (variable), mode of supply and country/geographical area (geo breakdown):

EBOPS-2010 product breakdown	Variable	Geo breakdown	MoS breakdown	National press release calendar (T=reference year)	
Total International Supply of Services (1)	Exports and provisions	Geo 5 level (86)	M1 (provisional) M2 (provisional) M4 (provisional)	T+13 months	January T+2 years
	Imports and acquisitions		M1 (definitive) M2 (definitive) M3 (definitive) M4 (definitive) Total: M1+M2+M3+M4 (definitive)	T+25 months	January T+3 years

The national dissemination of MoS information is annual, starting with the reference year 2023, as in the case of Eurostat.

Also following the Eurostat timetable, provisional data for modes M1, M2 and M4 are published first in T+13M, separately by type of service and geographical breakdown, with T being the reference year.

One year later, in T+25M, data for M3 and total modes are published, as FATS statistics are not available until T+20M. In addition, the T+25M publication publishes, together with M3 and total modes, the final data for modes M1, M2 and M4 published in the previous year.

One of the reasons for these revisions is that the provisional Distribution Services data published within M1 for year T are calculated with outdated TEC and SBS information with reference to the previous year T-1, given that at the time of the first publication of MoS in T+13M, neither TEC nor SBS information updated to the reference year T is available.