



National Statistics Office of Georgia

Questionnaire №10.2.2.1 (Quarterly)

“International Trade in Services”

Filling Instructions

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Geostat**

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Statistical Survey on International Trade in Services

Instructions to filling in the questionnaire

Introduction

Due to an increasingly important role of the services sector in the development of the global economy the availability of comprehensive Statistics of International Trade in Services (SITS) is extremely important for the Georgian economy. These statistics are used both by the authorities of the country as well as by various international organizations to monitor economic growth of the country and determine its competitiveness. In addition, the mentioned data are necessary for the compilation of the Balance of Payments and the System of National Accounts.

Statistics of International Trade in Services in Georgia are produced in accordance with international standards and are based on the following methodology developed by international organizations: „Manual on Statistics of International Trade in Services, 2010“ (UN, Eurostat, IMF, OECD, WTO) and „Balance of Payments and International Investments Position Manual“ (IMF, sixth edition, 2008).

Questionnaire of statistical survey of International Trade in Services as well as instructions for filling in are compiled by Geostat on the basis of methodologies mentioned above. The questionnaire is reviewed and finalized by experts of Statistics Denmark within the EU-funded „Twinning“ project - Strengthening the capacity of the Georgian Statistical System.

Definitions

International trade in services represents an external trade with service between residents and non-residents of given country and comprises purchases and sales which do not relate to physical goods.

Export of Services – various kinds of services provided from residents to non-residents.

Import of Services – various kinds of services received by residents from non-residents.

Residents – individuals, households, enterprises and other organizations, including branches and subsidiaries of foreign enterprises and banks that are present, own real estate, operate or intend to operate in the economic territory of Georgia for one year and more, ie the center of their economic interests is in Georgia (although shareholders of the enterprise are citizens of Georgia or not).

Non-residents - individuals, households, enterprises and other organizations, including branches and subsidiaries of Georgian enterprises, whose place of residence, placement or activity is located outside the economic territory of Georgia.

Economic territory includes the geographical area of a given country, including the islands, airspace, territorial waters and territorial enclaves in the rest of the world that are physically located in other areas. The economic territory also includes special zones under the control of the government of a given country, such as free trade zones and offshore financial centers, where different supervisory and tax regimes may be used. The economic territory does not include the enclaves of international organizations and other countries located in the territory of a given country.

Thus **residents of Georgia** are:

- Citizens of Georgia permanently residing on the territory of the country;
- Foreign nationals, dual nationals or stateless persons who have been living or intend to live in Georgia for one year and more (exceptions are students, persons undergoing treatment and members of the diplomatic corps and their families);

- Legal entities registered on the territory of Georgia under the legislation of Georgia, branches and subsidiaries of foreign enterprises, representations and other units equal to legal entities;
- Diplomatic and other official representations of Georgia that are outside the territory of the country.

As for **non-residents of Georgia** the term covers:

- Citizens of Georgia, persons with dual citizenship or foreign citizens who do not live on the territory of Georgia;
- Legal entities registered outside Georgia, foreign branches and subsidiaries of Georgian enterprises and other units equal to a legal entity;
- Foreign diplomatic and other official representations on the territory of Georgia, as well as international organizations, their branches and representations.

Questionnaire of statistical survey on International Trade in Services

Questionnaire of statistical survey on International Trade in Services is filled out by all enterprises, despite of organization/legal forms, types of economic activity, type of ownership and size of enterprise.

Enterprises participating in the survey must present the total value of the services imported and exported during the reporting period. The questionnaire is filled out on an accrual basis, that is to say, it should be recorded when the service is provided and not when the payment occurs.

The questionnaire is completed by the respondent himself, but in exceptional cases - by the interviewer based on the information received from the respondent.

The questionnaire consists of three parts:

The **first part** should indicate the organization participating in the survey;

The **second part** includes data on services provided to non-residents (export of services);

The **third part** includes data on services received from non-residents (import of services).

The **fourth part** “**Processing of Goods in Georgia**” is designed only for enterprises engaged in the processing of imported goods.

Appropriate country, amount and currency are indicated in the export and import parts of the questionnaire according to the type of services.

Country - The country of residence of the non-resident partner must be indicated.

Currency - the currency in which the value of services received or rendered was carried out in accordance with the agreement e.g. Georgian Lari, US Dollar, Euro etc.

The **value** of services should be reported in respective currency without conversion in Georgian Lari.

The service part should reflect the value of the service received during the reporting period and not the amount actually paid (received). For example, if a non-resident provided services in the value of 100,000 currency units to a given enterprise during the reporting period, but the amount actually paid equals 15,000, the value of services 100,000 (not 15,000) should be recorded in questionnaire.

The cost of the service excludes **Value Added Tax** (VAT). However, there are exceptions, such as transport services, when a resident provides transportation to a non-resident with a service fee, including VAT. In this case, the value of the services will include VAT.

Classification of Services

Ten main categories of services are presented in the questionnaire:

1. Maintenance and Repair Services;
2. Transport Services;
3. Travel;
4. Construction Services;
5. Insurance Services;

6. Financial Services;
7. Charges for the Use of Intellectual Property;
8. Business Trips Abroad;
9. Telecommunications, Computer and Information Services
10. Personal, Cultural and Recreational Services;
11. Other Business Services.

1. **Maintenance and Repair Services**

Include maintenance and repair work by residents on goods that are owned by non-residents (and vice versa). Maintenance and repairs on ships, aircrafts and other transport equipment are included in this item.

Exclude construction repairs and maintenance and maintenance and repairs of computers.

The value recorded for maintenance and repairs is the value of the repair work done, any parts or materials supplied by the repairer are included.

2. **Transport**

Transport is classified as:

- **Sea** transport;
- **Air** transport;
- **Railway** transport;
- **Road** transport;
- **Other modes** of transport;
- **Postal and courier** services.

This category of services involves the provision of transport services by residents of one economic territory to residents of another economic territory.

Includes passenger transportation, cargo transportation, vehicle rental with the crew, other related and ancillary transport services such as cargo handling, loading and unloading works, cargo storage and warehousing, air traffic control services, expeditor services, navigation fees, vehicle cleaning and maintenance, etc.

Excludes passenger transport services provided by resident carriers to non-residents in their economic territory.

Each type of transport service in the questionnaire is divided into three main categories: passengers, freight and other.

Postal and courier services cover the pickup, transport and delivery of letters, newspapers, periodicals, brochures, other printed matter, parcels and packages. It also includes post office counter services, such as sales of stamps, poste restante services and telegram services and mailbox rental services.

3. Travel

Travel is the temporary departure of individuals from their permanent place of residence abroad and is divided into business and personal travel. In the export part, the questionnaire in this category of services covers the services of hotel and travel agencies, while in the import part, the cost of business trips abroad.

Business trip implies the stay of Georgian resident individuals abroad for any length of time in order to fulfill their official assignment, provided that their residence will not be changed. The cost of services is defined as the sum of the expenses incurred by them during the business trip to purchase goods and services in a foreign country.

In this category of services, it is necessary to separate the expenses of business trips financed by non-residents. The cost of travel from Georgia to the country of business trip and back will not be included in the expenses of business trips abroad. Such costs should be reported in passengers part of international transport services by respective modes of transport.

4. Construction

Construction cover the creation, management, renovation, repair or extension of fixed assets in the form of buildings, land improvements of an engineering nature and

other constructions such as roads, bridges and dams. It also includes related installation and assembly work, site preparation and general construction as well as specialized services such as painting, plumbing and demolition.

Construction services are classified into two categories: Construction Abroad and Construction in Georgia.

Construction Abroad - construction works carried out abroad by Georgian construction companies for non-residents as well as the value of construction materials and construction related services purchased in the host country.

Construction in Georgia - construction works carried out by non-resident construction companies on the territory of Georgia provided to the residents of Georgia as well as the value of construction materials and construction related services purchased by non-residents in Georgia.

The construction period should not exceed one year.

5. Insurance Services

Insurance services include various types of insurance (e.g. life insurance, freight insurance etc.) provided by non-resident insurance companies to residents of Georgia.

It is necessary to report insurance premiums paid and reimbursed claims.

Auxiliary insurance services are also included in the given category - intermediary services of insurance agents and brokers, insurance risks and insurance premium calculation services, loss assessment, insurance consulting services, etc.

6. Financial Services

Financial services cover explicitly charged services provided by banks and other financial intermediaries and auxiliaries. It includes services that are reimbursed in the form of commissions for credit card opening, loan service, currency exchange, cash

withdrawals, payment orders, opening settlement accounts, issuing credit cards, storing valuables and securities, for all kinds of financial advisory services and so on.

Interest rates **are not included**.

7. Charges for the Use of Intellectual Property

Charges for the use of intellectual property include charges for patents, trademarks, copyrights (books, computer programs, cinematographic works) and for other temporary use and distribution of intellectual property.

Classified by four categories:

- **Trading licenses and franchise fees** - mean only trademarks and franchise use fees and not their buying and selling operations.
- **The license fees for the use of scientific research and development** includes charges for the use of property rights arising in the process of scientific research and development.
- **Software reproduction and/or distribution license fees** includes charges for sanctioned reproduction and/or distribution through original computer software license agreements. Distribution does not mean retail and wholesale sales. As for licenses to use software they should be reported under Computer services where sale of software package copy purchased by individual or by company for own use is also included.
- **License fees to reproduce and/or distribute audiovisual and related products** include charges for reproduction and/or distribution of audiovisual products or prototypes (for example, cinematographic works and sound recordings) licensed through agreements. Note that licenses to use audiovisual products should be reported under Audiovisual and related services.

8. Telecommunications, Computer and Information Services

The mentioned services are divided into three categories:

- **Telecommunications services** cover the broadcast or transmission of sound, images, data, or other information by telephone, telex, telegram, radio and television cable transmission, radio and television satellite, electronic mail, facsimile, etc. Also included are mobile telecommunications services, Internet backbone services and online access services, including the provision of access to the Internet.
- **Computer services** include software creation and implementation operations: creating custom programs, delivering and providing documentation, purchasing/selling electronically delivered ready-made programs, and obtaining/delivering licenses for using software. In addition, computer services include data processing, creation, recovery, server placement, storage, and database operations; Web design, design and deployment services; computer equipment and software installation, repair and maintenance services. Sales and purchases of ownership rights for software systems are also included.

This category **excludes** software reproduction and/or distribution licenses which are part of use of intellectual property in particular, software reproduction and/or distribution license fees.

- **Information services** include the provision of news, photographic materials and thematic articles to the media; Transferring data to users and providing information support using databases and information-computer systems. Also, services for signing newspapers and periodicals.

9. Personal, Cultural and Recreational Services

Covers two sub-components:

- **Audiovisual and related services** - comprise services and fees related to the creation of motion pictures, performances, music, circus, radio and television programs, recording of musical works, access to cable and satellite television, renting audiovisual and related products. Also included are ownership rights to copyrighted manuscripts, original sound recordings, films, etc. Purchase and sale of electronically delivered, ready-made audiovisual products are included.

Licenses to reproduce and/or distribute audiovisual products are **excluded**. As they are part of use of intellectual property in particular, license fees to reproduce and/or distribute audiovisual products.

- **Other personal, cultural and recreational services** - include services of museums and other cultural and educational institutions; Services for organizing, holding and participating in book and art exhibitions, fairs; Services for organizing any kind of sports event, sports referee services, etc. This group of services also includes services provided by teachers and medical workers abroad; In addition, annual and other regular and one-time membership fees paid for cultural centers and other cultural institutions.

10. Other Business Services

Classified into three categories:

- **Research and development services** - consist of services that are associated with basic research, applied research and experimental development of new products and processes in the physical sciences, social sciences and humanities.
- **Professional and management consulting services** – include legal services, accounting, management consulting, managerial services and public relations services; advertising, market research and public opinion polling services.
- **Technical, trade-related, and other business services** - include architectural, engineering and other technical services; trade-related services and other business services.