

Section III

Household-related issues

Chapter **10**
International labour movements

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Remittances

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Second homes abroad

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E-commerce

Introduction

The outsourcing and cross-border processing described elsewhere in this guide may be partial substitutes for cross-border movement of labour. Nevertheless, an important aspect of globalization is the movement of people to work in other countries. Lower barriers to working abroad and perhaps cheaper and easier travel have helped this movement. Some migrant workers live in their home country, crossing the border to work each day, and others work for relatively short periods abroad. Some work abroad for long spells. Many retain strong links with their country of origin, and send money back.

Chapter 10 is about measuring the number of foreign workers in the host country, estimating their remuneration, and establishing which sectors and industries they are working in. An analytical framework comprising a set of interrelated tables is proposed. Various administrative and other sources may contribute information, though the presence of illegal (or at least unregistered) workers complicates the task of compiling comprehensive data. Other statistical issues in this area arise from the difficulty of detecting many flows relating to migrant workers in reporting systems, because of their relatively small individual size and the use of channels other than banks and licensed money transfer operators. Chapter 10 also considers the residence and employment status of foreign workers, which has many statistical implications some of which are discussed further in Chapter 11. Population censuses and household (including labour force) surveys must take appropriate account of the presence of foreign workers, and there are implications for derived statistics such as labour productivity. Chapter 10 considers the possibility of complementing data collected in the host country with information (perhaps from household surveys) collected in the countries of origin of the migrant workers.

The focus of Chapter 11 is the estimation of cross-border income flows and transfers to households, including those sent by foreign workers and migrants back to their home country. With some exceptions, people working in another country for a year or more are deemed to be resident in the country in which they are working. Those working in another country for shorter periods, including cross-border workers who come and go regularly, perhaps for an extended period, remain residents of their home country. There is a further distinction between people working abroad with some employment contract, and those without one. The

first group are (resident or non-resident) employees, while the second group are treated as (resident or non-resident) sole proprietors providing services rather than receiving wages and salaries. These distinctions, which may in practice be hard to make for reasons explained in Chapter 10, affect the recording of flows back to the countries of origin. In particular in BPM5 the important category “workers’ remittances” is confined to transfers by employees who are resident for statistical purposes in the country in which they are working. Resident workers who are not employees receive payment for provision of a service; any amounts they send back to their home country are included in “other transfers”. Short-term and cross-border workers who are not resident in the country in which they work receive “compensation of [non-resident] employees”, unless they do not have an employment contract, in which case their remuneration shows as an import of services by the country in which they work.

BPM6, supplemented by the companion guidebook *International Transactions in Remittances: Guide for Compilers and Users*, introduces some important changes. BPM6 includes workers’ remittances in a broader category “personal transfers”, as a standard component of the balance of payments, and introduces compensation (less expenses) of non-resident workers along with other items as remittances components or remittance-related flows. The aim is to present a clear and comprehensive picture of work-related flows and transfers to households, including also flows relating to cross-border payment of social benefits and cross-border transfers to non-profit institutions serving households in the recipient countries.

The consequences of international labour movements for many aspects of economic and financial accounts (including the balance of payments), and for statistics based on them such as labour productivity, are important for countries which host many foreign workers or have large numbers of nationals working abroad. Annexed to both Chapter 10 and Chapter 11 are case studies describing how various measurement difficulties and other issues arising from labour movement and remittances are dealt with in certain countries, giving an impression of the importance of this aspect of globalization for them.

Increasing prosperity, low travel costs and the removal of exchange controls and other restrictions, have greatly increased the ownership of residential property abroad. The focus of

Chapter 12 is vacation homes owned by non-residents, though in practice it may be difficult to distinguish between second homes abroad acquired for vacation and for work-related purposes. Acquisition of property abroad by a non-resident is treated as direct investment in the financial account of the balance of payments and in the international investment position: the non-resident is not deemed to own the property directly, but rather to own a quasi-corporation resident in the country in which the property is located, which in turn is the notional owner of the property. Like other residential property, the second home abroad “produces” housing services. The quasi-corporation is deemed to export these to the non-resident owner. In the balance of payments this notional export of services (in the category “travel”) is matched by a notional dividend payment by the quasi-corporation to the non-resident owner. The difficulty in some countries of identifying vacation properties and the residence status of their owners makes this a difficult area of statistics.

Tourism statistics, which used to be able to assume for practical purposes that most foreign tourists would stay in hotels, have had to come to terms with the growing practice of using private accommodation during a stay abroad, whether owned by the traveller or rented from a resident or non-resident of the country in which the accommodation is located. Chapter 12 explains that at present tourism statistics use a range of surveys and administrative data in an attempt to establish the prevalence of ownership of vacation homes and the residence status of their owners.

Inconsistent treatment of transactions related to second homes abroad seems very likely. Chapter 12 suggests ways in which national statisticians, and also statisticians responsible for different areas of the accounts, might collaborate to improve all aspects of consistency and coverage. As in most chapters, annexes describe country experiences.

Unlike the other chapters in this section, e-commerce does not relate predominantly to households. Chapter 13 discusses also business-to-business e-commerce and its implications for producer prices indices and business statistics more widely. Nevertheless, an important aspect of e-commerce is the opportunity it gives to households to buy goods and services outside the traditional shopping outlets. Chapter 13 distinguishes between items which are ordered over the internet or through other electronic channels and delivered physically, and those which are delivered electronically. In line with the globalization theme of this guide, particular attention is paid to cross-border e-commerce. The main points of concern are the ability of statistical systems to pick up small consignments of goods ordered by individuals directly from abroad over the internet, which may lead trade in goods (and consumption expenditure) to be understated. The associated difficulty of measuring prices (and taking proper account of quality) has consequences for consumer price indices which may have a knock-on effect on deflators used to calculate volume changes in GDP and its components. Classification of trade flows and consumption expenditure may also become more difficult – are, for example, downloaded books goods or services?