



Compilation of Other Business Services – Enterprise Surveys

Kevin Barefoot

U.S. Bureau of Economic Analysis

International Seminar on Trade and Tourism Statistics

Jakarta, Indonesia

October 7-10, 2013



Outline

- Economic activities in other business services (OBS)
- Methods of compiling OBS statistics
 - In general
 - U.S. experience
- Delivery of OBS services
 - Mode 1
 - Mode 3

Other Business Services

- Mostly business, professional, and technical services traded between residents and nonresidents (mode 1)
- Extended Balance of Payments Services (EBOPS) category 10 includes:
 - research & development (R&D) services
 - professional and management consulting services
 - technical, trade-related, and other business services
- Does not include computer services and information services, which are included in EBOPS category 9
- Types of services often associated with offshore outsourcing and business process outsourcing
- Key components of trade-in-services on a balance of payments basis but also delivered via Foreign AffiliaTe Statistics (FATS) (mode 3)

Components of Other Business Services

- **Research and development services** are associated with basic research, applied research, and experimental development of new products and processes.
- **Professional and management consulting services** consists of legal, accounting, management consulting, and public relations services and advertising, market research, and public opinion polling.
- **Technical, trade-related and other business services** consists of architectural, engineering, scientific and other technical services; waste treatment and de-pollution, agricultural, and mining services; operating leasing services; trade-related services; and other business services n.i.e.

Compiling Resident-Nonresident OBS

- Enterprise surveys often the most effective means of achieving relatively high coverage of both receipts and payments for OBS transactions and ensuring adequate coverage of affiliated trade
- Affiliated trade often accounts for a significant share of transactions for activities such as management and administrative overhead
 - FDI/FATS business register can be used to identify potential parent-affiliate transactions
 - Transactions can include “allocated expenses” that are simply intra-firm accounting entries

Compiling Resident-Nonresident OBS (Continued)

- Receipts (exports) will be concentrated in International Standard Industrial Classification (ISIC) categories where these services are primary
- Payments (imports) will be widely dispersed over ISIC industries, even on an enterprise basis, because firms in many industries purchase these types of services.
- Coverage and level of detail collected can vary among quarterly, annual, and benchmark surveys

U.S. Practices for Compiling OBS

- U.S. collects OBS trade statistics on a quarterly general purpose survey (BE-125), which also collects data for other services
- Sampling frame developed over time from combination of sources including FDI frame
- Survey is confidential and mandatory
 - Cut-off sampling balances resources and workload
- Transactions are reported by partner country and by type of transactor (affiliated vs. unaffiliated)
- Benchmark survey (BE-120) conducted every five years

U.S. Practices (Continued)

- U.S. trade in services surveys include 30 services categories with about 12 directly related to Other Business Services
- Quarterly surveys are due 45 days after the end of the reference quarter (90 days for last quarter of fiscal year)
- Survey results incorporated into BOP statistics with a lag of two quarters
 - Other sources and methods are used to form estimates before survey data are available

U.S. Practices (Continued)

- Quarterly OBS statistics currently included in a broad category of Other Private Services.
 - More detail will be provided quarterly under new BPM6 presentation:
 - Charges for the use of intellectual property (and 3 sub-categories)
 - Construction (and 2 sub-categories)
 - Computer services
 - Information services
 - Research and development services
 - Professional and management consulting services
 - Technical, trade-related, and other business services

- Detail for about 12 OBS categories currently published annually each October in the *Survey of Current Business*



Presenting OBS Statistics for Both Mode 1 and Mode 3

- BEA presents statistics for both resident-nonresident transactions and services supplied (FATS) each year
- To avoid double-counting with the resident-nonresident transactions, FATS data cover only:
 - Sales of services to foreigners by U.S. affiliates abroad
 - Sales of services to U.S. residents by foreign-owned companies in the United States
- Difficult to compare results directly due to differences in classification (product vs. industry) and disclosure



Presenting OBS Statistics for Both Mode 1 and Mode 3

- Published by BEA as “Business, Professional, and Technical Services” but cross-border component includes computer and medical services
 - Excluding computer and medical services in 2011, BPT receipts were \$116 billion and BPT payments were \$79 billion
- Services supplied published as “Professional, Scientific and Technical Services” but includes computer systems design and related services
 - Excluding computer services, outward services supplied were \$90 billion and inward services supplied were \$53 billion in 2010
 - Data for 2011 will appear in the October issue of the *Survey of Current Business*



Summary

- Most OBS statistics produced by BEA cover business, professional, and technical services
 - Detail on 12 individual types of services
- Data are collected on enterprise surveys
 - Quarterly survey
 - Benchmark survey
- Data collected for both mode 1 and mode 3.

The banner features a blue background with a bar chart on the left showing data for various states: New Hampshire, Rhode Island, Vermont, Connecticut, Delaware, District of Columbia, Maryland, and New Jersey. The chart has several bars with values ranging from 1,698 to 44,479. On the right, the BEA logo is displayed, consisting of a stylized 'B' and 'E' with 'BEA' in large letters, and 'BUREAU OF ECONOMIC ANALYSIS' and 'U.S. DEPARTMENT OF COMMERCE' in smaller text below it.

US BEA Services Surveys

- Quarterly BE-125 (Selected Services)
 - http://bea.gov/surveys/pdf/be125_web.pdf
- Benchmark BE-120 (Selected Services)
 - <http://bea.gov/surveys/pdf/be120.pdf>
- Quarterly BE-185 (Financial Services)
 - http://bea.gov/surveys/pdf/be185_web.pdf
- Quarterly BE-45 (Insurance Services)
 - http://bea.gov/surveys/pdf/be45_web.pdf
- Other surveys and related information
 - <http://bea.gov/surveys/iussurv.htm>

BE-125 Questionnaire

SCHEDULE A — U.S. REPORTER'S RECEIPTS (FROM FOREIGN PERSONS) FOR SELECTED SERVICES AND INTELLECTUAL PROPERTY MANDATORY REPORTING FOR EACH TYPE OR TRANSACTION EXCEEDING \$6 MILLION

REPORT IN THOUSANDS OF U.S. DOLLARS (i.e. report \$1,000,000.00 = \$1,000)								
RECEIPTS FROM	BEA USE ONLY		-- Select Transaction Code --			-- Select Transaction Code --		
			Foreign affiliates	Foreign parent(s) and foreign affiliates of foreign parent(s)	Unaffiliated foreign persons	Foreign affiliates	Foreign parent(s) and foreign affiliates of foreign parent(s)	Unaffiliated foreign persons
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
BEA USE ONLY A1000	1	2	3	4	5	6	7	8
Mandatory data —								
1. Australia 002	1 601	2	3	4	5	6	7	8
2. Belgium 003	1 302	2	3	4	5	6	7	8
3. Brazil 004	1 202	2	3	4	5	6	7	8
4. Canada 005	1 100	2	3	4	5	6	7	8
5. China 006	1 650	2	3	4	5	6	7	8
6. France 007	1 307	2	3	4	5	6	7	8
7. Germany 008	1 308	2	3	4	5	6	7	8
8. Hong Kong 009	1 611	2	3	4	5	6	7	8



Questions or Comments?

- Please direct any questions or comments to:
 - Kevin Barefoot
(kevin.barefoot@bea.gov)