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.
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.
▪ 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. 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.
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*
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.
US BEA Services Surveys

- Quarterly BE-125 (Selected Services)
- Benchmark BE-120 (Selected Services)
  - [http://bea.gov/surveys/pdf/be120.pdf](http://bea.gov/surveys/pdf/be120.pdf)
- Quarterly BE-185 (Financial Services)
- Quarterly BE-45 (Insurance Services)
- Other surveys and related information
  - [http://bea.gov/surveys/iussurv.htm](http://bea.gov/surveys/iussurv.htm)
### 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

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Please direct any questions or comments to:

Kevin Barefoot
(kevin.barefoot@bea.gov)