
Compilation Issues for Other Business Services

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Other Business Services

- Mostly business, professional, and technical services traded between residents and nonresidents (mode 1)
 - EBOPS category 10 includes
 - 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 FATS (mode 3)
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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 nie*
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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
 - Receipts (exports) will be concentrated in ISIC categories where these services are primary.
 - Payments (imports) will be widely dispersed over ISIC industries even on an enterprise basis.
 - Coverage and level of detail collected can vary among quarterly, annual and benchmark surveys
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U.S. Practices for Compiling OBS

- U.S. BEA conducts a quarterly survey (BE-125)
 - General purpose survey 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
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U.S. Practices (Continued)

- U.S. 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)
 - Survey results incorporated into BOP statistics with a lag of one quarter. Other sources and methods are used before survey data are available
 - Quarterly OBS statistics are included in a broad category of Other Private Services. More detail will be provided quarterly under new BPM6 presentation
 - Detail for about 12 OBS categories published annually each October in the *Survey of Current Business*
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Presenting OBS Statistics for Both Mode 1 and Mode 3

- BEA presents statistics for both resident-nonresident transactions and services supplied (FATS) each year
 - Difficult to compare results directly due to classification methods (product vs. industry) and disclosure
 - Published by BEA as “BPT services” but cross-border component includes computer and medical services
 - Excluding these services in 2009 BPT receipts were \$102 billion and BPT payments were \$65 billion
 - Outward BPT services supplied were \$56 billion and inward services supplied were \$47 billion in 2009
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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>
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