



Compilation Issues for Other Business Services

Maria Borga

U.S. Bureau of Economic Analysis

UN Regional Workshop on International Trade Statistics

Bogota, Colombia

December 11-14, 2012



Other Business Services

- Mostly business, professional, and technical services traded between residents and nonresidents (mode 1)
- 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 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 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

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

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

U.S. Practices (Continued)

- 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*

The top banner features the BEA logo on the right, which includes the text 'BEA BUREAU OF ECONOMIC ANALYSIS U.S. DEPARTMENT OF COMMERCE'. The background of the banner is a blue gradient with a faint bar chart and various numbers. The main title 'Presenting OBS Statistics for Both Mode 1 and Mode 3' is centered in large white font.

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 these 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 \$95 billion and inward services supplied were \$53 billion in 2010

The banner features a blue background with a faint bar chart on the left side. The chart has several bars of varying heights, with some labeled with numbers like 44,479, 36,279, 35,845, 19,271, 1,698, 724,210, and 1,751,999. The text 'US BEA Services Surveys' is written in large, white, sans-serif font across the center of the banner. In the top right corner, the BEA logo is visible, consisting of a stylized 'BEA' with 'BUREAU OF ECONOMIC ANALYSIS' and 'U.S. DEPARTMENT OF COMMERCE' written 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>