

MANUAL

on STATISTICS of

INTERNATIONAL TRADE in SERVICES

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1 FOUNDATIONS FOR THE MANUAL - GENERAL INTRODUCTION AND OVERVIEW

1. This first Manual on Statistics of International Trade in Services (the *Manual*) has been prepared to meet the needs of a variety of producers and users of statistics on international trade in services. While it is primarily a guide for statistical compilers, it is also a useful tool for governments and international organisations that use statistical information in connection with international negotiations on trade in services. Furthermore it can aid businesses and others that need to assess developments in international services markets.

2. A particular impetus for the preparation of a separate manual on statistics of international trade in services has been the recent tendency for trade agreements to cover services as well as goods, and the need for statistics both to guide the negotiations and to support implementation. The most well known and wide reaching is the General Agreement on Trade in Services (GATS), which became effective in 1995. Its specific requirements are addressed in this *Manual* and have informed several of its recommendations for extensions to existing statistical frameworks. A new round of multilateral negotiations, known as GATS 2000, was underway as the *Manual* went to press, and it is clear the existence of a more fully articulated statistical framework for services should help to support these negotiations and any agreement that is reached. Needs for statistics to help analyse the increasingly important phenomenon of "globalisation" - a concept that usually entails the internationalisation of production as well as sales - as well as to monitor the performance of service industries have led to calls for the development of a more comprehensive and better integrated approach to statistical issues pertaining to trade in services.

3. To meet these diverse needs, and in recognition of the role of subsidiaries abroad in the delivery of services and the increasing tendency for commercial agreements to cover this method of supply, the term "trade in services" is construed broadly in the *Manual*. It covers trade in the conventional sense of transactions between residents and non-residents and the value of services delivered through locally established affiliates¹. In the *Manual*, these latter transactions are designated as "Foreign Affiliates Trade in Services" (FATS).

4. While the *Manual* features many important steps forward in the field of international trade in services, it does so by building upon, rather than by suggesting modifications to, internationally agreed standards for compilation. First and foremost among these standards is the fifth edition of the International Monetary Fund (IMF) Balance of Payments Manual (BPM5), which contains recommendations for the definition, valuation, classification, and recording of resident/non-resident trade in services. Since BPM5 is consistent with the recommendations of the international System of National Accounts 1993 (1993 SNA), the latter serves indirectly as a framework for the *Manual*.

5. The *Manual* recommends building upon the existing BPM5 framework by elaborating its classification of transactions by type of service to form the Extended Balance of Payments Services Classification (EBOPS). These recommendations are founded upon work conducted jointly by the IMF, the OECD, Eurostat (the Statistical Office of the European Communities), and the World Trade Organization (WTO). A correspondence table is provided at annex 3 between this extended balance of

1. The term "affiliate" is used synonymously with "direct investment enterprise" as defined in BPM5 see chapter 4 for a fuller definition.

payments classification and the United Nations Central Product Classification (CPC). Another table at annex 8 links the CPC to the list of identified services within the scope of the GATS.

6. The *Manual* does not attempt to give practical guidance to national compilers as is the purpose of the IMF Balance of Payments Compilation Guide - apart from a few exceptions, mostly involving non-balance of payments matters in the emerging area of FATS statistics. A further such guide might possibly be the subject of a future collaborative project between the sponsors.

7. A further feature of the *Manual*, is a discussion of the modalities through which services may be delivered, of which the GATS identifies four (cross-border, consumption abroad, commercial presence and presence of natural persons). Distinctions are made based on whether the service supplier, the consumer, or neither, moves to the country of the other for the transaction to be effected.

8. For services delivered through subsidiaries abroad, referred to in this Manual as the commercial presence mode, methodological antecedents are not fully developed. However, drawing upon work conducted in the OECD Industry Committee and by Eurostat, as well as upon the experience of a number of countries in collecting this type of data, the *Manual* reflects the emerging international consensus that statistics on such services should be developed for firms that are foreign owned and should be classified primarily on an activity basis (i.e. by industry of the producer rather than by type of service produced). Industry groupings drawn from the International Standard Industrial Classification of All Economic Activities, Revision 3 (ISIC) are provided for use in reporting these statistics to international organisations. Due to conceptual differences between the industry and product approaches to classification, statistics on these two different bases cannot be made completely compatible.

9. With respect to one mode of supply, the "presence of natural persons", the definitions and concepts used in the GATS require some information that lies outside the BPM5 and FATS domains, or that pertains to transactions the BPM5 records in components other than "services". Because these domains were not viewed as subject to modification, a decision was made to address these requirements in a separate annex, outside the main body of the *Manual*.

10. The *Manual* provides descriptions of the major services involved in international trade as well as the GATS nomenclature and provisions.

1.1 The set of elements for phased implementation

11. The *Manual* recommends a complete set of elements for compilers to implement that build on internationally agreed standards so as progressively to achieve comparability of published statistics on international trade in services. The ten elements are listed below.

12. The first five can be looked on as core elements to tackle first, and the others can be implemented incrementally thereafter. In this way all countries, including those that are beginning to develop statistics on international trade in services, can follow a phased approach and begin to structure available information in line with this new international standard framework. The sequence of elements, as suggested, takes into account the relative ease that many compilers may find in their implementation. However, the order is quite flexible, so that countries can meet the priority needs of their own institutions.

1.1.1 Core elements

BPM5

13. Implement the BPM5 recommendations, including the definition, valuation, classification and recording of service transactions between residents and non-residents.

EBOPS: first part - disaggregation

14. Compile balance of payments data according to the “Extended Balance of Payments Services (EBOPS) Classification”, which involves disaggregating the BPM5 standard components for services into sub-components of major economic importance. (The separate compilation of the new memorandum items that have been identified as being relevant in the context of the GATS are deferred to the element “EBOPS: second part - memorandum items”).

FATS: basic variables

15. Record certain basic FATS statistics, such as number of enterprises, value added, or sales (turnover) and/or output, employment, and exports and imports of goods and services. For achieving comparability when reporting to international organisations, these are classified by specified activity categories based upon ISIC (i.e. the ISIC Categories for Foreign Affiliates, or ICFA).

Foreign Direct Investment (FDI) Statistics

16. Collect complete statistics on foreign direct investment (i.e. the flows, income and period-end positions) classified by ISIC activities, to be complementary to the FATS statistics. For those countries that must delay the implementation of FATS statistics, FDI statistics provide an alternative interim indicator of commercial presence.

Trade in Services by Partner Country

17. Compile statistics on balance of payments transactions for trade in services by partner country for services exports and imports. The aim would be to report at the level of services trade as a whole and for each of the main types of service in BPM5.

1.1.2 Other items

EBOPS: second part - memorandum items

18. Complete the implementation of the EBOPS in full, including the memorandum items.

FATS: further variables

19. Augment the basic FATS statistics by compiling data on additional aspects of the operations of foreign affiliates, such as assets, net worth, operating surplus, gross fixed capital formation, taxes on income, and research and development expenditures.

20. Detail by product would, of course be highly desirable, though it is recognised that compilation on this basis will probably have to remain a long-term goal for most countries. However, as a first step toward a product basis, countries may wish to disaggregate sales in each industry as between services and goods.

Persons working abroad

21. Collect statistics on the GATS presence of natural persons working abroad, as set out in Annex 6.

Trade between related² and unrelated parties

22. Within the statistics on trade in services between residents and non-residents, separate out the trade with related parties from that with unrelated parties.

GATS Modes of Supply

23. Allocate the transactions between residents and non-residents over the GATS modes of supply.

1.2 The shape of the Manual

24. Chapter 2 provides an overview of the statistical framework of the *Manual*, the system proposed and its links with existing international frameworks. Chapter 3 describes the EBOPS classification in detail and how its components should be measured. Chapter 4 describes the new domain of FATS statistics, the criteria used to define its coverage, the classifications used and the variables that can be compiled.

25. Annexes provide supplemental information. This includes the list of services used by GATS negotiators, correspondence tables between EBOPS, CPC and ICFA, and between ISIC and ICFA, and guidance on how to improve the compilation of the statistics related to the temporary movement of natural persons abroad in connection with the supply of services. A glossary of terms and a bibliography are also provided.

2. Trade with related enterprises is defined to include trade with all enterprises with which there is a direct investment relationship.

2 CONCEPTUAL FRAMEWORK FOR THE DEVELOPMENT OF STATISTICS ON INTERNATIONAL TRADE IN SERVICES

26. This chapter identifies the need for a framework in which to compile statistics on international trade in services, proposes such a system, and describes its links with existing international statistical standards and frameworks.

2.1 The need for a statistical framework for international trade in services

2.1.1 *Globalisation and multilateral services trade negotiations*

27. Rapid technological advances in the past few decades have driven developments in computing, telecommunications and transport that have resulted in enterprises availing themselves of more distant resources for production and enabled them to serve ever wider markets. This trend to globalisation, reinforced by liberalisation policies and the removal of regulatory obstacles to economic activities, has fuelled the steady growth of international investment and trade in goods and services. Now almost half of foreign direct investment is in services, such as distribution, telecommunications and financial and business services³. Services comprise about a fifth of worldwide trade in balance of payments terms and it is estimated that the service sales generated by the subsidiaries of firms established in markets abroad, their so-called foreign affiliates, are over 60% of the level of services exports⁴. The development of statistics on trade in services has lagged well behind the reality of the market place, and this *Manual* is designed to encourage governments to correct the data deficit, and arm themselves with better statistical tools for economic analysis and policy making to match their needs, whether in economic development or the trade negotiations.

28. An important response of the international community to the globalisation of trade has been the creation of the World Trade Organization (WTO) which entered into force on 1 January 1995 as the major outcome of the Uruguay Round of trade negotiations. The WTO provides a common institutional framework for the conduct of trade relations among its member countries. Its main functions are to facilitate the implementation, administration and operation of the multilateral trade agreements, to provide a forum for further negotiations, to review national trade policies, and to secure a positive solution to trade disputes. The three WTO principal agreements are the General Agreement on Tariffs and Trade (GATT) 1994 for goods, the General Agreement on Trade in Services - GATS, and the Agreement on Trade-Related Aspects of Intellectual Property Rights - TRIPS. The GATS is the first worldwide set of legally enforceable disciplines and rules ever negotiated and agreed at the world level to cover international trade in services.

3. UNCTAD (1999) "World Investment Report 1999: Foreign Direct Investment and the Challenge of Development" (New York and Geneva: United Nations Publication)

4. "Just How Big are the Stakes? An Assessment of Trade in Services by Mode of Supply" Guy Karsenty WTO

29. The GATS mandated further negotiations on services liberalisation to begin on 1 January 2000, and in preparation for this it also provided for an assessment to be carried out of trade in services in overall terms and on a sectoral basis. The WTO Trade Policy Review Mechanism includes services in its regular country examinations, which appraise such areas as the balance of payments, production, employment, and foreign direct investment positions of WTO members. Statistics are needed to underpin each of these activities.

2.1.1.1 *Structure and guiding principles of the GATS*

30. The GATS sets out the obligations of WTO member countries for their international trade in services, and consists of a general framework, and annexes that include the specific commitments of each Member. These specific commitments are inscribed in schedules, attached to the agreement: they define precisely for services suppliers the conditions of access to markets, and the operational treatment to be meted out within each country.⁵ They refer separately to selected sectors.

31. The GATS is divided into six major parts. Part I defines trade in services by listing four different ways in which a service can be traded internationally, that are usually referred to as the 'four modes of supply'. Part II is the main body of the Agreement and sets out the principles and rules derived from them, including various exceptions. Part III describes how the specific commitments are structured in three categories: market access, national treatment, and additional commitments. Parts IV to VI include various institutional and procedural matters, and the creation of the Council for Trade in Services. The GATS also includes annexes covering specific services such as air and maritime transport, financial services, telecommunications services and one dealing with the movement of natural persons.

32. GATS requires that a member be open in the making and administration of laws (the *transparency* principle) and that it does not pursue trade practices which discriminate either between other member countries (*most-favoured-nation treatment* - MFN), or between any of them and its own nationals (*national treatment*), as discrimination is banned in principle. These disciplines apply to national legal and administrative 'measures'.⁶ *Transparency* applies at all times, as does MFN, though many countries negotiated a few exemptions. National treatment applies only to those specific sectors inscribed in the country schedules and is also subject to any conditions or qualifications set out therein.

2.1.1.2 *The four modes of supply: GATS legal definition*

33. The obligations undertaken under the GATS by countries apply to "measures by Members affecting trade in services", and trade in services is defined as:

"the supply of a service:

- (a) from the territory of one Member into the territory of any other Member;
- (b) in the territory of one Member to the service consumer of any other Member;
- (c) by a service supplier of one Member, through commercial presence in the territory of any other Member;
- (d) by a service supplier of one Member, through presence of natural persons of a Member in the territory of any other Member."

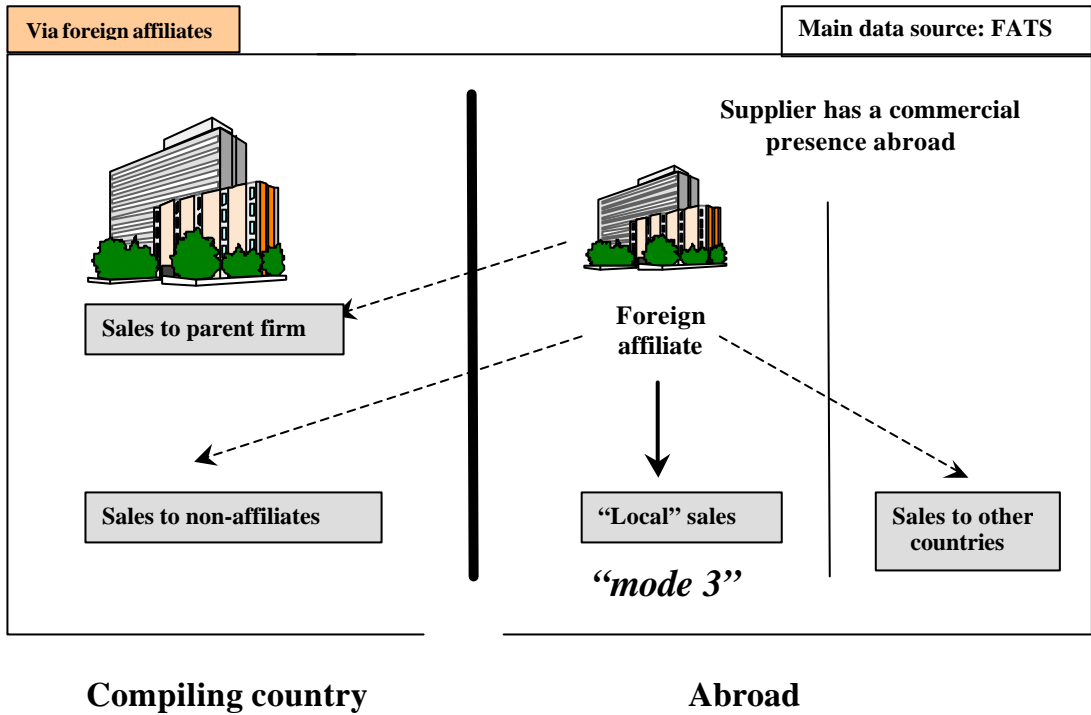
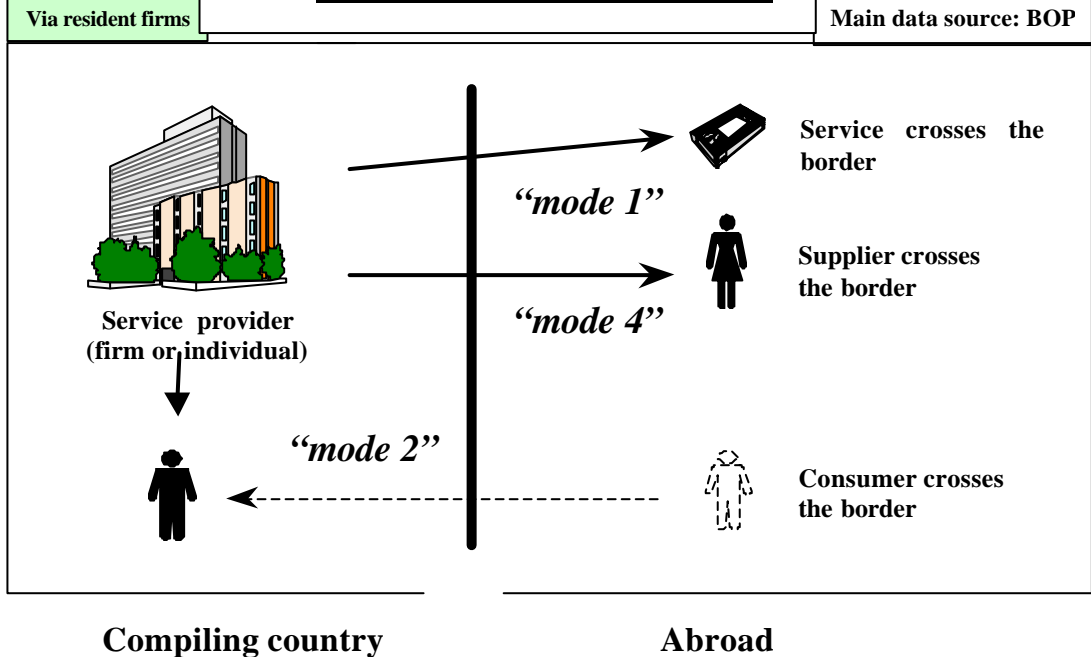
⁵ The EU has one schedule for its 15 member countries.

⁶ "measure" means any measure by a Member, whether in the form of a law, regulation, rule, procedure, decision, administrative action, or any other form.

34. These modes are generally referred to as Mode 1 or *cross-border supply*, Mode 2 or *consumption abroad*, Mode 3 or *commercial presence*, and Mode 4 or *presence of natural persons* respectively. These modes of supply are depicted visually in Chart 1⁷.

⁷ Chart 1 is inspired by a similar one found in: Discussion paper - On building Bridges. A Canadian Perspective on Linking Service Categories of the World Trade Organisation and of Balance-of-payments Compilers, prepared for the Tenth Meeting of the IMF Committee on Balance-of-payments Statistics, IMF, Washington D.C., 22 -24 October 1997 Hugh Henderson.

Chart 1 **Basic GATS modes of service supply**



→ Indicates services flows under GATS

BOP Indicates balance of payments

FATS Indicates foreign affiliates' trade in services

2.1.1.3 *The four modes of supply: statistical criteria*

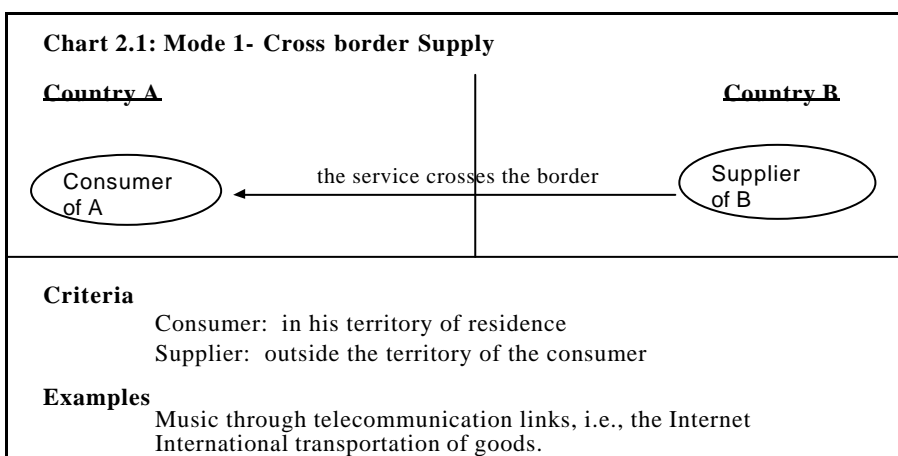
35. For the sake of clarity and statistical feasibility, the Manual does not strictly rely on the GATS legal provisions for the statistical treatment of modes of supply. To allow the allocation of any service transaction to a mode of supply, the Manual complements the GATS definitions and proposes unambiguous criteria based on the territorial location of the transactors (consumer and supplier) at the time the service is supplied, as well as on the type of the supplier (an individual or a business enterprise, respectively termed “natural or juridical persons” in the GATS). These criteria yield the same results as the GATS definition in most cases, while also providing clear guidelines for those which present special difficulties. However, it should be stressed that the Manual's guidelines on the compilation of statistics by modes of supply are laid out only for statistical purposes, and do not imply any legal interpretation of the GATS provisions. These criteria are shown in Box 1.

Box 1 The four modes of supply: statistical criteria

<u>Territorial presence of transactors</u>	<u>Mode of supply</u>
Consumer outside territory of residence	Mode 2 Consumption abroad
Consumer in his territory of residence: Supplier outside the territory of the consumer	Mode 1 Cross-border supply
Supplier in the territory of the consumer a) through commercial presence b) through the presence of natural persons	Mode 3 Commercial presence Mode 4 Presence of natural persons

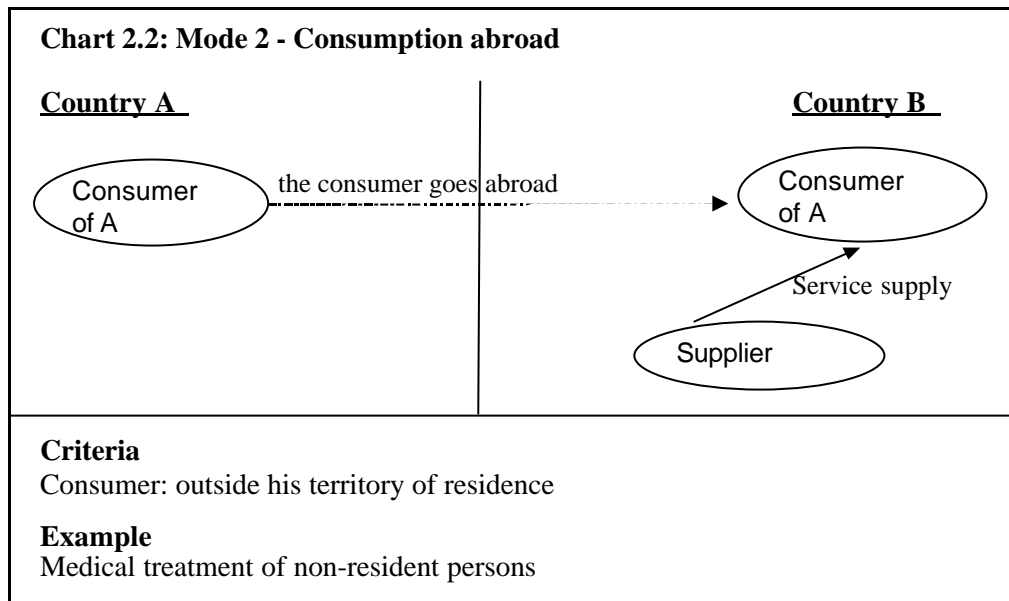
Mode 1 - cross border supply

36. Cross-border supply takes place when the consumer remains in his home territory while the service crosses national borders, the supplier being located in a different country. The transmission can be made by voice, fax, or data flow or by sending documents, discs, tapes and so on by mail or courier. It is similar to the traditional notion of trade in goods, where both the consumer and the supplier remain in their respective territory when the product is delivered.



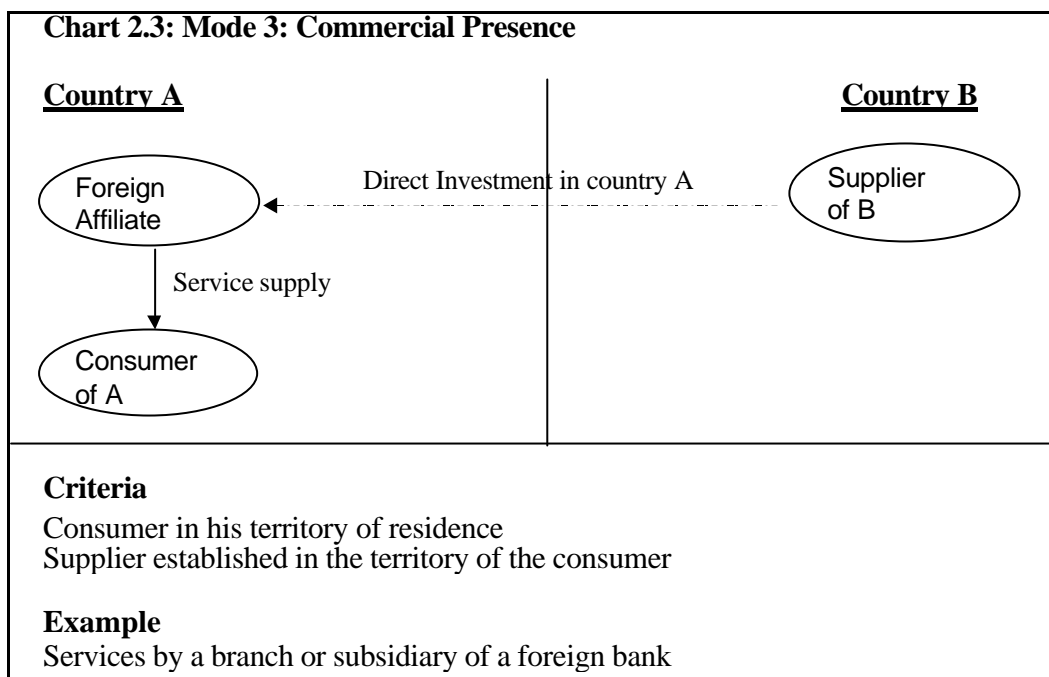
Mode 2 - consumption abroad

37. Consumption abroad occurs when a consumer moves outside his home territory and consumes services in another country, such as tourist activities (like visits to museums and theatres), or to receive education or medical treatment and so on.



Mode 3 - commercial presence

38. In recognition of the importance of the provision of services through the establishment of a commercial presence abroad as a way to ensuring a close contact with the consumer in his home territory at the various stages of production and delivery of a service, as well as after its delivery, the GATS covers *commercial presence* as its third mode of supply. Commercial presence in a market abroad takes place as a result of direct investment in the host country - the foreign capital factor of production. It covers not only juridical persons in the strict legal sense, but also legal entities that share some of the same characteristics such as representative offices and branches. Under the GATS rules, 'supply of a service' includes production, distribution, marketing, sale and delivery.



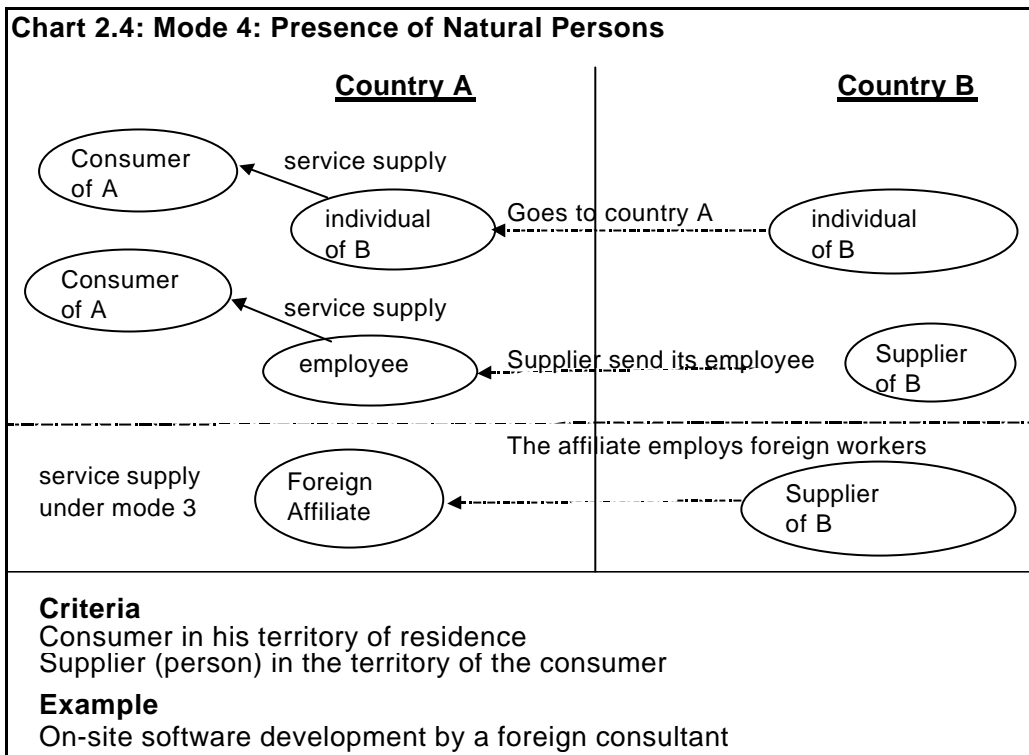
Mode 4 - presence of natural persons

39. The fourth mode of supply occurs when an individual has moved into the territory of the consumer to provide a service, whether on his or her own behalf or on behalf of his or her employer.

40. Mode 4 covers two distinct categories of natural persons: self-employed and employees. Mode 4 also applies to two areas: trade in services *per se* and employment, i.e. labour input in the production process.

41. Yet, *presence of natural persons* does not cover permanent employment.⁸ In addition, a strict interpretation of the GATS text shows that, in the case of short-term employment in the country of the consumer, it only applies to foreign affiliates and not to domestic companies. Thus, to measure the employment dimension, information would be needed on foreign employment in foreign affiliates. However, some countries have made some commitments covering short-term employment beyond foreign affiliates in their schedules, and mode 4 is often viewed in a wide sense, i.e. covering short-term employment of foreign staff in service industries (foreign affiliates and domestic companies). Accordingly, the Manual also considers short-term employment information (such as compensation of employees) as supplementary information on mode 4.

⁸ The Annex of the GATS on Movement of Natural Persons states that “The Agreement shall not apply to measures affecting natural persons seeking access to the employment market of a Member, nor it shall apply to measures regarding citizenship, residence or employment on a permanent basis.”



2.1.1.4 The GATT 'Services Sectoral Classification List' - GNS/W/120

42. In 1991 the GATT Secretariat produced a note setting out a classification list of service sectors⁹, known as the GNS/W/120 list, resulting from consultations with Members. This list was designed to assist the negotiators identify the sectors and sub-sectors, so that specific commitments could be drawn up for the country schedules concerning laws affecting them. It is reproduced in full in Annex 8. In order to assist the clear delineation of each sub-sector, codes from the provisional version of the UN Central Product Classification (CPC) were assigned appropriately to the sub-sectors.

43. These twelve major categories in the 1991 GATT 'GNS/W/120' list are:

1. Business services
2. Communication services
3. Construction and related engineering services
4. Distribution services
5. Educational services
6. Environmental services
7. Financial services
8. Health related and social services
9. Tourism and travel related services
10. Recreational, cultural and sporting services
11. Transport services.
12. Other services not included elsewhere

⁹ In trade negotiations the word 'sector' usually relates to a set of service products (often based on CPC) - and sub-sector to a distinct product in a set - whereas in the UN System of National Accounts 'sector' relates to parts of the economy with different characteristics, such as the private, public and household sectors.

44. The list might evolve over time, and there may be other classifications used by the services trade negotiators, as has been the case for basic telecommunications, financial services, and maritime transport.

2.1.2 Approach adopted by the Manual

45. The principal aim of the *Manual* is to meet user needs. Trade negotiators require statistics as a guide in order to negotiate specific commitments, and thereafter to monitor compliance and the resulting changes for each type of service. Statistics can aid the evaluation of market access opportunities, the comparison of liberalisation commitments, and the assessment of the extent of opening up achieved in specific services and markets. Private business also needs the information to exploit the possibilities offered by trade liberalisation. The *Manual* acknowledges the tight constraints under which statistical compilers, in national statistics offices, central banks and other institutions, operate and the need not to burden private enterprise unduly, whilst providing a clear ultimate goal for a conceptually complete framework. Provision is made for the phased implementation of a set of distinct elements - with core items identified - that can be introduced in a flexible way to meet each country's priorities, at the same time progressively improving inter-country comparability. Its recommended coverage - both the broad and detailed - of international services transactions, provides linkages between the *Manual* and other relevant international standards in a complementary way.

46. The conceptual framework of the *Manual* is designed so as to achieve compatibility with related international standards. In particular, compatibility with the following systems and classifications is the highest priority: the IMF Balance of Payments Manual (BPM5), the System of National Accounts 1993 (1993 SNA), the International Standard Industrial Classification for All Economic Activities (ISIC), and the Central Product Classification (CPC). The *Manual* builds on the strengths of these existing systems to develop an extended statistical framework for the compilation of trade in services.

47. The manual provides for guidelines for the breakdown of services transactions by modes of supply, although the provision of such a breakdown is only recommended for the long term and is associated with a low priority. Systematic criteria that can be operational in the statistical area have been proposed (Box 1) for the identification of modes of supply. These criteria unveil the relationship:

- between GATS modes of supply 1, 2, and 4, and service transactions between residents and non-residents, as captured in the balance of payments accounts; and
- between GATS mode 3 and statistics on the activity of foreign affiliates - a new statistical area resulting from preliminary work undertaken by member countries of the OECD.

48. Hence, the statistical framework of the *Manual* is based on these two pillars. The first incorporates and further elaborates international standards on transactions between residents and non-residents as defined in the BPM5. The second further develops preliminary concepts and methodology used by the OECD member countries, which have undertaken pioneering work in the measurement of the activity of foreign affiliates.

49. The *Manual* further develops the analysis of service transactions between residents and non-residents by modes of supply. Simplifying methods, including guidelines to complex cases are provided (see Section 2.3.2.2).

2.2 Related statistical systems and classifications

50. The key standards on which the *Manual* builds are noted in this section, leaving fuller treatment of transactions between residents and non-residents and foreign affiliates systems for Chapters 3 and 4 respectively. A brief summary of the relevant concepts contained in the standards that are not revisited later on is also given.

2.2.1 *The System of National Accounts 1993*

51. The System of National Accounts 1993 (1993 SNA)¹⁰ is an integrated system of accounts related to the economic activities and sectors of the economy of a country. To capture the transactions between that economy and all others, the 1993 SNA provides an account called the “rest of the world”, which it also refers to as the “external transactions account.” Within this account is an “external account of goods and services,” in which trade in goods and trade in services are separately recorded.

52. The 1993 SNA uses the same residency definition as is used in BPM5, but there is a difference with regard to the scope of services, which in the BPM5 does not cover the services by financial intermediaries without an explicit charge (FISIM). BPM5, however, does recommend that where it is possible to impute FISIM as a separate component of investment income. The Manual in its description in Chapter 3 follows the BPM5 and therefore also excludes FISIM from services, and at the same time includes it as a memorandum item in the Manual's classification of trade in services. Thus, except for exclusion of FISIM, the statistics on international trade in services described in Chapter 3 of this Manual are consistent with the imports and exports of services in the external accounts of the 1993 SNA. The Manual proposes a more detailed breakdown by type of service but total trade in services is identical in the two systems.

53. The 1993 SNA identifies “foreign-controlled enterprises” as sub-sectors of the two institutional sectors – *financial corporations* and *non-financial corporations*. Foreign-controlled enterprises in the 1993 SNA are defined more broadly than the majority-owned foreign affiliates that are covered by FATS statistics and described in Chapter 4 of this Manual. The difference is that the 1993 SNA suggests that countries may wish to treat some “associated enterprises” – enterprises in which the non-resident ownership is between 10 percent and 50 percent – as foreign-controlled. The foreign affiliates that are the subject of Chapter 4 exclude associated enterprises and so are, in principle, a subset of the foreign-controlled enterprises as defined in the 1993 SNA. In practice, however, many countries are expected to exclude associated enterprises from their 1993 SNA statistics because of the difficulty of determining whether enterprises with less than majority foreign ownership are effectively under non-resident control. Thus, in a practical sense, the enterprises designated for inclusion in FATS statistics will often be the same as those covered by the 1993 SNA statistics on foreign-controlled enterprises.

54. 1993 SNA statistics on foreign-controlled enterprises relate to what is usually termed “inward FATS”, i.e. to enterprises operating in the compiling country which are controlled by non-residents. 1993 SNA statistics for a given country do not provide information on “outward FATS”, i.e. on enterprises established abroad which are controlled by residents of that country (though these enterprises would, of course, be covered by the 1993 SNA statistics of their respective host countries).

¹⁰ Commission of the European Communities, International Monetary Fund, Organisation for Economic Co-operation and Development, United Nations, World Bank: System of National Accounts 1993 – see bibliography

55. The 1993 SNA provides the definitions of most of the economic variables that Chapter 4 recommends should be collected for FATS. These include the priority variables - value added, gross output and employment - as well as the lower priority items - financial and non-financial assets, net worth, operating surplus, gross fixed capital formation and taxes on income. The 1993 SNA also provides the definition of an enterprise, which is required for compiling the priority variable “number of enterprises”.

2.2.2 *The Balance of Payments Manual*

56. The fifth edition of the IMF’s *Balance of Payments Manual (BPM5)* describes the conceptual framework that underlies balance of payments statistics. The balance of payments statement systematically summarises, for a specific time period, the transactions that take place between an economy and the rest of the world. Transactions, for the most part between residents and non-residents, consist of those involving goods, services and income; those involving financial claims on, and liabilities to, the rest of the world; and those (such as gifts) that are classified as transfers. A transaction itself is defined as an economic flow that reflects the creation, transformation, exchange, transfer or extinction of economic value and involves changes in ownership of goods and/or financial assets, the provision of services, or the provision of labour and capital.

57. Closely related to the transactions- or flow-oriented balance of payments statement is the stock-oriented international investment position statement. Compiled at a specific date (such as year end), this investment position is a statistical statement of (i) the value and composition of the stock of an economy’s financial assets, or the economy’s claims on the rest of the world, and (ii) the value and composition of the stock of an economy’s liabilities to the rest of the world. A change in stocks during any defined period can be attributable to transactions (flows); to valuation changes reflecting changes in exchange rates, prices, etc.; or to other adjustments (such as uncompensated seizures). By contrast, the balance of payments statement reflects only transactions.

2.2.3 *Other international statistical systems*

2.2.3.1 *International migration frameworks*

The UN “Recommendations on Statistics of International Migration”

58. The UN recommendations¹¹ set out a framework for reporting statistical information that measures international migration flows and stocks, including how censuses can help gather information on foreign persons. It aims to counter the steady decline in the availability, coverage, meaning and comparability of statistics produced by different countries. The major categories of persons crossing international borders are included, it builds on the taxonomy of traveller inflows and outflows, and gives priority to the identification of internationally mobile individuals who satisfy simple general definitions of short-term and long-term migrants (the period for the latter being stays of a year or more).

ILO suggestions for improving data collection systems

59. An International Labour Organisation (ILO) publication¹² puts forward a comprehensive framework for the identification and classification of international migrants, together with succinct

¹¹ See bibliography.

¹² See bibliography.

definitions of the different categories of migrant included, and it is maximal in extent (e.g. covering also those who do not carry on an economic activity). It enables both inward and outward flows, and 'stocks' of migrants to be enumerated.

2.2.3.2 *Tourism Satellite Accounts*

60. The OECD and the World Tourism Organization have developed tourism satellite accounts (TSAs). The travel component of the EBOPS classification in this Manual provides a guide to the measurement of the transactions between residents and non-residents of an economy in relation to travel. This *Manual* and the TSAs have different coverage and the relationship between them is described in Annex 9.

2.2.3.3 *International Merchandise Trade Statistics: Concepts and Definitions*

61. This UN publication provides concepts and definitions for the compilation of international merchandise trade statistics.¹³ Countries using the new recommendations will engage in data collection that will achieve greater harmonisation with 1993 SNA and BPM5, thereby increasing the comparability of international merchandise trade statistics with other statistics. In particular it makes recommendations, on the valuation of goods, for measuring the value of related services such as:

- (a) the cost of transport of the imported goods to the port or place of importation
- (b) loading, unloading and handling charges associated with the transport of the imported goods to the port or place of importation, and
- (c) the cost of insurance.

2.2.4 *Classifications of products and activities*

2.2.4.1 *The Central Product Classification System*

62. The UN Central Product Classification (CPC) is a part of the international system of interrelated classifications of economic activities and products (i.e. goods and services).¹⁴ It is the standard for all products that are an output of an economic activity, including transportable and non-transportable goods and services. For the description of goods, the CPC is fully harmonised with the Harmonised Commodity Description and Coding System (HS) of the World Customs Organization. For services, CPC is the first international classification covering the whole spectrum of outputs of the various industries, and can serve the different analytical needs of statistical and other users. For example, the CPC has been used for the elaboration of categories used during the negotiations under the GATS conducted during the Uruguay Round.¹⁵ The CPC has also been used to define balance of payments services components recommended in BPM5. The general service product classification of the CPC will serve as a guideline for the elaboration of future such classifications for specific areas of the economy including international trade in services.

¹³ See bibliography.

¹⁴ See bibliography.

¹⁵ See bibliography.

2.2.4.2 *International Standard Industrial Classification of All Economic Activities (ISIC)*

63. The UN International Standard Industrial Classification of All Economic Activities (ISIC) is a basic tool for fostering international comparability of data across a wide range of economic and social statistics, including production, value added and other economic statistics, labour force analysis, and employment statistics.¹⁶ It is a standard classification of productive economic activities providing a set of 138 categories, linked as far as possible with the way economic processes are organised in units and the way the processes are described in economic statistics. An industry is thus defined as the set of production units engaged primarily in the same or similar kinds of productive economic activity. Criteria relating to the economic transactors (e.g. financial institutions) and to types of transaction (intermediate and final consumption, capital formation, etc) reinforce the considerations for identifying stages of production. In line with the UN programme of harmonisation of international economic classifications, ISIC is co-ordinated with the CPC, which includes a correlation table between them. This table indicates the kinds of activities that produce particular goods and services.

2.2.4.3 *The Joint OECD-EUROSTAT Trade-in-Services Classification*

64. The Joint OECD-Eurostat Trade in Services Classification is closely linked to the BPM5. It can be characterised as a disaggregation of the IMF classification for balance of payments transactions in trade in services. It covers all service transactions between residents and non-residents. The main categories of this classification are identical to the 11 main service categories of the BPM5 standard components, and the 2- and 3- digit items are compatible with these standard components and BPM5 services sub-components. Hence, compiling and reporting on the basis of the Joint Classification simultaneously satisfies IMF requirements. The Joint Classification is also partially linked to the CPC through its relationship with the BPM5.

65. The Joint Classification takes account of the GATS, particularly as regards financial services and telecommunications and it also reflects the statistical implications of the completion of the European Communities' Single Market in Services, which entailed a great number of directives relating to financial, telecommunications, transport, tourism and audio-visual services.

66. The EBOPS classification, recommended in this Manual, is a disaggregation of the Joint Classification.

2.2.5 *The OECD Benchmark Definition of Foreign Direct Investment*

67. Foreign direct investment has assumed a crucial role in the internationalisation of economic activities. The OECD Benchmark Definition of Foreign Direct Investment¹⁷ provides operational guidance - within the conceptual framework of BPM5, and as an elaboration of it - on how foreign direct investment data should be compiled to meet internationally agreed standards.

2.2.6 *The OECD Manual on Globalisation Indicators*

68. The forthcoming OECD Manual on Globalisation Indicators will provide a framework of methodological and statistical guidelines for constructing indicators on an internationally harmonised basis

¹⁶ See bibliography.

¹⁷ See bibliography.

of use for policy makers and for the systematic monitoring over time of the progressive degree of worldwide economic integration. The GATS obligations relate to many aspects of the presence of enterprises established abroad, which supply services through Mode 3 'commercial presence'. As explained in section 4.1 below, FATS statistics provide information on the activities of foreign affiliates. The OECD manual will cover a wider canvas than the FATS statistics, and in view of this the FATS framework has been conceived in a way which is fully consistent with that defined in the OECD manual.

2.3 Transactions between residents and non-residents - Pillar I

69. The *Manual* abides by the concepts and definitions of BPM5, and how its framework covers services transactions, labour related flows and aspects of foreign direct investment. Where it goes beyond BPM5 in Pillar I, is in the further separation out of service products from the broad categories, and in describing how to compile transactions by mode of supply. Section 4 below describes how Pillar II goes beyond the foreign direct investment content of BPM5.

2.3.1 The Fifth Edition of the Balance of Payments Manual (BPM5)

70. BPM5 is a primary source of information on international trade in services, international investment transactions and economic flows associated with the movement of labour.

71. Balance of payments statements summarise the economic transactions of an economy with the rest of the world for a specific period. Two key concepts are involved: transaction and residence. A transaction is an economic flow arising from the provision of a service, labour or capital.¹⁸ Residence is central because the identification of transactions between residents and non-residents underpins the BPM5 system. The definition used in the BPM5 is identical to that in 1993 SNA, and is based on a transactor's centre of economic interest. As political boundaries may not always coincide with those appropriate for economic purposes, the *economic territory*¹⁹ of a country is used as the relevant geographical area for residence. An institutional unit is a resident unit when it has a centre of economic interest in the economic territory of a country.

2.3.1.1 BPM5 standard services components

72. BPM5 statistics are arranged within a coherent structure to facilitate their use and adaptation for many purposes, including policy formulation, analytical studies, projections, bilateral comparisons of particular components or total transactions, regional and global aggregations. Box 2 below gives an overview of the eleven main BPM5 standard services components.

73. These eleven services components together match relatively well the GATS product coverage, with three exceptions. First, for the most part, *government services, n.i.e.* is excluded from the GATS.²⁰ Second, some transactions considered as services under the GATS are recorded under *goods* in BPM5; this concerns repairs of most goods, excluding construction repairs and computer repairs, as well as most processing services. Third, some BPM5 components, especially *travel*, include transactions in goods.

¹⁸ A transaction can also involve the change of ownership of goods or financial assets.

¹⁹ For a definition of economic territory see paragraph 109

²⁰ Article I of the GATS, describing the scope of the agreement, excludes services supplied in the exercise of governmental authority, meaning any service which is supplied neither on a commercial basis nor in competition with one or more service suppliers (see annex 7).

Box 2: an overview of the main BPM5 services components

1. Transportation
2. Travel
3. Communications services
4. Construction services
5. Insurance services
6. Financial services
7. Computer and information services
8. Royalties and licence fees
9. Other business services
10. Personal, cultural and recreational services
11. Government services n.i.e.

2.3.1.2 *labour and migrant related flows*

74. Section 2.1.1.3 indicated that supplementary information on mode 4 covers short-term employment information such as income of foreign staff in service industries.²¹ BPM5 labour-related flows in the current account provide such information, although the income recorded in the balance of payments covers the compensation of persons not only working in service-producing activities, but also in goods producing industries.

75. When individuals work for less than one year in an economy where they are not resident, the BPM5 records their earnings as *compensation of employees*, whilst their expenditure in the host economy is placed in the travel component. *Compensation of employees* comprises wages, salaries and other compensation received by individuals - in economies other than those in which they are residents - for work performed for residents of those economies. Compensation of employees is classified within income in BPM5.

76. Individuals who stay abroad for one year or more are regarded in BPM5 as residents of the foreign economy, and so their earnings and expenditure are not recorded in the balance of payments, because the flows are domestic transactions within that foreign economy.²² *Workers' remittances* are current transfers by migrant workers who are employed in a foreign economy, and considered as residents there. These remittances are classified under current transfers in BPM5.

77. The relevance of *workers' remittances* as information on short-term employment might be questioned, given that it concerns workers that have been in the foreign economy for more than one year. However, it should be noted that the GATS does not provide precise guidelines for the definition of

²¹ The Manual deals with trade in services. Thus, income information, such as the "compensation of employees" BPM5 category, is referred to as "supplementary" information.

²² The one-year rule does not apply to students, medical patients, and employees working in government enclaves such as embassies and military bases, who remain residents of their economies of origin even if the length of stay in another economy is one year or more.

temporary presence, and that most countries' commitments refer to several years of stay. Thus, *workers' remittances* are a useful complement to the information provided by *compensation of employees*.

2.3.1.3 *Foreign direct investment*

78. Foreign direct investment (FDI) is a pre-condition to the establishment of a *commercial presence*. FDI statistics are thus a relevant complement to FATS statistics as information on the *commercial presence* mode of supply. Where countries do not compile FATS statistics, FDI statistics are the only available quantitative information on this mode or supply.

79. FDI reflects the objective of obtaining a lasting interest by a resident entity in one economy ('direct investor') in a business in another economy ('direct investment enterprise'). The lasting interest implies the existence of a long-term relationship between the direct investor and the direct investment enterprise as well as a significant degree of influence on the management of the enterprise. Direct investment includes the initial transaction between the two entities and all subsequent capital transactions between them and among affiliated enterprises, both incorporated and unincorporated. In inward and outward direct investment statistics, where feasible, the direct investment enterprise should be classified by its industrial activity in the host country and by the industrial activity of its direct investor.

80. A foreign direct investor is an individual, an incorporated or unincorporated public or private enterprise, a government, a group of related individuals, or a group of related incorporated and/or unincorporated enterprises which has invested in a direct investment enterprise - that is, a subsidiary, associate or branch - operating in a country other than their country of residence. The conceptual basis for compiling foreign direct investment statistics has been defined in BPM5 and in the OECD Benchmark Definition, involving concepts such as direct investor, lasting interest, significant influence on management, and at least 10% equity interest or equivalent voting power. Although these concepts have been long accepted internationally, their application still varies across countries mainly because the implementation of new guidelines can require significant institutional changes by national compiling agencies.

2.3.2 *Additional needs for the GATS*

81. The *Manual* does not set out to change the BPM5 broad service components, but it does call for more detail so as to identify services that feature significantly in international trade in their own right. Major examples of this more detailed treatment are in the areas of transport, communications and financial services, computer and information services, business, professional services and personal services. In addition the *Manual* provides guidelines on how to allocate transactions in the various services to the appropriate GATS mode of supply, an added stage of analysis that does not feature in the BPM5 recommendations.

2.3.2.1 *The Extended Balance of Payments Services (EBOPS) Classification*

82. The Extended Balance of Payments Services (EBOPS) Classification has been devised for the *Manual* based on the experience gained with the implementation of the Joint OECD-Eurostat classification system. It is a disaggregated sub-system of the BPM5 service classification. A correspondence table is provided in the Annex linking the EBOPS classification with the CPC. As described in Chapter 3, EBOPS contains main categories that are identical to the eleven major BPM5 standard services components, and

further details that are fully consistent with the BPM5. The harmonisation is bolstered by the standardisation of the coding systems for identification and reporting purposes.

2.3.2.2 *Analysis of balance of payments transactions and components by modes of supply*

83. The correspondence between the BPM5 service components and modes of supply is in theory rather complex since, in principle, any mode of supply is conceivable for any type of service. However, with a view to facilitating the analysis and compilation of service transactions by modes of supply, the Manual suggests a simplified approach.

84. First, separate identification of modes deemed to be relatively marginal in a given service category is not recommended. Thus, if the major part of a given service category corresponds to services supplied under one mode, this mode could be fully allocated to that service category. For example, freight transport would be allocated to cross-border supply (mode 1). According to this methodology, a given service category would normally correspond only to one or two modes of supply.

85. Second, there are cases where specific balance of payments service transactions involve several modes of supply, e.g. when an architect designs a construction project and delivers it through a telecommunications link, and has to make some visits to the country of the consumer at the implementation phase. In those cases, it is recommended that, if estimates cannot be provided for the subdivision of the transaction value by modes, the transaction be allocated to the most important mode in terms of time and resources associated with it.

Balance of payments services components corresponding to mode 1

86. Mode 1 applies when a service is delivered to the consumer in his territory of residence, while the supplier is abroad (Chart 2.1). This is the case for most balance of payments transactions recorded under transportation, communication services, insurance services, financial services, and royalties and licence fees. Non-mode 1 transactions in these components mainly take place in two instances:

- transactions fully occurring through presence of natural persons (mode 4), which are presumed to be marginal in these components;
- transactions, which involve both modes 1 and 4 (such as an insurance agent moving to discuss the terms of the contract, whereas most of the insurance service would be produced in the country where the insurance company is located). In those cases, it might appear reasonable to allocate the transaction to mode 1.

87. Thus, applying the simplified approach, the BPM5 components, indicated above, would be allocated to mode 1.

Balance of payments services components corresponding to both mode 1 and mode 4

88. Mode 1 also applies to part of transactions in computer and information services, other business services, and personal, cultural and recreational services. However, these components also comprise transactions corresponding to mode 4 situations, where the supplier moves to the territory of the consumer. For these components, further analysis is needed. In particular, the knowledge of the location of the supplier at the time major transactions are delivered would be critical for a proper assessment of the share of modes 1 and 4 in these balance of payments components.

Balance of payments Travel component and mode 2

89. The travel category broadly corresponds to mode 2 - consumption abroad, although it does not categorise all the types of services supplied to travellers. Further refinements would be needed for a better measurement of mode 2. For example, an adjustment would be needed to exclude any goods purchased by travellers.

An exception: construction services, a balance of payments-mode 3 category

90. The local sales through *commercial presence* (mode 3) are not generally recorded in balance of payments statistics since a commercial presence is in principle resident in the country where it is established. FATS statistics have been specifically designed to provide such information. However, in the GATS sense, a *commercial presence* may be any type of establishment owned or controlled by foreign entities, even those created for a short period. For example, a temporary commercial presence established for the completion of the project, such as a two months construction project, should be included. The services supplied by such a temporary commercial presence would normally be included in balance of payments statistics under *construction services*, and not in FATS statistics.

91. In turn, the balance of payments component *construction services* also includes transactions resulting from mode 4 - presence of natural persons. Whether or not these mode 4 transactions are marginal relative to the mode 3 transactions in this category will depend on the characteristics of the compiling country. However it is likely that in most cases, *construction services* would be allocated to the commercial presence mode of supply.

Compensation of employees

92. *Compensation of employees* covers income, in the form of wages, salaries and other compensation received by individuals, by non-residents in all industries, including manufacturing and agriculture as well as service industries. To provide relevant supplementary information on mode 4, identification of the part of *compensation of employees* arising from service activities is encouraged.

2.3.2.3 *Analysis of balance of payments transactions by origin and destination*

93. Analysis of balance of payments statistics by origin and destination are needed for analytical and policy purposes, and for use in bilateral and multilateral negotiations. Country or regional analysis of trade in services - whether associated with balance of payments transactions, foreign direct investment or FATS - is a necessary complement to both product and economic activity classification systems. To the extent feasible, an identical geographical basis should be utilised for all related sets of services statistics. The geographical allocation of balance of payments-related data is to the country where the provider, or acquirer, of the service is resident.

2.4 Operations of foreign affiliates - Pillar II

94. The second pillar of the *Manual* deals with the compilation of data on the operations of foreign affiliates in order to derive information on the commercial presence mode of supply - Mode 3 - and to assess diverse aspects of the globalisation phenomenon.

95. Under existing statistical frameworks, data on foreign direct investment are compiled as part of the balance of payments and international investment position statistics, while those on the activities of

foreign affiliates are recorded, for the most part, indistinguishably in the domestic statistics of their country of location. Thus the local sales of foreign affiliates are not recorded in the statistics of the country of residence of the parent enterprise, although these sales may give rise to flows of income that are recorded in the balance of payments.

2.4.1 FATS statistics concepts and classification

96. Foreign Affiliates Trade in Services (FATS) statistics measure the commercial presence abroad of service suppliers through affiliates in foreign markets, and are therefore closely related to statistics on foreign direct investment. Data on the activities of foreign-owned affiliates *in* the compiling economy are usually referred to as “inward FATS” and those relating to foreign affiliates *of* the compiling economy that are established abroad are referred to as “outward FATS”. FATS statistics cover a full range of variables that can comprise some, or all, of the following: types of activity, number of enterprises, value added, gross output, employment, exports and imports, services supplied, assets, net worth, operating surplus, gross fixed capital formation, taxes on income, research and development expenditure, and potentially other aspects of interest to policy makers.

97. Ideally, it would be possible to attribute FATS variables on the basis of either the industrial activities of producers or the types of products produced and sold. Data on a product basis would identify the specific types of services delivered through the commercial presence mode of supply and could most readily be compared with data on services delivered through trade between residents and non-residents. However, some FATS variables, such as value added and employment, do not lend themselves to a product classification. Also, for some countries, FATS statistics may be developed as a subset of domestic enterprise or other statistics that are classified only on an activity basis. Further, for some purposes, the data may need to be viewed in conjunction with data on stocks and flows of foreign direct investment, which normally would be classified by activity but not by product.

98. The *Manual* thus recommends that FATS variables be classified by activity according to the ISIC Categories for Foreign Affiliates (ICFA), a group of categories derived from ISIC (see Chapter 4 and Annexes 4 and 5). ICFA covers all kinds of activities including goods production. ICFA was designed in such a way to provide the best possible link with EBOPS, in order to facilitate as much as possible the comparability of the two sets of statistics (see annex on the link between ICFA and EBOPS). This basis of presentation allows activities of services enterprises to be viewed in the context of the activities of all enterprises. In addition, where a cross-classification by product is possible, it provides a framework for displaying services produced as a secondary activity by enterprises classified as goods producers.

2.4.2 FATS and commercial presence

99. FATS statistics have been specifically designed to address the commercial presence mode of supply - Mode 3. However FATS statistics as recommended in the *Manual* differ from the coverage of the GATS in the following ways: (a) GATS refers to control²³ as well as majority ownership, whereas FATS mainly uses the latter as its criterion, (b) GATS covers services products whereas FATS is based on activities, and (c) GATS Mode 3 is concerned with the supply by foreign affiliates of services in their host countries, whereas FATS variables, such as turnover, include any exports.

²³ There are many examples of foreigners effectively controlling an enterprise without majority ownership.

2.4.3 FATS and other modes of supply

100. As was described in the other sections above, FATS statistics may also provide some information related to other modes of supply, apart from mode 3, e.g. quantitative information on foreign employment in foreign affiliates would be an indicator of the "income" dimension of mode 4.

2.4.4 FATS statistics and other statistical frameworks

101. FATS statistics, as conceived in the *Manual*, are consistent with existing statistical frameworks. They fall within the overall ambit of the 1993 SNA, and observe the conventions of the BPM5 and the OECD Benchmark Definition of Foreign Direct Investment in relation to foreign direct investment, to the CPC and ISIC for product and activity classifications, to UN standards for employment variables, and to the OECD Manual on Globalisation Indicators. FATS statistics capture the activities of majority-owned foreign affiliates that form a sub-set of enterprises on the register of direct investment enterprises, and cover a wide variety of indicators on both their domestic and foreign operations.

102. In 1993 SNA a direct investment enterprise is defined as an incorporated or unincorporated enterprise in which an investor resident in another economy owns 10 per cent or more of the ordinary shares or voting power (for an incorporated enterprise) or the equivalent (for an unincorporated enterprise). Direct investment enterprises comprise those entities that are identified as subsidiaries (investor owns more than 50 per cent), associates (investor owns 50 per cent or less) and branches (wholly or jointly owned unincorporated enterprises), either directly or indirectly owned by the investor. Foreign-controlled enterprises include subsidiaries and branches, but associates are included or excluded according to a qualitative assessment of foreign control (see SNA § 14.152). There are some instances of service activities that do not meet the criteria, and the legal structures of groups of related enterprises can be very complex and may bear no relationship to the management responsibilities. Guidance on this is given in Chapter 4. BPM5 does not call for data on foreign direct investment flows or stocks to be disaggregated by activity of direct investor or direct investing enterprise, nor for bilateral data by origin of inflows and outflows which would be useful to compare 'mirror statistics', whereas these are an important feature of Pillar II of the *Manual*.

2.5 Service transactions and modes of supply

103. The previous Sections have discussed the two pillars of the statistical framework described in the *Manual*: balance of payments and FATS statistics. The links and rules for the allocation of modes of supply to service transactions have also been shown. In particular:

- As a general rule, FATS statistics provide information on mode 3 supply, and balance of payments statistics on the other modes of supply; the exception is that the balance of payments *construction services* component should fall within mode 3;
- Balance of payments components *transportation, communication services, insurance services, financial services, and royalties and licence fees* are allocated to mode 1;
- Balance of payments components computer and information services, other business services, and personal, cultural and recreational services may be allocated to both mode 1 and mode 4;
- The travel component corresponds to mode 2;
- Balance of payments labour-related flows provide supplementary information on mode 4.

104. Box 3 below summarises the situation for each mode of supply.

Box 3: Statistical Coverage of Modes of Supply

Mode	Statistical Coverage (BPM5 and FATS)
Mode 1 Cross border supply	<u>BPM5</u> : Transportation, Communications services, Insurance services, Financial services, Royalties and licence fees Part of : <i>Computer and information services, Other business services, and Personal, cultural and recreational services</i>
Mode 2 Consumption abroad	<u>BPM5</u> : travel (excluding goods bought by travellers)
Mode 3 Commercial presence	<u>FATS</u> : FATS Statistics, each ICFA category (Sales, value added, etc.) <u>BPM5</u> : Construction services
Mode 4 Presence of natural persons	<u>BPM5</u> : Part of : <i>computer and information services, Other business services, and Personal, cultural and recreational services</i> <u>FATS</u> (supplementary information): foreign employment in foreign affiliates <u>BPM5</u> (supplementary information): labour related flows

105. Box 3 shows how the two pillars of the Manual bring together information for each mode of supply. As mentioned above ICFA was designed in such a way as to provide the best possible link with EBOPS. However, it should be kept in mind that this comparability is limited, due to the differences in the nature of systems and classifications used. For FATS statistics, each firm is classified according to its principal activity and statistics are collected by activity according to the ICFA classification. This *Manual* recommends that transactions be compiled by products according to the EBOPS classification. It will only be when compilers are able to classify the output of foreign affiliates on a product basis as well, that it will be possible to make direct comparisons between the values of specific types of services delivered to foreign markets through trade between residents and non-residents, and through sales by foreign affiliates.

3.1 Introduction

106. This chapter describes in detail the measurement of trade in services in the conventional and restricted balance of payments sense. It sets out the principles underlying the recording of such trade. It discusses the concept of residence and its practical application, valuation of transactions and other principles relating to recording of transactions. It then goes on to describe the EBOPS classification, the treatment of transactions between related parties, the recording of trade by trading partner. Allocation by mode of supply is discussed, as is the treatment of repairs. Finally a detailed explanation of the components of the EBOPS classification is provided.

3.2 Principles of recording

107. The principles for the measurement of services transactions between residents and non-residents in this *Manual* are the same as those prescribed in *BPM5* and in *1993 SNA*. This ensures that compilers may make use of the same data sources in many cases and that statistics on international trade in services are compiled on a basis consistent with that of other macroeconomic statistics. This is useful both within each country's statistical system and also for the purposes of international comparability. The main principles for recording these transactions are described below and, if necessary, more detailed guidance may be obtained from *BPM5* and its companion volumes, the *Balance of Payments Textbook* and the *Balance of Payments Compilation Guide*.

3.2.1 Concept and definition of residence

108. The residency concept is central to the measurement of transactions between residents and non-residents. The concept of residence in this *Manual* is identical to that used in *BPM5* and *1993 SNA*. It is not based on nationality or legal criteria, but on a transactor's *centre of economic interest*. Further, as territorial boundaries recognised for political purposes may not always be appropriate for economic purposes, the *economic territory* of a country is used as the relevant geographical area to which the concept of residence is applied. An institutional unit is a resident unit of a country or economy when it has a centre of economic interest in the economic territory of a country.

109. The economic territory of a country consists of the geographic territory administered by a government. Persons, goods and capital circulate freely within this territory. Included are islands that belong to the country, airspace, territorial waters, and continental shelf lying in international waters over which the country enjoys exclusive rights or over which it has, or claims to have, jurisdiction in respect of the right to fish or to exploit fuels or minerals below the sea bed. Also included are territorial enclaves, such as embassies, consulates, military bases, scientific stations, aid agencies, located in other economies and used by governments for diplomatic, military, scientific or other purposes with the formal political agreement of the governments of the economies where these enclaves are physically located. Thus, while

territorial enclaves used by foreign governments (or international organisations) may be located within a country's geographical boundaries, such enclaves are not included in the host country's economic territory.

110. An enterprise has a centre of economic interest, and thus residence, in an economy when it engages and intends to continue to engage in economic activities on a significant scale either indefinitely or over a long period of time from one or more locations, not necessarily fixed, within the economic territory of that economy. A period of one year is suggested as a guideline for determining residency, but this is not an inflexible rule.

111. Production undertaken outside the economic territory of a resident enterprise by the personnel, plant and equipment of that resident enterprise is treated as part of host country production and the enterprise is treated as a resident unit (branch or subsidiary) of that country if the enterprise meets the conditions noted in paragraph 110 above. In addition, the enterprise must maintain a complete and separate set of accounts of local activities (that is, income statement, balance sheet, transactions with the parent enterprise), pay income taxes to the host country, have a substantial physical presence, receive funds for enterprise work for the enterprise account, and so on. If these conditions are met, the enterprise is considered a foreign affiliate (discussed further in chapter 4). If these conditions are not met, the output of the enterprise should be classified as an export by a resident enterprise.

112. Offshore enterprises, including those engaged in manufacturing processes (including assembly of components manufactured elsewhere), trading and financial enterprises are residents of the economies in which the offshore enterprises are located. This applies regardless of location in special zones of exemption from customs or other regulations or concessions.

113. The principles used to determine the residency of an enterprise are likewise applicable to an enterprise that operates mobile equipment (such as ships, aircraft, drilling rigs and platforms, and railway rolling stock) outside the economic territory where the enterprise is resident. Such operations may take place in (i) international waters or airspace or (ii) another economy. In the first case (an enterprise with operations taking place in international waters or airspace), the activities should be attributed to the economy in which the operator maintains residence. In the second case (an enterprise with production taking place in another economy), the enterprise may be considered to have a centre of economic interest in the other economy. If operations (such as a railway network) are carried out by an enterprise on a regular and continuing basis in two or more countries, the enterprise is deemed to have a centre of economic interest in each country and thus to have separate resident units in each. The enterprises must also be accounted for separately by the operator and recognised as separate enterprises by tax and licensing authorities in each country of operation. In cases involving the leasing of mobile equipment to one enterprise by another for a long or indefinite period, the lessee enterprise is deemed to be the operator, and activities are attributed to the country where the lessee is resident.

114. For ships flying flags of convenience, it is often difficult to determine the residence of the operating enterprise. There may be complex arrangements involving ownership, mode of operation, and chartering of such ships. In addition, the country of registry differs, in most instances, from the operator's (or owner's) country of residence. Nonetheless, in principle, the shipping activity is attributed to the country of residence of the operating enterprise. If an enterprise establishes, for tax or other considerations, a branch in another country to manage the operation, the operation is attributed to the resident (branch) operating in that country.

115. Transactions of agents should be attributed to the economies of principals on whose behalf the transactions are undertaken and not to the economies of agents representing or acting on behalf of principals. However, services rendered by agents to enterprises represented should be attributed to the economies in which the agents are residents.

116. A household has a centre of economic interest where it maintains one or more dwellings, within the country that members of the household use as their principal residence. All individuals who belong to the same household must be residents of the same economy. If a resident household member leaves the economic territory and returns to the household after a limited period of time, the individual continues to be a resident even if he or she makes frequent journeys outside the economic territory. An individual may cease being a member of a resident household when he or she works continuously for one year or more in a foreign country. Even if an individual continues to be employed and paid by an enterprise that is resident in his or her home country, that person should normally be treated as a resident in the host country if he or she works continuously in the host country for one year or more.

117. Civil servants (including diplomats) and military personnel employed abroad in government enclaves continue to have centres of economic interest in their home countries while, and however long, they work in the enclaves. They continue to be residents in their home economies even if they live in dwellings outside of these enclaves²⁴. However long they study abroad, students should be treated as residents of their home economy, provided they remain members of households in their home economies. In these circumstances, their centres of economic interest remain in their economies of origin, rather than in the economies where they study. Medical patients abroad are also treated as residents of their economies of origin, even if their stays are one year or more, as long as they remain members of households in their economies of origin.

118. Issues of residency are discussed in more detail in *BPM5* chapter IV.

3.2.2 *Valuation of transactions*

119. Market price should be used as the basis for valuation of transactions in international trade in services. Thus, transactions will generally be valued at the actual price agreed upon by the supplier and the consumer. *BPM5* identifies some of the more common circumstances under which it may not be possible to establish a market price, and recommends that in such circumstances it is appropriate to develop a proxy measure, if possible by analogy with known market prices established under conditions that are considered essentially the same as those pertaining to the unpriced transaction.

120. Particular problems may arise in valuing international transactions between related²⁵ enterprises integrated under the same management but situated in different economies. Transactions may not be market transactions as there is a lack of independence among the parties to the exchange, and the prices used in portraying such transactions in the books of the enterprises (called *transfer prices*) may or may not be market prices. Transfer pricing not based closely on market considerations could be expected to be common among related enterprises conducting business across national boundaries because disparities between taxes and regulations imposed by different governments are a factor in management decisions on the optimum allocation of profits among units²⁶.

²⁴ Because embassies and consulates are considered extraterritorial to the economies in which they are located the compensation received by host country (local) staff is classified as payments to residents by non-residents.

²⁵ Related enterprises are those where there exists a direct investment relationship as described in *BPM5* and *BD3*. *BPM5* defines the direct investment relationship as ownership, by a direct investor resident in one economy, of 10 percent or more of the ordinary shares or voting power (for an incorporated enterprise) or the equivalent (for an unincorporated enterprise) of an enterprise resident of another economy. Further, direct investment enterprises comprise those entities that are either directly or indirectly owned by the direct investor.

²⁶ For further discussion on transfer pricing, see *BPM5*, paragraphs 97-103.

121. This *Manual* follows *BPM5* by recommending that, in the case where distortions between market and transfer prices are large, replacement of book values with market value equivalents is desirable in principle, although in practice, such prices may be difficult to estimate. In view of the practical difficulties involved in substituting an imputed or notional market value for an actual transfer value, substitution should be the exception rather than the rule. However, if certain transfer prices are so divorced from those of similar transactions that the transfer prices significantly distort measurement, the prices should either be replaced by market price equivalents or be separately identified for analytical purposes.

3.2.3 *Other principles relating to the recording of transactions*

122. The appropriate time to record transactions in services is the time at which they are rendered (that is, when they are delivered or received). This may differ from the time at which payment is made or received, which may be either before or after (or at the same time as) the transaction takes place. Services received are recorded as *debit* entries and services provided as *credit* entries. Debit (imports) and credit (exports) transactions should be separately compiled, rather than recorded as the net of credits minus debits.

123. Transactions may take place in a range of currencies, including the domestic currency of either the provider or the consumer of the services. To produce meaningful statistics however, it is necessary for the compiler to convert all transaction values to a common unit of account. Most commonly, this will be the national currency; however if this currency is subject to significant depreciation relative to other currencies involved in the international transactions of the economy, growth in money terms in transactions over time may result from this depreciation. It may therefore be more analytically useful to express all transactions in another, more stable currency.

124. The most appropriate exchange rate to be used in converting transaction values from the currency of transaction to the currency of compilation is the market rate prevailing at the time that the transaction takes place. The midpoint between buying and selling rates should be used so that any service charge (the spread between the midpoint and those rates) is excluded. However, as the actual midpoint rate at the time at which the transaction occurs may not be available to the compiler, an accepted practice is to take the average midpoint rate for the period for which the data are being compiled.

125. *BPM5* should be consulted for recommendations on conversion in the case where there are multiple official exchange rates, or black or parallel market rates²⁷.

3.3 **The Extended Balance of Payments Services Classification**

126. In 1996 the OECD and Eurostat developed a more detailed classification than the *BPM5* for international trade in services between residents and non-residents, by breaking down a number of the *BPM5* service items. The Extended Balance of Payments Services (EBOPS) classification of transactions between residents and non-residents recommended in this *Manual* is a further extension of the OECD-Eurostat classification and provides information required by the WTO in connection with the GATS agreement. The full EBOPS classification is given in Annex 2 of this *Manual*. EBOPS is, for the most part, consistent with the *BPM5* classification and deviations from, and elaborations to this existing international standard are identified in the discussion later in this chapter.

²⁷ See *BPM5*, paragraphs 132-138.

127. The consistency between the existing classifications and the EBOPS classification is further reinforced in the coding system recommended in this *Manual* for compilation and reporting purposes. These classifications (BPM5, OECD-Eurostat and EBOPS) are all primarily product based classifications, and may therefore be described in terms of the international classification of products, the CPC. *BPM5* describes the various services components in terms of the provisional CPC, which was published in 1989. A similar, but more detailed, approach has been used in this *Manual*, and Annex 3 provides a detailed correspondence between the EBOPS classification and version 1.0 of the CPC, which was published in 1998. However, as in *BPM5* and in the OECD-Eurostat classification, there are three areas of EBOPS where a correspondence with the CPC cannot be established. In these areas, *travel*, *construction services*, and *government services n.i.e.*, a wide range of goods and services may be traded or consumed. These three areas of EBOPS, which are further discussed later in this chapter, emphasise the mode of consumption of goods and services, rather than the type of product consumed. Further it should be noted that it is not possible to establish a one-to-one correspondence between EBOPS and CPC because in places CPC calls for more detail than is shown in EBOPS while in a few areas the reverse is true.

128. GATS explicitly excludes some services that are supplied by governments – those that are supplied on a non-commercial basis and not in competition with one or more service suppliers²⁸. These services are approximately equivalent to those classified within *BPM5* and in EBOPS to *government services, not included elsewhere*, and are regarded as equivalent in this *Manual*.

129. It is recognised that it will not be possible for all compilers to immediately develop statistics at the detailed component level specified in EBOPS. The highest priority is therefore given to the development of statistics on international trade in services at the level described in *BPM5*. Following this, compilers should work towards disaggregation of these components to the level specified in EBOPS. Thirdly, compilation of the memorandum items should be carried out.

3.4 Transactions between related parties

130. Information on the value of all transactions between related parties is helpful in understanding the degree to which globalisation of services supply is taking place. This *Manual* therefore recommends that data on transactions in services should separately identify transactions with related enterprises and transactions with unrelated enterprises. While this breakdown would be most informative at a detailed EBOPS level, it is recognised that this could place a large burden on both suppliers and compilers of data as well as posing additional problems of confidentiality. Thus, this *Manual* recommends that such a breakdown be made only at the total services transactions level. This recommendation is accorded a lower priority than the compilation of statistics, including the memorandum items, at the EBOPS level of detail.

131. On a connected but different issue, paragraph 120 discusses some particular difficulties inherent in the valuation of transactions between related enterprises. A further difficulty may arise in the identification of the nature of the services that are provided between related enterprises. This issue is discussed further in paragraph 221 but occurs particularly where parent enterprises supply general management services and require reimbursement for costs settled directly on behalf of their branches, subsidiaries and associates. Those transactions between related parties that are not separately identifiable transactions are classified separately in EBOPS.

²⁸ See Annex 7, Part I, Article I.

3.5 Statistics by trading partner

132. There is a need for detailed geographical allocations of the statistics on the various types of services supplied and consumed by each economy according to the country of residence of trading partners. Such statistics give a firm basis for the multilateral and bilateral trade in services negotiations that are carried out under GATS, and are also important for analytical purposes. To the extent possible, an identical geographical basis should be utilised for all related sets of international services statistics (including FATS statistics).

133. Thus, in this *Manual*, it is recommended that statistics on international trade in services be compiled on individual trading partner basis, at least at the level of the ten major components of the *BPM5* classification (see chapter 2, box 2, and excluding *government services n.i.e.*), and where possible at the more detailed EBOPS level. This recommendation is accorded a medium priority. Statistics should be compiled at a more detailed geographical level where this is identified by compilers as being of relevance in their economies. It should be noted that this recommendation is an extension to *BPM5*.

3.6 Modes of supply and EBOPS

3.6.1 Allocation of modes of supply

134. The allocation of the various services to the modes of supply is a basic requirement in GATS. Services transactions between residents and non-residents may be supplied according to one or more of four of the modes of supply (mode 1 *cross border supply*, mode 2 *consumption abroad*, mode 3 *commercial presence* and mode 4 *presence of natural persons*). In many cases a single service transaction may involve more than one mode of supply. This Manual acknowledges that compilers will not be able to identify the real and full complexity of allocating each EBOPS type of service by GATS mode of supply. Consequently to facilitate the feasibility of data collection, some simplifying assumptions are recommended following the principles set out in section 2.3.2.2. In short each EBOPS type of service is allocated either to one dominant or, where there is no single dominant mode, the two most significant modes of supply.

135. Using this methodology and taking the simplest cases first, the following EBOPS services are deemed to be predominantly cross-border or mode 1: all transport, communications, insurance and financial services together with payments of royalties and licence fees. It is recommended that all these services are thus to be allocated to mode 1.

136. All services recorded in balance of payments as travel are deemed to be consumption abroad or mode 2 under GATS. These travel payments also include purchase of goods by travellers, which is outside the GATS and hence excluded from mode 2. Ideally therefore compilers would separately identify travellers' expenditure on goods and subtract this from total travel expenditure.

137. Mode 3 or commercial presence is primarily concerned with FATS and not balance of payments statistics, so is covered in Chapter 4. However there is one special case, which is an exception to this general rule. This is the case of construction services, which are considered under GATS to require a commercial presence even if it is for a short period of less than a year. It is therefore recommended that construction services be allocated entirely to mode 3.

138. For the remaining commercial services covered by the GATS namely computer and information services; other business services; and personal, cultural and recreational services, the picture is rather more

complex and might involve significant elements of both modes 1, and 4. To take a simple example, a consultant resident in the compiling economy working for a non-resident client may deliver the service *either* at the site of the client (mode 4) *or* from the office of the consultant transmitting reports cross-border (mode 1) *or* a combination of these two. It is recommended that to the extent feasible, the location of the supplier at the time of major service transactions in the above EBOPS components be determined. This would enable an allocation of these services between mode 1 and mode 4. If research were to indicate that for certain EBOPS components a single mode is very dominant then all of that type of service might subsequently be allocated to the dominant mode.

139. Compensation of non-resident employees is included in income in the balance of payments and as such is not included in EBOPS. It may however yield indicators of mode 4 (presence of natural persons) service delivery. Compensation of employees covers all industries and only that part due to service activities would be pertinent in providing information to help build a picture of mode 4 service delivery. This Manual therefore recommends that to the extent possible the service related part of compensation of non-resident employees be identified.

140. In principle the services purchased in host economies by individuals and government units that are based in diplomatic and other similar enclaves in the host economy (included in *government services n.i.e.*)²⁹ are part of mode 2. This Manual does not recommend the separate identification of services purchased in these circumstances

3.6.2 *Priorities for allocation to modes of supply*

141. Ideally each EBOPS component should be allocated between mode 1 *cross border supply*, mode 2 *consumption abroad*, mode 3 *commercial presence* and mode 4 *presence of natural persons* using the above principles. It may be that compilers are only able to make this allocation at a less detailed level of the EBOPS classification. While less desirable, compilers are encouraged to make the allocation at least at the level of the ten major components of the *BPM5* classification (see chapter 2, box 2, and excluding *government services n.i.e.*). However recognising the difficulty of allocating balance of payments transactions to modes of supply, the *Manual* recommends that a full allocation of services by modes of supply be accorded a low priority.

3.7 **Repairs on goods**

142. This *Manual* follows *BPM5* in recommending that, for the most part, the value of repairs on goods should not be included in services. Exceptions to this are:

- construction repairs (included in *construction services*)
- computer repairs (included in *computer services*)
- maintenance performed in ports and airports on transportation equipment (included in *transportation services*).

²⁹ Supplies of government services are excluded from the scope of GATS.

3.8 Definitions of the components of the Extended Balance of Payments Services Classification

143. In the remainder of this chapter, the definitions of the various components of the EBOPS classification are discussed in detail. Additionally, the classification is listed in Annex 2, and Annex 3 provides a detailed correspondence table between EBOPS and CPC version 1.0. This correspondence table should be used to assist the compiler in resolving classification problems.

3.8.1 *Transportation services*

144. **Transportation** covers all transportation services that are performed by residents of one economy for those of another and that involve the carriage of passengers, the movement of goods (freight), rentals (charters) of carriers with crew, and related supporting and auxiliary services. Some related items that are excluded from transportation services are freight insurance (included in *insurance services*); goods procured in ports by non-resident carriers and repairs of transportation equipment (both are treated as goods, not services); repairs of railway facilities, harbours, and airfield facilities (included in *construction services*); and rentals or charters of carriers without crew (included in *operational leasing services*). Paragraphs 113 and 114 discuss the issues relating to the attribution of residency of owners and operators of, including ships and aircraft.

145. EBOPS follows *BPM5* in recommending a cross classification of transportation by mode of transport and by kind of service. While *BPM5* recommends the identification of three modes of transportation, EBOPS distinguishes eight modes of transportation - sea, air, space, rail, road, internal waterway, pipeline and other supporting and auxiliary transportation services. EBOPS recommends the same classification of kind of service as *BPM5* - transport of passengers, transport of freight and other supporting and auxiliary services. Discussion on the modes of transportation and kinds of service follow.

146. **Sea transport** covers all transportation services by sea.

147. **Air transport** covers all transportation services provided by air.

148. The remaining modes of transport are a disaggregation of the single *BPM5* mode 'other transport'.

149. **Space transport** includes satellite launches undertaken by commercial enterprises for the owners of the satellites (such as telecommunication enterprises), and other operations performed by operators of space equipment, such as transport of goods and people for scientific experiments. Also included is space passenger transport and the payments made by an economy in order to have its residents included on the space vehicles of another economy.

150. **Rail transport** covers transport by trains.

151. **Road transport** covers international freight transport by lorries and trucks and international passenger transport by buses and coaches.

152. **Internal waterways transport** relates to international transportation on rivers, canals and lakes.

153. **Pipeline transport** covers international transport of goods in pipelines. Also included here is the transmission of electricity, when it is separate from the production and distribution process.

154. **Other supporting and auxiliary transport services** covers all other transportation services that cannot be allocated to any of the above-described components of transportation services.

155. EBOPS and BPM5 distinguish the same breakdown into kinds of transportation service.

156. **Passenger services** covers all services provided between the compiling economy and abroad or between two foreign economies in the international transportation of non-residents by resident carriers (credit) and that of residents by non-resident carriers (debit). Included in passenger services are those passenger services performed within an economy by non-resident carriers; fares that are a part of package tours; charges for excess baggage, vehicles, or other personal accompanying effects; and expenditures for food, drink, or other items for which passengers make expenditures while on board of carriers. Also included in passenger services are rentals that are made by residents to non-residents and vice-versa, of vessels, aircraft, coaches or other commercial vehicles with crews for limited periods (such as a single voyage) for the carriage of passengers.

157. Excluded are passenger services provided to non-residents by resident carriers within the resident economies (included in travel services); cruise fares within an economy provided as part of a package holiday (included in travel services); rentals or charters that are financial leases (not included in EBOPS); and time charters without crew (included in operational leasing services).

158. **Freight services** may be divided into four areas. The first of these relates to international transportation of the compiling economy's exports and imports. Included are transportation services provided by (1) resident operators, beyond the customs frontier of the compiling economy, on the compiling economy's exports (credits) and (2) non-resident operators, beyond the customs frontier of the exporting economy, on the compiling economy's imports (debits).

159. The second area arises because in an economy's balance of payments statistics, following *BPM5*, goods are valued f.o.b. at the customs frontier of the exporting economy and freight charges are borne by the importing economy (whether or not these are directly charged to the importer or included in the import price). Included are transport services provided by (1) resident operators, before the customs frontier of the exporting economy, on the compiling economy's imports (credits), and (2) non-resident operators, before the customs frontier of the compiling economy, on the compiling economy's exports (debits).

160. The third area is concerned with freight services supplied on goods that are not exports and imports of the compiling economy, being (1) transit trade through an economy, (2) transport of goods between third economies (cross-trade), (3) coastal transportation or other transportation of goods between points within an economy, (4) movements of goods to or from entities located outside territories where the entities are residents (such as government agencies) provided by non-resident carriers, and (5) transport of mail for postal and courier services. This area comprises transportation services provided by resident operators on these goods when they are owned by non-residents (credit) and by non-resident operators on these goods, when they are owned by residents of the compiling economy (debit).

161. The fourth group consists of rentals (or operational leases), which are made by residents to non-residents and vice versa, of vessels, aircraft, freight cars, or other commercial vehicles with crews for limited periods (such as a single voyage) for the carriage of freight. Also included are towing related to the transportation of oil platforms, floating cranes, and dredges. Financial leases and time charters without crew are excluded.

162. Those services that are not covered above and relate to one mode of transport only are recorded under the **other** category for the appropriate mode of transport (sea, air, rail, road and inland waterway transport). Services that relate to more than one mode of transport and that cannot be allocated to

individual modes of transport are recorded under *other supporting and auxiliary transport services*. Included, for example, are cargo handling (such as loading and unloading of containers), storage and warehousing, packing and repackaging, towing (except as covered in the previous paragraph), pilotage and navigational aid for carriers, maintenance and cleaning performed in ports and airports on transportation equipment, salvage operations, and agents' fees associated with passenger and freight transportation (including freight forwarding and brokerage services).

163. Included as memorandum items in the EBOPS classification are a series of items relating to *freight transportation on merchandise, valued on the basis of the invoice*, disaggregated by mode of transportation (air freight, sea freight, rail freight, road freight, inland waterways freight, and pipeline freight). For these items:

- *Credits* include all freight transport services provided (for import, export, cabotage³⁰ or cross-trade³¹) by resident transport enterprises to all non-residents.
- *Debits* include all freight transport services provided (for import, export, cabotage or cross-trade) by non-resident transport to all residents.

164. The invoice basis signifies that the amounts recorded under this item are those which appear on the invoices between residents and non-residents when the transport service is invoiced separately from the goods. As examples, the following transactions are excluded in the invoice valuation:

- transport services provided between residents
- transport services between residents and non residents when the delivery term is “franco domicile” (i.e. carriage paid).

On the other hand transport services between residents and non residents when the delivery term is “ex-works” are fully included in the invoice valuation.

165. This information is requested by different users to complement the information of the BPM5. It is useful as it is directly linked to the transport market. This information is in principle easy to collect as enterprises generally have this information in their accounts and, for this reason, it is considered as more robust than the FOB-FOB information which is basically estimated value (but remains of course necessary as a BPM5 and 1993 SNA standard). The invoice information is already used by some balance of payments compilers as a basis for making the FOB-FOB estimates for transport and merchandise (together with complementary information). These items are considered to be analytically useful, and while not recommended in *BPM5*, they should be compiled if they are available as part of the process of compiling the data on freight transportation.

3.8.2 Travel

166. *Travel*² differs from most other international services in that, as a functional category, it is the purchaser that gives it its distinctive characterisation, whereas most other services are classified by

³⁰ Cabotage here means transportation between two points within a single economic territory.

³¹ Cross-trade refers to transportation between two countries provided by a resident of a third country

³² The term *travel*, as used in this *Manual*, is synonymous with the term *travel* used in *BPM5* and consistent with the term *tourism* used in *SNA93*. It is also similar to the term *tourism* used by the World Tourism Organization. The differences relate to expenditure by students and medical patients if they stay in the host economy for one year or more and expenditures by certain types of employees. See *Recommendations for Tourism Statistics*, World Tourism Organization 1990??, Madrid.

product. The traveller³³ moves to the economy of the provider to obtain goods and services. *Travel* is not identified as a separate item in the CPC.

167. Travel covers primarily the goods and services acquired from an economy by travellers during visits of less than one year in that economy. The goods and services are purchased by, or on behalf of, the traveller or provided, without a quid pro quo (that is, as a gift), for the traveller to use or give away. Excluded is the international carriage of travellers, which is covered in passenger services under *transportation*. Also excluded are goods purchased by a traveller for resale in the traveller's own economy or in any other economy.

168. A traveller is an individual staying, for less than one year, in an economy of which he or she is not a resident for any purpose other than (i) being stationed on a military base or being an employee (including diplomats and other embassy and consulate personnel) of an agency of his or her government, or (ii) being an accompanying dependent of an individual mentioned under (i). Expenditures made by individuals covered in (i) and (ii) are recorded under *government services, n.i.e.* Expenditures made in the economy of the employing enterprise by seasonal and border workers are included under *travel*. The one-year guideline does not apply to students or patients receiving health care abroad, who remain residents of their economies of origin even if the length of stay in another economy is one year or more.

169. While *BPM5* recommends a breakdown of *travel* into business and personal travel in its standard components, this *Manual* recommends a further breakdown of each of these types of travel.

170. ***Business travel*** covers travellers going abroad for all types of business activities, such as carrier crews stopping off or laying over, government employees on official travel, employees of international organisations on official business, and employees working for enterprises that are resident in an economy different from that of the employee. They may visit an economy for sales campaigns, market exploration, commercial negotiations, missions, meetings, production or installation work, or other business purposes on behalf of an enterprise resident in another economy. It also includes non-resident employees working for enterprises resident in the economy where the employee is travelling, which is referred to in *BPM5* as seasonal, border and other non-resident workers.

171. ***Business travel*** comprises the goods and services acquired by the traveller for his or her own use (including those for which the business travellers are reimbursed by employers) but not the sales or purchases that they may conclude on behalf of the enterprises they represent. Personal expenditures on goods and services by seasonal, border and other non-resident workers in economies in which they are employed also are recorded under business travel.

172. This *Manual* recommends a breakdown of business travel into two sub-components – *expenditure by seasonal and border workers* and *other*.

173. ***Personal travel*** covers travellers going abroad for purposes other than business, such as holidays, participation in recreational and cultural activities, visits with friends and relations, pilgrimage, and education- and health-related purposes. This *Manual* recommends a breakdown of personal travel into three sub-components – ***health-related expenditure*** (total expenditure by those travelling for medical reasons), ***education-related expenditure*** (that is, total expenditure by students), and all ***other*** travel. This breakdown is the same as the supplementary information recommended in *BPM5*.

³³ The term traveller used here differs from the World Tourism Organization definition of *visitor* primarily in the areas of students residing in other countries for education purposes, patients receiving long-term health care abroad, and some aspects of employment abroad. See footnote 32 for the World Tourism Organization reference.

174. This *Manual* recommends an alternative disaggregation for *travel* to distinguish expenditure of *tourists* (who are in the host economy for at least one night³⁴) from the *expenditure by same-day travellers or excursionists*, who stay for less than 24 hours in the host economy and do not remain overnight. This disaggregation is shown in the memorandum items to the EBOPS classification. An additional memorandum item is shown for the total expenditure by all travellers on *hotel and restaurant services* outside of their home territories.

175. All goods and services acquired by travellers from the economies in which they travelling for their own use are recorded under *travel*. These goods and services may be paid for by the traveller, paid for on his or her behalf, or provided to him or her without a quid pro quo. The most common goods and services entered in travel are lodging, food, beverages, entertainment and transportation within the economy visited (all of which are consumed in the supplying economy), and gifts, souvenirs and other articles purchased for travellers' own uses and taken out of the economies visited.

3.8.3 *Communications services*

176. This *Manual* recommends that the *BPM5* component *communications services* be further disaggregated into three sub-components – *postal services*, *courier services*, and *telecommunications services*.

177. [Note that this section on postal and courier services is under review and postal and courier services may be combined. If so the concordance would be adjusted accordingly] **Postal services** and **courier services** both cover the pick-up, transport and delivery of letters, newspapers, periodicals, brochures, other printed matter, parcels, and packages, including post office counter and mailbox rental services. The main difference between the two lies in the institutions which perform these services. Postal services are supplied by the national postal administrations, while courier services are provided by specific courier operators (including affiliates of national postal administrations) that concentrate on express and door-to-door delivery. Excluded are international transport services contracted by couriers, such as courier services for mail performed by air transportation enterprises, the storage of goods and related services, and specific mailing services.

178. *Postal services* also include *poste restante* services, telegram services and post office counter services such as sales of stamps, money orders and the like. Excluded are financial services rendered by post offices, such as *postal giro*, banking and savings account services (recorded under *financial services*) and mail preparation services (recorded under *other business services, other*). Postal services are subject to international agreements, and the flows between operators of different economies should be recorded on a gross basis.

179. *Courier services* are produced by operators that differ from the national postal administration in that the focus is on express and door-to-door delivery, although they may be related to the national postal administration. Couriers may use self-owned, privately shared or public transportation to carry out these services. Included are express delivery services which might include, for example, on-demand pickup or time-definite delivery. Excluded are, for example, the movement of mail carried by air transportation enterprises (recorded under *transportation, air, freight*), storage of goods (recorded under *transportation, other, auxiliary and supporting services*), and mail preparation services (recorded under *other business services, other*).

³⁴ This definition of *tourist* is similar to the concept of *visitor* as used by World Tourism Organization see Annex 9.

180. *Telecommunications services* encompasses the transmission of sound, images, or other information by telephone, telex, telegram, radio and television cable and broadcasting, satellite, electronic mail, facsimile services etc. and include business network services, teleconferencing, and support services. They do not include the value of the information transported. Also included are cellular telephone services, internet backbone services and on-line access services. Excluded are installation services for telephone networks equipment (included in *construction services*), and database services and related computer services to access and manipulate data provided by database servers.

3.8.4 *Construction services*

181. This *Manual* recommends that *construction services* be disaggregated into *construction abroad* and *construction in the reporting economy*. This disaggregation allows for the recording of both the services provided and the goods and services purchased in the host economy by non-resident enterprises that are providing the services on a gross basis. Thus *construction abroad* comprises the services provided to non-residents by enterprises resident in the compiling economy (credit) and the goods and services purchased in the host economy by these enterprises (debit). *Construction in the reporting economy* comprises services provided to residents of the compiling economy by non-resident construction enterprises (debit) and the goods and services purchased in the compiling economy by these non-resident enterprises (credit). This is a deviation from *BPM5*, which recommends that expenditures for goods and services purchased in the host economy be included in *other business services, other*.

182. Both sub-components of *construction services* cover the work performed on construction projects and installations by employees of an enterprise in locations outside the economic territory of the enterprise. (The work is generally performed for a short time period; the one-year rule is to be applied flexibly.) Goods imported by the enterprise for use in the projects are included in the value of these services rather than under goods. Expenditures for goods and services purchased in the host economy are also included here. Projects carried out by subsidiaries, branches or associates of non-resident enterprises (direct investors) and certain site offices are excluded here but included as foreign affiliates (discussed further in chapter 4) because such projects are part of the production of the host economy. This *Manual* recommends that the coverage of enterprises providing *construction services* should be the same as that of the balance of payments. That is, compilers should ensure that the construction services data compiled according to this *Manual* relate to the same group of enterprises that are deemed to provide construction services in the balance of payments statistics.

183. *Construction services* covers, on a gross basis, all goods and services that form an integral part of construction contracts including site preparation work, construction work for buildings, construction work for civil engineering, installation and assembly of machinery, and other construction services such as renting services of construction or demolition equipment with operator or exterior cleaning work of buildings. Also included are construction repairs.

[Editorial note: the following three paragraphs are presented as an alternative classification to the three paragraphs immediately above. Rather than distinguishing the sub-components of *construction services* on the basis of where the construction is carried out, it distinguishes on the basis of the services that are being provided. This alternative easily identifies the ‘net’ services provided (as the difference between credit and debit entries) in each of the home and host economies.]

184. This *Manual* recommends that *construction services* be disaggregated into *construction services provided* and *purchases by construction enterprises*. This disaggregation allows for the recording, on a

gross basis, of both the services provided by construction enterprises and the goods and services purchased in the host economy by the non-resident enterprises that are providing the construction services. Thus *construction services provided* comprises the construction services provided to non-residents by enterprises resident in the compiling economy (credit) and the construction services provided to residents of the compiling economy by non-resident enterprises (debit). *Purchases by construction enterprises* comprises the goods and services³⁵ purchased in the compiling economy by non-resident construction enterprises (credit) and the goods and services purchased in the host economy by construction enterprises resident in the compiling economy (debit). This is a deviation from *BPM5*, which recommends that expenditures for goods and services purchased locally be included in *other business services, other*.

185. Covered under *construction services* is the work performed on construction projects and installations by employees of an enterprise in locations outside the economic territory of the enterprise. (The work is generally performed for a short time period; the one-year rule is to be applied flexibly.) Goods imported directly by the enterprise for use in the projects are included in the value of these services rather than under goods. Projects carried out by subsidiaries, branches or associates of nonresident enterprises (direct investors) and certain site offices are excluded because such projects are part of the production of the host economy. This *Manual* recommends that the coverage of enterprises providing *construction services* should be the same as that of the balance of payments.

186. *Construction services provided* covers, on a gross basis, all goods and services that form an integral part of construction contracts including site preparation work, construction work for buildings, construction work for civil engineering, installation and assembly of machinery, and other construction services such as renting services of construction or demolition equipment with operator or exterior cleaning work of buildings. Also included are construction repairs.

3.8.5 *Insurance services*

187. *Insurance services* covers the provision of various types of insurance to non-residents by resident insurance enterprises, and vice versa. These services are estimated or valued by the service charges included in total premiums rather than by the total value of the premiums. The estimation procedure recommended in this *Manual* (as in *BPM5*) is described in Box 4.

188. This *Manual* recommends that *insurance services* be disaggregated into five separate components – *life insurance and pension funding, freight insurance, other direct insurance, reinsurance, and auxiliary services to insurance*. This is a disaggregation of the *BPM5* classification. Information on *gross premiums* and *gross claims* is of analytic value and is recorded in the memorandum items.

Life insurance and pension funding

189. Holders of *life insurance* policies, both “with profit” and “without profit” make regular payments to an insurer in return for which the insurer guarantees to pay the policyholder an agreed minimum sum, or an annuity, at a given date or at the death of the policyholder if this occurs earlier. Term life insurance, where benefits are provided in the case of death but in no other circumstances, is a form of casualty insurance, is excluded here and included in *other insurance*. *Pension funds* are separate funds

³⁵ While in theory only goods and services are included here, it may be difficult in practice to separate purchases of goods and services from other purchases (particularly the purchase of local labour) made in the host economy by such enterprises.

established for the purpose of providing income on retirement for specific groups of employees. They are organised and directed by private or public employers or jointly by employers and their employees. They are funded by contributions from the employer and/or the employees and by the investment income earned on fund assets, and also engage in financial transactions on their own account. They do not include social security schemes organised for large sections of the community which are imposed, controlled or financed by general government. Pension fund management services are included. In the case of pension funds, “premiums” are generally described as “contributions”, while “claims” are generally described as “benefits”.

190. **Freight insurance** relates to goods that are in the process of being exported or imported; it provides coverage against damage to or complete loss of freight. Excluded is insurance of the vehicles used to transport the goods.

191. The treatment of freight insurance is consistent with the f.o.b. valuation of merchandise exports and imports in *BPM5*. That is, insurance cost up to the customs frontier of the exporting economy is included in the f.o.b. value of the goods exported; insurance services provided for goods after their crossing of the customs frontier of the exporting economy are treated as insurance imports by the importers of the goods if they are provided by enterprises non-resident in the importing economy. If the insurance is provided by an enterprise resident in the importing economy, then there is no international insurance service provided.

192. **Other direct insurance** covers all other forms of casualty insurance. Included are term life insurance; accident and health insurance (unless these are provided as part of government social security schemes); marine, aviation and other transport insurance; fire and other property damage; pecuniary loss insurance; general liability insurance, and other insurance such as travel insurance and insurance related to loans and credit cards.

Box 4 Estimation of insurance service charge

International insurance services are estimated or valued by service charges included in total premiums earned rather than by total premiums. In principle, the measurement of transactions in international insurance services recommended in this *Manual* is consistent with that described in 1993 SNA for insurance services for resident sectors. However, in practice, both *BPM5* and 1993 SNA allow flows between residents and non-residents associated with investment income on technical reserves to be ignored because of estimation problems, particularly for imports.

For *freight insurance*, the insurance service charges for resident insurers providing insurance services to non-residents (credit) are estimated as the difference between premiums earned and claims payable on goods lost or destroyed in transit. The service charges for non-resident insurers providing services to residents (debit) can be estimated by taking the ratio of estimated service charges to total premiums for exports of insurance services and applying the ratio to total premiums paid to non-resident issuers. The ratio should be based on a medium- to long-term period.

For *other direct insurance*, and for *pension fund services*, the service charges for non-resident insurers providing services to residents can be estimated by applying the ratio of estimated service charges to total premiums for resident insurers or to contributions received by resident pension funds. Again, the ratio should be based on a medium- to long-term period.

For *reinsurance*, exports of services (credit) are in principle estimated as the balance of all flows occurring between resident reinsurers and non-resident insurers. Imports of services (debit) are in principle estimated as the balance of all flows occurring between resident insurers and non-resident reinsurers.

1993 SNA, BPM5 AND THE "TEXTBOOK" PROVIDE MORE DISCUSSION ON THE MEASUREMENT OF INSURANCE SERVICES.

193. **Reinsurance** is the process of subcontracting parts of the insurance risk, often to specialised operators, in return for a proportionate share of the premium income. Reinsurance transactions may relate to packages which mix several types of risks.

194. **Auxiliary services** comprises transactions that are closely related to insurance and pension fund operations. Included are agents' commissions, insurance broking and agency services, insurance and pension consultancy services, evaluation and adjustment services, actuarial services, salvage administration services, and regulatory and monitoring services on indemnities and recovery services.

3.8.6 *Financial services*

195. This Manual recommends that the BPM5 aggregate financial services component be disaggregated into three sub-components – financial intermediation excluding investment banking, investment banking and services related to investment banking, and services auxiliary to financial intermediation. [N.B. At present, the definitions of the three financial services sub-components have not been developed.]

196. *Financial services* covers financial intermediation and auxiliary services (except those of insurance enterprises and pension funds, which are included in *life insurance and pension funding*) that are conducted between residents and non-residents. Such services may be provided by banks, stock exchanges, factoring enterprises, credit card enterprises, and other enterprises.

197. In principle, financial services also should include *financial intermediation services indirectly measured* (FISIM), reflecting services that are not explicitly charged, the values of which are estimated from the difference between the property incomes received by financial intermediaries from the investment of borrowed funds, and the interest they themselves pay on such funds. *1993 SNA* recommends including FISIM as a component of the external account of goods and services, in effect reclassifying a portion of interest income as financial services. However, for practical reasons, and reflecting the views of national balance of payments compilers, *BPM5* does not recommend including an estimate of FISIM in exports and imports of services. In consonance with the principle of maintaining consistency with *BPM5*, this *Manual* likewise excludes FISIM from international trade in financial services. However, countries that estimate FISIM attributable to external transactions for purposes of constructing national accounts are encouraged to disclose these estimates. EBOPS includes a memorandum item *financial intermediation charge indirectly measured* for this purpose, and *financial services, including FISIM* to identify the total of financial services directly and indirectly measured.

198. Although this *Manual* recommends that services be classified according to trading partner (see section 3.5), it is acknowledged that there are difficulties inherent in making this geographical breakdown for FISIM. Thus for FISIM it is suggested that such a breakdown should *not* be made.

Box 5 Financial Intermediation Services Indirectly Measured (FISIM)

[This box will contain a brief discussion of FISIM]

199. Included in *financial services* are, for example:

- commissions and fees associated with financial transactions such as:
- deposit taking and lending
- letters of credit, bankers' acceptances, lines of credit and other similar instruments
- financial leasing
- factoring³⁶
- underwriting, placement of issues, brokerage and redemption of securities

36 . Factoring services provide payment to firms in exchange for their unpaid invoices

- arrangement of swaps, options, futures and other derivative instruments
- financial advisory services
- custody services for financial assets or bullion
- financial asset management
- administration of financial markets
- rating services
- service charges on purchases of IMF resources
- charges associated with undrawn balances under stand-by or extended arrangements with the IMF

200. Excluded from *financial services* are, for example:

- interest earned on deposits, loans, financial leases and debt securities (this is investment income, not included in services)
- dividends earned
- insurance and pension intermediation services (included in *life insurance and pension funding*)
- non-financial advisory services provided by banks (such as management advisory services, which are included in *business and management consultancy and public relations services*)
- gains and losses made on purchase and sales of securities on own account
- financial intermediation services indirectly measured

201. It should be noted that as well as explicit fees that may be charged for the conversion of foreign exchange, implicit service fees for foreign exchange transactions are valued as the spread between the midpoint rate and the buying or selling rate. Not all fees are invoiced separately; they may be included indistinguishably with the financial transactions to which they relate. Examples are the invoiced price of a security which includes a charge for the service provided, and charges for the international transfer of foreign currency. While such services are difficult to record, if possible estimates should be provided. Note that fees paid by non-bank agents may be directly paid on accounts held abroad, or may be included indistinguishably with related financial transactions.

3.8.7 *Computer and information services*

202. This *Manual* recommends that more disaggregated information should be produced than is recommended in *BPM5*. Thus, three sub-components are recommended – *computer services*, *news agency services*, and *other information provision services*.

203. *Computer services* consists of hardware and software related services and data processing services³⁷. Included are hardware and software consultancy and implementation services; maintenance and repair of computers and peripheral equipment; provision of advice and assistance on matters related to the management of computer resources; analysis, design and programming of systems ready to use, and technical consultancy related to software; database development and storage; development, production, supply and documentation of customised software including operating systems made on order for specific users; maintenance and other support services such as training; data processing services such as data entry, tabulation, and processing on a time-sharing basis; and computer facilities management.

37. Classification of data processing services is under discussion at the time of writing

204. Excluded from computer services are the provision of packaged (non-customised) software (classified as goods and therefore not included in EBOPS) and non-specific computer training courses (included in *other personal, cultural, and recreational services*).

205. *News agency services* include the provision of news, photographs, and feature articles to the media.

206. *Other information provision services* includes database services – database conception, data storage, and the dissemination of data, both on-line and through magnetic media. Also included are direct, non-bulk subscriptions to newspapers and periodicals.

3.8.8 *Royalties and license fees*

207. This *Manual* recommends a disaggregation of the *BPM5* classification into *franchises and similar rights* and *other royalties and license fees*. *Franchises and similar rights* comprise international payments and receipts of franchising fees and the royalties paid for the use of registered trademarks. *Other royalties and license fees* includes international payments and receipts for the authorised use of intangible, non-produced, non-financial assets and proprietary rights (such as patents, copyrights, and industrial processes and designs) and with the use, through licensing agreements, of produced originals or prototypes (such as manuscripts, computer programs, and cinematographic works and sound recordings). Excluded are distributive rights for audiovisual products for a limited period or a limited area. (These are included in *audiovisual and related services*.)

3.8.9 *Other business services*

208. The coverage of this item is identical to the coverage of the *BPM5* component; however the disaggregation proposed is more detailed than that of *BPM5*.

209. *Merchanting* is defined as the purchase of a good by a resident (of the compiling economy) from a non-resident and the subsequent resale of the good to another non-resident; during the process, the good does not enter or leave the compiling economy. (Changes in stocks held abroad by merchants are excluded.) The difference between the value of goods when acquired and the value when sold is recorded as the value of *merchanting services* provided. Although merchanting is recorded on a net basis, separate data recorded on a gross basis are useful for analytical purposes, and a separate memorandum item is included in EBOPS for this purpose. *BPM5* paragraph 262 and paragraphs 189-194 provide further discussion on the estimation of the value of *merchanting services*, particularly in the case where the purchase and sale of the good take place in different accounting periods.

210. *Other trade-related services* covers commissions on goods and service transactions between (i) resident merchants, commodity brokers, dealers, and commission agents and (ii) non-residents. This category also includes transactions in ships, aircraft, and sales of goods by auction. Excluded are franchising fees (included in *franchises and similar rights*), brokerage in financial services (included in *financial services*) and transport-related fees (included in the appropriate component of *transportation services*).

211. *Operational leasing services* covers resident/non-resident leasing (rental) and charters, without operators, of ships, aircraft, and transportation equipment such as railway cars containers, rigs, etc. without crew. Excluded are financial leasing (sometimes called capital leasing), leasing of telecommunications

lines or capacity (included in telecommunications services), rental of ships and aircraft with crew (included in *transportation services*) and rental of vehicles to foreign travellers (included in *travel*).

212. **Legal services** covers legal advisory and representation services in any legal, judicial and statutory procedures; drafting services of legal documentation and instruments; certification consultancy; and escrow and settlement services.

213. **Accounting, auditing, bookkeeping and tax consultancy services** covers the recording of commercial transactions for businesses and others; examination services of accounting records and financial statements; business tax planning and consulting and preparation of tax documents.

214. **Business and management consultancy and public relations services** covers advisory, guidance and operational assistance services provided to businesses for business policy and strategy and the overall planning, structuring and control of an organisation. Included are management auditing; financial management, market management, human resources, production management and project management consultancy, and advisory, guidance and operational services related to improving the image of the clients and their relations with the general public and other institutions.

215. **Advertising, market research and public opinion polling** services transacted between residents and non-residents covers the design, creation, and marketing of advertisements by advertising agencies; media placement, including the purchase and sale of advertising space; exhibition services provided by trade fairs; the promotion of products abroad; market research; and public opinion polling on various issues.

216. **Research and development services** covers those services that are transacted between residents and non-residents and associated with basic research, applied research, and experimental development of new products and processes. In principle, such activities in the physical sciences, social sciences, and humanities are covered; included is the development of operating systems that represent technological advances. Excluded are technical studies and consultancy work (both included in *business and management consultancy, public relations services*).

217. **Architectural, engineering and other technical services** covers transactions between residents and non-residents related to architectural design of urban and other development projects; planning and project design and supervision of dams, bridges, airports, turnkey projects, etc.; surveying, cartography, product testing and certification, and technical inspection services. Mining engineering is excluded and included in *mining services*.

218. **Waste treatment and depollution services** includes the treatment of radioactive and other waste; stripping of contaminated soil; cleaning up of pollution including oil spills; restoration of mining sites; and de-contamination and sanitation services. Also included are all other services that relate to the cleaning or restoring of the environment.

219. **Agriculture, mining and other on-site processing services** covers the following:

- **agriculture services**, which are incidental to agriculture, such as the provision of agricultural machinery with crew, harvesting, treatment of crops, pest control, animal boarding, care and breeding services, and also services in hunting, trapping, forestry and logging, and fishing.
- **mining services** covers services provided at oil and gas fields including drilling, derrick building, repair and dismantling services, oil and gas well casing cementing; services incidental to mineral prospecting and exploration; mining engineering and geological surveying.

- **other on-site processing services** covers on-site processing of, or work on, goods that have been imported without change of ownership, processed but not re-exported to the country from which the goods were consigned (but is instead either sold in the processing economy or sold to a third economy), or vice versa.

220. **Other business services** covers services transactions between residents and non-residents such as placement of personnel, security and investigative services, translation and interpretation, photographic services, building cleaning, real estate services to business and any other business services that cannot be classified to any of the business services listed above.

221. **Services between related enterprises, n.i.e.** is a residual category. It covers payments between related enterprises for services that cannot be specifically classified to any other component of EBOPS. It includes payments from branches, subsidiaries and associates to their parent enterprise or other related enterprises that represent contributions to the general management costs of the branches, subsidiaries and associates (for planning, organising, and controlling) and also reimbursements of expenses settled directly by parent enterprises. Also included are transactions between parent enterprises and their branches, subsidiaries and associates to cover overhead expenses.

3.8.10 **Personal, cultural and recreational services**

222. This comprises two sub-components, *audiovisual and related services* and *other personal, cultural and recreational services*.

223. **Audiovisual and related services** comprises services and associated fees related to the production of motion pictures (on film or video tape), radio and television programs (live or on tape), and musical recordings. Included are receipts or payments for rentals; fees received by resident actors, directors, and producers for productions abroad (or by non-residents for work carried out in the compiling economy); and fees for distribution rights sold to the media for a limited number of showings in specified areas. Fees to actors, directors, and producers involved with theatrical and musical productions, sporting events, circuses, and other similar events and fees for distribution rights (for television, radio, and film) for these activities are included. Excluded are purchases and sales of films, television and radio programs, recorded music, musical compositions and books (purchases and sales of assets are not within the scope of EBOPS).

224. **Other personal, cultural and recreational services** include services such as those associated with museums, libraries, archives, and other cultural, sporting, and recreational activities. Two separate sub-components, beyond the detail recommended in *BPM5*, should be identified here for GATS purposes. These are the provision of *education services* and of *health services*. **Education services** comprise services supplied between residents and non-residents relating to education, such as correspondence courses, and education through television or the internet, as well as by teachers and the like who supply services directly in host economies. **Health services** comprise services provided by doctors, nurses, and paramedical and similar people, as well as laboratory and similar services, whether rendered remotely or on-site. Excluded is all expenditure by travellers on education and health (included in *travel*).

3.8.11 **Government services, not included elsewhere**

225. **Government services, n.i.e.** is a residual category covering government service transactions (including those of international organisations) not contained in the other components of the EBOPS

classification³⁸ above. Included are all transactions by embassies, consulates, military units, and defence agencies with residents of economies in which the embassies, consulates, military units, and defence agencies are located and all transactions with other economies. Excluded are transactions with residents of the home economies represented by the embassies, consulates, military units, and defence agencies and transactions in the commissaries, post exchanges, and similar of these embassies and consulates.

226. Transactions in this category comprise those for goods and services (such as office supplies, furnishings, utilities, official vehicles and operation and maintenance, and official entertainment) and personal expenditures incurred by diplomats and consular staff and their dependants in the economies in which they are located. Also included in this category are transactions, subject to the same considerations as those in the preceding item, by other official entities (such as aid missions and government tourist, information, and promotion offices) located in economies abroad. Included, as well, are transactions that are associated with general administrative expenditures, etc. and not classified elsewhere. In addition, transactions associated with aid services that are provided by non-military agencies, do not give rise to any payments, and have offsets in transfers are included in this category. Last, transactions associated with the provision of joint military arrangements and peacekeeping forces, such as those of the United Nations, are included in *government services, n.i.e.*

227. Transactions included in this EBOPS component are only marginally covered by GATS. Identification of items relevant for GATS would require separate reporting of goods and services transactions as well as a further breakdown of credit and debit items by home and host economy³⁹

³⁸ OECD and Eurostat recommend a breakdown of *government services n.i.e.* into services relating to *embassies and consulates, military units and agencies*, and *other*. This is not needed for GATS purposes and so is not recommended in this *Manual*.

³⁹ For a particular reporting country, *credit transactions* are allocated as follows:

- * goods and services supplied by embassies, consulates, military units, etc. of the reporting country established abroad are excluded from the GATS as services supplied in the exercise of Government authority;
- * supplies of goods to embassies, consulates, military units, etc. in the territory of the reporting country from residents are excluded from the GATS, while the supply of services is allocated to mode 2 (consumption abroad);
- * the services part of personal expenditure by foreign diplomats, consular staff and their dependants in the territory of the reporting country are allocated to mode 2.

Debit transactions are to be allocated as follows:

- * goods supplied to embassies, consulates, military units, etc. of the reporting country established abroad are excluded from the GATS, while services supplied are allocated to mode 2;
- * goods and services supplied by foreign embassies, consulates, military units, etc. in the territory of the reporting country are excluded from the GATS as services supplied in the exercise of Government authority;
- * the services part of personal expenditure by diplomats, consular staff and their dependants abroad are allocated to mode 2, while expenditure on goods is excluded.

3.9 Audiovisual activities

228. One of the memorandum items included in the EBOPS classification, *audiovisual activities*, does not consist entirely of services transactions. The coverage of this memorandum item is the same as that of *audiovisual services*, which is discussed in paragraph 223 above; however all relevant transactions, not just services transactions, are included. It has been included as a memorandum item because one of the stated needs of GATS is for information on a range of transactions relating to audiovisual activities. Additionally, it is sometimes difficult to isolate *audiovisual services* from other audiovisual transactions, not only because of the technical nature of these transactions but also because these transactions are often conducted between related enterprises. In audio-visual business networks, integration of production/distribution enterprises and co-production activities are more often the rule than the exception.

229. This memorandum item should be used to show the total value of such transactions. Thus, this memorandum item covers transactions in services, including services included in both *audiovisual services* and *royalties and license fees*, and additionally includes the acquisition and disposal of non-produced, non-financial assets⁴⁰ such as patents, copyrights, trademarks and franchises.

230. Included are, for example:

- distributive rights and fees of film and television programs
- television retransmission rights for sport events
- distributive rights and fees of video games that are downloaded through television channels
- sale of rights for films and television programs, for cinema release or broadcasting
- sale of rights for video editions of films and television programs, based on either the number of video cassettes or disks produced or on distribution in a particular territory
- income from subscriptions to encrypted television channels, such as cable and over-the-air, or free-to-air, broadcasting
- music composers' rights that are linked to the sale of records paid through collecting societies
- performing rights related to live musical or theatrical performance
- rights for theatrical releases abroad by drama companies
- musical shows produced abroad

231. Excluded are, for example: sale and purchase of videotapes, compact discs, and video discs (included in goods and therefore outside of the scope of EBOPS).

232. It should be noted that fees and rights may be paid on a number of different bases, including pay-per-view, number of video cassettes or disks produced, time period, territory or size of the audience reached.

233. For musical works and television and radio programs, the management and collection of these fees is often carried out by "performing rights societies" or "collecting societies". The enterprises carrying out these transactions are mainly (1) producers of audio-visual services and goods that receive distributive rights (for example, when there is a television or radio transmission), author/composers' rights (for example, when records are sold), and performing rights (for example, when a theatrical company or an opera company is producing and performing abroad), (2) television and radio channels that pay rights for retransmission and encrypted television channels receive income (both receipts and payments should be

⁴⁰ See *BPM5* paragraphs 312 and 358.

recorded as audio-visual transactions) or (3) performing rights societies, such as the Société des Auteurs Compositeurs Editeurs de Musique (SACEM) or the Association for the Collective Management of Audio-visual Works (AGICOA) that act as intermediaries between producers and the media.

4 FOREIGN AFFILIATES TRADE IN SERVICES STATISTICS

4.1 Introduction

234. For both goods and services, international sales may be effected, not only through the transactions between residents and non-residents that are recorded in balance of payments accounts as specified by BPM5 (and in the 1993 SNA's external account for goods and services), but also through direct investment enterprises, or affiliates, established in the countries of foreign customers.⁴¹ For services, this method of serving foreign markets is particularly important, as it often is the only method that permits the close and continuing contact between service providers and their customers necessary to compete effectively with indigenous firms.

235. In this *Manual*, statistics describing the overall operations of affiliates are termed "foreign affiliates trade in services statistics," or "FATS statistics." These statistics may be developed for both foreign-owned affiliates *in* the compiling economy (inward FATS) and foreign affiliates *of* the compiling economy (outward FATS).

236. From the perspective of the GATS, statistics on inward FATS may be considered the most relevant. Under the GATS, countries make commitments with respect to the supply of services in their own economies, not services they supply abroad. Thus, with respect to commercial presence, the most directly related data are those on the activities of foreign-owned firms in the domestic economy. Nonetheless, the reason countries make these commitments is to secure reciprocal commitments on the part of other countries, with a view to enhancing the ability of their firms to supply services in those countries. For commercial presence, this supply is tracked by data on outward FATS, which therefore also must be considered relevant.

237. Foreign direct investment (FDI) financial transactions and related investment position (stock) and income measures are not, strictly speaking, FATS variables, because they do not pertain to the overall operations of foreign affiliates, but relate only to transactions between and positions with direct investors and their foreign affiliates. In addition, they are ordinarily compiled with respect to transactions and positions with all foreign affiliates, whereas FATS variables are, as discussed in Section 4.2, to be compiled only with respect to affiliates in which the direct investor holds a majority interest. Notwithstanding these differences, FDI statistics should be considered an important adjunct to FATS statistics. They can be used in conjunction with FATS variables to indicate the extent to which the operations of affiliates were

⁴¹Here, "affiliate" is used synonymously with "direct investment enterprise," which, following BPM5, is an incorporated or unincorporated enterprise in which a direct investor, who is resident in another economy, owns 10 percent or more of the ordinary shares or voting power (for an incorporated enterprise) or the equivalent (for an unincorporated enterprise). As will be explained later, most of this chapter is concerned with only those affiliates in which the direct investor has a majority ownership interest. These may be termed "majority-owned affiliates"; however, in what follows, these affiliates may - for ease in exposition—also be referred to simply as "affiliates," where the limitation to the majority-owned subset of affiliates is clear within the context of the discussion.

financed with funds from direct investors, as well as the extent to which the income generated by affiliates accrues to direct investors. In addition, countries that cannot implement compilation of FATS statistics immediately may find that FDI statistics can provide an alternative interim indicator of commercial presence. This *Manual* recommends that FDI statistics be compiled as specified by BPM5 and the 3^d edition of the OECD Benchmark Definition of Foreign Direct Investment (BD3).

238. Interest in FATS statistics has arisen from two primary sources. The first is the GATS. By including commercial presence and presence of natural persons as modes of supply, it has created a new need for information describing the activities of foreign-owned or -controlled firms in host economies. The information will for the most part relate to commercial presence, but partial information on presence of natural persons also may be available from this source, if employment by foreign affiliates is among the variables collected and if employees who have moved temporarily from the country of ownership can be separately identified.

239. A second source of interest in FATS statistics has been the growing integration, or "globalisation," of the world economy. For a variety of motivations - such as to achieve benefits from geographic diversification, circumvent trade barriers, increase proximity to markets, or reduce costs of labour, transportation, or other inputs - an increasing number of firms have expanded their operations beyond the countries of their owners. The need to understand this phenomenon of international operations, and to monitor the performance of the foreign affiliates through which they are conducted, exists quite separate and apart from any trade agreements, and in this regard FATS statistics are an important analytical tool.

240. For both of these purposes, FATS statistics are of interest in their own right, but it will often be possible to discern their full significance only when they are viewed in conjunction with other information, such as comparable information on total home- or host-country economic activity or on services supplied through modes other than commercial presence. For example, while the number of employees of foreign-owned affiliates in the domestic economy is useful information in and of itself, a fuller understanding of its significance could be obtained if the percentage of domestic employment accounted for by these affiliates could be computed. For such computations to be possible, compilers will have to devote attention to issues of comparability between FATS variables and statistics on the domestic economy covering the same items.

241. To promote such comparability, this *Manual's* recommendations for FATS statistics draw to a very considerable extent upon concepts and definitions found in the 1993 SNA - in terms of both the entities to be covered and the selection and definition of variables for measuring their operations and performance. This approach also allows FATS statistics to be related to or integrated with, not only statistics for the domestic economy, but also similar statistics on the activities of foreign affiliates in the production and distribution of goods. Concerning the latter, the concepts, definitions, and recommendations of this *Manual* also are, to the extent possible and appropriate, harmonised with those of a forthcoming OECD *Manual of Globalisation Indicators*, which will deal with foreign affiliates as suppliers of both goods and services.

242. This *Manual's* recommendations for FATS statistics centre around the answers to four questions: First, what is the universe of firms to be covered? Second, how are the data to be grouped by country, by industrial activity, or by product? Third, what variables should be covered? Finally, how might the statistics be developed? These questions are addressed in turn in the sections that follow.

4.2 Universe to be covered

243. Methodological antecedents for FATS statistics are much less well developed than those for trade between residents and non-residents, where the transactions to be covered are clearly indicated by BPM5. The conventions with respect to residency found in BPM5 and the 1993 SNA can provide clear guidance on the residency of enterprises - and this *Manual* recommends that they be followed without exception - but no internationally agreed ownership concept exists that was designed specifically with FATS statistics in mind. Nor is there agreement on the types of firms to be covered and, specifically, on whether the statistics should cover all producers or only producers of services. These issues are addressed in turn below.

4.2.1 Ownership criteria

244. While the GATS does not provide statistical definitions, it does give some indication of the kind of ownership criteria that would be useful in support of the agreement. The agreement refers to concepts of "ownership," "control," and "affiliation." Under the GATS, a juridical person (such as a business enterprise) is "owned" by persons of a Member (of the WTO) if more than 50 percent of the equity interest in it is beneficially owned by persons of that Member; "controlled" by persons of a Member if such persons have the power to name a majority of its directors or otherwise to legally direct its actions; and "affiliated" with another person when it controls, or is controlled by, that other person, or when it and the other person are both controlled by the same person (Article XXVIII, sect. (n)). Thus, the GATS would appear concerned with cases of majority ownership - where, by that very fact, control typically could be assumed to exist - as well as by cases in which control can be demonstrated to have been achieved with a smaller ownership share.

245. Among statistical guidelines, rules relating to ownership appear in BPM5, in BD3, and in the 1993 SNA. All of these use ownership of 10 percent of the ordinary shares or voting power (for an incorporated enterprise) or the equivalent (for an unincorporated enterprise) as a lower threshold for direct investment, but they also provide rules that are more closely aligned with the ownership and control concepts found in the GATS. All three of these harmonised standards define "subsidiaries" as enterprises in which the direct investor owns more than 50 percent, "associates" as enterprises in which the direct investor owns between 10 percent and 50 percent, and "branches" as wholly or jointly owned unincorporated enterprises. In the 1993 SNA, subsidiaries and branches are considered as "foreign-controlled enterprises"; associates may be included in, or excluded from, this category by individual countries according to their qualitative assessment of foreign control.

246. This *Manual* considers that it is relevant to consider criteria employed or recommended at national and regional levels. Here majority ownership - that is, cases in which the direct investor owns more than 50 percent of the voting rights in the direct investment enterprise - is seen to have played a key role in determining the subset of foreign affiliates that is covered. A report of a Eurostat task force on "foreign affiliates' trade" indicated agreement by its members that "the criterion of majority-owned . . . will be used . . . because the concept is very clear and in this way very operational."⁴² While the report indicated other criteria that could be used in identifying foreign-controlled firms, actual collection of FATS statistics by EUROSTAT and the OECD has been based on majority ownership; in particular, the Joint OECD-Eurostat Survey on the Activity of Domestic Firms and of Foreign Affiliates in the Service Sector

⁴²Statistical Office of the European Communities (Directorate B, Unit B-5), *FATS Task Force Report*, January 1997. The task force was formed to consider conceptual and practical issues involved in compilation of statistics on "foreign affiliates trade" and to design common OECD-Eurostat questionnaires that could be used to collect the data.

requests that the data reported should relate to majority-owned affiliates. Among the few national presentations, the United States annual presentation of data on sales of services by affiliates covers data for only those affiliates that are majority owned by direct investors.⁴³

247. While it may in some respects have been conceptually more appealing to categorize firms on the basis of the actual presence or absence of foreign control, majority-ownership of voting rights by a single direct investor, or by an associated group of investors acting in concert, has been selected as the recommended ownership criterion for FATS statistics in this *Manual*.⁴⁴ Unlike control, its implementation does not require resort to subjective criteria; nor does it require that compilers examine the nature of investments on a case by case basis. The absence of a subjective factor has the added benefit of eliminating a potential source of bilateral asymmetry - namely, the possibility that the issue of control will be assessed differently by home- and host-country compilers. Finally, majority-owned foreign affiliates do fall within the scope of the GATS definitions of ownership and - in all but the rarest instances, typically involving highly regulated economies - control.

248. Although the measure of majority ownership recommended by this *Manual* differs from the 1993 SNA concept of foreign-controlled enterprise, the two concepts are alike in that both refer to ownership by a single investor (or investor group). This approach is followed in this *Manual* not only for consistency with the SNA, but also because it is only through a single investor or associated investor group that control can be systematically exercised. However, the relevance - both for GATS purposes and for globalisation analysis - of other criteria for selection is acknowledged, and the *Manual* encourages countries that can do so to provide supplemental statistics covering cases in which foreign control may be deemed to be present, even though no single foreign direct investor holds a majority stake. Such statistics may be particularly relevant where majority ownership by foreigners is restricted. Examples of investments that might be covered on this supplemental basis include majority ownership by multiple foreign direct investors, ownership of exactly 50 percent by a foreign direct investor, and cases in which a qualitative assessment has been made that effective control has been achieved through a minority stake in an enterprise.⁴⁵ These should be labelled in a way that indicates the nature of the investments in the firms covered by the statistics. Likewise, countries for which any of these groups are embedded in the basic statistics should provide explanatory notes indicating their coverage and, if possible, the aggregate amounts accounted for by them.

249. The *Manual* is consistent with BPM5 and the BD3 in including all types of firms - including the so-called "special purpose entities" (SPE's) - if they otherwise meet the criteria for selection. Whatever their structure (e.g., holding company, base company, regional headquarters) or purpose (e.g.,

⁴³For inward FATS, data are also available for all affiliates, but they are not shown as a part of this annual presentation on services.

⁴⁴Majority ownership by an associated group of investors acting in concert is considered by the SNA as an unambiguous indication that the power to control a corporation exists, notwithstanding the diffusion of ownership among multiple institutional units. Specifically, the SNA notes (para. 4.27) that "a small, organised group of shareholders whose combined ownership of shares exceeds 50 percent of the total is able to control the corporation by acting in concert." The SNA does not give operational guidance for identifying such an associated group. The definition of "associated group" used by the United States in its direct investment data collection system provides examples of criteria that could be considered. By this definition, an associated group consists of "two or more persons who, by the appearance of their actions, by agreement, or by an understanding, exercise or appear to exercise their voting privileges in a concerted manner to influence the management of a business enterprise." The definition goes on to indicate that the following are *deemed* to be associated groups: Members of the same family, a business enterprise and one or more of its officers or directors, members of a syndicate or joint venture, or a corporation and its domestic subsidiaries.

⁴⁵These and other special cases will be discussed in detail in the forthcoming OECD *Manual of Globalisation Indicators*.

administration, management of foreign exchange risk, facilitation of financing of investment), SPE's are an integral part of the structure of the direct investment network, and their activities and products should be included, as appropriate, in the compilation of FATS statistics.⁴⁶

250. Statistics on foreign affiliates owned by residents of the compiling economy should include all majority-owned foreign affiliates, irrespective of whether the affiliate is held directly or indirectly and irrespective of whether the direct investor in the compiling economy is the ultimate owner or is, instead, an intermediate owner in an ownership chain. However, because the activities of an affiliate held through an ownership chain could be recorded in the outward FATS statistics of the countries of both the ultimate and intermediate owners, countries are encouraged to provide supplemental statistics identifying the aggregate share of FATS variables accounted for by foreign affiliates for which the compiling country is an intermediate rather than final owner.

4.2.2 Types of producers

251. Because FATS as used in this *Manual* stands for foreign affiliates' trade in *services*, it might be expected that FATS statistics should cover producers of services only. However, the *Manual* recommends that producers of goods be covered as well. Some firms produce both goods and services, and it is only by coverage of all producers that the activities of producers for which provision of services is a secondary activity would be reflected in the statistics. In addition, coverage of all producers allows for the activities of services producers to be examined in the context of statistics covering all firms. As explained in Section 4.4 below, the method for attributing and presenting FATS variables by activity or by product, rather than the limitation of the universe of producers to service producers alone, is the mechanism recommended for isolating services from goods.

4.3 Time of recording

252. Following BPM5 and the 1993 SNA, FATS variables should, in principle, be measured and recorded on an accrual basis. Flow variables, such as output and value added, should be for the reference year. Stock variables, such as assets and net worth, should be as of the end of the reference year. Reference years should be defined on a calendar year basis, if possible. Countries that can collect and compile data only on a fiscal, or accounting, year basis should provide explanatory notes indicating this practice, as well as information on the extent to which fiscal and calendar years deviate in their FATS universe.

4.4 Attribution of FATS variables

253. FATS variables may be attributed, or classified, in a variety of ways. One way is geographic. That is, in what country did the production take place, and what country is to be regarded as the country of the owner of the producing affiliate? Another way is on the basis of the primary industrial activity of the producer. Some variables may, additionally, be classified by product - that is, according to the types of goods or services produced. Recommendations regarding each of these bases of attribution are provided in the sections that follow.

⁴⁶For a detailed discussion of the SPE concept and for additional examples, see Annex 3 of BD3.

4.4.1 *By country*

254. The issues to be addressed in attributing variables by country differ as between inward FATS and outward FATS. For inward FATS, a choice must be made between attribution to the immediate investing country and attribution to the ultimate investing country. For outward FATS, the issue is whether to attribute variables to the immediate host country or to the ultimate host country. (As noted in Section 4.2.1 above, both directly and indirectly held affiliates are to be included in the FATS universe.)

255. For FATS statistics, the need to follow investments to their ultimate origins or destinations reflects both the nature and the uses of the statistics. These issues are discussed below with respect to each type of investment, and recommended bases of attribution are given. However, it should first be noted that - notwithstanding the existence of complex ownership chains extending through multiple countries - most foreign affiliates are owned directly by a parent firm that itself is not foreign-owned. Thus, for most countries, the sensitivity of the statistics to the basis of attribution is limited. Nonetheless, to maximise international comparability and the usefulness of the statistics, the following recommendations are provided to compilers.

4.4.1.1 *Inward FATS*

256. For foreign-owned affiliates in the compiling economy, the question is whether to attribute FATS variables to the country of the immediate investor (first foreign parent) or to that of the ultimate investor (ultimate beneficial owner (UBO)).⁴⁷ Usually, the first foreign parent and the UBO are one and the same, but in many cases they differ. Thus, it is necessary to determine the primary principle to be applied. Some perspective on the matter may be gleaned from a review of relevant information concerning recommendations for FDI statistics, the above mentioned Eurostat task force report, and an OECD-Eurostat questionnaire on the subject.

257. Both BPM5 and BD3 recommend that FDI balance of payments flows be compiled only in respect of the immediate investing country, a practice followed by virtually all countries. With respect to direct investment positions, BPM5 recommends that these should be allocated to the country of the immediate host or investing country. BD3 suggests that positions should also be compiled separately in respect of the ultimate host or controlling country.

258. The Eurostat FATS Task Force Report recommended that the UBO should be considered as the first priority to define the level of control because it is the "most relevant." It went on to observe that this principle can be very complex to follow in practice, and thus it proposed that initially the country of the first foreign parent could be used as a substitute, with the possibility of later obtaining data on the basis of

⁴⁷The first foreign parent is the first foreign person in the chain of ownership of the affiliate. The UBO is the first person in the chain - beginning with and including the first foreign parent - that is not majority owned by another person. Because the majority-ownership criterion for inclusion in FATS statistics relates to the ownership interest of the first foreign parent (which is the "direct investor"), rather than to that of the UBO, the ownership interests of UBO's may include some interests of 50 percent or less. (For example, if an affiliate were owned 51 percent by its foreign parent and the parent were, in turn, owned 51 percent by the UBO, then the UBO's indirectly held share of the affiliate would be 26 percent, which is the product of these ownership percentages.) However, the presumption of control by the UBO remains undiminished, since each entity in a chain of majority ownerships can control the entity below it, including control over that entity's actions with respect to the entities that are, in turn, below it.

UBO to be explored. However, in a pilot study, conducted in the framework of structural business statistics, data were successfully collected on the UBO basis by a majority of participants. Also the United States has collected data on this basis for some time. The UBO basis is, in the light of this successful experience, to be recommended in the OECD *Manual of Globalisation Indicators*.

259. Abstracting from practical considerations, the country of ultimate beneficial ownership is conceptually preferable for attribution of variables concerning industrial activity, because that is the country that ultimately owns or controls, and therefore derives the benefits from owning or controlling, the direct investment enterprise. In the light of the relevance of the UBO basis and the demonstration by a number of countries that compilation on this basis is feasible, this *Manual* recommends the UBO basis as the first priority for compilation of FATS statistics, and the basis on which estimates should be prepared in the greatest detail. However, considering that information on first foreign parents may be available as a byproduct of linkages to FDI data, and to facilitate comparisons with these data, countries are encouraged also to make available some data in which variables are attributed according to the country of the first foreign parent.

4.4.1.2 *Outward FATS*

260. For affiliates owned by residents of the compiling economy, two options for attribution of FATS variables by country are possible. The variables could be attributed to the country of location of the affiliate or, if the ownership is through a directly held affiliate located in another country, to the country of that affiliate. This *Manual* recommends that attribution be to the country of the affiliate whose operations are described by the variables, for that is the country in which the foreign direct investor's commercial presence exists and is the country where the various activities - sales, employment, etc. - tracked by the statistics are carried out. This recommendation is consistent with the treatment of foreign controlled enterprises in the 1993 SNA, in that the value added in production by the enterprise is in both cases attributed to (that is, is included in the gross domestic product of) the economy of location of the enterprise. To the extent that the statistics may be used in conjunction with statistics on resident/non-resident foreign direct investment transactions recorded in balance of payments accounts, it should be noted that the latter are attributed, following BPM5 and BD3, to the immediate host country, as is appropriate for tracking financial flows and positions.

4.4.1.3 *Note on the equal ownership of shares by residents of more than one country*

261. Ordinarily, FATS variables for a given foreign affiliate are attributed in their entirety to a single country of owner. As descriptors of the operations of affiliates, they are not to be factored down by ownership shares. Nor are the values of the variables to be apportioned as between the majority owner and any foreign minority owners. However, where supplemental statistics are provided covering cases in which foreign control has been achieved other than through majority ownership by a single investor, classification dilemmas may arise where direct investors of different countries have collectively achieved majority ownership through holdings of equal shares. Since the ownership is evenly split, the determination of the country of owner has to be made using criteria other than ownership percentages.

262. Although it is sometimes difficult to reach a decision in such cases, there is often some factor that would lead to the selection of one country rather than the other. For example, if one owner's interest in the affiliate is held directly and the other owner's interest is held indirectly, the affiliate generally would be classified in the country of the owner holding the direct interest. As another example, if one of the foreign

owners is a government entity, then the country of that government most likely would be considered the country of owner. Finally, if one of the foreign owners is a holding company or is located or incorporated in a tax haven country, then the country of the other owner would most likely be considered the country of owner. In the absence of any such factor that could be used as a basis of attribution, the value of FATS variables may be allocated evenly among the foreign countries of ownership. However, data so allocated may pose problems of interpretation, and efforts should first be made to determine a basis for allocation to a single country.

4.4.2 *By activity and by product*

263. Ideally, it would be possible to attribute FATS variables on the basis of either the industrial activities of producers or the types of products produced and sold. Data on a product basis would identify the specific types of services delivered through the commercial presence mode of supply and could most readily be compared with data on services delivered through trade between residents and non-residents. However, some FATS variables, such as value added and employment (discussed below), do not lend themselves to a product classification. Also, for some countries, FATS statistics may be developed as a subset of domestic enterprise or other statistics that are classified only on an activity basis. On this basis, all of the data for a given enterprise are classified in the single activity - often termed the "primary" activity - that, based on some key variable (such as employment or sales), is the largest. Finally, for some purposes, the data may need to be viewed in conjunction with data on stocks and flows of foreign direct investment, which normally would be classified by activity but not by product.

264. Taking these factors into account, an activity basis is recommended as the first priority for FATS statistics. However, the usefulness of data on a product basis is acknowledged, and as a longer-term goal, countries are encouraged to work toward providing product detail for some or all of the items that can be classified on this basis.

4.4.2.1 *By activity*

265. This *Manual* recommends that, for reporting to international organisations, FATS variables be classified by activity according to United Nations International Standard Industrial Classification of All Economic Activities (rev. 3) (ISIC) and grouped according to the ISIC Categories for Foreign Affiliates (ICFA), which have been derived from the ISIC. These categories, shown in Annex 4, cover all activities, but with more detail provided for services than for goods.⁴⁸ This all-inclusive basis of presentation allows activities of services enterprises to be viewed in the context of the activities of all enterprises. In addition, it provides a framework for displaying services produced as a secondary activity by enterprises classified as goods producers. Finally, this all-inclusive approach has been adopted by the countries and international organizations that are actively developing FATS statistics.⁴⁹

⁴⁸The OECD *Manual of Globalisation Indicators* also will recommend use of an ISIC-based classification of measures of foreign-affiliate operations and performance, but with categories representing goods and services in more even proportions.

⁴⁹The prototype questionnaire in the Eurostat *FATS Task Force Report*, the Joint OECD/Eurostat Survey on the Activity of Domestic Firms and of Foreign Affiliates in the Service Sector, and the United States annual presentation on sales of services by foreign affiliates all are based on all-inclusive industry breakdowns, with a higher level of disaggregation for services than for goods.

266. Primarily because, for many firms, the activities carried out by a given firm are not limited to its activity of classification, the data recorded against any given activity must be interpreted as an indication of total activity of firms for which the given activity is the most important, or primary, activity, rather than as a precise measure of the activity itself.⁵⁰ For the same reason, as well as because of differences in the classifications themselves, the extent to which data on resident/non-resident trade classified according to EBOPS can be aligned with data on FATS variables classified according to ICFA is inherently limited. Nonetheless, a correspondence between the two bases of classification may be useful for some purposes, mainly involving activities that tend to be carried out only by firms that are specialised in the activity and tend not to have significant secondary activities.⁵¹ For such purposes, the EBOPS categories corresponding most closely to the ICFA categories for services activities have been indicated in Annex 5.

4.4.2.2 *By product*

267. As a longer-term goal, countries are encouraged to work toward disaggregating by product some or all of the variables - which include sales (turnover), output, exports and imports - that lend themselves to this basis of attribution. Product based statistics are free of problems of interpretation related to secondary activities, are consistent with the basis on which GATS commitments are made, and are consistent with the basis of classification used for trade between residents and non-residents.

268. To the extent possible, the breakdown should be on a basis compatible with EBOPS for services and according to the Harmonised System for trade in goods, to facilitate comparisons with resident/non-resident trade classified on this basis. If this level of specificity cannot be achieved, as a first step toward a product basis, countries may wish to disaggregate sales in each industry as between sales of goods and sales of services. (See the section on the sales variable below for a discussion of this option.)

4.5 Economic variables for FATS

269. A wide range of economic data or variables - operational and financial - in regard to FATS may be pertinent for analytical and policy purposes. The selection of the variables to be collected should be based primarily upon their usefulness in implementing the GATS and in analysing globalisation phenomena. The practicalities of data availability also must be considered. With such considerations in mind, the *Manual* recommends that the FATS variables to be collected include at least the following basic measures of foreign affiliate activity: (1) Number of enterprises, (2) value added, (3) sales (turnover) and/or output, (4) employment, and (5) exports and imports of goods and services.⁵² Although these

⁵⁰For example, computer services may be provided not only by firms classified in the computer services industry, but also by firms classified in computer manufacturing and computer wholesale trading. Similarly (though in reality less commonly), computer services firms may engage in manufacturing or wholesale trade as secondary activities. Statistics shown for the activity "computer services" would misstate the value of the activity by excluding the computer services provided by manufacturers and wholesale traders and by including the manufacturing and wholesale trade activities of computer services firms.

⁵¹For example, were it the case both that legal services are performed only by law firms and that law firms tend to perform only legal services, sales recorded under the "legal services" activity would correspond closely to sales of legal services, as they would be recorded in a product classification. This is unlike the example in the previous footnote involving computer services.

⁵²While this *Manual* does not recommend a smaller set of variables, it recognises that some countries may, at least initially, limit themselves to the collection of statistics that most directly support the monitoring of their own commitments under the GATS. For this purpose, the single most relevant variable is sales by resident foreign-owned

variables constitute a basic set that can provide answers to a variety of questions, additional measures of foreign affiliate activities may prove useful in addressing specific issues. The *Manual* suggests several measures that might be considered for collection by countries that are able to compile such additional information. Most of both the “basic” and the “additional” variables were drawn from the 1993 SNA, as were their definitions.

4.5.1 Number of enterprises

270. The number of enterprises meeting the criteria for coverage by FATS statistics is a basic indicator of the prevalence of majority ownership by foreigners in the host economy. This number may be compared with the total number of firms in the economy. It may also be assessed in relation to the other FATS variables, as it allows the computation of ratios - such as value added or number of employees per enterprise - that may be compared with the same ratios for domestically owned firms, thus giving an indication of the behaviour of foreign affiliates.

271. It should be recognised that the number of firms alone may not give an accurate picture of the overall importance of foreign-owned firms, because of differences in size between these firms and those that are domestically owned. If the foreign-owned firms tend to be larger, for example, then their share in the total number of firms would be smaller than their share in the various measures of operations and would thus tend to understate the role and importance of these firms in host-country economies.

272. Typically, information on numbers of enterprises will be a natural by-product of collection of data on other FATS variables, rather than itself being a separate object of the data collection effort. As such, the number is likely to be affected, often significantly, by the level of company consolidation and by thresholds for reporting on surveys. To assist users in interpreting counts of enterprises, countries are encouraged to indicate in explanatory notes how the numbers were derived.

4.5.2 Value added

273. 1993 SNA defines “the gross value added of an establishment, enterprise, industry or sector” as “the amount by which the value of the outputs produced . . . exceeds the value of the intermediate inputs consumed.” A related concept, “net value added,” is defined as gross value added less the consumption of fixed capital. Gross value added can provide information concerning the contribution of foreign affiliates to host-country gross domestic product, both in the aggregate and in specific industries. For this reason, as well as because it may often be easier to compute (because it does not require measurement of capital consumption), and thus more widely available, the higher priority should be accorded to the gross measure of value added.

274. While it is defined in terms of outputs and intermediate inputs, value added also is equal to the sum of primary incomes generated in production (compensation of employees, profits, etc.). In some cases, depending on the particular data that are available, this numerical equivalence may be exploited in deriving estimates of value added. This alternative might be chosen, for example, if data on intermediate consumption were lacking but information on the various incomes generated in production were available.

firms; if possible, this item should be disaggregated in a way that allows sales in the domestic economy (which is what the commitments relate to) to be distinguished from sales abroad.

275. Because it includes only the portion of the firm's output that originates within the firm itself, value added is a particularly useful measure from the perspectives of both the GATS and globalisation analysis. For inward FATS, value added will usually be available from regular industrial or enterprise surveys, but for outward FATS it may have to be derived from other variables.

4.5.3 Sales (turnover) and/or output

276. "Sales" and "turnover" are used here interchangeably to mean the same thing. Following the 1993 SNA (which may be consulted for additional details and examples), output differs from sales because it includes changes in stocks of finished goods and work in progress and because of differences in measurement applicable to activities involving trade or financial intermediation. Output is a superior and more refined measure of activity for most purposes and is recommended as the preferred variable for compilation. However, sales data are easier to collect and may present more options for disaggregation. Thus, there may be a continuing role in FATS statistics for both measures.

277. For services activities, there are not stocks of finished goods, and changes in work-in-progress will be rare and, in any event, usually impossible to measure. In practice, therefore, output is identical to sales for most services activities. For wholesale and retail distribution, although the sales are of goods, the output is defined as a service, equal not to the total value of sales but to the trade margins realised on goods purchased for resale. For financial intermediaries, output is equal to service charges actually levied, plus the difference between interest receivable and payable (i.e. financial intermediation services indirectly measured, or "FISIM"). For insurance, output is measured, not by total premiums earned, but by a service charge that takes into account income on technical reserves and also the actual or expected value of claims. In all these cases, output will generally be considerably lower than sales, because it, unlike sales, excludes the amounts - which may constitute a large portion of total operating revenues - that pass through the enterprise without being considered a part of its intermediate consumption.

278. Sales measures gross operating revenues less rebates, discounts, and returns. Sales should be measured exclusive of consumption and sales taxes on consumers, as well as value-added taxes. Although lacking the duplication-free quality of value added, the sales variable generally presents fewer collection difficulties and thus is likely to be more widely available than value added. Also unlike value added, sales indicates the extent to which foreign affiliates are used to deliver outputs to customers, irrespective of the extent to which the output originated in the affiliates themselves or in other firms.

279. In addition to disaggregation by industry and by country (following the principles of attribution discussed earlier), additional breakdowns of sales may be useful for particular purposes. One such breakdown is to distinguish among sales within the host country (local sales), sales to the country of the parent enterprise, and sales to third countries.⁵³ All three types of sales result from a commercial presence by the home country in the host country and thus are of interest from a GATS perspective. However, elimination of the sales to the parent country (which would already be included as imports in that country's balance of payments accounts) may be desired in an analysis of FATS variables in conjunction with data on the parent country's trade with non-residents, in order to eliminate double counting. For other purposes, it may prove useful to examine separately the local sales by affiliates, as these sales represent output delivered within host economies and relate most directly to the commitments made under the GATS by those economies.

⁵³In some cases, it might be possible to derive a close proxy for this breakdown by examining data on total sales in conjunction with data on exports. Export data may indicate sales to the country of the parent separately from sales to third countries, and local sales may be derived by subtracting these export sales from total sales.

280. While recognising practical limitations, there are one or two additional refinements that might be regarded as longer-term goals. One of these is the disaggregation of sales within each industry as between sales of goods and sales of services, so as to obtain a measure of the latter. As mentioned in the section on attribution of FATS variables, such a breakdown would represent a first step toward a product breakdown of sales. Sales of services would include both sales of services by enterprises that produce services as a primary activity and sales of services by enterprises that produce goods as a primary activity but have secondary operations in services.

281. The potential usefulness of this extension is considerable. It is likely that a significant share of sales of services by affiliates is accounted for by affiliates whose primary industry is manufacturing or another goods producing industry. For example, sales of computer services might, as noted earlier, be spread among manufacturing affiliates, wholesale trade affiliates, and computer services affiliates. If only total sales were collected, then by default only the sales by the affiliates classified in computer services would be taken as a measure of sales of such services, resulting in a significant understatement.

282. In developing data on sales of services, compilers should attempt to exclude any income from financial investments that companies may have included in "sales" in their own accounting records. Most companies do not include such investment income in "sales," but finance and insurance companies usually do, because it is related to the principal line of business of the company. However, this income is conceptually distinct from sales of financial and insurance services.⁵⁴

4.5.4 *Employment*

283. In a FATS context, employment would normally be measured as the number of persons on the payrolls of foreign affiliates. Employment data are sometimes converted to a "full-time equivalent" (FTE) basis, in which part-time workers are counted according to the time worked (e.g., two workers on half-time schedules count the same as one full-time worker). Although FTE employment may provide a better measure of labour input, this measure is not as widely available as numbers of employees and may be difficult to implement consistently in the context of internationally varied employment practices. For these reasons, the recommendation of this *Manual* is that the FATS employment variable be the number of persons employed. The number should be representative of the period covered, but in the absence of strong seasonal or other fluctuations in employment may be measured as of a point in time, such as the end of the year, following national practices.

284. Data on employment by affiliates can be used in several ways in a FATS system. They can be used in determining the share of foreign affiliates in host-country employment, or in attempts to determine the extent to which employment by foreign affiliates complements or substitutes for domestic (home-country) employment by parent companies or other domestic firms. An industry breakdown of affiliates' employment can yield further insights into the impact of foreign-owned enterprises on specific parts of the economy. Information in regard to employee compensation, while not suggested as a priority item, would provide another meaningful statistic for the comparison of affiliate operations with those of domestic enterprises.

⁵⁴If investment income can be collected separately, then it might be used in developing an estimate of FISIM, thus allowing a measure more akin to total output and avoiding the understatement that results from excluding this income altogether.

4.5.4.1 *Relation to presence of natural persons mode of supply*

285. Although data would not, in general, appear to be available to identify separately "national" and "foreign" employees of affiliates, such information, if available, could be used for elaborating upon the GATS presence of natural persons mode of supply. Annex 6 explores the issues that will arise in constructing a framework of statistics to use during negotiations on this mode of supply.

4.5.5 *Exports and imports of goods and services*

286. International goods and services transactions of foreign affiliates comprise another basic indicator relevant to FATS. Both balance of payments data and data provided by parent enterprises and affiliates in separate questionnaires may be appropriate sources for such information. To a large extent, the possibilities for disaggregating total exports and total imports may depend on the sources used to obtain the data.

287. Where the data are obtained through linkages with primary data sources for balance of payments transactions, breakdowns by product and by origin or destination will often be possible. In this event, exports and imports of services might be disaggregated, not only by activity according to ICFA, but also by product on a basis compatible with the EBOPS.

288. Where separate questionnaires are employed, these same breakdowns would be useful, but it is unlikely that a large number of countries would be able to collect the necessary data with the same frequency or in the same detail as provided by balance of payments data. However, it may be possible to disaggregate exports and imports into a few broad categories in which trade with related enterprises would be distinguished from trade with unrelated parties, thus providing information for one of the last of the elements for a phased approach to implementation of the *Manual*.⁵⁵ In addition, trade with the country of owner could be distinguished from trade with other countries. If possible, these breakdowns should be obtained separately for goods and services. For inward FATS, for example, this would mean disaggregating the affiliate's exports of goods and exports of services into (1) exports to the parent company, (2) other exports to the country of the parent, and (3) exports to third countries. Imports would be similarly disaggregated.

4.5.6 *Other variables*

289. Although not included as priority items, there are other FATS variables of significance, perhaps for certain countries of equal or greater importance than some of those previously discussed. As is the case for the priority items, comparisons with the total economy and with specific sectors can be effected and used for assessing the impact of foreign-controlled enterprises on home and host economies.

290. Among such variables, which are listed and defined below, are those already collected by some countries. (The definitions are drawn from the 1993 SNA, which may be consulted for additional details.)

⁵⁵ Trade with related enterprises is defined to include trade with all enterprises with which there is a direct investment relationship.

- *Assets* - Entities over which ownership rights are enforced and from which economic benefits may be derived by their owners by holding or using them. These include both financial assets and non-financial assets, whether produced or non-produced.
- *Net worth* - The difference between the value of all assets, whether produced, non-produced, and financial, and all liabilities.
- *Operating surplus* - Measured as value added (gross), less compensation of employees, consumption of fixed capital, and taxes on production, plus subsidies receivable.
- *Gross fixed capital formation* - Measured by the total value of a producer's acquisitions, less disposals, of fixed assets during the accounting period plus certain additions to the value of non-produced assets realised by productive activity. (Fixed assets are tangible or intangible assets produced as outputs from processes of production that are themselves used repeatedly or continuously in other processes of production for more than one year.)
- *Taxes on income* - These consist of corporate income taxes, corporate profit taxes, corporate surtaxes, etc., and taxes that accrue to owners of unincorporated enterprises as a result of the income of those enterprises. Includes only taxes in the host country of the affiliate and not any taxes paid by the parent in the home country as a result of income earned or distributed by the affiliate. Taxes on income are usually assessed on the total income of corporations from all sources and not simply profits generated by production.
- *Research and development expenditures* - Expenditures for activities undertaken for the purpose of discovering or developing new products (goods and services), including improved versions or qualities of existing products, or discovering or developing new or more efficient processes of production.

4.6 Compilation issues

291. There are two basic approaches, which are not necessarily mutually exclusive, to developing FATS statistics. The first is to conduct surveys that directly request information on the operations of resident affiliates of foreign firms and foreign affiliates of domestic firms. The second - which can be used only for inward investment - identifies the subset of existing data on resident enterprises that is accounted for by foreign-owned firms.

292. Whichever of these approaches is taken, there are likely to be links to existing data on foreign direct investment. Where there are surveys for FATS statistics, registers used in collecting FDI data typically would be used to identify majority-owned affiliates for which FATS variables should be collected. Alternatively, key FATS variables might be added to existing FDI surveys. However, since FDI surveys may be conducted more frequently than FATS statistics are compiled (e.g. quarterly rather than annually) and require a quick turnaround, as well as because FATS statistics are needed for only the majority-owned portion of the FDI universe, separate surveys probably would offer a better solution in most cases. Where existing domestic statistics are used as the source of information on FATS, links to FDI data will often provide the means of determining which resident enterprises are majority-owned and should be included, as well as the means of identifying the country of owner. Under this approach, FATS statistics would be obtained as an aggregation of statistical variables across the foreign-owned statistical population.

293. Each approach has its own advantages and drawbacks, and it is possible to outline some of the intrinsic differences. However, the criteria for deciding whether an enterprise is foreign owned would be the same in both cases.

294. The FDI framework, whether implemented through adding questions to existing surveys or through institution of new surveys covering the majority-owned subset of the FDI population, allows for the compilation of outward as well as inward statistics and provides more options for tailoring the data to specific FATS needs. However, the activity classification used in FDI statistics is generally rather aggregated, and it seems difficult to go beyond basic statistical variables such as turnover and employment without designing completely new surveys, which may raise concerns about resource availability and respondent burden. Also, if this approach is taken, special care will be necessary to ensure compatibility with domestic statistics with which the FATS statistics may be compared.

295. The picture of FATS statistics as a subset of enterprise statistics is quite different. It is not possible to compile outward statistics within this framework. However, the activity classification used may be quite detailed, and product detail may be available for sales or turnover. In addition, a comprehensive set of statistical variables generally can be provided.

296. In many cases, a mix of the two approaches may work best, with the "FDI context" being used for the compilation of outward FATS statistics and for the identification of foreign-owned companies, and the "enterprises statistics" context being used for the compilation of inward FATS statistics with a more detailed activity breakdown and a more comprehensive set of variables. An extended business register might be a suitable means of maintaining such information. This approach has already been adopted in some countries that use them to maintain data on foreign ownership. This *Manual* bases its recommendations on both approaches, recognising the advantages and disadvantages of each and the need for countries to have flexibility in adapting the recommendations to their individual statistical infrastructures and maximising the use of existing data.

297. One of the main challenges for this new statistical domain stems from the fact that the collection and definition of FATS statistics may draw on expertise and responsibilities which are scattered among multiple institutions, such as Central Banks, National Statistical Offices, and various Ministries. Thus, as the statistics are developed, there will be a need for close co-operation among the different institutions involved.

4.7 Summary

298. For the sake of convenience, it will be useful to summarise the key recommendations of this *Manual* for compiling FATS statistics:

1. FATS statistics should cover only affiliates in which the direct investor (or an associated group of investors acting in concert) holds a majority interest, based on voting equity (or the equivalent). However, countries are encouraged to provide supplemental statistics, covering cases in which foreign control may be deemed to be present, even though no single foreign direct investor holds a majority stake.
2. FATS variables should be compiled for all foreign affiliates, not only those affiliates in services. However, the activity classification to be used for reporting to international organisations provides more detail for services than for goods.

3. For statistics on foreign-owned affiliates in the compiling economy (inward FATS), the first priority for geographical attribution should be the country of ultimate beneficial owner. However, to facilitate linkages with FDI data, countries are encouraged also to provide some data in which attribution is based on the country of the first foreign parent. Statistics for foreign affiliates of the compiling economy (outward FATS) should be attributed based on the country of location of the affiliate whose operations are being described.
4. Because it is the basis required for some variables and is the basis on which data probably are, at present, most widely available, an *activity basis* is recommended as the first priority for FATS statistics. However, the usefulness of data on a product basis is recognised, and as a longer-term goal, countries are encouraged to work toward providing product detail for some or all of those variables that lend themselves to this basis of attribution (namely, sales (turnover), output, exports, and imports).
5. For reporting to international organisations, FATS variables should be disaggregated according to the ISIC Categories for Foreign Affiliates (shown in Annex 4). Any product detail that is developed should be disaggregated on a basis compatible with EBOPS (shown in Annex 2).
6. The *Manual* recommends that the FATS variables to be collected include at least the following basic measures of foreign affiliate activity: (1) number of enterprises, (2) value added, (3) sales (turnover) and/or output, (4) employment, and (5) exports and imports of goods and services. Additional measures are suggested for countries wishing to expand FATS data collection beyond this basic set.
7. The *Manual* envisages that a variety of sources and methods may be used to collect and compile FATS statistics. Separate surveys may be conducted or links may be made with domestic enterprise statistics that are already collected. In either case, there are likely to be links between existing data on foreign direct investment and Foreign Affiliates Trade in Services Statistics.

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5 Annexes to the Manual on Statistics of International Trade in Services

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Annex 2	Extended Balance of Payments Services Classification - EBOPS
Annex 3	EBOPS-CPC Correspondence
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Annex 9	The <i>Manual</i> and the Tourism Satellite Accounts of OECD and World Tourism Organization (incomplete)

5 November 1999

5.1 Annex 1 Glossary

(not yet available)

5.2 Annex 2 Extended Balance of Payments Services Classification - EBOPS

Items marked '#' are standard balance of payments components as defined in *BPM5*.

Items marked '**' are supplementary items in the *BPM5* classification.

Items marked '***' are memorandum items in the *BPM5* classification.

The codes listed to the right side of the page are the standard codes used by IMF, OECD, Eurostat, and many country compilers when referring to the balance of payments.

Items in **bold** are the additional items that are proposed for the EBOPS classification for the *Manual*.

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¹ This item consists of a range of transactions relating to audiovisual activities. Included are services included in both *audiovisual services* and royalties and license fees, as well as the acquisition and disposal of non-produced, non-financial assets relating to audiovisual activities, such as patents, copyrights, trademarks and franchises.

5.3 Annex 3 EBOPS-CPC Correspondence

(DRAFT)

This is the provisional draft correspondence between the EBOPS classification and CPC version 1.0, that was reviewed by the IMF committee on Balance of Payments Statistics in October 1998 and the Inter-Agency Task Force on Statistics of International Trade in Services in November 1998. Comments received from countries, including Australia and Canada, since this time are not incorporated in this draft.

This correspondence table is indicative of the final correspondence table between EBOPS and CPC version 1.0 that will be included in this *Manual*, although there are still a number of outstanding definitional issues to be resolved. Where there are differences between the text of Chapter 3 and the contents of this correspondence table, the text of chapter 3 should be taken as correct.

BOP Code 206 Sea Transport consists of all of codes 207, 208 and 209			
BOP Code 207 Sea transport, passenger			
CPC v1.0	Description	Prov. CPC	Description
65111	Coastal and transoceanic water transport services of passengers by ferries	72111	Passenger transportation by ferries
65119	Other coastal and transoceanic water transport services of passengers	72119	Other passenger transportation
65130*	Rental services of vessels for coastal and transoceanic water transport with operator	72130*	Rental services of sea-going vessels with operator
BOP Code 208 Sea transport, freight			
CPC v1.0	Description	Prov. CPC	Description
65121	Coastal and transoceanic water transport services of refrigerated freight by refrigerator vessels	72121	Transportation of frozen or refrigerated goods
65122	Coastal and transoceanic water transport services of bulk liquid freight by tankers	72122	Transportation of bulk liquids or gases
65123	Coastal and transoceanic water transport services of containerized freight by container ships	72123	Transportation of containerized freight
65129	Coastal and transoceanic water transport services of other freight	72129	Transportation of other freight
65130*	Rental services of vessels for coastal and transoceanic water transport with operator	72130*	Rental services of sea-going vessels with operator
BOP Code 209 Sea transport, other			
CPC v1.0	Description	Prov. CPC	Description
65140	Towing and pushing services on coastal and transoceanic waters	72140	Towing and pushing services
67610*	Port and waterway operation services (excl. cargo handling)	74510*	Port and waterway operation services (excl. cargo handling)
67620*	Pilotage and berthing services	74520*	Pilotage and berthing services
67630*	Vessel salvage and refloating services	74540*	Vessel salvage and refloating services
67690*	Other supporting services for water transport	74590*	Other supporting services for water transport

BOP Code 210 Air Transport consists of all of codes 211, 212 and 213

BOP Code 211 Air transport, passenger

CPC v1.0	Description	Prov. CPC	Description
66110	Scheduled air transport services of passengers	73110	Scheduled passenger transportation by air
66120	Non-scheduled air transport services of passengers	73120	Non-scheduled passenger transportation by air
66400*	Rental services of aircraft with operator	73400*	Rental services of aircraft with operator

BOP Code 212 Air transport, freight

CPC v1.0	Description	Prov. CPC	Description
66210	Air transport services of letters and parcels	73210	Mail transportation by air
		73290	Transportation of other freight by air
66290	Air transport services of other freight	73220	Transportation of containerized freight by air
		73290	Transportation of other freight by air
66400*	Rental services of aircraft with operator	73400*	Rental services of aircraft with operator

BOP Code 213 Air transport, other

CPC v1.0	Description	Prov. CPC	Description
67710	Airport operation services (excl. cargo handling)	74610	Airport operation services (excl. cargo handling)
67720	Air traffic control services	74620	Air traffic control services
67790*	Other supporting services for air or space transport	74690*	Other supporting services for air transport

BOP Code 214 Other transport consists of all of codes 215, 216 and 217

BOP Code 216 Other transport, freight consists of all of codes 221, 225 and 229

BOP Code 217 Other transport, other consists of all of codes 218, 222, 226, 230, 231 and 232

BOP Code 218 Space transport

CPC v1.0	Description	Prov. CPC	Description
66300	Transport services via space	73300	Transportation via space
67790*	Other supporting services for air or space transport	74690*	Other supporting services for air transport

BOP Code 220 Rail transport, passenger

CPC v1.0	Description	Prov. CPC	Description
64111	Interurban railway transport services of passengers	71111	Interurban passenger transportation
64112	Urban and suburban railway transport services of passengers	71112	Urban and suburban passenger transportation

BOP Code 221 Rail transport, freight

CPC v1.0	Description	Prov. CPC	Description
64121	Railway transport services of freight by refrigerator cars	71121	Transportation of frozen or refrigerated goods
64122	Railway transport services of freight by tanker cars	71122	Transportation of bulk liquids or gases
64123	Railway transport services of containerized freight by flat cars	71123	Transportation of containerized freight
64124	Railway transport services of letters and parcels	71124	Mail transportation
		71129	Transportation of other freight
64129	Other railway transport services of freight	71129	Transportation of other freight

BOP 222 Rail transport, supporting, auxiliary and other services

CPC v1.0	Description	Prov. CPC	Description
64130	Railway pushing or towing services	71130	Pushing or towing services
67400	Supporting services for railway transport	74300	Supporting services for railway transport

BOP Code 224 Road transport, passenger

CPC v1.0	Description	Prov. CPC	Description
64211	Urban and suburban scheduled road transport services of passengers	71211	Urban and suburban regular transportation
64212	Urban and suburban special purpose scheduled road transport services of passengers	71212	Urban and suburban special transportation
64213	Interurban scheduled road transport services of passengers	71213	Interurban regular transportation
64214	Interurban special purpose scheduled road transport services of passengers	71214	Interurban special transportation
64219	Other scheduled road transport services of passengers n.e.c.	71219	Other scheduled passenger transportation n.e.c.
64221	Taxi services	71221	Taxi services
64222	Rental services of passenger cars with operator	71222	Rental services of passenger cars with operator
64223	Rental services of buses and coaches with operator	71223	Rental services of buses and coaches with operator
64224	Road transport services of passengers by man- or animal-drawn vehicles	71224	Passenger transportation by man- or animal-drawn vehicles
64229	Other non-scheduled road transport services of passengers n.e.c.	71229	Other non-scheduled passenger transportation n.e.c.
64250*	Rental services of trucks with operator	71240*	Rental services of commercial freight vehicles with operator

BOP 225 Road transport, freight

CPC v1.0	Description	Prov. CPC	Description
64231	Road transport services of freight by refrigerator vehicles	71231	Transportation of frozen or refrigerated goods
64232	Road transport services of freight by tank trucks or semi-trailers	71232	Transportation of bulk liquids or gases
64233	Road transport services of containerised freight by trucks equipped with a container chassis	71233	Transportation of containerized freight
64234	Road transport services of freight by man- or animal-drawn vehicles	71236	Freight transportation by man- or animal-drawn vehicles
64235	Moving services of household and office furniture and other goods	71234	Transportation of furniture
64236	Road transport services of letters and parcels	71235	Mail transportation
		71239	Transportation of other freight
64239	Other road transport services of freight	71239	Transportation of other freight
64250*	Rental services of trucks with operator	71240*	Rental services of commercial freight vehicles with operator

BOP Code 226 Road transport, supporting, auxiliary and other services

CPC v1.0	Description	Prov. CPC	Description
67510	Bus station services	74410	Bus station services
67520	Highway, bridge and tunnel operation services	74420	Highway, bridge and tunnel operation services
67530	Parking lot services	74430	Parking services
67590	Other supporting services for road transport	74490	Other supporting services for road transport
87141*	Maintenance and repair services of motor vehicles	61120*	Maintenance and repair services of motor vehicles
87142*	Maintenance and repair services of motorcycles and snowmobiles	61220*	Maintenance and repair services of motorcycles and snowmobiles
87143*	Maintenance and repair services of trailers, semi-trailers and other motor vehicles n.e.c.	88670*	Repair services n.e.c. of motor vehicles, trailers and semi-trailers, on a fee or contract basis

BOP Code 228 Inland waterway transport, passenger

CPC v1.0	Description	Prov. CPC	Description
65211	Inland water transport services of passengers by ferries	72211	Passenger transportation by ferries
65219	Other inland water transport services of passengers	72219	Other passenger transportation
65230*	Rental services of inland water vessels with operator	72230*	Rental services of non-sea-going vessels with operator

BOP Code 229 Inland waterway transport, freight

CPC v1.0	Description	Prov. CPC	Description
65221	Inland water transport services of freight by refrigerator vessels	72221	Transportation of frozen or refrigerated goods
65222	Inland water transport services of freight by tankers	72222	Transportation of bulk liquids or gases
65229	Other inland water transport services of freight	72229	Transportation of other freight
65230*	Rental services of inland water vessels with operator	72230*	Rental services of non-sea-going vessels with operator

BOP Code 230 Inland waterway transport, supporting, auxiliary and other services

CPC v1.0	Description	Prov. CPC	Description
65240	Towing and pushing services on inland waters	72240	Towing and pushing services
67610*	Port and waterway operation services (excl. cargo handling)	74510*	Port and waterway operation services (excl. cargo handling)
67620*	Pilotage and berthing services	74520*	Pilotage and berthing services
67630*	Vessel salvage and refloating services	74540*	Vessel salvage and refloating services
67690*	Other supporting services for water transport	74590*	Other supporting services for water transport

BOP Code 231 Pipeline transport

CPC v1.0	Description	Prov. CPC	Description
64310	Transport services via pipeline of petroleum and natural gas	71310	Transportation of petroleum and natural gas
64390	Transport services via pipeline of other goods	71390	Transportation of other goods

BOP Code 232 Other supporting and auxiliary transport services

CPC v1.0	Description	Prov. CPC	Description
67110	Container handling services	74110	Container handling services
67190	Other cargo handling services	74190	Other cargo handling services
67210	Refrigerated storage services	74210	Storage services of frozen or refrigerated goods
67220	Bulk liquid or gas storage services	74220	Bulk storage services of liquids or gases
67290	Other storage or warehousing services	74290	Other storage or warehousing services
67300	Navigational aid services	74530	Navigation aid services
67910	Freight transport agency services and other auxiliary freight transport services	74800	Freight transport agency services
		74900	Other supporting and auxiliary transport services
67990	Other supporting transport services n.e.c.	74900	Other supporting and auxiliary transport services
87149	Maintenance and repair services of other transport equipment	88680	Repair services of other transport equipment, on a fee or contract basis

BOP Code 236 Travel consists of all of codes 237 and 240

BOP Code 237 Business travel consists of all of codes 238 and 239

BOP Code 238 Business travel, expenditure by seasonal and border workers

CPC v1.0	Description	Prov. CPC	Description
xxxxx	Consists of a wide range of goods and services		

BOP Code 239 Business travel, other

CPC v1.0	Description	Prov. CPC	Description
xxxxx	Consists of a wide range of goods and services. (See BOP codes 955, 957)		

BOP Code 240 Personal travel consists of all of codes 241, 242 and 243

BOP Code 241 Personal travel, health-related

CPC v1.0	Description	Prov. CPC	Description
93110*	Hospital services	93110*	Hospital services
93121*	General medical services	93121*	General medical services
93122*	Specialized medical services	93122*	Specialized medical services
93123*	Dental services	93123*	Dental services
93191*	Deliveries and related services, nursing services, physiotherapeutic and para-medical services	93191*	Deliveries and related services, nursing services, physiotherapeutic and para-medical services
93192*	Ambulance services	93192*	Ambulance services
93193*	Residential health facilities services other than hospital services	93193*	Residential health facilities services other than hospital services
93199*	Other human health services n.e.c.	93199*	Other human health services n.e.c.
xxxxx	Consists of a wide range of goods and services		

BOP Code 242 Personal travel, education-related

CPC v1.0	Description	Prov. CPC	Description
92110*	Preschool education services	92110*	Preschool education services
92190*	Other primary education services	92190*	Other primary education services
92210*	General secondary education services	92210*	General secondary education services
92220*	Higher secondary education services	92220*	Higher secondary education services
92230*	Technical and vocational secondary education services	92230*	Technical and vocational secondary education services
		92240*	Technical and vocational secondary school-type education services for handicapped students
92310*	Post-secondary technical and vocational education services	92310*	Post-secondary technical and vocational education services
92390*	University and other higher education services	92390*	Other higher education services
92900*	Other education and training services	92400*	Adult education services n.e.c.
		92900*	Other education services
xxxxx	Consists of a wide range of goods and services		

BOP Code 243 Personal travel, other

CPC v1.0	Description	Prov. CPC	Description
xxxxx	Consists of a wide range of goods and services. (See BOP codes 955,957)		

BOP Code 245 Communications services consists of all of codes 246 and 247
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BOP Code 246 Postal and courier services

CPC v1.0	Description	Prov. CPC	Description
64240	Miscellaneous local delivery services	75129	Other courier services
68111	Postal services related to letters	75111	Postal services related to letters
68112	Postal services related to parcels	75112	Postal services related to parcels
68113	Post office counter services	75113	Post office counter services
68119	Other postal services	75119	Other postal services
68120	Courier services	75121	Multi-modal courier services

BOP Code 247 Telecommunication services

CPC v1.0	Description	Prov. CPC	Description
84110	Wired telecommunications services	75211	Public local telephone services
		75212	Public long distance telephone services
		75221	Shared network services
		75222	Dedicated network services
		75231	Data network services
		75241	Television broadcast transmission services
		75242	Radio broadcast transmission services
		75250	Interconnection services
		75260	Integrated telecommunications services
		75292	Teleconferencing services
		75300	Radio and television cable services
84120	Wireless telecommunications services	75213	Mobile telephone services
84120	Wireless telecommunications services	75221	Shared network services
		75222	Dedicated network services
		75231	Data network services
		75241	Television broadcast transmission services
		75242	Radio broadcast transmission services
		75250	Interconnection services
		75291	Paging services
		75299	Other telecommunications services n.e.c.
		75260	Integrated telecommunications services
84130	Satellite telecommunications services	75221	Shared network services
		75222	Dedicated network services
		75231	Data network services
		75241	Television broadcast transmission services
		75242	Radio broadcast transmission services
		75250	Interconnection services
		75260	Integrated telecommunications services

BOP Code 249 Construction services consists of all of codes 250 and 251

BOP Code 250 Construction abroad

CPC v1.0	Description	Prov. CPC	Description
54111*	General construction services of one- and two-dwelling buildings	51210*	For one- and two-dwelling buildings
54112*	General construction services of multi-dwelling buildings	51220*	For multi-dwelling buildings
54121*	General construction services of industrial buildings	51230*	For warehouses and industrial buildings
54122*	General construction services of commercial buildings	51240*	For commercial buildings
54129*	General construction services of other non-residential buildings	51250*	For public entertainment buildings
		51260*	For hotel, restaurant and similar buildings
		51270*	For educational buildings
		51280*	For health buildings
		51290*	For other buildings
		51371*	For stadia and sports grounds
		51372*	For other sport and recreation installations (e.g. swimming pools, tennis courts, golf courses)
54210*	General construction services of highways (except elevated highways), streets, roads, railways and airfield runways	51310*	For highways (except elevated highways), streets, roads, railways and airfield runways
54220*	General construction services of bridges, elevated highways, tunnels and subways	51320*	For bridges, elevated highways, tunnels and subways
54230*	General construction services of harbours, waterways, dams, irrigation and other water works	51330*	For waterways, harbours, dams and other water works
54241*	General construction services of long distance pipelines	51340*	For long distance pipelines, communication and power lines (cables)
54242*	General construction services of long distance communication and power lines (cables)	51340*	For long distance pipelines, communication and power lines (cables)
54251*	General construction services of local pipelines	51350*	For local pipelines and cables; ancillary works
54252*	General construction services of local cables and related works	51350*	For local pipelines and cables; ancillary works
54260*	General construction services of mines and industrial plant	51360*	For constructions for mining and manufacturing
54270*	General construction services of outdoor sport and recreation facilities	51371*	For stadia and sports grounds
		51372*	For other sport and recreation installations (e.g. swimming pools, tennis courts, golf courses)
54290*	General construction services of other engineering works n.e.c.	51390*	For engineering works n.e.c.
54310*	Demolition services	51120*	Demolition work
54320*	Site formation and clearance services	51130*	Site formation and clearance work
		51150*	Site preparation work for mining
54330*	Excavating and earthmoving services	51140*	Excavating and earthmoving work
54341*	Water well drilling services	51520*	Water well drilling
54342*	Septic system installation services	51620*	Water plumbing and drain laying work
54400*	Assembly and erection of prefabricated constructions	51400*	Assembly and erection of prefabricated constructions
54511*	Pile driving services	51510*	Foundation work, incl. pile driving
54512*	Foundation services	51510*	Foundation work, incl. pile driving
54521*	Building framing services	51590*	Other special trade construction work

CPC v1.0	Description	Prov. CPC	Description
54522*	Roof framing services	51530*	Roofing and water proofing
54530*	Roofing and water proofing services	51530*	Roofing and water proofing
54540*	Concrete services	51540*	Concrete work
54550*	Structural steel erection services	51550*	Steel bending and erection (incl. welding)
54560*	Masonry services	51560*	Masonry work
54570*	Scaffolding services	51160*	Scaffolding work
54590*	Other special trade construction services	51590*	Other special trade construction work
54611*	Electrical wiring and fitting services	51641*	Electrical wiring and fitting work
54612*	Fire alarm installation services	51642*	Fire alarm construction work
54613*	Burglar alarm system installation services	51643*	Burglar alarm system construction work
54614*	Residential antenna installation services	51644*	Residential antenna construction work
54619*	Other electrical installation services	51649*	Other electrical construction work
		75430*	Connection services
54621*	Water plumbing services	51620*	Water plumbing and drain laying work
54622*	Drain laying services	51620*	Water plumbing and drain laying work
54631*	Heating installation services	51610*	Heating, ventilation and air conditioning work
54632*	Ventilation and air conditioning installation services	51610*	Heating, ventilation and air conditioning work
54640*	Gas fitting installation services	51630*	Gas fitting construction work
54650*	Insulation services	51650*	Insulation work (electrical wiring, water, heat, sound)
54691*	Lift and escalator installation services	51691*	Lift and escalator construction work
54699*	Other installation services n.e.c.	51699*	Other installation work n.e.c.
54710*	Glazing services	51710*	Glazing work and window glass installation work
54720*	Plastering services	51720*	Plastering work
54730*	Painting services	51730*	Painting work
54740*	Floor and wall tiling services	51740*	Floor and wall tiling work
54750*	Other floor laying, wall covering and wall papering services	51750*	Other floor laying, wall covering and wall papering work
54760*	Wood and metal joinery and carpentry services	51760*	Wood and metal joinery and carpentry work
		51780*	Ornamentation fitting work
54770*	Fencing and railing services	51660*	Fencing and railing construction work
54790*	Other building completion and finishing services	51770*	Interior fitting decoration work
		51790*	Other building completion and finishing work
54800*	Renting services related to equipment for construction or demolition of buildings or civil engineering works, with operator	51800*	Renting services related to equipment for construction or demolition of buildings or civil engineering works, with operator

BOP Code 251 Construction in the compiling economy

CPC v1.0	Description	Prov. CPC	Description
54111*	General construction services of one- and two-dwelling buildings	51210*	For one- and two-dwelling buildings
54112*	General construction services of multi-dwelling buildings	51220*	For multi-dwelling buildings
54121*	General construction services of industrial buildings	51230*	For warehouses and industrial buildings
54122*	General construction services of commercial buildings	51240*	For commercial buildings
54129*	General construction services of other non-residential buildings	51250*	For public entertainment buildings

CPC v1.0	Description	Prov. CPC	Description
		51260*	For hotel, restaurant and similar buildings
		51270*	For educational buildings
		51280*	For health buildings
		51290*	For other buildings
		51371*	For stadia and sports grounds
		51372*	For other sport and recreation installations (e.g. swimming pools, tennis courts, golf courses)
54210*	General construction services of highways (except elevated highways), streets, roads, railways and airfield runways	51310*	For highways (except elevated highways), streets, roads, railways and airfield runways
54220*	General construction services of bridges, elevated highways, tunnels and subways	51320*	For bridges, elevated highways, tunnels and subways
54230*	General construction services of harbours, waterways, dams, irrigation and other water works	51330*	For waterways, harbours, dams and other water works
54241*	General construction service of long distance pipelines	51340*	For long distance pipelines, communication and power lines (cables)
54242*	General construction services of long distance communication and power lines (cables)	51340*	For long distance pipelines, communication and power lines (cables)
54251*	General construction services of local pipelines	51350*	For local pipelines and cables; ancillary works
54252*	General construction services of local cables and related works	51350*	For local pipelines and cables; ancillary works
54260*	General construction services of mines and industrial plant	51360*	For constructions for mining and manufacturing
54270*	General construction services of outdoor sport and recreation facilities	51371*	For stadia and sports grounds
		51372*	For other sport and recreation installations (e.g. swimming pools, tennis courts, golf courses)
54290*	General construction services of other engineering works n.e.c.	51390*	For engineering works n.e.c.
54310*	Demolition services	51120*	Demolition work
54320*	Site formation and clearance services	51130*	Site formation and clearance work
		51150*	Site preparation work for mining
54330*	Excavating and earthmoving services	51140*	Excavating and earthmoving work
54341*	Water well drilling services	51520*	Water well drilling
54342*	Septic system installation services	51620*	Water plumbing and drain laying work
54400*	Assembly and erection of prefabricated constructions	51400*	Assembly and erection of prefabricated constructions
54511*	Pile driving services	51510*	Foundation work, incl. pile driving
54512*	Foundation services	51510*	Foundation work, incl. pile driving
54521*	Building framing services	51590*	Other special trade construction work
54522*	Roof framing services	51530*	Roofing and water proofing
54530*	Roofing and water proofing services	51530*	Roofing and water proofing
54540*	Concrete services	51540*	Concrete work
54550*	Structural steel erection services	51550*	Steel bending and erection (incl. welding)
54560*	Masonry services	51560*	Masonry work
54570*	Scaffolding services	51160*	Scaffolding work
54590*	Other special trade construction services	51590*	Other special trade construction work
54611*	Electrical wiring and fitting services	51641*	Electrical wiring and fitting work
54612*	Fire alarm installation services	51642*	Fire alarm construction work
54613*	Burglar alarm system installation services	51643*	Burglar alarm system construction work
54614*	Residential antenna installation services	51644*	Residential antenna construction work

CPC v1.0	Description	Prov. CPC	Description
54619*	Other electrical installation services	51649*	Other electrical construction work
		75430*	Connection services
54621*	Water plumbing services	51620*	Water plumbing and drain laying work
54622*	Drain laying services	51620*	Water plumbing and drain laying work
54631*	Heating installation services	51610*	Heating, ventilation and air conditioning work
54632*	Ventilation and air conditioning installation services	51610*	Heating, ventilation and air conditioning work
54640*	Gas fitting installation services	51630*	Gas fitting construction work
54650*	Insulation services	51650*	Insulation work (electrical wiring, water, heat, sound)
54691*	Lift and escalator installation services	51691*	Lift and escalator construction work
54699*	Other installation services n.e.c.	51699*	Other installation work n.e.c.
54710*	Glazing services	51710*	Glazing work and window glass installation work
54720*	Plastering services	51720*	Plastering work
54730*	Painting services	51730*	Painting work
54740*	Floor and wall tiling services	51740*	Floor and wall tiling work
54750*	Other floor laying, wall covering and wall papering services	51750*	Other floor laying, wall covering and wall papering work
54760*	Wood and metal joinery and carpentry services	51760*	Wood and metal joinery and carpentry work
		51780*	Ornamentation fitting work
54770*	Fencing and railing services	51660*	Fencing and railing construction work
54790*	Other building completion and finishing services	51770*	Interior fitting decoration work
		51790*	Other building completion and finishing work
54800*	Renting services related to equipment for construction or demolition of buildings or civil engineering works, with operator	51800*	Renting services related to equipment for construction or demolition of buildings or civil engineering works, with operator

BOP Code 253 Insurance services consists of all of codes 254, 255, 256, 257 and 258

BOP Code 254 Life insurance and pension funding

CPC v1.0	Description	Prov. CPC	Description
71311	Life insurance and individual pension services	81211*	Life insurance services
		81212	Pension and annuity services
71312	Group pension services	81212	Pension and annuity services
71531*	Portfolio management services	81323*	Portfolio management services

BOP Code 255 Freight insurance

CPC v1.0	Description	Prov. CPC	Description
71333	Freight insurance services	81294*	Freight insurance services

BOP Code 256 Other direct insurance

CPC v1.0	Description	Prov. CPC	Description
71320	Accident and health insurance services	81291*	Accident and health insurance services
71331	Motor vehicle insurance services	81292*	Motor vehicle insurance services

CPC v1.0	Description	Prov. CPC	Description
71332	Marine, aviation, and other transport insurance services	81293*	Marine, aviation and other transport insurance services
71334	Other property insurance services	81295*	Fire and other property damage insurance services
71335	General liability insurance services	81297*	General liability insurance services
71336	Credit and surety insurance services	81299*	Other insurance services n.e.c.
71339	Other non-life insurance services	81296*	Pecuniary loss insurance services
71339	Other non-life insurance services	81299*	Other insurance services n.e.c.
71531*	Portfolio management services	81323*	Portfolio management services

BOP Code 257 Reinsurance

CPC v1.0	Description	Prov. CPC	Description
71410	Life reinsurance services	81211*	Life insurance services
71420	Accident and health reinsurance services	81291*	Other insurance services n.e.c.
71430	Other non-life reinsurance services	81292*	Motor vehicle insurance services
		81293*	Marine, aviation and other transport insurance services
		81294*	Freight insurance services
		81295*	Fire and other property damage insurance services
		81296*	Pecuniary loss insurance services
		81297*	General liability insurance services
		81299*	Other insurance services n.e.c.

BOP Code 258 Insurance services, auxiliary services

CPC v1.0	Description	Prov. CPC	Description
71610	Insurance brokerage and agency services	81401	Insurance broking and agency services
71620	Insurance claims adjustment services	81403	Average and loss adjustment services
71630	Actuarial services	81404	Actuarial services
71690	Other services auxiliary to insurance and pensions	81402	Insurance and pension consultancy services
		81405	Salvage administration services
		81409	Other services auxiliary to insurance and pension funding

BOP Code 260 Financial services

CPC v1.0	Description	Prov. CPC	Description
71100	Financial intermediation services, except investment banking, insurance services and pension services	81111	Central bank deposit services
		81112	Central bank supervisory services
		81113	Central bank reserve management services
		81114	Central bank currency issue services
		81115	Wholesale deposit services
		81116	Other bank deposit services
		81119	Other deposit services
		81120	Financial leasing services
		81131	Mortgage loan services
		81132	Personal instalment loan services
		81133	Credit card services

CPC v1.0	Description	Prov. CPC	Description
		81139	Other credit services
		81199	Intermediation services n.e.c.
71200	Investment banking services	81199	Intermediation services n.e.c.
71511	Mergers and acquisition services	81199	Intermediation services n.e.c.
71512	Corporate finance and venture capital services	81199	Intermediation services n.e.c.
71519	Other services related to investment banking	81199	Intermediation services n.e.c.
71521	Securities brokerage services	81321	Securities broking services
71522	Commodity brokerage services	81329	Other services related to securities markets
71523	Processing and clearing services of securities transactions	81322	Securities issue and registration services
		81329	Other services related to securities markets
71531*	Portfolio management services	81323*	Portfolio management services
71532	Trust services	81191	Closed end investment trust services
		81192	Property unit trust services
		81193	Open-ended investment and other unit trust services
71533	Custody services	81319	Other financial market administration services
71541	Financial market operational services	81311	Financial market operational services
71542	Financial market regulatory services	81312	Financial market regulatory services
71549	Other financial market administration services	81319	Other financial market administration services
71551	Financial consultancy services	81332	Financial consultancy services
71552	Foreign exchange services	81333	Foreign exchange services
71553	Financial transactions processing and clearinghouse services	81339	Other services auxiliary to financial intermediation n.e.c.
71559	Other services auxiliary to financial intermediation n.e.c.	81117	Non-central bank currency issue services
		81331	Loan broking services
		81339	Other services auxiliary to financial intermediation n.e.c.
85400*	Packaging services	81334	Coin and currency packing services
xxxxx	*excluded from this BOP code are financial intermediation services indirectly measured that may be imputed or derived from the differences between reference interest rates and rates actually applied to loans, debt securities or deposits		

BOP Code 262 Computer and information services consists of all of codes 263 and 264

BOP Code 263 Computer services

CPC v1.0	Description	Prov. CPC	Description
83141	Hardware consultancy services	84100	Consultancy services related to the installation of computer hardware
83142	Software consultancy services	84210	Systems and software consulting services
		84220	Systems analysis services
		84230	Systems design services
		84240	Programming services
83149	Other computer consultancy services	84250	Systems maintenance services

CPC v1.0	Description	Prov. CPC	Description
		84990	Other computer services n.e.c.
83150	Computer facilities management services	84390	Other data processing services
83160	Systems maintenance services	84250	Systems maintenance services
87130	Computer hardware servicing, repair and maintenance	84500	Maintenance and repair services of office machinery and equipment including computers
92900*	Other education and training services	84990	Other computer services n.e.c.

BOP Code 264 Information services

CPC v1.0	Description	Prov. CPC	Description
84200	On-line access services	75232	Electronic message and information services
84300	On-line information provision services	84400	Data base services
84410	News agency services to newspapers and periodicals	96211	Printed news supply services
		96212	Picture supply services
		96290	Other news agency services
84420	News agency services to audio-visual media	96220	News-reporting agency services to radio stations
84420	News agency services to audio-visual media	96231	News-reporting agency services to television stations
		96232	Live-coverage reporting agency services to television stations
		96290	Other news agency services
xxxxx	Subscription sales of newspapers and periodicals (HS codes 4902.10, 4902.90.3)		

BOP Code 266 Royalties and licence fees

CPC v1.0	Description	Prov. CPC	Description
51210*	Patents	89210*	Patents
51220*	Trademarks	89220*	Trademarks
51230*	Copyrights	89230*	Copyrights
51290*	Other non-financial intangible assets	89290*	Other non-financial intangible assets
xxxxx	These are payments for the above intangible assets		

BOP Code 268 Other business services consists of all of codes 269, 272 and 273

BOP Code 269 Merchanting and other related trade services 270 and 271

BOP Code 270 Merchanting

CPC v1.0	Description	Prov. CPC	Description
611	Wholesale trade services except on a fee or contract basis	622	Wholesale trade services
		75420	Telecommunication equipment sales services
623	Mail order retail trade services	61111	Wholesale trade services of motor vehicles
		61112	Retail sales of motor vehicles
		61130	Sales of parts and accessories of motor vehicles
		61210	Sales of motorcycles and snowmobiles and related parts and accessories

CPC v1.0	Description	Prov. CPC	Description
		61300	Retail sales of motor fuel
		63101	Retail sales of fruit and vegetables
		63102	Retail sales of dairy products and eggs
		63103	Retail sales of meat (incl. poultry) and meat products
		63104	Retail sales of fish and other seafoods
		63105	Retail sales of bread and flour confectionery
		63106	Retail sales of sugar confectionery
		63107	Retail sales of beverages not consumed on the spot
		63108	Retail sales of tobacco products
		63109	Specialized retail sales of food products n.e.c.
		63211	Retail sales of pharmaceutical, medical and orthopaedic goods
		63212	Retail sales of perfumery articles, cosmetic articles and toilet soaps
		63221	Retail sales of textiles
		63222	Retail sales of articles of clothing, articles of fur and clothing accessories
		63223	Retail sales of footwear
		63224	Retail sales of leather goods and travel accessories
		63231	Retail sales of household furniture
		63232	Retail sales of household appliances
		63233	Retail sales of miscellaneous household utensils, cutlery, crockery, glassware, china and pottery
623	Mail order retail trade services	63234	Retail sales of radio and television equipment, musical instruments and records, music scores and tapes
		63235	Retail sales of articles for lighting
		63236	Retail sales of curtains, net curtains and divers household articles of textile materials
		63237	Retail sales of wood, cork goods and wickerwork goods
		63239	Retail sales of household appliances, articles and equipment n.e.c.
		63241	Retail sales of hardware
		63242	Retail sales of paints, varnishes and lacquers
		63243	Retail sales of glass
		63244	Retail sales of do-it-yourself materials and equipment
		63245	Retail sales of construction materials n.e.c.
		63251	Retail sales of office supplies and equipment
		63252	Retail sales of computers and non-customized software
		63253	Retail sales of books, newspapers, magazines and stationery

CPC v1.0	Description	Prov. CPC	Description
		63254	Retail sales of photographic, optical and precision equipment
		63291	Retail sales of cleaning materials, wallpaper and floor coverings
		63292	Retail sales of watches, clocks and jewellery
		63293	Retail sales of sports goods (incl. bicycles)
		63294	Retail sales of games and toys
		63295	Retail sales of flowers, plants, seeds, fertilizers and pet animals
		63296	Retail sales of souvenirs
		63297	Retail sales of fuel oil, bottled gas, coal and wood
		63299	Specialized retail sales of non-food products n.e.c.
		75420	Telecommunications equipment sales services

BOP Code 271 Other trade-related services

CPC v1.0	Description	Prov. CPC	Description
612	Wholesale trade services on a fee or contract basis	621	Commission agents' services
625	Retail trade services on a fee or contract basis	621	Commission agents' services

BOP Code 272 Operational leasing services

CPC v1.0	Description	Prov. CPC	Description
73111	Leasing or rental services concerning cars and light vans without operator	83101	Leasing or rental services concerning private cars without operator
73112	Leasing or rental services concerning goods transport motor vehicles without operator	83102	Leasing or rental services concerning goods transport vehicles without operator
73113	Leasing or rental services concerning railroad vehicles without operator	83105	Leasing or rental services concerning other land transport equipment without operator
73114	Leasing or rental services concerning other land transport equipment without operator	83105	Leasing or rental services concerning other land transport equipment without operator
73115	Leasing or rental services concerning vessels without operator	83103	Leasing or rental services concerning vessels without operator
73116	Leasing or rental services concerning aircraft without operator	83104	Leasing or rental services concerning aircraft without operator
73117	Leasing or rental services of containers	83105	Leasing or rental services concerning other land transport equipment without operator
73121	Leasing or rental services concerning agricultural machinery and equipment without operator	83106	Leasing or rental services concerning agricultural machinery and equipment without operator
73122	Leasing or rental services concerning construction machinery and equipment without operator	83107	Leasing or rental services concerning construction machinery and equipment without operator
73123	Leasing or rental services concerning office machinery and equipment (excl. computers) without operator	83108	Leasing or rental services concerning office machinery and equipment (incl. computers) without operator
73124	Leasing or rental services concerning computers without operator	83108	Leasing or rental services concerning office machinery and equipment (incl. computers) without operator
73125	Leasing or rental services concerning telecommunications equipment without operator	75410	Telecommunication equipment rental services
		83109	Leasing or rental services concerning other

CPC v1.0	Description	Prov. CPC	Description
			machinery and equipment without operator
73129	Leasing or rental services concerning other machinery and equipment without operator n.e.c.	83109	Leasing or rental services concerning other machinery and equipment without operator
73210	Leasing or rental services concerning televisions, radios, video cassette recorders and related equipment and accessories	75410	Telecommunication equipment rental services
		83201	Leasing or rental services concerning televisions, radios, video cassette recorders and related equipment and accessories
73230	Leasing or rental services concerning furniture and other household appliances	83203	Leasing or rental services concerning furniture and other household appliances
73240	Leasing or rental services concerning pleasure and leisure equipment	83204	Leasing or rental services concerning pleasure and leisure equipment
73250	Leasing or rental services concerning household linen	83209	Leasing or rental services concerning other personal or household goods
73260	Leasing or rental services concerning textiles, clothing and footwear	83209	Leasing or rental services concerning other personal or household goods
73270	Leasing or rental services concerning do-it-yourself machinery and equipment	83209	Leasing or rental services concerning other personal or household goods
73290	Leasing or rental services concerning other goods n.e.c.	83209	Leasing or rental services concerning other personal or household goods

BOP Code 273 Miscellaneous business, professional, and technical services consists of all of codes 274, 278, 279, 280, 281, 284 and 285

BOP Code 274 Legal, accounting, management consulting and public relations consists of all of codes 275, 276 and 277

BOP Code 275 Legal services

CPC v1.0	Description	Prov. CPC	Description
82111	Legal advisory and representation services concerning criminal law	86111	Legal advisory and representation services concerning criminal law
82119	Legal advisory and representation services in judicial procedures concerning other fields of law	86119	Legal advisory and representation services in judicial procedures concerning other fields of law
82120	Legal advisory and representation services in statutory procedures of quasi-judicial tribunals, boards, etc.	86120	Legal advisory and representation services in statutory procedures of quasi-judicial tribunals, boards, etc.
82130	Legal documentation and certification services	86130	Legal documentation and certification services
82191	Arbitration and conciliation services	86602	Arbitration and conciliation services
82199	Other legal services n.e.c.	86190*	Other legal advisory and information services

BOP Code 276 Accounting, auditing, book-keeping and tax consulting services

CPC v1.0	Description	Prov. CPC	Description
82211	Financial auditing services	86211	Financial auditing services
82212	Accounting review services	86212	Accounting review services
82213	Compilation of financial statements services	86213	Compilation of financial statements services

CPC v1.0	Description	Prov. CPC	Description
82219	Other accounting services	86219	Other accounting services
82220	Book-keeping services, except tax returns	86220	Book-keeping services, except tax returns
82310	Corporate tax planning and consulting services	86301	Business tax planning and consulting services
		86309	Other tax related services
82320	Corporate tax preparation and review services	86302	Business tax preparation and review services
		86309	Other tax related services
82330	Individual tax preparation and planning services	86303	Individual tax preparation and planning services
		86309	Other tax related services
82400	Insolvency and receivership services	86190*	Other legal advisory and information services

BOP Code 277 Business and management consultancy and public relations services

CPC v1.0	Description	Prov. CPC	Description
83111	General management consulting services	86501	General management consulting services
83112	Financial management consulting services	86502	Financial management consulting services (except business tax)
83113	Human resources management consulting services	86504	Human resources management consulting services
83114	Marketing management consulting services	86503	Marketing management consulting services
83115	Production management consulting services	86505	Production management consulting services
83119	Other management consulting services	86509	Other management consulting services
83121	Public relations services	86506	Public relations services
83129	Other business consulting services	86509	Other management consulting services
83190*	Other management services, except construction project management services	86601	Project management services other than for construction
		86609*	Other management services n.e.c.

BOP Code 278 Advertising, market research, and public opinion polling

CPC v1.0	Description	Prov. CPC	Description
83610	Planning, creating and placement services of advertising	87120	Planning, creating and placement services of advertising
83620	Purchase or sale of advertising space or time, on commission	87110	Sale or leasing services of advertising space or time
		87190	Other advertising services
83690	Other advertising services	87190	Other advertising services
83700	Market research and public opinion polling services	86401	Market research services
		86402	Public opinion polling services
85970	Trade fair and exhibition organization services	87909*	Other business services n.e.c.

BOP Code 279 Research and development

CPC v1.0	Description	Prov. CPC	Description
81110	Research and experimental development services in physical sciences	85101	Research and experimental development services on physical sciences
81120	Research and experimental development services in chemistry and biology	85102	Research and experimental development services on chemistry and biology
81130	Research and experimental development services in engineering and technology	85103	Research and experimental development services on engineering and technology
81140	Research and experimental development services in agricultural sciences	85104	Research and experimental development services on agricultural sciences
81150	Research and experimental development services in medical sciences and pharmacy	85105	Research and experimental development services on medical sciences and pharmacy
81190	Research and experimental development services in other natural sciences	85109	Research and experimental development services on other natural sciences
81210	Research and experimental development services in cultural sciences, sociology and psychology	85201	Research and experimental development services on cultural sciences, sociology and psychology
81220	Research and experimental development services in economics	85202	Research and experimental development services on economics
81230	Research and experimental development services in law	85203	Research and experimental development services on law
81240	Research and experimental development services in linguistics and languages	85204	Research and experimental development services on linguistics and languages
81290	Research and experimental development services in other social sciences and humanities	85209	Research and experimental development services on other social sciences and humanities
81300	Interdisciplinary research and experimental development services	85300	Interdisciplinary research and experimental development services

BOP Code 280 Architectural, engineering, and other technical services

CPC v1.0	Description	Prov. CPC	Description
83131	Environmental consulting services	86729	Other engineering services
83211	Architectural advisory and pre-design services	51110	Site investigation work
		86711	Advisory and pre-design architectural services
83212	Architectural design and contract administration services	86712	Architectural design services
		86713	Contract administration services
		86714	Combined architectural design and contract administration services
83219	Other architectural services	86719	Other architectural services
83221	Urban planning services	86741	Urban planning services
83222	Landscape architectural services	86742	Landscape architectural services
83311	Integrated engineering services for buildings	86739	Integrated engineering services for other turnkey projects
83312	Integrated engineering services for civil engineering works	86731	Integrated engineering services for transportation infrastructure turnkey projects
		86732	Integrated engineering and project management services for water supply and sanitation works turnkey projects
		86739	Integrated engineering services for other turnkey projects

CPC v1.0	Description	Prov. CPC	Description
83313	Integrated engineering services for industrial plant and processes	86733	Integrated engineering services for the construction of manufacturing turnkey projects
		86739	Integrated engineering services for other turnkey projects
83319	Integrated engineering services for other projects	86739	Integrated engineering services for other turnkey projects
83321	Project management services concerning construction of buildings	86729	Other engineering services
83322	Project management services concerning construction of civil engineering works	86729	Other engineering services
83323	Project management services concerning construction of industrial plant and processes	86729	Other engineering services
83329	Project management services concerning construction of other projects	86729	Other engineering services
83331	Engineering advisory and pre-design services for buildings	51110	Site investigation work
		86721	Advisory and consultative engineering services
83332	Engineering advisory and pre-design services for civil engineering works	51110	Site investigation work
		86721	Advisory and consultative engineering services
83333	Engineering advisory and pre-design services for industrial plant and processes	51110	Site investigation work
		86721	Advisory and consultative engineering services
83339	Engineering advisory and pre-design services for other projects	51110	Site investigation work
		86721	Advisory and consultative engineering services
83341	Engineering design services for buildings	86722	Engineering design services for the construction of foundations and building structures
		86723	Engineering design services for mechanical and electrical installations for buildings
83342	Engineering design services for civil engineering works	86724	Engineering design services for the construction of civil engineering works
83343	Engineering design services for industrial plant and processes	86725	Engineering design services for industrial processes and production
83349	Engineering design services for other projects	86726	Engineering design services n.e.c.
83351	Engineering services for buildings during the construction and installation phase	86727	Other engineering services during the construction and installation phase
83352	Engineering services for civil engineering works during the construction and installation phase	86727	Other engineering services during the construction and installation phase
83353	Engineering services for industrial plant and processes during the construction and installation phase	86727	Other engineering services during the construction and installation phase
83359	Engineering services for other projects during the construction and installation phase	86727	Other engineering services during the construction and installation phase
83391	Other engineering services for buildings	86729	Other engineering services
83392	Other engineering services for civil engineering works	86729	Other engineering services
83393	Other engineering services for industrial plant and processes	86729	Other engineering services
83399	Other engineering services for other projects	86729	Other engineering services
83510	Geological, geophysical and other prospecting services	86751	Geological, geophysical and other scientific prospecting services
83520	Subsurface surveying services	86752	Subsurface surveying services
83530	Surface surveying services	86753	Surface surveying services
83540	Map making services	86754	Map making services
83550	Weather forecasting and meteorological services	86754	Map making services
83561	Composition and purity testing and analysis services	86761	Composition and purity testing and analysis services

CPC v1.0	Description	Prov. CPC	Description
83562	Testing and analysis services of physical properties	86762	Testing and analysis services of physical properties
83563	Testing and analysis services of integrated mechanical and electrical systems	86763	Testing and analysis services of integrated mechanical and electrical systems
83564	Technical inspection services of road transport vehicles	86764	Technical inspection services
83569	Other technical testing and analysis services	86764	Technical inspection services
		86769	Other technical testing and analysis services
83990	All other professional, scientific and technical services n.e.c.	87909*	Other business services n.e.c.

BOP Code 281 Agricultural, mining and off-side processing consists of all of codes 282 and 283

BOP Code 282 Waste treatment and depollution

CPC v1.0	Description	Prov. CPC	Description
86931	Metal waste and scrap recycling services, on a fee or contract basis	88493	Recycling on a fee or contract basis
86932	Non-metal waste and scrap recycling services, on a fee or contract basis	88493	Recycling on a fee or contract basis
94110	Sewage treatment services	94010	Sewage services
94120	Tank emptying and cleaning services	94010	Sewage services
94211	Non-hazardous waste collection services	94020	Refuse disposal services
94212	Non-hazardous waste treatment and disposal services	94020	Refuse disposal services
94221	Hazardous waste collection services	94020	Refuse disposal services
94222	Hazardous waste treatment and disposal services	94020	Refuse disposal services
94310	Sweeping and snow removal services	94030	Sanitation and similar services
94390	Other sanitation services	94030	Sanitation and similar services
94900	Other environmental protection services n.e.c.	94040	Cleaning services of exhaust gases
		94050	Noise abatement services
		94060	Nature and landscape protection services
		94090	Other environmental protection services n.e.c.

BOP Code 283 Agricultural, mining and on-site processing services, other

CPC v1.0	Description	Prov. CPC	Description
86111	Agricultural services	88110	Services incidental to agriculture
86112	Gardening and landscaping services	88110	Services incidental to agriculture
86121	Farm animal husbandry services	88120	Services incidental to animal husbandry
86129	Other animal husbandry services	88120	Services incidental to animal husbandry
86130	Hunting services	88130	Services incidental to hunting
86140	Forestry and logging services	88140	Services incidental to forestry and logging
86150	Fishing services	88200	Services incidental to fishing
86210	Mining services	88300	Services incidental to mining
86311	Food and beverage manufacturing services	88411	Manufacture of food and beverages, on a fee or contract basis
86312	Tobacco manufacturing services	88412	Manufacture of tobacco on a fee or contract basis
86321	Textile manufacturing services	88421	Manufacture of textiles on a fee or contract basis
86322	Wearing apparel manufacturing services	88422	Manufacture of wearing apparel on a fee or contract basis

CPC v1.0	Description	Prov. CPC	Description
86323	Leather product manufacturing services	88423	Manufacture of leather products on a fee or contract basis
86330	Wood and cork, except furniture, and straw and plaiting material manufacturing services	88430	Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials, on a fee or contract basis
86340	Paper and paper product manufacturing services	88441	Manufacture of paper and paper products, on fee or contract basis
86350	Coke, refined petroleum product and nuclear fuel manufacturing services	88450	Manufacture of coke, refined petroleum products and nuclear fuel, on a fee or contract basis
86360	Chemical and chemical product manufacturing services	88460	Manufacture of chemicals and chemical products, on a fee or contract basis
86370	Rubber and plastic products manufacturing services	88470	Manufacture of rubber and plastics products, on a fee or contract basis
86380	Non-metallic mineral product manufacturing services	88480	Manufacture of other non-metallic mineral products, on a fee or contract basis
86390	Other manufacturing services, except of metal products, machinery and equipment	88491	Manufacture of furniture on a fee or contract basis
86411	Metal casting services	88510	Manufacture of basic metals on a fee or contract basis
86419	Other basic metal manufacturing services	88510	Manufacture of basic metals on a fee or contract basis
86421	Metal forging, pressing, stamping and roll forming services	88520	Manufacture of fabricated metal products, except machinery and equipment, on a fee or contract basis
86422	Metal treatment and coating services	88520	Manufacture of fabricated metal products, except machinery and equipment, on a fee or contract basis
86423	General mechanical engineering services	88520	Manufacture of fabricated metal products, except machinery and equipment, on a fee or contract basis
86429	Other fabricated metal product manufacturing services and metal working services	88520	Manufacture of fabricated metal products, except machinery and equipment, on a fee or contract basis
86431	Motor vehicle, trailer and semi-trailer manufacturing services	88580	Manufacture of motor vehicles, trailers and semi-trailers, on a fee or contract basis
86439	Other transport equipment manufacturing services	88590	Manufacture of other transport equipment, on a fee or contract basis
86441	Office, accounting and computing machinery manufacturing services	88540	Manufacture of office, accounting and computing machinery, on a fee or contract basis
86442	Electrical machinery and apparatus manufacturing services	88550	Manufacture of electrical machinery and apparatus n.e.c., on a fee or contract basis
86443	Radio, television and communication equipment and apparatus manufacturing services	88560	Manufacture of radio, television and communication equipment and apparatus, on a fee or contract basis
86444	Medical precision and optical instrument, watch and clock manufacturing services	88570	Manufacture of medical precision and optical instruments, watches and clocks, on a fee or contract basis
86449	Other machinery and equipment manufacturing services	88530	Manufacture of machinery and equipment n.e.c.,

CPC v1.0	Description	Prov. CPC	Description
			on a fee or contract basis
93220	Veterinary services for livestock	93209	Other veterinary services
93290	Other veterinary services	93209	Other veterinary services

BOP Code 284 Other miscellaneous business, professional and technical services

CPC v1.0	Description	Prov. CPC	Description
67811	Travel agency services	74710	Travel agency and tour operator services
67812	Tour operator services	74710	Travel agency and tour operator services
67813	Tourist information services	74710	Travel agency and tour operator services
69110	Electricity transmission and distribution services	17100	Electrical energy
69120	Gas distribution services through mains	17200	Coal gas, water gas, producer gas and similar gases, other than petroleum gases and other gaseous hydrocarbons
69210	Water, except steam and hot water, distribution services through mains	18000	Natural water
69220	Steam and hot water distribution services through mains	17300	Steam and hot water
72111	Renting or leasing services involving own or leased residential property	82101	Renting or leasing services involving own or leased residential property
72112	Renting or leasing services involving own or leased non-residential property	82102	Renting or leasing services involving own or leased non-residential property
72211	Residential property management services on a fee or contract basis	82201	Residential property management services on a fee or contract basis
72212	Non-residential property management services on a fee or contract basis	82202	Non-residential property management services on a fee or contract basis
83139	Other scientific and technical consulting services n.e.c.	75440	Telecommunications consulting services
		86729	Other engineering services
83410	Interior design services	87907	Specialty design services
83490	Other specialty design services	87907	Specialty design services
83811	Portrait photography services	87501	Portrait photography services
83812	Advertising and related photography services	87502	Advertising and related photography services
83813	Action photography services	87503	Action photography services
83814	Specialty photography services	87504	Specialty photography services
83815	Restoration, copying and retouching services of photography	87507	Restoration, copying and retouching services of photography
83819	Other photographic services	87509	Other photographic services
83820	Photography processing services	87505	Photography processing services
		87506	Motion picture processing services not related to the motion picture and television industries
83910	Translation and interpretation services	87905	Translation and interpretation services
85111	Executive search services	87201	Executive search services
85112	Employment agency services	87202	Placement services of office support personnel and other workers

CPC v1.0	Description	Prov. CPC	Description
85121	Supply of office support personnel services	87203	Supply services of office support personnel
85122	Supply of domestic help personnel services	87204	Supply services of domestic help personnel
85123	Supply of other commercial or industrial workers services	87205	Supply services of other commercial or industrial workers
85124	Supply of medical personnel services	87206	Supply services of nursing personnel
		87209	Supply services of other personnel
85129	Supply of other personnel services	87209	Supply services of other personnel
85210	Investigation services	87301	Investigation services
85220	Security consultation services	87302	Security consultation services
85230	Alarm monitoring services	87303	Alarm monitoring services
85240	Armoured car services	87304	Armoured car services
85250	Guard services	87305	Guard services
85290	Other security services	87309	Other security services
85310	Disinfecting and exterminating services	87401	Disinfecting and exterminating services
85320	Window cleaning services	87402	Window cleaning services
85330	General cleaning services	87403	Janitorial services
85340	Specialised cleaning services	87409	Other building cleaning services
85400	Packaging services	87600	Packaging services
85910	Credit reporting services	87901	Credit reporting services
85920	Collection agency services	75490	Other telecommunications services n.e.c.
		87902	Collection agency services
85930	Telephone answering services	87903	Telephone answering services
85940	Duplicating services	87904	Duplicating services
85950	Mailing list compilation and mailing services	87906	Mailing list compilation and mailing services
85960	Data processing services	84310	Input preparation services
		84320	Data processing and tabulation services
		84330	Time sharing services
85990	Other support services n.e.c.	84910	Data preparation services
		87909*	Other business services n.e.c.
86221	Electricity transmission and distribution services (on a fee or contract basis)	88700	Services incidental to energy distribution
86222	Gas distribution services through mains (on a fee or contract basis)	88700	Services incidental to energy distribution
86223	Water distribution services through mains (on a fee or contract basis)	88700	Services incidental to energy distribution
86224	Steam and hot water distribution services through mains (on a fee or contract basis)	88700	Services incidental to energy distribution
86510	Installation services of turnkey projects	86731	Integrated engineering services for transportation infrastructure turnkey projects
86510	Installation services of turnkey projects	86732	Integrated engineering and project management services for water supply and sanitation works turnkey projects
		86733	Integrated engineering services for the construction

CPC v1.0	Description	Prov. CPC	Description
			of manufacturing turnkey projects
		86739	Integrated engineering services for other turnkey projects
86520	Installation services of fabricated metal products, except machinery and equipment	88520	Manufacture of fabricated metal products, except machinery and equipment, on a fee or contract basis
86530	Installation services of machinery and equipment n.e.c.	88530	Manufacture of machinery and equipment n.e.c., on a fee or contract basis
86540	Installation services of office and computing machinery	88540	Manufacture of office, accounting and computing machinery, on a fee or contract basis
86550	Installation services of electrical machinery and apparatus n.e.c.	88550	Manufacture of electrical machinery and apparatus n.e.c., on a fee or contract basis
86560	Installation services of radio, television and communications equipment and apparatus	88560	Manufacture of radio, television and communication equipment and apparatus, on a fee or contract basis
86570	Installation services of professional medical, precision and optical instruments	88570	Manufacture of medical precision and optical instruments, watches and clocks, on a fee or contract basis
86590	Installation services of other goods n.e.c.	88590	Manufacture of other transport equipment, on a fee or contract basis
86910	Publishing, on a fee or contract basis	88442	Publishing and printing, on a fee or contract basis
86921	Printing services and services related to printing, on a fee or contract basis	88442	Publishing and printing, on a fee or contract basis
86922	Reproduction services of recorded media, on a fee or contract basis	88442	Publishing and printing, on a fee or contract basis
87110*	Maintenance and repair services of fabricated metal products, except machinery and equipment	88610	Repair services of fabricated metal products, except machinery and equipment, on a fee or contract basis
87120*	Maintenance and repair services of office and accounting machinery	84500	Maintenance and repair services of office machinery and equipment including computers
87152*	Repair services of electrical machinery and apparatus n.e.c.	88640*	Repair services of electrical machinery and apparatus n.e.c., on a fee or contract basis
87153*	Repair services of telecommunication equipment and apparatus	75450*	Communications equipment maintenance services
		88650*	Repair services of radio, television and communication equipment and apparatus, on a fee or contract basis
87154*	Repair services of medical, precision and optical instruments	88660*	Repair services of medical, precision and optical instruments, watches and clocks, on a fee or contract basis
87159*	Maintenance and repair services of machinery and equipment n.e.c.	88620*	Maintenance and repair services of machinery and

CPC v1.0	Description	Prov. CPC	Description
			equipment n.e.c., on a fee or contract basis
		88620*	Repair services of machinery and equipment n.e.c., on a fee or contract basis
87290*	Maintenance and repair of other goods n.e.c.	63309	Personal and household goods repair services n.e.c.
xxxxx	All local supplies purchased by non-resident construction		

BOP Code 285 Services between affiliated enterprises, n.i.e.

CPC v1.0	Description	Prov. CPC	Description
83190*	Other management services, except construction project management services	86609*	Other management services n.e.c.

BOP Code 287 Personal, cultural, and recreational services consists of all of codes 288 and 289

BOP Code 288 Audio-visual and related services

CPC v1.0	Description	Prov. CPC	Description
73220	Leasing or rental services concerning video tape	83202	Leasing or rental services concerning video tape
96111	Sound recording services	96199	Other entertainment services n.e.c.
96112	Audio post-production services	96114	Other services in connection with motion picture and video tape production and distribution
96121	Motion picture, video tape and television programme production services	96111	Promotion or advertising services
		96112	Motion picture or video tape production services
		96132	Television services
96122	Radio programme production services	96131	Radio services
96130	Audiovisual production support services	96193	Ancillary theatrical services n.e.c.
96141	Motion picture, video tape and television programme distribution services	96113	Motion picture or video tape distribution services
96142	Film and video post-production services	96114	Other services in connection with motion picture and video tape production and distribution
96149	Other services related to the production of motion pictures, video tapes and television and radio programmes	96114	Other services in connection with motion picture and video tape production and distribution
96151	Motion picture projection services	96121	Motion picture projection services
96152	Video tape projection services	96122	Video tape projection services
96160	Broadcasting (programming and scheduling) services	96133	Combined programme making and broadcasting services
96310*	Services of performing artists	96192*	Services provided by authors, composers, sculptors, entertainers and other individual artists
96320*	Services of authors, composers, sculptors and other artists, except performing artists	96192*	Services provided by authors, composers, sculptors, entertainers and other individual artists

BOP Code 289 Other personal, cultural, and recreational services

CPC v1.0	Description	Prov. CPC	Description
63230	Caterer services, providing meals to outside	64230	Caterer services, providing meals to outside
63290	Other food serving services	64290	Other food serving services
84510	Library services	96311	Library services
84520	Archive services	96312	Archive services

CPC v1.0	Description	Prov. CPC	Description
87151*	Repair services of electrical household appliances	63302*	Repair services of electrical household appliances
		63309	Personal and household goods repair services n.e.c.
87210*	Footwear and leather goods repair services	63301*	Footwear and leather goods repair services
87220*	Watches, clocks and jewellery repair services	63303*	Watches, clocks, and jewellery repair services
		88660*	Repair services of medical, precision and optical instruments, watches and clocks, on a fee or contract basis
87230*	Garment and household textile repair services	63304*	Garment and household textile repair services
87240*	Furniture repair services	63309	Personal and household goods repair services n.e.c.
92110*	Preschool education services	92110*	Preschool education services
92190*	Other primary education services	92190*	Other primary education services
92210*	General secondary education services	92210*	General secondary education services
92220*	Higher secondary education services	92220*	Higher secondary education services
92230*	Technical and vocational secondary education services	92230*	Technical and vocational secondary education services
		92240*	Technical and vocational secondary school-type education services for handicapped students
92310*	Post-secondary technical and vocational education services	92310*	Post-secondary technical and vocational education services
92390*	University and other higher education services	92390*	Other higher education services
92900*	Other education and training services	92400*	Adult education services n.e.c.
		92900*	Other education services
93121*	General medical services	93121*	General medical services
93122*	Specialized medical services	93122*	Specialized medical services
93123*	Dental services	93123*	Dental services
93191*	Deliveries and related services, nursing services, physiotherapeutic and para-medical services	93191*	Deliveries and related services, nursing services, physiotherapeutic and para-medical services
93199*	Other human health services n.e.c.	93199*	Other human health services n.e.c.
93210	Veterinary services for pet animals	93201	Veterinary services for pet animals
93311	Welfare services delivered through residential institutions to elderly persons and persons with disabilities	93311	Welfare services delivered through residential institutions to old persons and the handicapped
93319	Other social services with accommodation	93312	Welfare services delivered through residential institutions to children and other clients
		93319	Other social services with accommodation
93321	Child day-care services	93321	Child day-care services incl. day-care services for the handicapped
93322	Guidance and counselling services n.e.c. related to children	93322	Guidance and counselling services n.e.c. related to children
93323	Welfare services without accommodation	93323	Welfare services not delivered through residential institutions
93324	Vocational rehabilitation services	93324	Vocational rehabilitation services
93329	Other social services without accommodation	93329	Other social services without accommodation
95110	Services furnished by business and employers organizations	95110	Services furnished by business and employers organizations
95120	Services furnished by professional organizations	95120	Services furnished by professional organizations

CPC v1.0	Description	Prov. CPC	Description
95200	Services furnished by trade unions	95200	Services furnished by trade unions
95910	Religious services	95910	Religious services
95920	Services furnished by political organizations	95920	Services furnished by political organizations
95991	Civic betterment and community facility support services	95991	Civic betterment and community facility support services
95992	Special group advocacy services	95992	Special group advocacy services
95993	Services provided by youth associations	95993	Services provided by youth associations
95999	Other services provided by membership organizations n.e.c.	95999	Other services provided by membership organizations n.e.c.
96210	Performing arts event promotion and organization services	96194*	Circus, amusement park and similar attraction services
		96199	Other entertainment services n.e.c.
96220	Performing arts event production and presentation services	96191	Theatrical producer, singer group, band and orchestra entertainment services
		96194*	Circus, amusement park and similar attraction services
		96199	Other entertainment services n.e.c.
96230	Performing arts facility operation services	96193	Ancillary theatrical services n.e.c.
		96194*	Circus, amusement park and similar attraction services
		96199	Other entertainment services n.e.c.
96290	Other performing arts and live entertainment services	96194*	Circus, amusement park and similar attraction services
		96199	Other entertainment services n.e.c.
96310*	Services of performing artists	96192*	Services provided by authors, composers, sculptors, entertainers and other individual artists
96320*	Services of authors, composers, sculptors and other artists, except performing artists	96192*	Services provided by authors, composers, sculptors, entertainers and other individual artists
96411	Museum services except for historical sites and buildings	96321	Museum services except for historical sites and buildings
96412	Preservation services of historical sites and buildings	96322	Preservation services of historical sites and buildings
96421	Botanical and zoological garden services	96331	Botanical and zoological garden services
96422	Nature reserve services including wildlife preservation services	96332	Nature reserve services including wildlife preservation services
96510	Sports and recreational sports event promotion and organization services	96411	Sports event promotion services
		96412	Sports event organization services
96520	Sports and recreational sports facility operation services	96413	Sports facility operation services
		96491	Recreation park and beach services
96590	Other sports and recreational sports services	96419	Other sporting services
96610	Services of athletes	96419	Other sporting services
96620	Support services related to sports and recreation	96195	Ballroom, discotheque and dance instructor services
		96419	Other sporting services
96910	Amusement park and similar attraction services	96194*	Circus, amusement park and similar attraction services
96920	Gambling and betting services	96492	Gambling and betting services

CPC v1.0	Description	Prov. CPC	Description
96930	Coin-operated amusement machine services	96499	Other recreational services n.e.c.
96990	Other recreation and amusement services n.e.c.	96499	Other recreational services n.e.c.
97110	Coin-operated laundry services	97011	Laundry collection services
		97012	Textile and fur product cleaning services
97120	Dry cleaning services (including fur product cleaning services)	97013	Dry cleaning services
97130	Other textile cleaning services	97011	Laundry collection services
		97012	Textile and fur product cleaning services
97140	Pressing services	97014	Pressing services
97150	Dyeing and colouring services	97015	Dyeing and colouring services
97210	Hairdressing and barbers' services	97021	Hairdressing and barbers' services
97220	Cosmetic treatment, manicuring and pedicuring services	97022	Cosmetic treatment, manicuring and pedicuring services
97230	Physical well-being services	97029	Other beauty treatment services n.e.c.
97290	Other beauty treatment services n.e.c.	97029	Other beauty treatment services n.e.c.
97310	Cemeteries and cremation services	97030	Funeral, cremation and undertaking services
97320	Undertaking services	97030	Funeral, cremation and undertaking services
97910	Escort services	97090	Other services n.e.c.
97990	Other miscellaneous services n.e.c.	97090	Other services n.e.c.
98000	Domestic services	98000	Private households with employed persons (*unassigned in the BOP)

BOP Code 291 Government services, n.i.e., consists of all of codes 292, 293 and 294

BOP Code 292 Embassies and consulates

CPC v1.0	Description	Prov. CPC	Description
99000*	Services provided by extraterritorial organizations and bodies	99000*	Services provided by extraterritorial organizations and bodies
xxxxx	All other goods and services sold and purchased by government n.e.c.		

BOP Code 293 Military units and agencies

CPC v1.0	Description	Prov. CPC	Description
99000*	Services provided by extraterritorial organisations and bodies	99000*	Services provided by extraterritorial organizations and bodies
xxxxx	All other goods and services sold and purchased by government n.e.c.		

BOP Code 294 Other government services, n.i.e.

CPC v1.0	Description	Prov. CPC	Description
91111	Executive and legislative services	91111	Executive and legislative services
91112	Financial and fiscal services	91112	Financial and fiscal services
91113	Over-all economic and social planning and statistical services	91113	Over-all economic and social planning and statistical services
91114	Government services to fundamental research	91114	Government services to fundamental research
91119	Other administrative services of the government n.e.c.	91119	Other administrative services of the government n.e.c.
91121	Administrative educational services	91121	Administrative educational services
91122	Administrative health care services	91122	Administrative health care services

CPC v1.0	Description	Prov. CPC	Description
91123	Administrative housing and community amenity services	91123	Administrative housing and community amenity services
91124	Administrative recreational, cultural and religious services	91124	Administrative recreational, cultural and religious services
91131	Administrative agriculture, forestry, fishing and hunting related services	91131	Administrative agriculture, forestry, fishing and hunting related services

91132	Administrative fuel and energy related services	91132	Administrative fuel and energy related services
91133	Administrative mining and mineral resources, manufacturing and construction related services	91133	Administrative mining and mineral resources, manufacturing and construction related services
91134	Administrative transport and communications related services	91134	Administrative transport and communications related services
91135	Administrative services related to the distributive and catering trades, hotels and restaurants	91135	Administrative services related to the distributive and catering trades, hotels and restaurants
91136	Administrative services related to tourism affairs	91136	Administrative services related to tourism affairs
91137	Administrative multipurpose development project services	91137	Administrative multipurpose development project services
91138	General administrative economic, commercial and labour affairs related services	91138	General administrative economic, commercial and labour affairs related services
91141	General personnel services for the government	91141	General personnel services for the government
91149	Other general services for the government n.e.c.	91149	Other general services for the government n.e.c.
91210	Administrative external affairs related services, diplomatic and consular services abroad	91210	Administrative external affairs related services, diplomatic and consular services abroad
91220	Foreign economic aid related services	91220	Foreign economic aid related services
91230	Foreign military aid related services	91230	Foreign military aid related services
91240	Military defence services	91240	Military defence services
91250	Civil defence services	91250	Civil defence services
91260	Police and fire protection services	91260	Police and fire protection services
91270	Law courts related administrative services	91270	Law courts related administrative services
91280	Administrative services related to detention or rehabilitation of criminals	91280	Administrative services related to detention or rehabilitation of criminals
91290	Other public order and safety affairs related services	91290	Other public order and safety affairs related services
91310	Administrative services of sickness, maternity or temporary disablement benefit schemes	91310	Sickness, maternity or temporary disablement benefits
91320	Administrative services of government employee pension schemes; old-age, disability or survivors' benefit schemes, other than for government employees	91320	Government employee pension schemes; old-age, disability or survivors' benefits other than for government employees
91330	Administrative services of unemployment compensation benefit schemes	91330	Unemployment compensation benefits
91340	Administrative services of family and child allowance programs	91340	Family and child allowances
92110*	Preschool education services	92110*	Preschool education services
92190*	Other primary education services	92190*	Other primary education services
92210*	General secondary education services	92210*	General secondary education services
92220*	Higher secondary education services	92220*	Higher secondary education services
92230*	Technical and vocational secondary education services	92230*	Technical and vocational secondary education services
		92240*	Technical and vocational secondary school-type education services for handicapped students
92310*	Post-secondary technical and vocational education services	92310*	Post-secondary technical and vocational education services
92390*	University and other higher education services	92390*	Other higher education services
92900*	Other education and training services	92400*	Adult education services n.e.c.

		92900*	Other education services
93110*	Hospital services	93110*	Hospital services
93121*	General medical services	93121*	General medical services
93122*	Specialised medical services	93122*	Specialized medical services
93123*	Dental services	93123*	Dental services
93191*	Deliveries and related services, nursing services, physiotherapeutic and para-medical services	93191*	Deliveries and related services, nursing services, physiotherapeutic and para-medical services
93192*	Ambulance services	93192*	Ambulance services
93193*	Residential health facilities services other than hospital services	93193*	Residential health facilities services other than hospital services
93199*	Other human health services n.e.c.	93199*	Other human health services n.e.c.
99000*	Services provided by extraterritorial organisations and bodies	99000*	Services provided by extraterritorial organizations and bodies
xxxxx	All other goods and services sold and purchased by government n.e.c.		

APPENDIX 1
MEMORANDUM ITEMS

BOP Code 955 Tourists

CPC v1.0	Description	Prov. CPC	Description
67820	Tourist guide services	74720	Tourist guide services
xxxxx	Consists of all goods and services sold and purchased		
XXXXX	Other tourist expenditure on miscellaneous goods and services	XXXXX	Other tourist expenditure on miscellaneous goods and services

BOP Code 956 Goods purchased in the frontier area by travellers

CPC v1.0	Description	Prov. CPC	Description
xxxxx	Consists of all goods and services sold and purchased		

BOP Code 957 Hotel and restaurant services

CPC v1.0	Description	Prov. CPC	Description
63110	Hotel and motel lodging services	64110	Hotel lodging services
		64120	Motel lodging services
63191	Holiday centre and holiday home services	64192	Holiday center and holiday home services
63192	Letting services of furnished accommodation	64193	Letting services of furnished accommodation
63193	Youth hostel services	64194	Youth hostel and mountain shelter services
63194	Children's training and holiday camp services	64191	Children's holiday camp services
63195	Camping and caravanning site services	64195	Camping and caravanning site services
63199	Other lodging services n.e.c.	64196	Sleeping car services and sleeping services in other transport media
		64199	Other lodging services n.e.c.
63210	Meal serving services with full restaurant services	64210	Meal serving services with full restaurant service
63220	Meal serving services in self-service facilities	64220	Meal serving services in self-service facilities
63300	Beverage serving services for consumption on the premises	64310	Beverage serving services without entertainment
		64320	Beverage serving services with entertainment
xxxxx	Consists of all goods and services sold and purchased		

BOP Code 958 Postal services

CPC v1.0	Description	Prov. CPC	Description
68111	Postal services related to letters	75111	Postal services related to letters
68112	Postal services related to parcels	75112	Postal services related to parcels
68113	Post office counter services	75113	Post office counter services
68119	Other postal services	75119	Other postal services

BOP Code 959 Courier services

CPC v1.0	Description	Prov. CPC	Description
64240	Miscellaneous local delivery services	75129	Other courier services
68120	Courier services	75121	Multi-modal courier services

BOP Code 963 Other miscellaneous business, professional and technical services consists of all of codes 964, 965, 966 and 967

BOP Code 964 Agricultural services

CPC v1.0	Description	Prov. CPC	Description
86111	Agricultural services	88110	Services incidental to agriculture
86112	Gardening and landscaping services	88110	Services incidental to agriculture
86121	Farm animal husbandry services	88120	Services incidental to animal husbandry
86129	Other animal husbandry services	88120	Services incidental to animal husbandry
86130	Hunting services	88130	Services incidental to hunting
86140	Forestry and logging services	88140	Services incidental to forestry and logging
86150	Fishing services	88200	Services incidental to fishing
93220	Veterinary services for livestock	93209	Other veterinary services
93290	Other veterinary services	93209	Other veterinary services

BOP Code 965 Mining services

CPC v1.0	Description	Prov. CPC	Description
86210	Mining services	88300	Services incidental to mining

BOP Code 966 Waste treatment and depollution

CPC v1.0	Description	Prov. CPC	Description
86931	Metal waste and scrap recycling services, on a fee or contract basis	88493	Recycling on a fee or contract basis
86932	Non-metal waste and scrap recycling services, on a fee or contract basis	88493	Recycling on a fee or contract basis
94110	Sewage treatment services	94010	Sewage services
94120	Tank emptying and cleaning services	94010	Sewage services
94211	Non-hazardous waste collection services	94020	Refuse disposal services
94212	Non-hazardous waste treatment and disposal services	94020	Refuse disposal services
94221	Hazardous waste collection services	94020	Refuse disposal services
94222	Hazardous waste treatment and disposal services	94020	Refuse disposal services
94310	Sweeping and snow removal services	94030	Sanitation and similar services
94390	Other sanitation services	94030	Sanitation and similar services
94900	Other environmental protection services n.e.c.	94040	Cleaning services of exhaust gases
		94050	Noise abatement services
		94060	Nature and landscape protection services
		94090	Other environmental protection services n.e.c.

BOP Code 967 Other

CPC v1.0	Description	Prov. CPC	Description
67811	Travel agency services	74710	Travel agency and tour operator services
67812	Tour operator services	74710	Travel agency and tour operator services
67813	Tourist information services	74710	Travel agency and tour operator services
69110	Electricity transmission and distribution services	17100	Electrical energy
69120	Gas distribution services through mains	17200	Coal gas, water gas, producer gas and similar gases, other than petroleum gases and other gaseous hydrocarbons

69210	Water, except steam and hot water, distribution services through mains	18000	Natural water
69220	Steam and hot water distribution services through mains	17300	Steam and hot water
72111	Renting or leasing services involving own or leased residential property	82101	Renting or leasing services involving own or leased residential property
72112	Renting or leasing services involving own or leased non-residential property	82102	Renting or leasing services involving own or leased non-residential property
72211	Residential property management services on a fee or contract basis	82201	Residential property management services on a fee or contract basis
72212	Non-residential property management services on a fee or contract basis	82202	Non-residential property management services on a fee or contract basis
83139	Other scientific and technical consulting services n.e.c.	75440	Telecommunications consulting services
		86729	Other engineering services
CPC v1.0	Description	Prov. CPC	Description
83410	Interior design services	87907	Specialty design services
83490	Other specialty design services	87907	Specialty design services
83811	Portrait photography services	87501	Portrait photography services
83812	Advertising and related photography services	87502	Advertising and related photography services
83813	Action photography services	87503	Action photography services
83814	Specialty photography services	87504	Specialty photography services
83815	Restoration, copying and retouching services of photography	87507	Restoration, copying and retouching services of photography
83819	Other photographic services	87509	Other photographic services
83820	Photography processing services	87505	Photography processing services
		87506	Motion picture processing services not related to the motion picture and television industries
83910	Translation and interpretation services	87905	Translation and interpretation services
85111	Executive search services	87201	Executive search services
85112	Employment agency services	87202	Placement services of office support personnel and other workers
85121	Supply of office support personnel services	87203	Supply services of office support personnel
85122	Supply of domestic help personnel services	87204	Supply services of domestic help personnel
85123	Supply of other commercial or industrial workers services	87205	Supply services of other commercial or industrial workers
85124	Supply of medical personnel services	87206	Supply services of nursing personnel
		87209	Supply services of other personnel
85129	Supply of other personnel services	87209	Supply services of other personnel
85210	Investigation services	87301	Investigation services
85220	Security consultation services	87302	Security consultation services
85230	Alarm monitoring services	87303	Alarm monitoring services
85240	Armoured car services	87304	Armoured car services
85250	Guard services	87305	Guard services
85290	Other security services	87309	Other security services
85310	Disinfecting and exterminating services	87401	Disinfecting and exterminating services
85320	Window cleaning services	87402	Window cleaning services

85330	General cleaning services	87403	Janitorial services
85340	Specialised cleaning services	87409	Other building cleaning services
85400*	Packaging services	87600	Packaging services
85910	Credit reporting services	87901	Credit reporting services
85920	Collection agency services	75490	Other telecommunications services n.e.c.
		87902	Collection agency services
85930	Telephone answering services	87903	Telephone answering services
85940	Duplicating services	87904	Duplicating services
85950	Mailing list compilation and mailing services	87906	Mailing list compilation and mailing services
85960	Data processing services	84310	Input preparation services
		84320	Data processing and tabulation services
		84330	Time sharing services
85990	Other support services n.e.c.	84910	Data preparation services
		87909*	Other business services n.e.c.
86221	Electricity transmission and distribution services (on a fee or contract basis)	88700	Services incidental to energy distribution
86222	Gas distribution services through mains (on a fee or contract basis)	88700	Services incidental to energy distribution
86223	Water distribution services through mains (on a fee or contract basis)	88700	Services incidental to energy distribution
86224	Steam and hot water distribution services through mains (on a fee or contract basis)	88700	Services incidental to energy distribution
86311	Food and beverage manufacturing services	88411	Manufacture of food and beverages, on a fee or contract basis
86312	Tobacco manufacturing services	88412	Manufacture of tobacco on a fee or contract basis
86321	Textile manufacturing services	88421	Manufacture of textiles on a fee or contract basis
86322	Wearing apparel manufacturing services	88422	Manufacture of wearing apparel on a fee or contract basis
86323	Leather product manufacturing services	88423	Manufacture of leather products on a fee or contract basis
86330	Wood and cork, except furniture, and straw and plaiting material manufacturing services	88430	Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials, on a fee or contract basis
86340	Paper and paper product manufacturing services	88441	Manufacture of paper and paper products, on fee or contract basis
86350	Coke, refined petroleum product and nuclear fuel manufacturing services	88450	Manufacture of coke, refined petroleum products and nuclear fuel, on a fee or contract basis
86360	Chemical and chemical product manufacturing services	88460	Manufacture of chemicals and chemical products, on a fee or contract basis
86370	Rubber and plastic products manufacturing services	88470	Manufacture of rubber and plastics products, on a fee or contract basis
86380	Non-metallic mineral product manufacturing services	88480	Manufacture of other non-metallic mineral products, on a fee or contract basis
86390	Other manufacturing services, except of metal products, machinery and equipment	88491	Manufacture of furniture on a fee or contract basis
86411	Metal casting services	88510	Manufacture of basic metals on a fee or contract basis
86419	Other basic metal manufacturing services	88510	Manufacture of basic metals on a fee or contract

			basis
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86421	Metal forging, pressing, stamping and roll forming services	88520	Manufacture of fabricated metal products, except machinery and equipment, on a fee or contract basis
86422	Metal treatment and coating services	88520	Manufacture of fabricated metal products, except machinery and equipment, on a fee or contract basis
86423	General mechanical engineering services	88520	Manufacture of fabricated metal products, except machinery and equipment, on a fee or contract basis
86429	Other fabricated metal product manufacturing services and metal working services	88520	Manufacture of fabricated metal products, except machinery and equipment, on a fee or contract basis
86431	Motor vehicle, trailer and semi-trailer manufacturing services	88580	Manufacture of motor vehicles, trailers and semi-trailers, on a fee or contract basis
86439	Other transport equipment manufacturing services	88590	Manufacture of other transport equipment, on a fee or contract basis
86441	Office, accounting and computing machinery manufacturing services	88540	Manufacture of office, accounting and computing machinery, on a fee or contract basis
86442	Electrical machinery and apparatus manufacturing services	88550	Manufacture of electrical machinery and apparatus n.e.c., on a fee or contract basis
86443	Radio, television and communication equipment and apparatus manufacturing services	88560	Manufacture of radio, television and communication equipment and apparatus, on a fee or contract basis
86444	Medical precision and optical instrument, watch and clock manufacturing services	88570	Manufacture of medical precision and optical instruments, watches and clocks, on a fee or contract basis
86449	Other machinery and equipment manufacturing services	88530	Manufacture of machinery and equipment n.e.c., on a fee or contract basis
86510	Installation services of turnkey projects	86731	Integrated engineering services for transportation infrastructure turnkey projects
		86732	Integrated engineering and project management services for water supply and sanitation works turnkey projects
		86733	Integrated engineering services for the construction of manufacturing turnkey projects
		86739	Integrated engineering services for other turnkey projects
86520	Installation services of fabricated metal products, except machinery and equipment	88520	Manufacture of fabricated metal products, except machinery and equipment, on a fee or contract basis
86530	Installation services of machinery and equipment n.e.c.	88530	Manufacture of machinery and equipment n.e.c., on a fee or contract basis

86540	Installation services of office and computing machinery	88540	Manufacture of office, accounting and computing machinery, on a fee or contract basis
86550	Installation services of electrical machinery and apparatus n.e.c.	88550	Manufacture of electrical machinery and apparatus n.e.c., on a fee or contract basis
86560	Installation services of radio, television and communications equipment and apparatus	88560	Manufacture of radio, television and communication equipment and apparatus, on a fee or contract basis
86570	Installation services of professional medical, precision and optical instruments	88570	Manufacture of medical precision and optical instruments, watches and clocks, on a fee or contract basis
86590	Installation services of other goods n.e.c.	88590	Manufacture of other transport equipment, on a fee or contract basis
86910	Publishing, on a fee or contract basis	88442	Publishing and printing, on a fee or contract basis
86921	Printing services and services related to printing, on a fee or contract basis	88442	Publishing and printing, on a fee or contract basis
86922	Reproduction services of recorded media, on a fee or contract basis	88442	Publishing and printing, on a fee or contract basis
87110*	Maintenance and repair services of fabricated metal products, except machinery and equipment	88610	Repair services of fabricated metal products, except machinery and equipment, on a fee or contract basis
87120*	Maintenance and repair services of office and accounting machinery	84500	Maintenance and repair services of office machinery and equipment including computers
87152*	Repair services of electrical machinery and apparatus n.e.c.	88640*	Repair services of electrical machinery and apparatus n.e.c., on a fee or contract basis
87153*	Repair services of telecommunication equipment and apparatus	75450*	Communications equipment maintenance services
		88650*	Repair services of radio, television and communication equipment and apparatus, on a fee or contract basis
87154*	Repair services of medical, precision and optical instruments	88660*	Repair services of medical, precision and optical instruments, watches and clocks, on a fee or contract basis
87159*	Maintenance and repair services of machinery and equipment n.e.c.	88620*	Maintenance and repair services of machinery and equipment n.e.c., on a fee or contract basis
		88620*	Repair services of machinery and equipment n.e.c., on a fee or contract basis
87290*	Maintenance and repair of other goods n.e.c.	63309	Personal and household goods repair services n.e.c.
xxxxx	All local supplies purchased by non-resident construction		

5.4 Annex 4 Correspondence between Activity Classification for Foreign Affiliates - ICFA - and Extended Balance of Payments Services Classification - EBOPS

ISIC codes and labels	BOP code	BOP Labels
01 AGRICULTURE, HUNTING AND RELATED SERVICE ACTIVITIES		
011 Growing of crops; market gardening; horticulture		
012 Farming of animals		
013 Growing of crops combined with farming animals		
014 Agricultural and animal husbandry service activities, except veterinary activities	283 *	Agricultural, mining and on-site processing services - other
015 Hunting, trapping and game propagation including related service activities	283 *	Agricultural, mining and on-site processing services - other
02 FORESTRY, LOGGING AND RELATED SERVICE ACTIVITIES	283 *	Agricultural, mining and on-site processing services - other <i>(only for forestry, logging related service activities)</i>
05 FISHING, OPERATION OF FISH HATCHERIES AND FISH FARMS; SERVICES ACTIVITIES INCIDENTAL TO FISHING	283 *	Agricultural, mining and on-site processing services - other <i>(only for service activities incidental to fishing)</i>
10 + MINING AND QUARRYING 11- 112 12+ 13+ 14		
112 Services activities incidental to oil and gas extraction excluding surveying	283 *	Agricultural, mining and on-site processing services - other
15 to MANUFACTURING 37		
40 + ELECTRICITY, GAS AND WATER SUPPLY 41		
45 CONSTRUCTION	249	Construction services
50 - SALE, MAINTENANCE AND REPAIR OF MOTOR VEHICLES AND MOTORCYCLES; RETAIL SALE OF AUTOMOTIVE FUEL - 502- Maintenance and repair of motor vehicles - part Sale, maintenance and repair of motorcycles and related parts of and accessories (only part sale) 504	269 *	Merchanting and other trade-related services (only for sale and retail sale) <u>Remarks:</u> <i>For maintenance of ships, aircraft and trains in ports, airports and stations: 217 other supporting and auxiliary transport services</i> <i>For repair: 160: repairs on goods</i>
51 WHOLESALE TRADE AND COMMISSION TRADE, EXCEPT OF MOTOR VEHICLES AND MOTORCYCLES	269 *	Merchanting and other trade-related services
52 RETAIL TRADE, EXCEPT OF MOTOR VEHICLES AND MOTORCYCLES; REPAIR OF PERSONAL AND HOUSEHOLD GOODS	269 *	Merchanting and other trade-related services
55 HOTELS AND RESTAURANTS	236 *	Travel
60 LAND TRANSPORT; TRANSPORT VIA PIPELINES	205 *	Transportation
601 Transport via railways	220+ 221	Passenger on rail transport+ Freight on rail transport
602 Other land transport	224+ 225	Passenger on road transport+ Freight on road transport

603	Transport via pipelines	231	Pipeline transport
61	WATER TRANSPORT	205 *	Transportation
611	Sea and coastal water transport	207+ 208	Passenger on sea transport+ Freight on sea transport
612	Inland water transport	228+ 229	Passenger on inland waterway transport+ Freight on inland waterway transport
62	AIR TRANSPORT	205 *	Transportation
621	Scheduled air transport	211+ 212	Passenger on air transport+ Freight on air transport
622	Non scheduled air transport	211+ 212+ 218	Passenger on air transport+ Freight on air transport + Space transport
63	SUPPORTING AND AUXILIARY TRANSPORT ACTIVITIES; ACTIVITIES OF TRAVEL AGENCIES		
630	6301 + Cargo handling + 6302 + Storage and warehousing + 6303 + Other supporting transport activities + 6309 Activities of other transport agencies	205 * or 209+ 213+ 222+ 226+ 230+ 232 or 209+ 213+ 217	Transportation or Supporting, auxiliary and other services to sea transport + Supporting, auxiliary and other services to air transport + Supporting, auxiliary and other services to rail transport + Supporting, auxiliary and other services to road transport + Supporting, auxiliary and other services to inland waterway transport + Other supporting and auxiliary transport services or Supporting , auxiliary and other services to sea transport + Supporting, auxiliary and other services to air transport + Other transportation - other
630	6304 Activities of travel agencies and tour operators; tourist assistance activities n.e.c.	236 *	Travel
64	POST AND TELECOMMUNICATIONS		
641	Post and courier activities	245	Communication services
642	Telecommunications	246	Postal and courier services
642	Telecommunications	247	Telecommunication services
65	FINANCIAL INTERMEDIATION, EXCEPT INSURANCE AND PENSION FUNDING		
65	FINANCIAL INTERMEDIATION, EXCEPT INSURANCE AND PENSION FUNDING		
66	INSURANCE AND PENSION FUNDING, EXCEPT COMPULSORY SOCIAL SECURITY		
660	Insurance and pension funding, except compulsory social security	253 *	Insurance services
6601	Life insurance	254 *	Life insurance and pension funding
6602	Pension funds	254 *	Life insurance and pension funding
6603	Non-life insurance	255+ 256+ 257	Freight insurance + Other direct insurance + Reinsurance
67	ACTIVITIES AUXILIARY TO FINANCIAL INTERMEDIATION		
671	Activities auxiliary to financial intermediation, except insurance and pension funding	260*	Financial services
672	Activities auxiliary to insurance and pension funding	253 * or 258	Insurance services or Auxiliary insurance services

70	REAL ESTATE ACTIVITIES	284	*	Miscellaneous business, professional and technical services - other
71	RENTING OF MACHINERY AND EQUIPMENT WITHOUT OPERATOR AND OF PERSONAL AND HOUSEHOLD GOODS	272		Operational leasing
72	COMPUTER AND RELATED ACTIVITIES	263		Computer and information services
73	RESEARCH AND DEVELOPMENT	279		Research and development services
74	OTHER BUSINESS ACTIVITIES			
	741 Legal, accounting, book-keeping and auditing activities			
	7411 Legal activities	275		Legal services
	7412 Accounting, book-keeping and auditing activities; tax consultancy	276		Accounting, auditing, book-keeping and tax consultancy services
	7413 Market research and public opinion polling	278	*	Advertising, market research and public opinion polling
	7414 Business and management consultancy activities	277		Business and management consultancy and public relations services
	742 Architectural and engineering activities and related technical consultancy	280		Architectural, engineering and other technical services
	743 Advertising	278	*	Advertising, market research and public opinion polling
	749 Business activities n.e.c.	284	*	Miscellaneous business, professional and technical services - other
80	EDUCATION	289	*	Other personal, cultural and recreational services
85	HEALTH AND SOCIAL WORK	289	*	Other personal, cultural and recreational services
90	SEWAGE AND REFUSE DISPOSAL, SANITATION AND SIMILAR ACTIVITIES	284 +	*	Miscellaneous business, professional and technical services - other (<i>for sewage and refusal disposal</i>) + Other business services - Waste treatment and depollution (<i>for sanitation and similar activities</i>)
		282		
91	ACTIVITIES OF MEMBERSHIP ORGANIZATION N.E.C.	289	*	Other personal, cultural and recreational services
92	RECREATIONAL, CULTURAL AND SPORTING ACTIVITIES			
	921 9211+ Motion picture and video production and distribution + 9212 Motion picture projection	288	*	Audio-visual and related services
	921 9213 Radio and television activities	288	*	Audio-visual and related services
	921 9214+ Dramatic arts, music and other arts activities + 9219 Other entertainment activities n.e.c.	289	*	Other personal, cultural and recreational services
	922 News agency activities	264		Information services
	923 Library and archives, museums and other cultural activities	289	*	Other personal, cultural and recreational services
	924 Sporting and other recreational activities	289	*	Other personal, cultural and recreational services
93	OTHER SERVICE ACTIVITIES	289	*	Other personal, cultural and recreational services
95	PRIVATE HOUSEHOLDS WITH EMPLOYED PERSONS	289	*	Other personal, cultural and recreational services

N.B. Divisions 75 PUBLIC ADMINISTRATION AND DEFENCE; COMPULSORY SOCIAL SECURITY and 99 EXTRA-TERRITORIAL ORGANIZATIONS AND BODIES are not relevant for FDI and FATS

5.5 Annex 5 Correspondence between EBOPS and ISIC Categories for Foreign Affiliates - ICFA

BOP code	BOP Labels	ISIC codes and labels
205 *	Transportation	60 LAND TRANSPORT; TRANSPORT VIA PIPELINES
205 *	Transportation	61 WATER TRANSPORT
205 *	Transportation	62 AIR TRANSPORT
205 * or 209+ 213+ 222+ 226+ 230+ 232 or 209+ 213+ 217	Transportation or Supporting, auxiliary and other services to sea transport + Supporting, auxiliary and other services to air transport + Supporting, auxiliary and other services to rail transport + Supporting, auxiliary and other services to road transport + Supporting, auxiliary and other services to inland waterway transport + Other supporting and auxiliary transport services or Supporting, auxiliary and other services to sea transport + Supporting, auxiliary and other services to air transport + Other transportation - other	630 6301 + Cargo handling + 6302 + Storage and warehousing + 6303 + Other supporting transport activities + 6309 Activities of other transport agencies
207+ 208	Passenger on sea transport+ Freight on sea transport	611 Sea and coastal water transport
211+ 212	Passenger on air transport+ Freight on air transport	621 Scheduled air transport
211+ 212+ 218	Passenger on air transport+ Freight on air transport + Space transport	622 Non scheduled air transport
220+ 221	Passenger on rail transport+ Freight on rail transport	601 Transport via railways
224+ 225	Passenger on road transport+ Freight on road transport	602 Other land transport
228+ 229	Passenger on inland waterway transport+ Freight on inland waterway transport	612 Inland water transport
231	Pipeline transport	603 Transport via pipelines
236 *	Travel	55 HOTELS AND RESTAURANTS
236 *	Travel	630 6304 Activities of travel agencies and tour operators; tourist assistance activities n.e.c.
245	Communication services	64 POST AND TELECOMMUNICATIONS
246	Postal and courier services	641 Post and courier activities
247	Telecommunication services	642 Telecommunications
249	Construction services	45 CONSTRUCTION
253 *	Insurance services	660 Insurance and pension funding, except compulsory social security
253 * or 258	Insurance services or Auxiliary insurance services	672 Activities auxiliary to insurance and pension funding
254 *	Life insurance and pension funding	6601 Life insurance
254 *	Life insurance and pension funding	6602 Pension funds

255+ 256+ 257	Freight insurance + Other direct insurance + Reinsurance	6603	Non-life insurance
260	* Financial services	65	FINANCIAL INTERMEDIATION, EXCEPT INSURANCE AND PENSION FUNDING
260	* Financial services	671	Activities auxiliary to financial intermediation, except insurance and pension funding
263	Computer and information services	72	COMPUTER AND RELATED ACTIVITIES
264	Information services	922	News agency activities
269	* Merchancing and other trade-related services (only for sale and retail sale) <u>Remarks:</u> <i>For maintenance of ships, aircraft and trains in ports, airports and stations: 217 other supporting and auxiliary transport services</i> <i>For repair: 160: repairs on goods</i>	50 - 502- part of 504	SALE, MAINTENANCE AND REPAIR OF MOTOR VEHICLES AND MOTORCYCLES; RETAIL SALE OF AUTOMOTIVE FUEL - Maintenance and repair of motor vehicles - Sale, maintenance and repair of motorcycles and related parts and accessories (only part sale)
269	* Merchancing and other trade-related services	51	WHOLESALE TRADE AND COMMISSION TRADE, EXCEPT OF MOTOR VEHICLES AND MOTORCYCLES
269	* Merchancing and other trade-related services	52	RETAIL TRADE, EXCEPT OF MOTOR VEHICLES AND MOTORCYCLES; REPAIR OF PERSONAL AND HOUSEHOLD GOODS
272	Operational leasing	71	RENTING OF MACHINERY AND EQUIPMENT WITHOUT OPERATOR AND OF PERSONAL AND HOUSEHOLD GOODS
275	Legal services	7411	Legal activities
276	Accounting, auditing, book-keeping and tax consultancy services	7412	Accounting, book-keeping and auditing activities; tax consultancy
277	Business and management consultancy and public relations services	7414	Business and management consultancy activities
278	* Advertising, market research and public opinion polling	7413	Market research and public opinion polling
278	* Advertising, market research and public opinion polling	743	Advertising
279	Research and development services	73	RESEARCH AND DEVELOPMENT
280	Architectural, engineering and other technical services	742	Architectural and engineering activities and related technical consultancy
283	* Agricultural, mining and on-site processing services - other	014	Agricultural and animal husbandry service activities, except veterinary activities
283	* Agricultural, mining and on-site processing services - other	015	Hunting, trapping and game propagation including related service activities
283	* Agricultural, mining and on-site processing services - other (only for forestry, logging related service activities)	02	FORESTRY, LOGGING AND RELATED SERVICE ACTIVITIES
283	* Agricultural, mining and on-site processing services - other (only for service activities incidental to fishing)	05	FISHING, OPERATION OF FISH HATCHERIES AND FISH FARMS; SERVICES ACTIVITIES INCIDENTAL TO FISHING
283	* Agricultural, mining and on-site processing services - other	112	Services activities incidental to oil and gas extraction excluding surveying
284	Miscellaneous business, professional and technical services other	70	REAL ESTATE ACTIVITIES
284	* Miscellaneous business, professional and technical services other	749	Business activities n.e.c.

284 + *	Miscellaneous business, professional and technical services other (<i>for sewage and refusal disposal</i>) +	90	SEWAGE AND REFUSE DISPOSAL, SANITATION AND SIMILAR ACTIVITIES
282	Other business services - Waste treatment and depollution (<i>for sanitation and similar activities</i>)		
288 *	Audio-visual and related services	921 9211+	Motion picture and video production and distribution +
		9212	Motion picture projection
288 *	Audio-visual and related services	921 9213	Radio and television activities
289 *	Other personal, cultural and recreational services	80	EDUCATION
289 *	Other personal, cultural and recreational services	85	HEALTH AND SOCIAL WORK
289 *	Other personal, cultural and recreational services	91	ACTIVITIES OF MEMBERSHIP ORGANIZATION N.E.C.
289 *	Other personal, cultural and recreational services	921 9214+	Dramatic arts, music and other arts activities +
		9219	Other entertainment activities n.e.c.
289 *	Other personal, cultural and recreational services	923	Library and archives, museums and other cultural activities
289 *	Other personal, cultural and recreational services	924	Sporting and other recreational activities
289 *	Other personal, cultural and recreational services	93	OTHER SERVICE ACTIVITIES
289 *	Other personal, cultural and recreational services	95	PRIVATE HOUSEHOLDS WITH EMPLOYED PERSONS

Note to Annexes 4 and 5
Correspondence between ISIC CATEGORIES for Foreign AffiliateS - ICFA - and Extended
Balance of payments services classification - EBOPS -

This correspondence has been designed to establish the 'best' link between economic activities classified with the ISIC rev. 3 and the BOP items.

A complete consistency between ISIC nomenclature (Activity approach) and the BOP nomenclature (Product approach) is not possible due to the conceptual differences. Annexed to the correspondence ICFA/EBOPS is presented the correspondence EBOPS/ICFA which shows quite good link between some BOP items and economic activities and will allow comparisons between statistics collected on FATS and BOP figures.

The following explanatory notes attempt to clarify border cases.

Division 01: Agriculture, hunting and related service activities

- Only the service activities are concerned with the correspondence
- **Inclusions:** Sections 014 and part of 015 related to services activities
- **Exclusions:** Sections 011, 012, 013 and part of 015 not related to services but considered as production of goods

Division 02: Forestry, logging and related service activities

- Only the service activities part is concerned with the correspondence, the other part is considered as production of goods

Remark : No distinction in the ISIC of the service activities

Division 03: Forestry, logging and related service activities

- Only the service activities part is concerned with the correspondence, the other part is considered as production of goods

Remark : No distinction in the ISIC of the service activities

Divisions 10 + 11 + 12 + 13 + 14: Mining and Quarrying

- Considered as production of goods except for section 112: services
- **Inclusions:** Section 112: Services activities incidental to oil and gas extraction
- **Exclusions:** Divisions 10, 11 except 112, 12, 13, 14 not related to services but considered as production of goods

Divisions 15 to 37: Manufacturing

- Considered as production of goods

Divisions 50: Sale, maintenance and repair of motor vehicles and motorcycles; retail sale of automotive fuel

- Only the part of sale and retail sale is registered in BOP as '269: Merchanting and other trade-related services.

- For the other part ‘maintenance and repairs’:
 - Section 502: the maintenance of ships , aircrafts and trains in ports, airports and stations is registered in BOP as ‘ 217: Other supporting and auxiliary transport services
 - Part of section 504: Repairs are not considered as services and registered in BOP as ‘160: repairs on goods’

Division 62: Air transport

- Section 622: Non scheduled air transport No distinction in the ISIC between air transport (BOP: 210) and space transport (BOP: 218).

Division 60: Land transport; transport via pipelines

Division 61: Water transport

Division 62: Air transport

Division 63: Supporting and auxiliary transport activities; activities of travel agencies

- These divisions correspond to the aggregate 205 ‘transportation’. The sections or sub-sections of these divisions have been detailed to cover the most disaggregated items of transport services.

Division 63: Supporting and auxiliary transport activities; activities of travel agencies

- Sub-sections 6301, 6302, 6303, 6309 correspond in BOP to ‘Supporting , auxiliary and other services’ of all modes of transport (209 + 213 + 222 + 226+ 230 + 232)
- The sub-section 6304 : Activities of travel agencies and tour operators; tourist assistance activities n.e.c. correspond in BOP to ‘236: Travel’

Division 75: Public administration and defence; compulsory social security

- This division is not relevant for FATS

Division 90: Sewage and refuse disposal, sanitation and similar activities

Remark: No distinction in the ISIC between ‘Sewage and refuse disposal’ (BOP: 284 Miscellaneous business, professional and technical services – other) and ‘ Sanitation and similar activities (BOP: 282 Other business services – Waste treatment and depollution).

Division 99: Extra-territorial organisations and bodies

- This division is not relevant for FATS

Other divisions:

- No major problems have been found to link the nomenclatures

5.6 Annex 6 Mode of supply 4 - Movement of Natural Persons (not yet available)

[It is planned to include here an annex on the measurement of the movement and presence of natural persons as defined in the GATS. At the time of writing, the contents of the Annex have not been agreed]

5.7 Annex 7 GATS Agreement

Reproduced below are the Preamble and Part I of the text of the agreement which defines the scope of the agreement as concerns trade in services.

General Agreement on Trade in Services

- *Recognizing* the growing importance of trade in services for the growth and development of the world economy;
- *Wishing* to establish a multilateral framework of principles and rules for trade in services with a view to the expansion of such trade under conditions of transparency and progressive liberalisation and as a means of promoting the economic growth of all trading partners and the development of developing countries;
- *Desiring* the early achievement of progressively higher levels of liberalisation of trade in services through successive rounds of multilateral negotiations aimed at promoting the interests of all participants on a mutually advantageous basis and at securing an overall balance of rights and obligations, while giving due respect to national policy objectives;
- *Recognizing* the right of Members to regulate, and to introduce new regulations, on the supply of services within their territories in order to meet national policy objectives and, given asymmetries existing with respect to the degree of development of services regulations in different countries, the particular need of developing countries to exercise this right;
- *Desiring* to facilitate the increasing participation of developing countries in trade in services and the expansion of their service exports including, *inter alia*, through the strengthening of their domestic services capacity and its efficiency and competitiveness;
- *Taking* particular account of the serious difficulty of the least-developed countries in view of their special economic situation and their development, trade and financial needs;

Hereby agree as follows:

Part 1: Scope and Definition

Article 1

Scope and Definition 1

1. This Agreement applies to measures by Members affecting trade in services
2. For the purposes of this Agreement, trade in services is defined as the supply of a service:
 - a) from the territory of one Member into the territory of any other Member;
 - b) in the territory of one Member to the service consumer of any other Member;

c) by a service supplier of one Member, through commercial presence in the territory of any other Member;

d) by a service supplier of one Member, through presence of natural persons of a Member in the territory of any other Member.

3. For the purposes of this Agreement:

a) "measures by Members" means measures taken by:

- i. central, regional or local governments and authorities; and
- ii. non-governmental bodies in the exercise of powers delegated by central, regional or local governments or authorities;

In fulfilling its obligations and commitments under the Agreement, each Member shall take such reasonable measures as may be available to it to ensure their observance by regional and local governments and authorities and non-governmental bodies within its territory;

b) "services" includes any service in any sector except services supplied in the exercise of governmental authority;

c) "a service supplied in the exercise of governmental authority" means any service which is supplied neither on a commercial basis, nor in competition with one or more service suppliers.

5.8 Annex 8 GATS classification GNS/W/120 - GATS Services Sectoral Classification List

Sectors and Sub-Sectors Corresponding CPC

1. Business Services

Section B

A. Professional Services

a. Legal Services	861
b. Accounting, auditing and book keeping services	862
c. Taxation Services	863
d. Architectural services	8671
e. Engineering services	8672
f. Integrated engineering services	8673
g. Urban planning and landscape architectural services	8674
h. Medical and dental services	9312
i. Veterinary services	932
j. Services provided by midwives, nurses, physiotherapists and para-medical personnel	93191
k. Other	

B. Computer and Related Services

a. Consultancy services related to the installation of computer hardware	841
b. Software implementation services	842
c. Data processing services	843
d. Data base services	844
e. Other	845+849

C. Research and Development Services

a. R&D services on natural sciences	851
b. R&D services on social sciences and humanities	852
c. Interdisciplinary R&D services	853

D. Real Estate Services

a. Involving own or leased property	821
b. On a fee or contract basis	822

E. Rental/Leasing Services without Operators

a. Relating to ships	83103
b. Relating to aircraft	83104
c. Relating to other transport equipment	83101+83102+83105
d. Relating to other machinery and equipment	83106-83109
e. Other	832

F. Other Business Services

a. Advertising services	871
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b. Market research and public opinion polling services	864
c. Management consulting service	865
d. Services related to man. consulting	866
e. Technical testing and analysis services	8676
f. Services incidental to agriculture, hunting and forestry	881
g. Services incidental to fishing	882
h. Services incidental to mining	883+5115
i. Services incidental to manufacturing	884+885 (except for 88442)
j. Services incidental to energy distribution	887
k. Placement and supply services of Personnel	872
l. Investigation and security	873
m. Related scientific and technical consulting services	8675
n. Maintenance and repair of equipment (not including maritime vessels, aircraft or other transport equipment)	633+ 8861-8866
o. Building-cleaning services	874
p. Photographic services	875
q. Packaging services	876
r. Printing, publishing	88442
s. Convention services	87909*
t. Other	8790

2. *Communication Services*

A. *Postal services 7511*

B. *Courier services 7512*

C. *Telecommunication services*

a. Voice telephone services	7521
b. Packet-switched data transmission services	7523**
c. Circuit-switched data transmission services	7523**
d. Telex services	7523**
e. Telegraph services	7522
f. Facsimile services	7521**+7529**
g. Private leased circuit services	7522**+7523**
h. Electronic mail	7523**
i. Voice mail	7523**
j. On-line information and data base retrieval	7523**
k. electronic data interchange (EDI)	7523**
l. enhanced/value-added facsimile services, incl. store and forward, store and retrieve	7523**
m. code and protocol conversion	n.a.
n. on-line information and/or data processing (including transaction processing)	843**
o. other	

D. *Audiovisual services*

a. Motion picture and video tape production and distribution services	9611
b. Motion picture projection service	9612
c. Radio and television services	9613
d. Radio and television transmission services	7524
e. Sound recording	n.a.
f. Other	

E. Other

3. **Construction and related engineering services**

A.	<u>General construction work for buildings</u>	512
B.	<u>General construction work for civil engineering</u>	513
C.	<u>Installation and assembly work</u>	514+516
D.	<u>Building completion and finishing work</u>	517
E.	<u>Other</u> 511+515+518	

4. **Distribution Services**

A.	<u>Commission agents' services</u>	621
B.	<u>Wholesale trade services</u>	622
C.	<u>Retailing services</u>	631+632+6111+6113+6121
D.	<u>Franchising</u>	8929
E.	<u>Other</u>	

5. **Educational Services**

A.	<u>Primary education services</u>	921
B.	<u>Secondary education services</u>	922
C.	<u>Higher education services</u>	923
D.	<u>Adult education</u>	924
E.	<u>Other education services</u>	929

6. **Environmental services**

A.	<u>Sewage services</u>	9401
B.	<u>Refuse disposal services</u>	9402
C.	<u>Sanitation and similar services</u>	9403
D.	<u>Other</u>	

7. **Financial Services**

A.	<u>All insurance and insurance-related services</u>	812**
a.	Life, accident and health insurance services	8121
b.	Non-life insurance services	8129
c.	Reinsurance and retrocession	81299*
d.	Services auxiliary to insurance (including broking and agency services)	8140
B.	<u>Banking and other financial services</u> (excluding insurance)	
a.	Acceptance of deposits and other repayable funds from the public	81115-81119
b.	Lending of all types, incl., <u>inter alia</u> , consumer credit, mortgage credit, factoring and financing of commercial transaction	8113
c.	Financial leasing	8112
d.	All payment and money transmission services	81339**
e.	Guarantees and commitments	81199**
f.	Trading for own account or for account of customers, whether on an exchange, in an over-the-counter market or otherwise, the following:	
-	money market instruments (cheques, bills certificate of deposits, etc.)	81339**
-	foreign exchange	81333
-	derivative products incl., but not limited to, futures and options	81339**

- exchange rate and interest rate instruments, including products such as swaps, forward rate agreements, etc.	81339**
- transferable securities	81321*
- other negotiable instruments and financial assets, incl. bullion	81339**
g. Participation in issues of all kinds of securities, incl. under-writing and placement as agent (whether publicly or privately) and provision of service related to such issues	8132
h. Money broking	81339**
i. Asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial depository and trust services	8119+** 81323*
j. Settlement and clearing services for financial assets, incl. securities, derivative products, and other negotiable instruments	81339** or 81319**
k. Advisory and other auxiliary financial services on all the activities listed in Article 1B of MTN.TNC/W/50, incl. credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy	8131 or 8133
l. Provision and transfer of financial information, and financial data processing and related software by providers of other financial services	8131
C. <u>Other</u>	
8. <i>Health and related social services</i>	
(other than those listed under 1.A.h-j.)	
A. <u>Hospital services</u>	9311
B. <u>Other Human Health Services</u>	9319 (other than 93191)
C. <u>Social Services</u>	933
D. <u>Other</u>	
9. <i>Tourism and travel related services</i>	
A. <u>Hotels and restaurants</u> (incl. catering)	641-643
B. <u>Travel agencies and tour operators services</u>	7471
C. <u>Tourist guides services</u>	7472
D. <u>Other</u>	
10. <i>Recreational, Cultural and Sporting Services</i>	
[other than audiovisual services)	
A. <u>Entertainment services</u> (including theatre, live bands and circus services)	9619
B. <u>News agency services</u>	962
C. <u>Libraries, archives, museums and other cultural services</u>	963
D. <u>Sporting and other recreational services</u>	964
E. <u>Other</u>	
11. <i>Transport Services</i>	
A. <u>Maritime Transport Services</u>	
a. Passenger transportation	7211
b. Freight transportation	7212
c. Rental of vessels with crew	7213
d. Maintenance and repair of vessels	8868**
e. Pushing and towing services	7214
f. Supporting services for maritime transport	745**

B.	<u>Internal Waterways Transport</u>	
a.	Passenger transportation	7221
b.	Freight transportation	7222
c.	Rental of vessels with crew	7223
d.	Maintenance and repair of vessels	8868**
e.	Pushing and towing services	7224
f.	Supporting services for internal waterway transport	745**
C.	<u>Air Transport Services</u>	
a.	Passenger transportation	731
b.	Freight transportation	732
c.	Rental of aircraft with crew	734
d.	Maintenance and repair of aircraft	8868**
e.	Supporting services for air transport	746
D.	<u>Space Transport</u>	733
E.	<u>Rail Transport Services</u>	
a.	Passenger transportation	7111
b.	Freight transportation	7112
c.	Pushing and towing services	7113
d.	Maintenance and repair of rail transport equipment	8868**
e.	Supporting services for rail transport services	743
F.	<u>Road Transport Services</u>	
a.	Passenger transportation	7121+7122
b.	Freight transportation	7123
c.	Rental of commercial vehicles with operator	7124
d.	Maintenance and repair of road transport equipment	6112+8867
e.	Supporting services for road transport services	744
G.	<u>Pipeline Transport</u>	
a.	Transportation of fuels	7131
b.	Transportation of other goods	7139
H.	<u>Services auxiliary to all modes of transport</u>	
a.	Cargo-handling services	741
b.	Storage and warehouse services	742
c.	Freight transport agency services	748
d.	Other	749
I.	<u>Other Transport Services</u>	
12.	<i>Other services not included elsewhere</i>	95+97+98+99

The (*) indicates that the service specified is a component of a more aggregated CPC item specified elsewhere in this classification list.

The (**) indicates that the service specified constitutes only a part of the total range of activities covered by the CPC concordance (e.g. voice mail is only a component of CPC item 7523).

Further subdivided into: (i) passenger; (ii) freight; and (iii) supporting, auxiliary and other services

5.9 Annex 9 The Manual and the Tourism Satellite Accounts of OECD and World Tourism Organization

(incomplete draft)

This annex briefly describes the relationship between the *travel* component of the EBOPS classification included in this *Manual* and *tourism* as included in the tourism satellite accounts (TSAs) of the OECD and the World Tourism Organization. At the time of writing of this *Manual*, the TSAs of these two organisations had not been totally reconciled. While the definition of *visitor* is the same for both satellite accounts, the coverage and classification of the goods and services recorded in the two accounts differ, both from each other and from the recommendations of this *Manual* (and *BPM5*). It is intended that the two TSAs will be reconciled. While coverage differs from the balance of payments *travel* item, this reconciled tourism satellite account, which focuses, inter alia, on services purchased by *visitors*, will provide more detailed information on expenditure by *visitors* than is available from balance of payments statistics.

Residency

In this *Manual* (and in *BPM5*), the *travel* component covers those transactions that take place between residents and nonresidents of an economy in relation to travel. A *traveller* is a person who stays for less than one year in an economy of which s/he is not a resident for any purpose other than (i) being stationed on a military base or being an employee (including diplomats and other embassy and consulate personnel) of an agency of his or her government, or (ii) being an accompanying dependent of an individual mentioned under (i). This one-year guideline does not apply to students or patients receiving health care abroad, who remain residents of their economies of origin even if the length of stay in another economy is greater than one year.

The OECD and the World Tourism Organization identify *tourism* as “the activities of those persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes”⁵⁶, where *usual environment* generally “corresponds to the geographical boundaries within which an individual displaces himself/herself within his/her regular routine of life, except for leisure and recreation”⁵⁷. Similarly, a *visitor* is “any person travelling to a place other than of his/her usual environment for less than twelve months and whose main purpose of trip is other than the exercise of an activity remunerated from within the place visited”⁵⁸. Visitors are further classified in two ways:

- (1) either *tourists*, who stay for at least one night in the place visited, or *same-day visitors*, who visit a place for less than one day; and
- (2) either *international visitors*, whose country of residence is different from the country visited, or *domestic visitors*, whose country of residence is the country visited.

For comparison with the concepts of *travel* and *traveller* as used in this *Manual*, the focus is on international visitors. The World Tourism Organization and OECD definitions exclude military personnel on active duty and diplomats and their entourages in the same way as does this *Manual*. The areas where this *Manual* differs from the World Tourism Organization and OECD definitions are:

⁵⁶ *Tourism Satellite Account (TSA): The Conceptual Framework*, 1999, World Tourism Organization, section 2.3.

⁵⁷ *ibid*, section 2.6

⁵⁸ *ibid*, section 2.3

(1)the World Tourism Organization and OECD regard students and medical patients in the same way as other visitors, rather than as residents of their home economies, even when they are in another country for one year or more, as in this *Manual*;

(2)the World Tourism Organization and OECD exclude from the definition of visitors all individuals who move to another economy primarily for the purpose of earning income; whereas this *Manual* recommends that the “one year guideline” be followed, that is, if an individual moves to another economy for less than one year, then he/she is regarded as a traveller, regardless of the purpose of the travel. Thus, while this *Manual* includes the expenditure of border and seasonal workers in travel, the World Tourism Organization and OECD exclude such individuals from their definition of visitor.