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ABBREVIATIONS

ASEAN	Association of South-East Asian Nations
EEC	European Economic Community
GDP	gross domestic product
IATA	International Air Transportation Association
IMF	International Monetary Fund
ISIC	International Standard Industrial Classification of All Economic Activities
MPS	Material Product System [of national accounting]
SNA	System of National Accounts

EXPLANATORY NOTES

The classifications used in the present report are intended for statistical convenience and do not necessarily express a judgement about the stage reached by a particular country, territory or area in the development process.

The countries, territories and areas included in the various groups referred to in the present report and annex for statistical purposes are listed in the explanatory notes to the annex (see page 35).

The term "countries" as used in the present report also refers, as appropriate, to territories and areas.

References to dollars ($) are to United States dollars.

In tables, two dots (..) indicate that data are not available or are not separately reported.

A. Introduction

1. In its resolution 250 (XXIV) of 19 March 1982, on agreed conclusions on protectionism and structural adjustment, the Trade and Development Board agreed that the basic aims of the annual review of the patterns of production and trade in the world economy remained as stated in United Nations Conference on Trade and Development resolution 131 (V) of 3 June 1979[1] and Board resolution 226 (XXII) of 20 March 1981. Bearing in mind the various interventions made at the first annual review of the problems of protectionism and structural adjustment and the general agreement that the interests of the developing countries, and especially the least developed among them, were an essential dimension of the whole exercise, the Board further agreed that particular attention should be devoted at its second annual review to a number of points which, as such, should also give guidance to the secretariat in its preparation of documents for the second annual review.

2. The Board agreed, *inter alia,* that when dealing with policies, as well as their underlying factors, that influence structural adjustment and trade, in-depth analyses should not be limited to manufactures but should devote commensurate attention to the situations in the fields of agriculture and services.

3. Accordingly, in the present report a number of interrelated topics in the field of services are studied. Chapter I provides a conceptual overview of the nature of international service transactions. In chapter II some of the principal determinants of structural patterns in the international service sector are discussed. Chapters III and IV contain statistical information on production, employment and trade in this sector. In addition, the inadequacy of the existing statistical data is pointed out in these chapters. Chapter V deals with measures affecting international service activities, including both trade-oriented and investment-related measures.

B. Main issues

4. The importance of the service sector to the world economy is demonstrated by its large share of world GDP (amounting in 1980 to some 65 per cent) and by its share (25.4 per cent, or roughly $610 billion) of current account credits. A full understanding of the role of services in domestic economies and international trade and investment activities, however, has yet to be developed. Consequently, present economic policies often do not take adequate account of the potential effect that service industries may have on growth, development and export expansion. While government intervention in the production of goods has been exercised primarily through commercial policies, this has not been the case with services. Most services are intangible in nature and hence do not lend themselves to traditional border measures such as tariffs or quotas. Consequently, regulation of foreign investment becomes a particularly important element in government policy regarding the service sector. Foreign investment policies often take the form of measures relating both to initial establishment and to operations after establishment. In addition, government measures affecting services are often adopted for reasons unrelated to trade and are not directed to the maintenance of internationally uncompetitive industries. This is due primarily to the nature of many service activities. For example, though national banking laws may directly affect a foreign bank's operation within a host country, the laws exist primarily for domestic reasons (for example, protection of the consumer, protection against monopolies, control over monetary policy). Regulations concerning the operations of insurance companies and investment management companies, for example, specifying the areas where they can invest their funds, are also intended to protect the consumer from undue risk. These regulations become trade or investment policies only when they treat foreign operations differently from domestic ones.[2]

5. In view of the importance of services to national economies and the potential expansion of the world market for services in the years ahead, it is essential to understand the issues which the international community will have to address and resolve. The following presentation of issues in the international service sector is intended to contribute to a greater awareness of relevant problems.

1. The problem of statistical coverage

6. Despite the size of the service sector in domestic economies and the increasing importance of services in international trade and investment activities, there is a distinct lack of comprehensive and sufficiently detailed statistical information, which greatly inhibits economic analysis and commercial policy formulation. Part of the reason for this inadequacy is that present accounting systems were adopted when service activities did not constitute a major portion of domestic production and international trade. In addition, these statistical systems were created for very specific purposes and therefore do not provide the information necessary for a comprehensive analysis of the size and nature of service activities. To remedy existing shortcomings would require, among other things, that the future collection of statistics:

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[1] See *Proceedings of the United Nations Conference on Trade and Development, Fifth Session,* vol. I, *Report and Annexes* (United Nations publication, Sales No. E.79.II.D.14), part I, sect. A.

[2] On the question of services in the context of protectionism and structural adjustment, see also the report by the UNCTAD secretariat to the Conference at its sixth session, "Protectionism, trade relations and structural adjustment" (TD/274 and Corr.1) (to be reproduced in *Proceedings of the United Nations Conference on Trade and Development, Sixth Session,* vol. III, *Basic Documents* (United Nations publication, Sales No. E.83.II.D.8)).

(*a*) Have extensive country coverages;

(*b*) Include sufficient historical data to allow for an analysis of the trends and structural shifts in services;

(*c*) Be disaggregated so that specific service activities can be identified and measured;

(*d*) Isolate the service component in activities involving the production and sale of goods;

(*e*) Permit the determination of the domestic and foreign content of service transactions.

7. It is not realistic to expect that fundamental changes could, in the near future, be made in existing official data systems. Realigning balance-of-payments accounting systems to include a detailed presentation of international service activities, and establishing a greater disaggregation of, and compatibility among, national income accounts statistics would involve substantial costs. In addition, such realignment might not be fully compatible with the purposes that these statistical systems are intended to serve. The establishment of a separate data bank within the United Nations system could constitute a more convenient way of providing the statistics necessary for effective analysis and policy formulation. In support of such efforts to improve data availability, both Governments and the private sector would have to furnish information on domestic and international service operations on a regular basis.

2. Need for information on measures affecting international service activities

8. The lack of detailed information on governmental and non-governmental measures affecting international service operations precludes an accurate evaluation of the extent to which individual countries pursue different policies and individual service industries adopt different business practices. The establishment of an inventory of relevant governmental and non-governmental measures, possibly as a part of the proposed United Nations services data bank, would seem to be a necessary and important step towards enhanced transparency in the international services sector and a better understanding of the patterns and structures of the international services markets.

3. Impact of measures bearing upon the international service sector

9. Governmental and non-governmental measures bearing upon international service operations are likely to affect a broad range of key economic variables; domestic prices, production and consumption of services; the volume of trade in services; allocation of resources; distribution of income; and social welfare. Governmental measures can, in particular, have a potential influence on patterns and structural change in the national and international service sectors and on the choice made by transnational service firms between export, direct foreign investment and contractual arrangements with companies abroad. Restrictive business practices of transnational service firms can influence the formation of oligopolistic market structures, with adverse implications for global efficiency and welfare. Preferential trading arrangements among countries, such as free-trade areas, customs unions and common markets, also affect transnational service activities and may lead to trade creation or trade diversion in the service sector which will either improve or worsen resource allocation and welfare.

10. Future work on the determinants of patterns and structural change in national and international service sectors will, therefore, have to take account of the specific impact of these governmental and non-governmental measures. There is also need for providing empirical evidence in support of theoretical explanations of patterns and structural change in international trade and production in the service sector.

4. Sector-specific as against general policies

11. Government policies and multilateral agreements relevant to the service sector can, in principle, either be industry-specific or general in their application; the latter may apply equally to other economic sectors. It would seem essential for policy-making purposes to identify broadly those features of service industries which require an industry-specific approach and, on the other hand, those areas where common elements lend themselves to a more global approach. As policies applicable across industries facilitate the conclusion of multilateral agreements, the question concerning the potential for general policies would seem to have particular importance with regard to issues arising in connection with international service activites. Three broad aspects which deserve particular attention are referred to below.

(a) *Government measures affecting international service transactions*

12. Certain measures, such as foreign exchange regulations, government procurement policies, differential taxation of foreign enterprises or regulations on employment of non-nationals, all of which concern both services and goods-producing industries, might well permit a general policy approach at national and multilateral levels. By contrast, a number of other measures (for example, the mandatory placement of reinsurance with domestic institutions or special reserve requirements for foreign banks) are unique to a particular service industry. The objective of these measures often goes beyond the mere regulation of international transactions and would, accordingly, be difficult to accommodate within policies applicable to the economy in general.

(b) *Foreign direct investment in service industries*

13. As with other government policies, measures concerning the establishment of foreign service firms raise the basic question whether or not such measures reflect general investment policy or are specific to the service sector. The available evidence suggests that the regulation of the establishment of foreign service companies is very closely related to basic economic and non-economic issues with general importance to the economy as a whole. There are two fundamental issues in this context: the sensitive question of national sovereignty, which necessarily leads Governments to control foreign activities within their jurisdiction, and the pivotal importance of development policies, which require developing countries to gear foreign investment to their development needs and objectives. It would thus appear that regulations concerning the establishment of foreign service firms are an integral part of national policies towards direct foreign investment.

(c) *Transnational corporations in the service sector*

14. Much of the impact of transnational corporations in service industries is likely to be similar to that of

transnational involvement in general and may, therefore, be addressed by general policies. Questions dealing with the transfer of technology, employment, competition, restrictive business practices and transfer pricing seem to have similar relevance in both the service and the manufacturing sectors. Countries with a well-defined policy towards transnational involvement in general or, more specifically, towards the transfer of technology, would thus have no particular need for a specific policy towards transnationals in the service sector. Nevertheless, it remains necessary to examine whether in certain cases the activities of transnationals have industry-specific consequences. Many obstacles to trade in services, such as insurance, do not result from domestic legal regulations or trade policies. Intrafirm agreements and corporate strategies are now more pervasive than previously and are central to any consideration of restrictions on trade.

5. THE SERVICE SECTOR AS A DEVELOPMENT ISSUE FOR DEVELOPING COUNTRIES

15. The conflict between efforts towards a greater liberalization of international service operations and governmental measures regulating such activities is of particular importance in the case of developing countries, which may have to pursue long-term development objectives at the expense of short-run efficiency considerations. Measures affecting international service transactions often reflect important elements of the overall development strategies of developing countries, especially the building up of diversified national economies involving protection of infant industries.

16. Further research may reveal a critical lack of sufficiently developed modern service industries in developing countries. Many services, such as banking, insurance, communications and transportation, are both final (or consumer) services and intermediate (or producer) services, the latter being demanded by producers of goods and other services. It appears that the demand for final consumer services will rise, in response to new wants brought about by technological development. Intermediate services are of a complementary nature—from the supply side—to the entire production and growth process and are essential for modern industrial development. More specifically, they are crucial for the success of trade and development policies in non-service sectors and for the interdependent functioning of domestic and world markets.[3]

17. The development of a modern, well-functioning service sector in developing countries presents a formidable task for policy-makers who have to address a broad range of complex and interrelated problems. This preliminary analysis can only raise some of the important questions which require further in-depth consideration:

(1) What is the role of the service sector in development?
   (*a*) Which service industries should be given priority in order to ensure balanced growth and development?
   (*b*) To what extent are particular service industries essential for the production and export of goods?
   (*c*) What is the contribution of service industries to the attainment of employment and balance-of-payments goals to conserve and increase foreign exchange?
   (*d*) To what extent is it essential for particular services to be provided domestically in order to address the requirements of the domestic market?
   (*e*) To what extent can regional co-operation among developing countries be a means to overcome technical, financial and other constraints which may obstruct the establishment and efficient running of service organizations in developing countries?

(2) What are the difficulties facing developing countries in the export of services as distinct from the export of goods?

(3) What is the role of foreign investment in relation to service activities?
   (*a*) To what extent are investment policies (domestic and foreign) service-specific?
   (*b*) Is there merit in considering investment policies overall?
   (*c*) Should investment policies be dealt with separately from commercial policies?

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[3] See also *Trade and Development Report, 1982* (United Nations publication, Sales No. E.82.II.D.12), part IV, chap. 1.

DEFINING SERVICES IN THE CONTEXT OF INTERNATIONAL ACTIVITIES

18. The term "services" encompasses a heterogeneous set of economic activities that often have very little in common. Running an insurance company is quite different from leasing equipment. Legal services are quite distinct from a restaurant chain operated on a franchise basis. The motion picture industry and maritime transportation are clearly unrelated business concerns. In addition, the means by which services enter into international markets vary dramatically. Some services, such as air and maritime transportation, are, by their very nature, exported. Other services, such as hotel accommodation, must be produced in the locality where they are consumed. There are also international services which can be obtained either domestically or from abroad; for example, construction and engineering services can be provided by a foreign subsidiary, or they can be imported. In light of the heterogeneous nature of service activities, and in light of the various means by which these activities can reach the market-place, this chapter attempts to develop a conceptual framework to assist the discussion of services in the context of international trade.

A. Conceptual framework

19. Transactions in services generally occur in one of five ways: (i) some services are provided and consumed by residents of a country and do not enter into the international market-place; (ii) other services are provided within national boundaries, but to non-residents; (iii) some services are provided by resident firms or individuals across their national boundaries to non-resident firms or individuals abroad; (iv) other services are provided through contractual relationships; (v) many services are provided through overseas affiliates of a parent company. In addition, several services can be provided to foreign markets either through direct export or through overseas affiliates.

1. Services that are domestically oriented

20. Many services are not traded in international markets. Diverse activities such as real estate, personal services (for example, laundry and hairdressing) and public services are often sizeable contributors to the service component of a country's GDP but rarely enter the international market-place. In many developing countries, a substantial portion of the domestic service sector is made up of "personal and community services". When discussing services in the context of international trade, therefore, it is necessary to distinguish those services that are predominantly domestic from those that are actually sold in international markets.

2. Services provided within national boundaries to non-residents

21. Some services provided by residents of a country are consumed in the country by non-residents; they none the less constitute international service transactions. International tourism is one example; others are airport and seaport services rendered by resident companies to non-resident enterprises and the transport of foreign passengers by local airlines on domestic routes. In addition to expenditures made by private foreign visitors, such as tourists and business men, expenditures made overseas by diplomatic and military personnel would be included in this category. Although these services are not exported as such, the transactions have direct balance-of-payments effects. The relevant expenditures represent a credit item for the economy in which they are made and a debit item for the economy in which the recipient individuals or enterprises reside.

3. Services provided through direct export or import

22. Some activities involve the export of services by resident firms or individuals to non-resident firms or individuals abroad. Examples are air and ocean freight; passenger transport; international reinsurance; motion picture rental; communications; and consulting and engineering services provided by resident firms. The terms "resident" and "non-resident" are interpreted in this context in accordance with the "location" concept, which considers enterprises as residents of the country in which they are located and operate, irrespective of ownership considerations. A service transaction between a domestic and a foreign company located in the same country is accordingly a domestic activity, whereas a service transaction between a domestic company and its overseas subsidiary is an international activity.[4]

4. Services provided through contractual relationships

23. Certain service activities involve various types of association with independent firms abroad, not involving equity holdings. Such operations are essentially contractual business connections with service companies abroad, which result in a sharing of earnings generated by these companies or an obligation of referral in the form of

[4] As indicated below (see chapter IV, section B), an alternative approach is the "ownership" concept, under which the residence of business enterprises is determined by the residence of their majority equity holders. In the two examples, the application of the ownership concept would yield reverse classifications. The first case, a service transaction between a domestic and a foreign company located in the same country, would be a trade transaction, while the second case would be a domestic transaction. This approach, however, is not standard practice.

royalties, fees or some other remuneration. These business connections can be partnership arrangements or licence or franchise relationships, and may involve the use of a particular company's name or trade mark or the use of some other common identification internationally.

5. SERVICES PROVIDED THROUGH FOREIGN AFFILIATES

24. Certain services can only be provided from within the country market and not through direct export. In such cases, a service enterprise establishes branches or subsidiaries abroad and the service is provided by the foreign affiliate rather than by the parent company. This is the case with hotel and motel services, where the service, by its nature, cannot be exported. The same is true for most aspects of commercial banking. If a bank cannot establish branch offices in its market, it has little hope of attracting the local customer for personal and business transactions. Similarly, equipment leasing services must usually be set up in the market in which they are used. As certain service exports, such as air transportation or engineering consultancies, can require the maintenance of agencies or offices in foreign markets, a distinction needs to be made between affiliates as vehicles of direct investment and local agencies established in support of export operations. Examples include press agencies, such as those of newspapers, periodicals or television companies, purchasing offices such as airline agencies, supervisory offices of construction and engineering firms, representative offices of banks, and the like.[5]

B. Foreign operations in the service sector

25. Service activities at the international level are essentially operations of service industries located in developed market-economy countries. Policy-makers in the socialist countries of Eastern Europe view services essentially as a purely national matter, with the exception of certain service industries such as tourism, shipping and engineering, which are increasingly being considered as potential foreign exchange earners. The expansion of international activities of service enterprises from developed market-economy countries has two basic motives: (i) servicing foreign affiliates of transnational manufacturing companies with which they have links in the home countries; and (ii) establishing business activities in foreign markets to service the host market, as part of a strategy to diversify operations.

26. Accounting and legal services, advertising, banking and insurance are among the service industries whose expansion abroad tends to be linked with direct foreign investment in goods-producing industries. If, for example, a manufacturing enterprise employs the services of a particular accounting firm and, subsequently, establishes a presence overseas, it is likely to employ the services of its accounting firm's affiliate operating in the country where the investment takes place. Similarly, advertising agencies accompany their major clients abroad to assist in penetrating foreign markets. In the same way, the banking sector expands overseas to facilitate investments of national business firms and service their foreign operations. At the same time, the banking sector provides an example of the increasing trend towards overseas expansion for the purpose of developing business relations in foreign markets with indigenous enterprises and consumers. From the mere servicing of overseas affiliates of national companies, bank subsidiaries abroad have increasingly broadened their scope to include consumer banking, investment banking, finance company operations, leasing, mortgages, trusts and factoring.

27. The entry by developing country service industries into international operations is reflected, for example, by the provision of construction and engineering services in foreign markets by some of these countries. In maritime transportation, which is, by its nature, an international service activity, developing countries have for some time sought to increase their involvement. In international air transportation, in most cases involving two partner airlines on a route covering a developing country, it is the airline of the developed country that has a larger share of both outward and inbound passenger traffic. Although this can be partially attributed to the smaller capacity of developing country airlines, there are many cases in which these airlines have both a low market share and a low passenger-load factor.[6]

28. Efforts have been undertaken to develop a tourism industry in those developing countries which have a "natural" advantage. In fact, some developing countries have already passed through the initial stage of domination of their local hotel sector by transnational corporations, with foreign capital participation continuously decreasing in recent years. On the other hand, a certain degree of control by transnational hotel companies is retained through management contracts concluded with local companies in the developing countries. Furthermore, tourism-intensive developing countries remain very dependent on the airlines of developed countries for the transportation of tourists and on the international tour-operating sector, which is almost entirely controlled by wholesalers in the tourist-generating developed countries.

29. In the long term, transnational involvement in service activities will not come only from the developed country enterprises. The role of transnational service firms from developing countries is likely to increase as well. The barriers to entry, however, are formidable, as the transnational service corporations of developed countries have expanded, spread and built up integrated management and marketing networks. In certain service sectors, such as franchising, brand loyalty constitutes a significant barrier to the entry of new competitors. For the time being, a number of factors inhibit service firms of many developing countries from establishing themselves in other markets. These involve a lack of service know-how, inadequate knowledge of overseas markets, and limited financial resources.

C. Foreign investment as against export of services

30. Many service activities can be provided either through direct export or through the sales of a foreign subsidiary. For example, construction and engineering services can be provided by a domestic company to a foreign client either by sending the necessary personnel abroad

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[5] See also E. P. Lederer, W. Lederer and R. L. Sammons, "International services transactions of the United States: proposals for improvement in data collection", paper prepared for the United States Departments of State and Commerce and the Office of the United States Trade Representative (Washington, D.C., January 1982), p. 9.

[6] *Transnational Corporations in International Tourism* (United Nations publications, Sales No. E.82.II.A.9), p. 35.

on assignment (in essence, exporting its service) or by establishing a foreign subsidiary and handling the matter directly from there. The same is true of communications and health services.

31. Firms whose services can be either exported or sold through foreign affiliates will generally adopt the more profitable alternative or the one which represents a more favourable way of exploiting the company's competitive advantage. For example, a service company may require close contact with its customer, or require continuous access to local market information, in order to tailor its service to the specific needs of its clientele. The establishment of a foreign subsidiary is often the best means of doing so. Similarly, the natural endowments of a foreign country may provide, or enhance, the competitive advantage for a particular service industry. The advantages of "location" in this case may therefore far outweigh the advantages gained from exporting the service.

32. The provision of other service activities may not require a constant presence in the local market. This is the case in construction and engineering services, where the service activity is required while the project is being built but not after it has been completed. In other cases, the cost of establishing several subsidiaries may be prohibitive or it may reduce the competitive advantage that a particular service company may hold. This is especially true in services which are capital-intensive or knowledge-intensive, where a company can gain significant economies of scale by operating out of its parent office.

D. Government policies bearing upon services

33. Government policies which affect the importation of services or the inflow of foreign capital are other primary determinants of how enterprises provide their services to foreign markets. In certain instances a host country's policies may require local establishment for the provision of the service or local participation in the establishment. In other cases, host Governments may try to induce direct foreign investment through various subsidization schemes. This is illustrated by the recent trend towards moving film production abroad in order to benefit from financial incentives provided by host countries hoping to develop this sector in their domestic economy. Similarly, foreign investment decisions are influenced by tax considerations, including the practice of transfer pricing for the services provided.

34. The choice between licensing and investment will often depend on the transaction costs involved in transferring the proprietary advantage, relative to the net profit which can be obtained from direct investment. It also depends on host country policies regarding foreign equity holdings. The trend in the international hotel sector towards management contracts to operate local properties is due, among other things, to the increasingly high construction and financing costs of hotel properties and to host country policies directed at a continued divestment of foreign shareholdings.

35. Government policies affecting investment and trade in services can therefore have a significant impact on the manner in which a firm markets its services abroad. To the extent that investment policies deter the establishment of a foreign subsidiary, a firm will seek to pursue its export option. Where trade policies prevent the export of a service, the firm is likely to seek sales through direct investment in a foreign subsidiary. In cases where both policies are pursued, or where the firm has only one viable alternative, such policies may prevent the service from entering into the international market altogether. While it is important to address the issue of government policies in relation to international service transactions, it is essential to separate the issue of policies concerning "investment" in services from those affecting "trade" in services.

36. Policies on foreign investment are generally part of a country's development strategy. As indicated in chapter V, such policies may concern foreign investment generally, whether in goods or in services. Consequently, while certain service activities may be affected by policies on foreign investment, this may be due to concern about the extent and consequences of foreign capital in the domestic economy, and, in particular, the use of restrictive business practices by foreign-owned or foreign-controlled enterprises.

37. In addition, certain services have important implications for national security (for example, defence), national sovereignty (for example, monetary and fiscal policy) and development (for example, balanced growth). Consequently, some government policies may be service-specific. The resultant measures are thus not due to trade or foreign investment decisions but rather reflect broader economic and social priorities or strategies.

38. The issue of investment is not unique to services; it applies equally to goods. It is therefore important to recognize that investment policies should be examined separately from the other issues related to international transactions in services.

39. Furthermore, because of the wide variety of activities included under the heading of "services", and in the light of the importance of many services to national security, sovereignty and development, these activities should be studied on a case-by-case basis rather than grouped together and considered collectively. To deal with them as a single entity would risk doing serious damage to the long-term interests of developing and developed countries alike.

DETERMINANTS OF STRUCTURAL PATTERNS OF INTERNATIONAL SERVICE TRANSACTIONS

40. Economic theory has largely ignored services and little research has been undertaken to analyse the factors which determine competitiveness in international service transactions. The heterogeneous nature of service activities and the lack of detailed statistical information about each of the activities on a world-wide basis constitute a formidable obstacle to providing a sound quantitative underpinning to an economic theory of international service operations. This preliminary examination of the determinants of structural patterns of international service transactions can only illustrate the kind of analysis that would be required to establish a comprehensive theoretical framework.

A. Country-specific and industry-specific determinants

1. Country-specific determinants

41. The neo-classical formulation of the theory of comparative advantage in international trade in goods suggests that trade patterns are determined by differences between countries in comparative costs. These costs, in turn, are derived from differences in the level and structure of resource endowments. Theories based on new technology and economies of scale offer other explanations for trade in goods and are based on differences in production functions, economies of scale and product differentiation, rather than on differences in endowment. It has been noted in economic literature that the proliferation of trade theories might well reflect the inadequacy of any single theory to provide a "complete" explanation of the composition and pattern of trade.[7] Economists increasingly favour a more eclectic approach to the subject, pulling together the various strands of economic theory to explain patterns of international trade. This pragmatic approach chooses the broadest possible range of potential determinants of international competitiveness and seeks to identify those country-specific and industry-specific determinants which appear most crucial for the competitive position of individual industries or product lines.

42. In view of the tentative nature and somewhat cursory approach of the few attempts by economists to analyse international service activities, the determinants of competitiveness in international service operations are by no means a settled issue. Besides physical and human capital, innovative capacity would seem to be important, as it is in trade in manufactured products. Innovation can take such forms as new modes of transport (including containerization in shipping), new accounting methods for measuring foreign exchange exposure, a refinement in motion picture technology, or improved satellite transmission in communications.

2. Industry-specific determinants

43. Apart from general factor endowments like physical and human capital, and from a high potential for innovation, industry-specific advantages are likely to be important determinants of competitiveness in international service operations. Prominent among these advantages is the accumulation of specific skills and knowledge in individual service sectors which have been developed in the past under particular historical circumstances related, *inter alia,* to the patterns of industrialization, trade, and government intervention. The specificity of the "learning" process involved in each service activity renders these skills non-transferable across the different categories of services and makes them imperfect substitutes for each other. Each service industry would require separate examination, and the diversity is probably greater than that found in trade in industrial products.

(a) *Specific skills and knowledge*

44. Insurance, accounting, management consulting, and architectural, engineering and computer services evidently require a highly skilled labour force with diversified industry-specific skill characteristics. Insurance and construction and engineering services need, in addition, considerable financial backing. Furthermore, well-functioning capital markets are prerequisites for both banking and insurance operations. Shipping requires not only physical capital but also established international commercial contacts. In technology-related services, international competitiveness clearly depends on highly specific skills and is, furthermore, related to the existence of a large and diverse domestic capital goods sector. As in most cases involving industrial technology transfer, there tends to be a strong association between the provision of technological services and that of capital goods. The "learning" which is required for internationally saleable technology services is heavily dependent on a sufficiently advanced capital goods industry.

(b) *Skills in developing countries*

45. As the conditions under which "learning" takes place in developing countries differ in many respects from those in developed countries, the specificity of developing country skills can become a competitive advantage in markets of other developing countries where the application of skills must take place in relatively less favourable conditions. It is for this reason that some of the developing countries, such as Brazil, India, Mexico and the Republic of Korea, have become established exporters of technological services in various forms in the markets of

[7] See, for instance, R. Banerji, *Exports of Manufactures from India: An Appraisal of the Emerging Pattern* (Tübingen, Mohr, 1975), part one, "Manufactured exports and comparative advantage considerations", pp. 31 ff.

other developing countries. They have mastered a number of high-skill, but mostly non-proprietary, technologies that are especially appropriate to developing countries on account of physical, cultural, economic and political similarities or affinities.

(c) *Labour-cost differentials*

46. Labour-cost differentials, which are an important determinant of the pattern of international trade and production in manufacturing, may also be relevant in certain service industries. Thus, in the sale of construction and engineering services, the availability of competitively priced manpower can be a main determinant. The wage bill can, for example, have a significant influence on the international competitiveness of airlines, despite the relative capital-intensity of the civil aviation sector. Thus, the wage bill of Singapore International Airlines, expressed as a percentage of operating costs, is considerably below (less than one half) the average for members of the International Air Transportation Association (IATA), and the commercial success of the airline, which operates without the support of protectionist policies, can be attributed in part to this relatively low labour cost.[8] In maritime transportation, the use of open-registry fleets (or flags of convenience) enables their beneficial owners to employ cheaper labour from the developing countries and avoid their own domestic tax and labour laws. While labour cost differentials would have contributed to a shift of some shipping activities to developing countries, the open registry operations allow owners and operators, in particular in developed countries, to dispense with the necessity of relocating part of their activities in developing economies with lower labour cost levels. As the export of labour from developing countries for flag-of-convenience operations is significant, their factor contribution enables developed country shipowners to maintain a competitive edge in international maritime transportation.

(d) *Economies of scale*

47. There is also evidence that, in certain instances, economies of scale are significant in determining international competitive strength. In the insurance sector, the volume of business evidently constitutes an important element of competitiveness, as a large volume provides a better spread of risks. Insurers in a small market yielding little premium income are hampered by the relative lack of opportunities to spread the risks and, in addition, reinsure abroad most of the business which they underwrite—a situation frequently encountered in developing economies where the volume of business is typically low. Similarly, the competitive positions of London and New York in international financial services can, to some extent, be attributed to the large volume of transactions that take place, reducing the cost of providing the services. Likewise, in operating a maritime fleet, there would seem to be a very large minimum size below which it would be uneconomical to own carriers and provide freight services.

48. In the international tour-operating sector, the competitive advantage of wholesalers in developed countries also derives, to a certain degree, from economies of scale. Large tour operators offer a package of different destinations that can be mass-marketed under the operator's brand name. In the airlines sector, co-operation agreements among airlines of developed countries in the purchase of aircraft, in operating maintenance and overhaul facilities, in marketing and in legal and financial advisory services, allow substantial savings due to the economies of scale arising from these agreements.

(e) *"Natural" advantages*

49. Country-specific "natural" advantages are evidently the main determinant of competitiveness in international tourism, and many developing countries possessing such advantages have been fairly successful in this sector. In fact, a number of these countries, such as the Bahamas, Barbados, Jamaica, Kenya, Malta and Tunisia, are dependent on the tourist trade for a substantial amount of their foreign exchange earnings, as well as their domestic employment and output.[9]

B. Firm-specific determinants and the question of oligopolistic service industries

50. As industries may be oligopolistic, with large firms possessing considerable market power, an examination of international competitiveness in the service sector has to be carried beyond the identification of country-specific and industry-specific advantages and take account of additional factors that may enable particular firms to acquire and maintain a competitive advantage in transnational service operations. Among the factors which may endow individual service firms with market power are the possession of in-house service know-how and proprietary service technology, established brand names, a work force that has acquired specific skills based on its learning within the firm, and privileged access to capital and financial markets. These represent "ownership" advantages, which have particular significance for the establishment of a dominant position in international service markets. These factors enable particular firms to grow larger than others, helping them to spread risks more widely across different geographical locations, build up better information networks, exploit economies of scale, increase further their innovative capacity and command greater bargaining power *vis-à-vis* suppliers, customers and Governments.

51. Economic analysis of oligopoly in industry has been almost exclusively concerned with the manufacturing and extractive sectors, and no broad-based examination of oligopolistic features and their underlying ownership-specific determinants has been carried out for transnational service activities. This is largely due to the lack of sufficiently disaggregated data. It has, very tentatively, been suggested that many service industries do not exhibit the same negative oligopolistic characteristics as manufacturing and mining industries.[10] Obviously, each service activity would have to be examined separately, as the heterogeneous nature of services precludes generalization. In certain service sectors, dominance of international markets by a relatively small number of firms might be a pronounced feature, and further research may find evidence of market concentration—for example, in areas such as international banking and accounting activities, motor car and truck rental services, communications, computer services, and motion pictures.[10]

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[8] *Transnational Corporations in International Tourism, ...*, pp. 67-68.

[9] *Trade and Development Report, 1982, ...*, para. 458.

[10] R. K. Shelp, *Beyond Industrialization: Ascendancy of the Global Service Economy* (New York, Praeger, 1981), pp. 95-97.

Chapter III

PRODUCTION AND EMPLOYMENT IN SERVICES

A. Statistical problems of coverage

52. A review of the trends in the production of and trade in services requires an elaborate statistical foundation. For reasons discussed below, the existing data on services are inadequate, partly because statistical systems were created when services were of less importance in domestic production and international trade. In addition, these systems were created for very specific purposes and therefore do not provide the information necessary for a comprehensive analysis of the size and nature of service transactions. Furthermore, collection and disaggregation of service data have been complicated by the intangible nature of many services. Virtually all trade in goods is recorded because of entry in and out of customs. However, since international service transactions do not involve tariffs, there is a lack of comprehensive statistical recording mechanisms. This paucity of data inhibits a thorough analysis of the trends in the production and trade of services. In this section, seven of the major limitations of the existing services statistics are examined.

1. Different national accounting systems

53. At least three different basic accounting systems are used at the national or international level. Many developed and developing countries have adopted some version of the United Nations System of National Accounts (SNA),[11] the majority of the French-speaking developing countries use the Courcier system of national accounts, and the socialist countries of Eastern Europe follow the Material Product System (MPS) of national accounting.[12] The three accounting methods differ considerably from each other in their definition and classification of service activities. This results in inconsistencies which impede a thorough analysis of international services data. The MPS also deviates from the SNA by distinguishing between productive and non-material services (for example, passenger transport, communications, the provision of housing, finance, insurance, personal services and public administration), the latter being regarded as activities which redistribute income rather than generate additional output. Moreover, individual countries usually adjust the coverage and classification of the system they have adopted to meet particular national conditions.

2. Lack of statistical disaggregation at the sectoral level

54. Neither national accounting systems nor IMF balance-of-payments statistics provide sufficiently disaggregated data on services for analytical purposes. International comparability of data for different groups of services is hindered by the fact that the composition of the services in a particular group varies from country to country. The broad framework suggested by IMF for balance-of-payments statistics includes a number of important service activities (for example, non-merchandise insurance, communications, advertising, management services, brokerage, professional and technical services) under the general item "Other goods, services and income".[13] This illustrates the relatively low degrees of detail sought in official data on international service transactions.

3. Lack of historical data

55. Any detailed examination of long-term trends in international service transactions is precluded by a lack of adequate time-series data or by the limitations of those that are available. In particular, data covering long periods exist only for a few developing countries. As a result, the analysis has to be confined in most cases to a recent period.

4. Aggregation of services into merchandise export data

56. In balance-of-payments statistics some international service transactions are included in items which are intended to record goods-producing activities. Many manufacturers increasingly provide services to their overseas clients in connection with their trade or investment activities. Data on service exports by non-service companies are, however, by and large unavailable. The exports of goods and associated services, such as engineering or training activities, are normally lumped together in their statistical presentation. The availability of such data will become more important in the future as many companies can be expected to diversify their activities by entering the market for services.

5. Lack of data on service-related foreign investment

57. Balance-of-payments data on foreign investment do not distinguish between investments in service sectors and those in other sectors. Hence, separate data on revenues flowing from these investments are not generally available. Reinvested earnings on portfolio investment are not recorded at all in balance-of-payments statistics.

[11] *A System of National Accounts* (United Nations publication, Sales No. E.69.XVII.3 and corrigendum).

[12] See *Comparisons of the System of National Accounts and the System of Balances of the National Economy,* part two (United Nations publication, Sales No. E.81.XVII.15).

[13] IMF, *Balance of Payments Manual,* 4th ed. (Washington, D.C., IMF, 1977), chap. 15.

Moreover, the concepts of direct and portfolio investment used do not fully capture all types of affiliation possible between firms located in different countries.

58. There is also a serious lack of industry-by-industry data on sales of overseas service industry affiliates. An assessment of foreign market penetration by service industries and the size of their overseas sales relative to sales in the domestic markets is therefore, difficult. As indicated above, data on income from overseas investment in services, which could provide at least a rough indication of foreign market activities, do not generally exist.

6. Lack of data on the direction of trade in services

59. IMF presently provides "direction of trade" data for all transactions involving agricultural and manufactured goods, which serve as a basis for analysing both the origin of a country's imports and the destination of its exports. This information is valuable for macro-economic and trade policy inasmuch as it provides some indication of a country's competitiveness in various goods. However, comparable data for services do not exist. Balance-of-payments data shows only the total of a country's transactions with the rest of the world. If transactions with particular countries, country groups or regions are to be analysed, it will be necessary for statistics on the direction of trade to be extended so as to cover not only agricultural and manufactured goods but services as well.

7. Inadequacy of data on specific service activities

60. In addition to the six problems of a general nature discussed above, there is enormous variation in the reliability of data on specific service activities. For example, data on maritime transportation are especially poor and may be quite misleading. The most important statistical discrepancy arises from the existence of open registries.[14] Receipts and expenditures of open registry fleets (which currently account for 29 per cent of the total world fleet in deadweight tons) are not recorded in the balance of payments since the fleets are not claimed by any country. No satisfactory way of closing this statistical gap, which has been widening over the years, has been found. In addition, the reporting of freight transactions varies considerably from country to country, thus impeding international comparability. Also, many countries do not distinguish between "freight" and "other transportation" and only a few countries distinguish between air and sea freight transactions or between air and sea passenger fares.

B. The definition of the service sector in the domestic context

61. Under the SNA, gross domestic product is divided into nine sectors.[15] In allocating these productive activities into service and non-service categories, two contrasting approaches are possible. One focuses upon the nature of the activity to be included in the service sector; it emphasizes the intangible nature of the output. This approach is limited, however, by the exclusion of a number of economic activities involving tangible outputs commonly regarded as being service-related (for example, construction, publishing). The second approach focuses not upon the special characteristics of the service sector but rather on those of its complement—the non-service sector. Services would therefore consist of all economic activities other than agriculture, forestry, hunting, fishing, mining, quarrying and manufacturing. Based on the second approach, service activities have been classified in the following six categories, against which are indicated the corresponding divisions or major groups of the International Standard Industrial Classification of All Economic Activities (ISIC), Revision 1 (this classification has been adopted rather than that of Revision 2 in order to facilitate concordance with World Bank statistics used in the present report):

Construction (ISIC division 4). Excludes construction, repair and demolition work undertaken as ancillary activity by the staff and for the use of an enterprise classified in any other division of ISIC.

Utilities (ISIC division 5). Includes electricity, gas and steam; gas manufacture and distribution; steam heat and power; water supply and sanitary services.

Trade and commerce (ISIC division 6). Includes wholesale and retail trade, banks and other financial institutions, insurance, and real estate.

Transport and communication (ISIC division 7). Includes railway transport, tramway and omnibus operators, road passenger transport, other road transport, ocean transport, other water transport, air transport, services incidental to transport, other transport, storage and warehousing, and communication.

Public administration and defence (ISIC major group 81). Excludes governmental activities other than administration, in such fields as transport, communication, education, health, production, marketing, and the operation of financial institutions, each of which is classified in the appropriate ISIC industry group.

Other services (ISIC major groups 82, 83 and 84 and division 9). Includes educational services; medical and other health services; religious organizations; welfare institutions; legal services; business services; trade associations and labour organizations; other community services; motion picture production, distribution and projection; theatres and related services; other recreation services; domestic services; restaurants; hotels, camps and other lodging places; laundries and laundry services; barber and beauty shops; portrait and commercial photographic studios; and personal services not elsewhere classified.

62. Opinions differ as to whether utilities, construction, and public administration and defence should be considered as components of the service sector. Government services and utilities are frequently excluded from service discussions since most studies focus on the "private" service sector. Moreover, the inclusion of government services adds an element of distortion in international comparisons since the same services may be provided by the private sector in some countries and by the Government in others.

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[14] Table 14 shows the balance on world shipping services in 1980 to be —$29.6 billion instead of the expected 0. This figure accounts for almost 50 per cent of the entire discrepancy in the services account. The proliferation of open registry fleets, which leads to the understatement of the true value of the shipping transactions of developed market-economy countries, accounts for a large portion of this discrepancy.

[15] Agriculture, forestry, hunting and fishing; mining and quarrying; manufacturing; construction; electricity, gas, water and sanitary services; commerce; transport, storage and communication; services; and activities not adequately described. These sectors correspond to divisions of the *International Standard Industrial Classification of All Economic Activities* (Revision 1), Statistical Papers, Series M, No. 4, Rev.1 (United Nations publication, Sales No. 58.XVII.7).

While construction and utilities both provide a "service" to the community, their output is undoubtedly a tangible, consumable good. The following discussion reveals how the "value" of services varies, depending on which economic activities are included. The share of GDP represented by the domestic service sector in 1980, under alternative definitions, is shown in table 1.

1. Narrow definition

63. In its narrowest sense, the domestic service sector consists of all private economic activities with intangible outputs. Hence, the narrow definition excludes construction, utilities, and public administration and defence, in addition to agriculture, mining and manufacturing. This definition makes international comparisons difficult since in some cases the private sector provides services that in most countries are provided by the Government. Under this definition, 46.5 per cent of world GDP is provided by the service sector. In developed market-economy countries the service sector comprises 48.6 per cent of GDP, whereas in the developing countries it comprises 37.4 per cent of GDP.

2. Definition extended to include utilities

64. Utilities in most countries are operated by State enterprises or publicly controlled monopolies. Most studies, however, include utilities within the service sector because they are essential to production of most goods and services. If the industrial use of utilities were separated from the consumer use, the "service" component could be more accurately separated from the "goods" component. Utilities comprise only 1.34 per cent of the GDP of developing countries and 2.54 per cent of the GDP of the developed market-economy countries. The inclusion of utilities increases the magnitude of the service sector to 48.8 per cent for the world, 51.1 per cent for developed market-economy countries and 38.7 per cent for developing countries—a 3 to 4 per cent increase in the absolute size of the service sector.

3. Definition further extended to include public administration and defence

65. This definition improves the comparability of the data by "netting out" instances where the private sector provides services normally provided by the Government. This broader definition of services represents an increase of 19 per cent and 24 per cent over the narrow definition for developing countries and developed market-economy countries, respectively. For the world as a whole, the service sector rises to 57.6 per cent of GDP; for the developing countries and the developed market-economy countries, the service sector increases to 44.8 per cent and 60.6 per cent, respectively.

4. Definition further extended to include construction

66. Several studies exclude construction from services and treat it as part of industrial output (manufacturing, mining and construction) on the grounds that while construction provides a "service" by putting up a building, its final outcome is a tangible product. Ideally, construction should be disaggregated into a service component (for example, the designing) and a goods component (for example, bricks and cement), since these are two distinct types of output. It is likely, however, that the service component of this activity is small relative to the goods component. In total, construction adds between 6.1 per cent (for developing countries) and 6.4 per cent (for developed market-economy countries) to their respective service sectors. This results in the following breakdown of the service sector: 64 per cent of the world GDP, 67 per cent of the GDP of the developed market-economy countries, and 51 per cent of the GDP of the developing countries.

TABLE 1

Domestic service sector as a share of GDP under alternative definitions, 1980

(*Percentage*)

Definition of "services"	*World*	*Developed market-economy countries*	*Developing countries*
I. Narrow definition (excluding agriculture, mining, manufacturing, construction, utilities and public administration)	46.5	48.6	37.4
II. Extended to include utilities	48.8	51.1	38.7
III. Extended to include utilities and public administration and defence	57.6	60.6	44.8
IV. Extended to include utilities, public administration and defence, and construction	64.0	67.0	51.0

Source: UNCTAD secretariat calculations, based on information contained in *World Tables: The Second Edition (1980), from the Data Files of the World Bank* (Baltimore and London, Johns Hopkins University Press for the World Bank, 1980).

C. Conceptual problems involved in the national income accounts classification of services

67. There are two conceptual problems involved in using the national accounts classification of services. First, the incorporation of service activities within manufacturing operations results in a significant underreporting of the size of the domestic service sector. The increase in the size of enterprises has led to the integration of service activities traditionally supplied by independent agencies. For example, many large corporations choose to have an in-house legal department rather than rely on outside legal services. The same is true in areas such as research and development, marketing and advertising. Under the present system of national accounting, however, these in-house activities are included in the output (value added) of the firm and the industrial sector in which it is classified. Thus the legal and marketing operations of a car manufacturer would be reported under "manufactures" although these operations are really services. This results in overstating the resources actually involved in the production of cars and understating the resources actually employed in service activities connected with their manufacture and sale.

68. A second conceptual problem involves the impact of the increased entry of housewives into the labour

TABLE 2

Sectoral shifts in primary economic activities

(Percentage of GDP)

Sector	World		Developed market-economy countries		Developing countries		Oil-exporting developing countries		Non-oil-exporting developing countries		Least developed countries	
	1970	1979	1970	1979	1970	1979	1970	1979	1970	1979	1970	1979
Agriculture	7.2	6.5	4.3	4.0	25.0	17.3	21.2	10.2	25.8	20.7	55.5	49.0
Industry	29.3	29.6	30.0	29.0	24.8	32.0	34.7	45.7	22.6	25.5	8.7	9.3
Services	63.6	64.0	63.6	67.0	50.2	51.0	44.1	44.8	51.6	53.9	35.8	41.7

Source: UNCTAD secretariat calculations, based on information contained in *World Tables: The Second Edition (1980), from the Data Files of the World Bank* (Baltimore and London, Johns Hopkins University Press for the World Bank, 1980).

force. Many services previously performed in the household (and not recorded in national accounts) are now provided professionally and enter the statistics on national income (for example, household services, day-care centres, and laundry services). This has led to an increase in the size of the domestic service sector even though there has been no real change in the total output of these activities. Consequently, "real" growth in the service sector has been overstated. In addition, international comparisons of service data are difficult due to the discrepancy in reporting that results from differing degrees of female participation in national labour forces.

D. Analysis of trends in production in the service sector

69. This section reviews the relative size of the service sector and of certain service industries in different country groups to the extent that the limitations of data, discussed above, permit. Because of these limitations, it does not go beyond reviewing the relative importance of the service sector in the domestic economy.

1. PRODUCTION IN THE SERVICE SECTOR

70. In terms of its contribution to gross domestic product, the service sector is the largest in the world economy. As shown in table 2, services comprised 64 per cent of world GDP, 67 per cent of the GDP of developed market-economies and 51 per cent of the GDP of developing countries in 1979. However, contrary to what is often supposed, the share of services remained relatively constant throughout the decade of the 1970s. Thus services continue to account for roughly one half of world output and for an even greater share in developed market-economy countries. Though services also contribute over half of GDP in developing countries, the share varies significantly from country to country; it is approximately 54 per cent for non-oil-exporting developing countries and 45 per cent for oil-exporting developing countries, or roughly equal to the share of the industrial sector in these countries.[16] The service sector in least developed countries was approximately 42 per cent of GDP in 1979, though it appears to have been rising somewhat over time.

[16] A detailed analysis of the data on oil-exporting developing countries reveals that the rise in the price of oil (and, in turn, oil revenues) is likely to have led to a major expansion in these countries' industrial sector. This would account for the rapid growth in the share of industry *vis-a-vis* that of services and agriculture.

2. PRODUCTION OF INDIVIDUAL SERVICE INDUSTRIES IN DEVELOPED-MARKET ECONOMY COUNTRIES AND DEVELOPING COUNTRIES

71. Two activities, "trade and finance" and "other services", comprise approximately 60 per cent of world production of services (59 per cent of all service activities in developing countries and 63 per cent in developed market-economy countries). "Public administration" has consistently been the third largest service activity, with a share of roughly 14 per cent of the total for developed market-economy and developing countries alike. While "construction" appears recently to have surpassed "transport and communication" in size, both activities represent approximately the same share within these two groups. "Utilities" is by far the smallest service activity, with a share of 3.8 per cent in developed market-economy countries and 2.7 per cent in developing countries (see tables 3-5).

72. Although there has been some change in the share of certain service activities in developed market-economy countries, their relative importance has remained the same. Service activities in developing countries, however, have undergone three noteworthy changes over the past decade. First, "trade and finance" has increased its share (from 38.8 per cent of total services in 1970 to 42.5 per cent in 1979). This growth was largely due to the 6.9 percentage point increase in non-oil-exporting developing countries, which was only partially offset by a decline for oil-exporting developing countries (−2.9 percentage points). Second, "other services" declined in share from 22.9 per cent in 1970 to 16.1 per cent in 1979, though they remained the second most important category. This decrease was the result of declining shares in both oil exporting (−2.9 percentage points) and non-oil-exporting developing countries (−7.4 percentage points). Third, "construction" in developing countries increased its share, rising from 10.3 per cent in 1970 to 13.4 per cent in 1979. This aggregate growth in the share was largely due to the increase in oil-exporting developing countries from 11.0 per cent to 20.1 per cent (which itself is most probably due to the diversion of oil revenue to the expansion of the industrial base of these countries). Non-oil-exporting developing countries (including the least developed countries) recorded only a small increase in the share of "other services" during this period. The share of the other five service industries in developing countries remained relatively constant throughout the decade (see tables 5-8).

TABLE 3

World production of services: 1970, 1975 and 1979

(Millions of dollars and percentage of all domestic service activities)

	1970		1975		1979	
	Value	Percentage	Value	Percentage	Value	Percentage
Total	1 530 556.7	100.0	3 095 876.0	100.0	5 239 603.5	100.0
Trade and finance	593 207.3	38.8	1 016 104.2	37.8	2 046 343.8	39.1
Construction	146 806.5	9.6	303 368.6	9.8	530 260.5	10.1
Transport and communication	156 255.1	10.2	297 242.1	9.6	524 847.2	10.0
Other services	350 901.9	22.9	733 942.8	23.7	1 208 909.1	23.1
Public administration	227 474.2	14.9	480 157.3	15.5	738 865.2	14.1
Utilities	55 911.7	3.7	110 809.8	3.6	190 377.7	3.6

Source: UNCTAD secretariat calculations, based on information contained in *World Tables: The Second Edition (1980), from the Data Files of the World Bank* (Baltimore and London, Johns Hopkins University Press for the World Bank, 1980).

TABLE 4

Production of services in developed market-economy countries: 1970, 1975 and 1979

(Millions of dollars and percentage of all domestic service activities)

	1970		1975		1979	
	Value	Percentage	Value	Percentage	Value	Percentage
Total	1 364 750.6	100.0	2 705 517.4	100.0	4 476 360.7	100.0
Trade and finance	528 935.6	38.8	1 016 104.2	37.6	1 722 286.0	38.5
Construction	129 768.7	9.6	257 552.8	9.5	427 665.6	9.6
Transport and communication	136 058.5	10.0	254 128.4	9.4	437 364.7	9.8
Other services	312 886.9	22.9	651 401.2	24.1	1 085 958.5	24.3
Public administration	205 969.9	15.1	425 096.5	15.7	633 553.8	14.2
Utilities	51 131.0	3.7	101 234.3	3.7	169 532.1	3.8

Source: UNCTAD secretariat calculations, based on information contained in *World Tables: The Second Edition (1980), from the Data Files of the World Bank* (Baltimore and London, Johns Hopkins University Press for the World Bank, 1980).

TABLE 5

Production of services in developing countries: 1970, 1975 and 1979

(Millions of dollars and percentage of all domestic service activities)

	1970		1975		1979	
	Value	Percentage	Value	Percentage	Value	Percentage
Total	165 806.1	100.0	390 358.6	100.0	763 242.8	100.0
Trade and finance	64 271.7	38.8	154 251.2	39.5	324 057.8	42.5
Construction	17 037.8	10.3	45 815.8	11.7	102 594.9	13.4
Transport and communication	20 196.6	12.2	43 113.7	11.0	87 482.5	11.5
Other services	38 015.0	22.9	82 541.6	21.1	122 950.6	16.1
Public administration	21 504.3	13.0	55 060.8	14.1	105 311.4	13.8
Utilities	4 780.7	2.9	9 575.5	2.5	20 845.6	2.7

Source: UNCTAD secretariat calculations, based on information contained in *World Tables: The Second Edition (1980), from the Data Files of the World Bank* (Baltimore and London, Johns Hopkins University Press for the World Bank, 1980).

TABLE 6

Production of services in oil-exporting developing countries: 1970, 1975 and 1979

(Millions of dollars and percentage of all domestic service activities)

	1970		1975		1979	
	Value	*Per-centage*	*Value*	*Per-centage*	*Value*	*Per-centage*
Total	26 831.6	100.0	92 527.2	100.0	213 933.2	100.0
Trade and finance	9 535.6	35.5	32 110.9	34.7	69 728.0	32.6
Construction	2 960.3	11.0	15 505.7	16.8	43 072.2	20.1
Transport and communication	3 410.3	12.7	9 978.7	10.8	23 970.7	11.2
Other services	4 935.8	18.4	15 232.5	16.6	33 121.8	15.5
Public administration	5 301.1	19.8	18 237.6	19.7	41 044.0	19.2
Utilities	688.5	2.6	1 461.8	1.6	2 996.6	1.4

Source: UNCTAD secretariat calculations, based on information contained in *World Tables: The Second Edition (1980), from the Data Files of the World Bank* (Baltimore and London, Johns Hopkins University Press for the World Bank, 1980).

TABLE 7

Production of services in non-oil-exporting developing countries: 1970, 1975 and 1979

(Millions of dollars and percentage of all domestic service activities)

	1970		1975		1979	
	Value	*Per-centage*	*Value*	*Per-centage*	*Value*	*Per-centage*
Total	138 974.5	100.0	297 831.4	100.0	549 309.5	100.0
Trade and finance	54 736.1	39.4	122 140.3	41.0	254 329.8	46.3
Construction	14 077.5	10.1	30 310.1	10.2	59 522.7	10.8
Transport and communication	16 786.3	12.1	33 135.0	11.1	63 511.8	11.6
Other services	33 079.2	23.8	67 309.1	22.6	89 828.8	16.4
Public administration	16 203.2	11.7	36 823.2	12.4	64 267.4	11.7
Utilities	4 092.2	2.9	8 113.7	2.7	17 849.0	3.2

Source: UNCTAD secretariat calculations, based on information contained in *World Tables: The Second Edition (1980), from the Data Files of the World Bank* (Baltimore and London, Johns Hopkins University Press for the World Bank, 1980).

TABLE 8

Production of services in least developed countries: 1970, 1975 and 1979

(Millions of dollars and percentage of all domestic service activities)

	1970		1975		1979	
	Value	*Per-centage*	*Value*	*Per-centage*	*Value*	*Per-centage*
Total	4 695.4	100.0	10 652.0	100.0	18 544.1	100.0
Trade and finance	1 778.7	37.9	4 007.6	37.6	6 674.9	36.0
Construction	404.3	8.6	1 173.5	11.0	1 666.2	9.0
Transport and communication	794.5	16.9	1 422.1	13.4	2 638.7	14.2
Other services	676.3	14.2	2 044.1	19.2	3 562.7	19.2
Public administration	916.5	19.5	1 826.4	17.1	3 712.8	20.0
Utilities	125.1	2.7	178.3	1.7	288.8	1.6

Source: UNCTAD secretariat calculations, based on information contained in *World Tables: The Second Edition (1980), from the Data Files of the World Bank* (Baltimore and London, Johns Hopkins University press for the World Bank, 1980).

TABLE 9

Agriculture, industry and material services as a share of global product in the socialist countries of Eastern Europe: 1970 and 1979

(*Percentage*)

Country	Agriculture		Industry		Services	
	1970	1979	1970	1979	1970	1979
Bulgaria	22.6	19.4	49.1	55.0	28.3	25.6
Czechoslovakia	11.3	7.4	61.3	64.0	27.4	28.6
German Democratic Republic	13.2	9.7	59.0	62.1	30.3	29.8
Hungary	17.8	13.2	43.8	47.9	38.4	38.9
Poland	17.3	15.7	54.6	52.9	28.2	31.4
Romania	18.5	14.8	58.0	58.5	23.5	26.7
USSR	21.8	16.2	51.2	51.6	27.0	32.2

Source: UNCTAD secretariat calculations, based on information contained in *Yearbook of National Accounts Statistics, 1980* (United Nations publication, Sales No. E.82.XVII.6).

TABLE 10

Changing composition of the material service sector in the socialist countries of Eastern Europe: 1970 and 1979

(*Percentage of net material product*)

Country	Construction		Wholesale and retail trade		Transport and communication		Other material services		Statistical discrepancy	
	1970	1979	1970	1979	1970	1979	1970	1979	1970	1979
Bulgaria	8.7	8.3	9.9	5.7	6.9	9.0	2.8	2.6	0.0	0.0
Czechoslovakia	11.3	11.0	11.3	13.3	3.9	3.8	1.0	0.5	0.0	0.0
German Democratic Republic	7.8	7.2	14.6	14.6	5.1	4.9	2.8	3.1	−2.5	−1.6
Hungary	11.2	12.2	19.9	19.9	6.2	5.7	1.2	1.1	0.0	0.0
Poland	9.8	11.1	9.9	10.5	6.7	7.0	1.7	2.8	0.0	0.0
Romania	10.4	9.6	—	—	6.0	5.8	7.1	11.3	0.0	0.0
USSR	10.3	10.9	11.1	15.6	5.6	5.8	—	—	0.0	0.0

Source: UNCTAD secretariat calculations, based on information contained in *Yearbook of National Accounts Statistics, 1980* (United Nations publication, Sales No. E.82.XVII.6).

3. PRODUCTION IN THE SERVICE SECTOR OF THE SOCIALIST COUNTRIES OF EASTERN EUROPE

73. Data on production of services in the socialist countries of Eastern Europe are recorded not under the SNA but under the MPS. Unlike SNA, MPS makes a distinction between "material" services and "non-material" services. Material services are considered to be those that are directly linked to the production of goods and cover activities related to repair, transportation and distribution of goods. All other services are treated as non-material services. Only "material" services, along with agricultural and industrial output, are included in gross output (global product). Thus the production of "non-material" services is totally excluded from the accounts.

74. There are clear differences, therefore, between the MPS and SNA accounting systems.[17] Therefore, SNA data used above in the discussion on developed market-economy and developing countries cannot be compared with the data based on MPS (since the latter excludes "non-material" services), either in aggregate or with respect to particular sectors. The MPS data, on the other hand, can be used both to show structural changes in production within a particular socialist country of Eastern Europe and to compare them with changes in other countries using the same system.

(a) *Trends in primary economic activities*

75. Industry is the largest primary economic activity in the socialist countries of Eastern Europe. As a share of global product, it ranged in 1979 from 47.9 per cent in Hungary to 64 per cent in Czechoslovakia. Material services make up the second largest primary economic activity, and their share ranged from 25.6 per cent in Bulgaria to 38.9 per cent in both Hungary and Poland. Agriculture, the smallest economic sector, ranged from 7.4 per cent of global product in Czechoslovakia to 19.4 per cent in Bulgaria (see table 9).

(b) *Trends in material services*

76. "Wholesale and retail trade" is the single largest service activity in the socialist countries of Eastern Europe, with the exception of Poland (where it is the second largest) and Bulgaria (where it is the third largest). In general its share of global product remained constant or increased slightly during the 1970s, ranging from 5.7 per cent in Bulgaria to 19.9 per cent in Hungary.

[17] For a detailed account of how these differences affect specific components in the national income accounts, see *Yarbook of National Accounts Statistics, 1980,* vol. I (United Nations publication, Sales No. E.82.XVII.6. Vol. I), *Individual country data.*

TABLE 11

Employment in primary economic activities in selected countries in 1979

Country	Total: Number (thousands)	Agriculture: Number (thousands)	Agriculture: Percentage of total	Industry: Number (thousands)	Industry: Percentage of total	Services: Number (thousands)	Services: Percentage of total
Developed market-economy countries							
Australia	6 041.5	399.0	6.6	1 421.2	23.5	4 221.0	69.9
Canada	10 369.0	589.0	5.7	2 237.0	21.6	7 543.0	72.7
France	21 118.0	1 887.0	8.9	5 665.0	26.8	13 566.0	64.2
Germany, Federal Republic of	25 041.0	1 558.0	6.2	9 122.0	36.4	14 361.0	57.3
Italy	20 287.0	3 012.0	14.8	5 625.0	27.7	11 650.0	57.4
Japan	54 790.0	6 130.0	11.2	13 450.0	24.5	35 210.0	64.3
Spain	11 837.0	2 314.3	19.6	3 141.7	26.5	6 381.3	53.9
Sweden	4 180.0	242.0	5.8	1 041.0	24.9	2 897.0	69.3
United Kingdom[a]	24 776.0	654.0	2.6	7 644.0	30.9	16 478.0	66.5
United States	98 824.0	3 509.0	3.6	23 358.0	23.6	71 957.0	72.8
Developing countries							
Bolivia	1 565.7	687.6	43.9	233.2	14.9	644.9	41.2
Chile	3 003.2	504.1	16.8	572.0	19.0	1 927.1	64.2
Colombia[b]	2 996.6	41.0	1.4	782.3	26.1	2 173.3	72.5
Egypt	9 565.3	4 002.0	41.8	1 554.7	16.3	4 008.6	41.9
Hong Kong	1 851.8	..	..	871.7	47.1	980.1	52.9
India	21 884.0	1 249.0	5.7	6 744.0	30.8	13 891.0	63.5
Pakistan	22 596.0	12 383.0	54.8	3 114.0	13.8	7 099.0	31.4
Peru	5 054.3	2 035.9	40.3	907.8	18.0	2 110.6	41.8
Republic of Korea	13 664.0	4 887.0	35.8	3 237.0	23.7	5 540.0	40.5
Syrian Arab Republic	2 092.1	686.8	32.8	334.1	16.0	1 071.3	51.2
Singapore	1 021.0	15.2	1.5	296.2	29.0	709.6	69.5
Thailand	21 230.0	15 019.0	70.7	1 763.6	8.3	4 447.1	20.9
Tunisia	1 567.9	534.2	34.1	344.8	22.0	688.9	43.9
Venezuela	4 106.2	632.6	15.4	728.3	17.7	2 745.4	66.9
Socialist countries of Eastern Europe							
Bulgaria	3 946.9	934.0	23.7	1 354.2	34.3	1 658.7	42.0
Czechoslovakia	7 284.0	1 050.0	14.4	2 703.0	37.1	3 531.0	48.5
German Democratic Republic	7 719.0	334.1	4.3	3 489.5	45.2	3 895.4	50.5
Hungary	5 077.3	1 110.2	21.9	1 715.6	33.8	2 251.5	44.3
Poland	17 875.0	5 375.0	30.1	5 233.0	29.3	7 267.0	40.7
Romania	10 320.0	3 208.0	31.1	3 582.0	34.7	3 530.0	34.2
USSR	124 150.0	25 397.0	20.5	36 496.0	29.4	62 257.0	50.1

Source: International Labour Office, *Year Book of Labour Statistics, 1981*.

[a] Preliminary.
[b] Data are for seven main cities.

77. "Construction" consistently ranks as the second largest service activity, except in Poland, where it comprises the primary service industry. Its share of global product ranged from 7.2 per cent in the German Democratic Republic to 12.1 per cent in Hungary. During the 1970s, the share of construction remained relatively constant, although it increased slightly in Hungary and Poland and decreased slightly in Romania.

78. "Transport and communication" is the third largest material service activity in the socialist countries of Eastern Europe, with the exception of Bulgaria, where it is the leading one. Its share ranged from 3.8 per cent in Czechoslovakia to 9 per cent in Bulgaria. This component also displayed the greatest constancy in the period 1970-1979. Its share of global product of the socialist countries of Eastern Europe remained relatively constant, except in Bulgaria, where it increased, and Hungary, where it decreased slightly (see table 10).

79. "Other material services" is the smallest service component in the socialist countries of Eastern Europe, with the exception of Romania, where it was the largest. The relative size of this sector varied from 0.5 per cent in Czechoslovakia to 11.3 per cent in Romania. The share in most countries remained constant or declined slightly during the 1970s, although Romania saw its share increase by four to five percentage points.

E. Employment in services

1. EMPLOYMENT IN PRIMARY ECONOMIC ACTIVITIES

(a) *Developed market-economy countries*

80. The service sector is by far the largest employer in developed market-economy countries. In 1979, employment in services ranged from 53.9 per cent of total employment in Spain to 72.8 per cent in the United States of America, with most countries in the 57 per cent to 64 per cent range. Industry constituted the second largest employer, ranging from 21.6 per cent of total employment in Canada to 36.4 per cent in the Federal Republic of Germany. Most developed market-economy countries, however, were in the 24 per cent to 28 per cent range. Agriculture, the smallest sector as a percentage of GDP, was also the smallest employer. While in most countries the agricultural sector employed roughly 6 to 8 per cent of the entire work-force, the proportion ranged from a low of 2.6 per cent in the United Kingdom to a high of 19.6 per cent in Spain (see table 11).

TABLE 12

Employment in service activities in selected countries in 1979

Country	Construction		Utilities		Trade and finance		Transport and communication		Other	
	Number (thousands)	Percentage of total	Number (thousands)	Percentage of total	Number (thousands)	Percentage of total	Number (thousands)	Percentage of total	Number (thousands)	Percentage of total
Developed market-economy countries										
Australia	465.9	11.0	a	a	1 707.3	40.4	470.7	11.2	1 577.1	37.4
Canada	640.0	8.5	118.0	1.6	2 359.0	31.3	782.0	10.4	3 644.0	48.3
France	1 823.0	13.4	182.0	1.3	4 851.0	35.8	1 329.0	9.8	5 381.0	39.7
Germany, Federal Republic of	1 891.0	13.2	220.0	1.5	4 986.0	34.7	1 493.0	10.4	5 771.0	40.2
Italy	2 021.0	17.3	a	a	4 260.0	36.6	1 128.0	9.7	4 241.0	36.4
Japan	5 360.0	15.2	330.0	0.9	15 380.0	43.7	3 490.0	9.9	10 650.0	30.2
Spain	1 087.2	17.0	74.2	1.2	2 722.1	42.7	680.5	10.7	1 817.3	28.5
Sweden	284.0	9.8	34.0	1.2	843.0	29.1	290.0	10.0	1 446.0	49.9
United-Kingdom[b]	1 699.0	10.3	346.0	2.1	5 773.0	35.0	1 577.0	9.6	7 083.0	43.0
United States	6 437.0	8.9	1 354.0	1.9	28 250.0	39.3	5 174.0	7.2	30 742.0	42.7
Developing countries										
Bolivia	93.7	14.5	7.6	1.2	127.6	19.8	111.5	17.3	304.4	47.2
Chile	126.0	6.5	26.0	1.3	615.0	31.9	201.5	10.5	958.6	49.7
Colombia	182.3	8.4	21.0	1.0	884.7	40.7	197.5	9.1	887.7	40.8
Egypt	448.5	11.2	65.7	1.6	1 035.2	25.8	488.4	12.2	1 970.8	49.2
Hong Kong	86.0	8.8	7.9	0.8	532.0	54.3	68.0	6.9	286.2	29.2
India	1 115.0	8.0	668.0	4.8	1 227.0	8.8	2 668.0	19.2	8 213.0	59.1
Pakistan	946.0	13.3	111.0	1.6	2 657.0	37.4	1 100.0	15.5	2 285.0	32.2
Peru	161.6	7.7	a	a	660.5	31.3	0.0	0.0	1 288.5	61.0
Republic of Korea	836.0	15.1	46.0	0.8	2 563.0	46.3	610.0	11.0	1 485.0	26.8
Syrian Arab Republic	287.4	26.8	31.9	3.0	238.0	22.2	95.4	8.9	418.5	39.1
Singapore	54.3	7.7	9.8	1.4	309.3	43.6	118.9	16.8	217.3	30.6
Thailand	410.0	9.2	53.9	1.2	1 741.8	39.2	425.3	9.6	1 816.1	40.8
Tunisia	162.0	23.5	8.7	1.3	145.6	21.1	58.8	8.5	313.8	45.6
Venezuela	366.0	13.3	49.6	1.8	917.6	33.4	285.9	10.4	1 126.4	41.0
Socialist countries of Eastern Europe										
Bulgaria	342.3	20.6	a	a	330.1	19.9	297.3	17.9	689.0	41.5
Czechoslovakia	641.0	18.2	64.0	1.8	1 029.0	29.1	491.0	13.9	1 306.0	37.0
German Democratic Republic	576.9	14.8	a	a	848.7	21.8	633.5	16.3	1 836.3	47.1
Hungary	408.4	18.1	a	a	486.6	21.6	408.0	18.1	948.5	42.1
Poland	1 479.0	20.3	163.0	2.2	1 529.0	21.0	1 245.0	17.1	2 851.0	39.2
Romania	936.0	26.5	a	a	624.0	17.7	564.0	16.0	1 406.0	39.8
USSR	11 156.0	17.9	a	a	..	..	11 723.0	18.8	39 378.0	63.3

Source: International Labour Office, *Year Book of Labour Statistics, 1981.*

a Included in "Other".
b Preliminary.

(b) *Developing countries*

81. The service sector was also the largest employer in developing countries as a whole, but the sector's share of total employment was less than its share of GDP. While services comprised 51 per cent of GDP in 1979, the proportion in terms of employment ranged from 20.9 per cent in Thailand to 69.5 per cent in Singapore, with most countries in the 40 to 53 per cent range. Though agriculture was the smallest sector, as a percentage of GDP, it represented the second largest sector in terms of total employment. The majority of developing countries were in the 32 to 44 per cent range, with Singapore (1.5 per cent) at one extreme, and Thailand (70.7 per cent) at the other. The smallest employer was industry, with a share ranging from 8.3 per cent in Thailand to 47.1 per cent in Hong Kong, and most countries in the range of 14 to 30 per cent.

(c) *Socialist countries of Eastern Europe*

82. Similarly, the service sector in the socialist countries of Eastern Europe was the single largest employer, comprising between 26 and 39 per cent of the entire labour force and ranging from 34.2 per cent in Romania to 50.5 per cent in the German Democratic Republic. It should be noted, however, that the service sector was the second largest contributor to net material product in 1979, with a share of 47.1 per cent compared to industry's 64 per cent. Industry was the second largest employer, ranging from 29.3 per cent of the total work force in Poland to 45.2 per cent in the German Democratic Republic. This probably reflects the capital intensity of these countries' industrial sector relative to that of the service sector. Agriculture was the smallest employer, though it employed between 4.3 per cent of the labour force in the German Democratic Republic and as much as 31.1 per cent in Romania. In most of these countries the agricultural sector was in the range of 20 to 31 per cent of the total labour force.

2. EMPLOYMENT IN SERVICE INDUSTRIES

(a) *Developed market-economy countries*

83. "Other" services (consisting of both "public administration" and "other services" under SNA) are the single largest employer in the developed market-economy countries service sector, ranging from 30.2 per cent of total

employment in services in Japan to 49.9 per cent in Sweden. The next largest is "trade and finance", ranging from 29.1 per cent in Sweden to 43.7 per cent in Japan. In contrast to the ranking of service industries as a share of GDP, employment in "construction" comes ahead of employment in "transport and communication". The construction industry employed between 8.5 per cent and 17.3 per cent of individual developed market-economy countries' total employment in services, while "transport and communication" employed between 7.2 per cent and 11.2 per cent. Utilities represented the smallest employer, less than 2 per cent of the total service labour force being devoted to this sector (see table 12).

(b) *Developing countries*

84. The ranking of service industries in developing countries on the basis of employment was the same as in the developed market-economy countries. "Other" services were the single largest employer, though their share varied widely, from 29.2 per cent in Hong Kong to 61 per cent in Peru. "Trade and finance" followed as the second largest service employer, with a share as low as 8.8 per cent in India to as high as 54.3 per cent in Hong Kong. "Construction" surpassed "transport and communication" in terms of total service employment, with a range of 6.5 per cent to 44.2 per cent (the share of most countries being under 15 per cent) as compared with 6.4 per cent to 17.3 per cent. "Utilities" was the smallest employer, with less than 2 per cent of total service employment in most cases, though it ranged as high as 4.8 per cent for India.

(c) *Socialist countries of Eastern Europe*

85. By far the largest service employer in the socialist countries of Eastern Europe was "other" services, ranging from 37 per cent in Czechoslovakia to 63.3 per cent in the USSR. "Construction" and "trade and finance" comprised roughly equal shares. Employment in "construction" was as low as 14.8 per cent in the German Democratic Republic and as high as 26.5 per cent in Romania, with most countries in the 18 to 21 per cent range. Similarly, employment in "trade and finance" for most of these countries was in the range of 17 to 22 per cent, varying from a low of 17.7 per cent in Romania to a high of 29.1 per cent in Czechoslovakia. "Utilities" was the smallest employer, comprising less than 3.3 per cent of the total service labour force.

INTERNATIONAL TRADE IN SERVICES

A. Definition

86. Data on international transactions in services are compiled on a national basis as part of balance-of-payments statistics.[18] The balance of payments has traditionally been divided into a current account, composed of merchandise trade on the one hand and "invisibles" on the other hand, and a capital account. The merchandise account covers exports and imports of goods, where "goods" in principle corresponds to the output of the non-service sector (agriculture, mining and manufactures) as defined for national accounts purposes in its broadest form. The capital account contains all transactions of a purely financial nature. The invisibles account covers transactions which relate neither to goods nor to capital movements (for example, shipping, insurance, investment income and unrequited transfers).[19] In principle, recording of transactions in the service account of the balance of payments can be done in two different ways: (*a*) according to the type of transaction (for example, income from investment, royalty payments) or (*b*) according to the nature of the service industry involved (for example, banking, insurance, accounting).[20] The IMF balance-of-payments reporting system has elements of both of these reporting schemes. It provides the following breakdown of transactions in the services account for each of the 125 countries which report such data (data on the socialist countries of Eastern Europe are not presented because few of these countries provide such information to IMF):[21]

Shipping. Consists largely of receipts from (and payments to) foreigners for air freight and ocean freight, as well as associated insurance receipts (and payments).

Passenger services. Consists of earnings of vessel and airline operators for the transportation of persons between the country in question and foreign countries.[22]

Other transportation. Consists largely of receipts and payments for port services.

Travel. Consists of receipts from visiting foreigners as well as payments by domestic residents visiting abroad. (In addition to tourists, includes business travellers, students and trainees, and "other" travellers.)

Direct investment income. Consists of receipts derived from domestic ownership of foreign affiliates and payments arising from foreign ownership of domestic affiliates (dividends, interest, earnings of unincorporated affiliates and reinvested earnings).

Other investment income. Consists of receipts by banks and other domestic residents on loans to foreigners and from holdings of foreign equity and debt securities, and payments of interest by domestic banks and other residents to foreigners as well as dividends paid to foreigners holding domestic equity (and debt) securities.

Labour income not included elsewhere. Consists of income earned by persons working in an economy (and for a resident of that economy) other than the one in which they reside. Includes income received by both border workers and workers who remain in the country for less than one year—for example, seasonal workers. Income remitted by migrants—those expected to stay for more than one year—is included in "private transfers".

Property income not included elsewhere. Represents income received by owners of land and non-financial intangible assets from the use of such assets by another economic entity. This consists largely of fees for patents and copyrights and is frequently referred to as "royalties" or "licence fees". Income received on financial assets is included under "investment income".

Other goods and services not included elsewhere. Covers all goods and services not specifically allocated to other items on the current account. The main components include non-merchandise insurance, communications, advertising, brokerage, management, subscriptions to periodicals, processing and repair, merchandising and professional and technical services.[23]

Inter-official not included elsewhere.

Other resident official not included elsewhere.

87. For balance-of-payments purposes, IMF defines exports and imports of goods and services as all transactions between residents of a country and non-residents.[24] As indicated in chapter I, there are several ways to define international service transactions conceptually. This

[18] IMF is the primary source of balance-of-payments information at the international level.

[19] The distinction between the capital account and the current account is somewhat clouded, however, by the convention of including loan repayments on the capital account while the payment of interest on loans is reported in the invisibles account (on the grounds that interest represents payment for the service of offering the loan).

[20] As far as international transactions are concerned, the following 18 sectors are frequently cited as representing the core of the service sector: accounting; advertising; air transportation; automobile and truck rental and leasing; banking; building, construction and engineering; communications; computer services; education; employment; equipment leasing; franchising; health; hotel and motel; insurance; legal; maritime transportation; and motion pictures.

[21] For a detailed discussion of the individual components, see IMF, *Balance of Payments Manual*, ..., chap. 8.

[22] Receipts from foreigners for travel within the country in question, as well as payments by domestic residents to foreigners for travel abroad, are generally included under "travel".

[23] It should be borne in mind, however, that income received from overseas affiliates of domestic corporations engaging in such activities —as well as payments to domestic affiliates of foreign companies—are included in the direct investment income category.

[24] IMF, *Balance of Payments Manual*, ..., para. 30.

TABLE 13

International trade in services in 1980 according to selected definitions

(Billions of dollars and percentage[a] of merchandise trade)

	World		Developed market-economy countries		Developing countries		United States of America	
	Credit	Debit	Credit	Debit	Credit	Debit	Credit	Debit
Shipment	56.8	86.3	50.0	48.4	6.8	38.0	3.7	6.1
Passenger services[b]	17.2	16.1	13.3	12.1	4.0	4.0	2.6	3.6
Other private	127.0	116.1	105.6	91.4	21.4	24.8	10.6	4.0
Narrow definition	201.0	218.5	68.9	151.9	32.2	66.8	16.9	13.7
	11.4	*12.4*	*13.5*	*11.4*	*6.4*	*17.1*	*7.5*	*5.5*
Travel	100.0	105.8	77.1	80.3	22.9	25.5	10.1	10.4
Port services[b]	50.2	57.3	29.1	45.6	11.0	11.8	7.5	4.8
Private non-factor services	351.2	381.6	285.1	277.8	66.1	104.1	34.5	28.9
	20.0	*22.1*	*22.7*	*20.8*	*13.1*	*26.6*	*15.4*	*11.6*
Official	31.0	48.0	25.1	22.5	5.9	25.6	10.1	12.0
Non-factor services	388.0	429.9	315.8	306.0	72.2	129.5	44.8	40.9
	22.1	*24.9*	*25.2*	*23.0*	*14.3*	*33.1*	*20.0*	*16.4*
Direct investment income	51.2	49.2	50.7	26.5	0.6	22.8	36.8	9.3
Other investment income	171.1	183.6	140.6	146.0	30.6	37.6	39.1	33.9
Total services	610.4	668.4	507.1	478.5	103.3	189.8	120.7	84.1
	34.7	*38.8*	*40.4*	*35.9*	*20.5*	*48.5*	*53.9*	*33.7*
For reference:								
Private transfers	39.4	33.3	24.6	22.5	14.9	10.8	1.5	2.6
Merchandise trade	1 757.2	1 724.1	1 253.9	1 332.7	503.2	391.3	224.0	249.4
	100.0	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*	*100.0*

Source: IMF, Balance of Payments Tapes, 1981.

[a] Percentages are shown in italics.

[b] "Passenger services" and "port services" together make up "other transportation". While figures for "other transportation" for France are reported (see annex tables A.13-A and A.13-B), no disaggregation for "passenger services" or "port services" exists. Consequently, the figures for world and developed market-economy countries in these two categories are understated by the value accounted for by France.

section provides quantification to these conceptual definitions. Depending on the definition chosen, international service transactions vary by a factor of three, and in the case of the world's largest exporter, the United States of America, the variation is by a factor of over seven. Hence, the importance to be ascribed to the international services sector depends to a large extent on the definition adopted.

1. Narrow definition

88. In the narrowest (and perhaps most traditional) sense, exports and imports of services refer to service transactions between domestic residents and non-residents where the service involved actually "crosses" an international frontier. Typical examples are air and ocean freight and insurance, passenger fares for international travel, motion picture rental, reinsurance, royalties, contractors' fees and communications. This definition excludes all transactions by overseas affiliates of domestic corporations and by domestic affiliates of foreign corporations. Similarly, expenditures within the country by non-residents (for example, international tourism and airport and port charges) are excluded because, strictly speaking, the services involved are not supplied across an international frontier.

89. Table 13 shows that in 1980, services thus narrowly defined amounted to approximately 12 per cent of the value of world merchandise trade. The percentage declined over the decade of the 1970s, a pattern which held for both the developed market-economy countries and the developing countries. This strongly suggests that the increasingly voluble debate in recent years on the role of "services" in the international economy is concerned with something considerably wider in scope than the narrow definition of services set forth above.

2. Definition extended to include "non-traded" services

90. The definition of trade in services may be extended to include "non-traded" services consumed by foreign nationals in the country in question as well as by domestic residents while in foreign countries (so that no actual "export" takes place). Chief among these are expenditures on travel, by both tourists and business men, and port and airport charges. Services defined in this manner—that is, services as narrowly defined above plus international transactions in non-traded services—can be taken as representing private non-factor service receipts (and expenditures); table 13 indicates that this broader definition doubles the reported value of international trade in services.

3. Definition further extended to include total non-factor services

91. Government exports and imports of services have not so far been taken into consideration. Government service transactions include expenditure by both diplomatic and military personnel overseas and are largely analogous to the expenditures abroad by business men and tourists which are reported in the travel component. Logically, such expenditure should therefore be treated as a credit item for the economy in which the expenditure is made, and as a debit item for the economy in which the individuals normally reside. On the other hand, for some countries the reported international transactions in government services include transfers under military sales contracts of equipment, supplies and materials. These items are in many cases more appropriate for the merchandise

account, although there is often a service element intrinsically involved.[25]

4. Definition further extended to include factor services

92. Quantitatively the most significant—and without doubt conceptually the most difficult— issues relate to the treatment of "services" performed by overseas affiliates of domestic companies (on the credit side) and by domestic affiliates of foreign companies (on the debit side). The resolution of these issues is important for a more accurate quantification of the level of international transactions in services.

93. Income from direct and portfolio investment and interest received on loans are frequently referred to as "factor services", since they represent the presumed returns to the service provided by capital as a factor of production.[26] Total services refer to the sum of factor and non-factor services; the term "invisibles" is also frequently used.

94. It should be noted that there is a certain inconsistency in the distinction drawn between capital and labour. Using the same principle by which investment income is classified as service-related, the returns to labour employed abroad could also be interpreted as representing "factor income". Nevertheless, this term is almost exclusively restricted to investment income; workers' remittances (the counterpart to investment income) are included in private unrequited transfers and are generally considered apart from the services account.

95. Table 13 indicates that the addition of factor services (defined as above) to non-factor services has the effect of increasing the reported value of international trade in services by a further 50 per cent. For several developed market-economy countries the effect is even more marked. To take the case, albeit extreme, of the United States of America, the inclusion of investment income raises reported service receipts in 1980 from $45 billion to $120 billion, that is, by a factor of nearly three, while reported service payments are more than doubled (from $40 billion to $84 billion).

B. Conceptual problems involved in the balance-of-payments definition of services

96. There are four major conceptual problems involved in the international balance-of-payments definition of services. These involve the treatment of (*a*) investment income, (*b*) foreign affiliate operations, (*c*) reinvested earnings, and (*d*) workers' remittances.

1. Treatment of investment income

97. Direct investment income consists of receipts (dividends, interest, earnings of unincorporated affiliates and reinvested earnings) derived from domestic ownership of foreign affiliates and from foreign ownership of domestic affiliates. No distinction is made, however, between foreign direct investment in "goods-producing ventures" and foreign direct investment in "service-oriented ventures". This is because in both cases capital is being invested abroad and the income earned on this investment represents the return associated with the "service" of providing the capital. The service, therefore, is the "provision of capital" and not the nature of the project in which the investment is made.

98. It can be argued, however, that the "nature" of the final activity is the relevant point and not simply the "act of investing". The returns from direct foreign investment in a "service-related" venture (for example, a bank of one country opening a subsidiary in another country) should therefore be reported separately from the returns from direct foreign investment in a "manufacturing-related" venture (for example, a motor manufacturer of one country opening an assembly plant in another country).

99. If such a distinction is indeed valid, then the present method of recording "factor services" overstates the real "service" magnitude involved. The extent of this overstatement is, however, difficult to quantify. Statistics published by the United States Department of Commerce suggest that no more than one third of United States direct investment income receipts (and roughly the same proportion for direct investment income payments) is attributable to service industries. The remaining two thirds are divided approximately equally between manufacturing and petroleum.[27] While comparable data are not readily available for other countries, it would be reasonable to assume that a substantial amount of investment income is attributable to "non-service-related activities". The disaggregation of foreign subsidiaries' earnings would increase the credits and debits of the merchandise accounts by the amount of the decrease in the credits and debits of the service account. The decline in the size of the service sector would therefore be countered by the rise in the size of the merchandise account, and hence there would be no change in the current account balance.

2. Treatment of foreign affiliates

100. The currently accepted method of balance-of-payments accounting operates under the principle of "location". Overseas affiliates are considered to be "residents" of the host country. Their sales are therefore recorded in the "host" country's national income accounts and only the earnings show up in the "home" country's balance of payments.[28] The rationale for this treatment is that most of the subsidiary's sales revenue is used to pay wages and other expenses in the host country (or sometimes in other foreign countries) and that only the net profit directly contributes to the home country's economy.

101. It is argued by some, however, that the "location" concept significantly understates the magnitude of foreign affiliate operations and therefore the size of the service account itself. Proponents of this view advocate

[25] For example, the transfer of military aircraft often includes a training programme for pilots in the country receiving the aircraft.

[26] The distinction between portfolio and direct investment is somewhat blurred by the fact that the minimum percentage of foreign ownership used as a criterion for identifying direct investment ranges, country by country, from 5 per cent to 50 per cent. IMF, *Balance of Payments Manual*, ..., para. 554.

[27] See, for example, "Service transactions in U.S. international accounts, 1970-80", *Survey of Current Business*, vol. 61, No. 11 (November 1981), tables 10 and 11.

[28] Under the accepted method of balance-of-payments reporting, all earnings of a foreign subsidiary are assumed to be repatriated to the home country—whether or not this actually occurs. In turn, any portion of the earnings which in fact remains with the subsidiary is assumed to be a flow from the home country and therefore shows up as a debit in the capital account.

the use of the "ownership" concept in place of the "location" concept. Under the "ownership" concept, all transactions of fully-owned foreign subsidiaries would be attributed to the parent firm. In the case of multiple ownership, the sales could be distributed *pro rata* among the different shareholders and, consequently, among their countries. The rationale for this approach is that identical transactions—whether by the parent company in the form of exports or by a fully-owned subsidiary in the form of sales—should not be treated differently. If the entire value of the sale appears as a balance-of-payments credit in one case (the parent's transaction), it may be argued that there is no reason why only the profit should appear as a credit in the other case (the subsidiary's transactions).[29]

102. If it were concluded that the "ownership" principle more accurately reflected a foreign subsidiary's contribution to the service account, then the size of the service account would be increased significantly. Because the subsidiary's "sales revenue", in contrast to its "earnings", would be recorded in the balance of payments, the size of the direct investment account would increase by a factor of 17, while the size of the invisibles account would increase by a factor of 2.3.[30] This reshuffling, however, would have no effect on the balance of the current account, because the "underreporting" on the credit side of the services account is offset by the "underreporting" on the debit side. If overseas affiliates were treated as domestic entities, all their transactions in the countries in which they reside would be considered international transactions. Hence, their payments to foreign residents for both goods and services (which under the present conventions are considered as transactions between foreign parties and hence do not appear in the balance of payments for the home country) would appear as debit items on the current account. The net contribution of the overseas affiliate to the current account would essentially be the same as before—i.e. equal to its overseas profits.[31]

3. Treatment of reinvested earnings

103. Where earnings are reinvested rather than distributed, in the case of direct foreign investment they are recorded in the balance of payments. However, in the case of foreign portfolio investment, undistributed earnings in direct investment enterprises are not recorded.[32] The distinction between the definition of "direct investment" and that of "portfolio investment" is essentially a matter of ownership or control. If a domestic party owns a specified minimum percentage of a foreign enterprise, the investment is considered to be a "direct investment". If the degree of ownership is less than the specified percentage, it is considered to be a "portfolio investment".[33] The rationale for this discrepancy is that in the case of direct investment, reinvested earnings "are conceived of as providing additional capital to the enterprises, thus increasing the value of an economy's stock of foreign assets and liabilities".[34]

104. It is argued, however, that the degree of "ownership" is not pertinent to the reporting of reinvested earnings. What is of importance is that in both cases the net contribution to the "host country's" economy is increased by the amount of reinvested earnings. The inconsistency in the "degree of ownership" concept is underlined by the fact that the boundary line between the two types of investment varies significantly from country to country; this obviously inhibits comparability. IMF itself concluded that "the treatment of reinvested earnings was quantitatively the major definitional inconsistency".[35] In practice, however, it would be very difficult to identify the countries to which such contributions should be attributed, let alone the magnitudes that are involved. This may explain why such an inconsistency is allowed to continue. Since undistributed earnings from portfolio investment in direct investment enterprises are presently not recorded in the balance of payments, their inclusion would result in a credit to the service account and a debit to the capital account.[36] This would not only increase the size of the service account but would also increase the surplus (or decrease the deficit) of the current account.[37]

4. Treatment of workers' remittances

105. "Factor income" is almost exclusively restricted to "investment" income in the balance of payments.[38] Workers' remittances, however, are reported separately from the service account and are included in "private unrequited transfers". There is, however, a certain inconsistency in this distinction between income from capital and income from labour. Investment income is classified as a "factor service" because it represents the presumed return to the "service" provided by capital as a factor of production. Using this same logic, the return to "labour" employed abroad could also be interpreted as representing "factor income" since labour, too, is a factor of production. The inclusion of workers' remittances would increase the credits and debits of the service account and decrease the credits and debits of the private transfer account. This would have the effect of increasing the size of the service account, without affecting the overall

[29] Lederer, Lederer and Sammons, *op. cit.*

[30] On average, United States foreign service subsidiaries' profits represent 6 per cent of its total sales. Using this assumption, the factor services account would therefore increase by a factor of 16.67 (the inverse of 6 per cent). See Lederer, Lederer and Sammons, *op. cit.*, table 1.

[31] While the net effect on the current account would be zero, proponents of the ownership approach would argue that this still remains a more valid method. In the case of domestic exports of services, the revenue is often offset by payments to foreign residents (for goods and services), yet the credit side of the balance of payments still reflects the total value of foreign sales and not simply the value net of payments abroad. In addition, the merchandise account records the entire value of exports as a credit, even though the "import content" of the exports is often considerable. Hence, the reported export figures likewise provide overestimates of the contribution of the export sector.

[32] According to the IMF guidelines for balance-of-payments statistics, the entire amount of reinvested earnings from direct investment is treated as a credit on the service account and as a debit (representing the implied capital outflow) on the capital account. On the other hand, "The share of portfolio investors in the earnings of an incorporated direct investment enterprise that are not formally distributed should not be entered in the balance of payments". IMF, *Balance of Payments Manual, ...*, para. 304.

[33] The specified percentage varies from 5 per cent to 50 per cent, depending on the country involved.

[34] IMF, *Balance of Payments Manual, ...*, para. 304.

[35] *Ibid*, para. 567.

[36] As in the case of the reinvestment of direct foreign investment earnings.

[37] By analogy with the case of direct investment income, it could also be argued that only returns on portfolio investment in service industries (and on bank lending to service industries) should be considered as part of factor services. Because a breakdown of "other investment income" (for example, portfolio investment and bank lending) does not exist, it would be difficult to approximate the proportion accounted for by service industries alone.

[38] Interest on loans is also included.

current account. In 1980, workers' remittances for the world were $39.4 billion, while direct investment income was $51.2 billion. If included, workers' remittances would increase the size of the service account by 6.5 per cent for the world and by 14.4 per cent for developing countries.

C. The importance of foreign investment in international service transactions

106. The conceptual problem of reporting "earnings" of foreign subsidiaries along with "sales" of service exports in the balance of payments was highlighted in section B above. Since existing balance-of-payments systems are not designed for the purpose of measuring the size of the international service sector, this section makes the adjustments necessary for a more reasonable comparison of the size of service exports and imports and the size of service transactions sold through foreign subsidiaries. These adjustments reveal that direct foreign investment is a primary means of penetrating international service markets.

107. In the particular case of the United States of America, the establishment of foreign affiliates is the principal means by which companies penetrate foreign service markets. For 1974, the United States official estimates show that $50 billion of services were sold overseas by United States companies. Of that amount, 14 per cent ($7 billion) was attributed to exports while the remaining 86 per cent ($43 billion) was sold through United States foreign affiliates.[39] The pattern of international service flows into the United States is similar. Of the $28.7 billion of services provided to the United States in 1974, 27 per cent ($7.9 billion) was imported while 73 per cent ($20.8 billion) was sold through affiliates of foreign service operations. Assuming the same pattern for 1980, 11 per cent ($16.9 billion) of the estimated $153.2 billion of service sold overseas by United States companies would be attributable to sales of overseas service affiliates.[40] Similarly, of the $42.9 billion of international service flows into the United States in 1980, 32 per cent ($13.7 billion) were through imports while 68 per cent ($29.2 billion) were through foreign service affiliate operations.[41] Clearly, investment in foreign affiliates is the primary means through which United States service industries penetrate foreign markets, as well as the primary means for foreign service industries to penetrate the United States market.

108. The international flow of services for developed market-economy countries as a whole appears to be split roughly evenly between export sales and sales of service foreign affiliates. In 1980, service exports comprised $168.9 billion while earnings from direct investment income were $50.0 billion. Applying the same assumptions to developed market-economy country foreign subsidiary operations as for the United States,[42] service foreign affiliate sales would be roughly $187.8 billion in 1980. Since the United States alone makes up 72.5 per cent of the total developed market-economy country figure for "direct investment income", the assumptions would appear to be reasonable.

109. The international flow of services to and from developing countries is overwhelmingly export-oriented. In 1980, services to the value of $32 billion were exported from developing countries, while only $600 million were earned from all foreign subsidiary operations. While there is no information available on the breakdown of the foreign subsidiary operations of developing countries, it can easily be deduced that sales from these operations are minor compared to service exports.[43] In the case of international services provided to developing countries, the situation is less clear. Imports of services into developing countries in 1980 were valued at $66.8 billion. Direct investment income from all foreign affiliate operations in developing countries accounted for a further $22.8 billion. Applying the assumptions used above in the case of United States and developed market-economy country foreign affiliate operations, total sales would approximate $84.4 billion. Hence, while service exports may be the primary concern for developing countries in terms of their foreign service markets, foreign affiliate operations may be much more relevant in terms of those countries' home market.

D. Trends in trade in international services

110. In 1980, the value of world "total services" transactions was $610.4 billion. Over the decade, however, the share of service receipts (as a percentage of current account credits) declined slightly, from 26.3 per cent (1970) to 25.4 per cent (1980), while the share of world merchandise exports rose from 71.6 per cent to 73 per cent.[44]

[39] See U.S. Department of Commerce, *U.S. Service Industries in World Markets: Current Problems and Future Policy Development,* Economic Development Administration, Washington, D.C., December 1976 (doc. P8-262 528), p. 17.

[40] The United States Department of Commerce estimated in 1976 that dividends and other repatriated earnings resulting from affiliate sales in 1974 were approximately 6 per cent of sales ($2.6 billion). Reinvested earnings for the United States generally stand at about 50 per cent of dividends for all United States investment income (including income from service and non-service investment). It can be reasonably assumed, therefore, that net earnings (dividends, other repatriated earnings and reinvested earnings) comprised roughly 9 per cent of total affiliate sales. The Department of Commerce also estimated that foreign affiliate sales were divided equally among services, manufactured goods and petroleum products. By applying these proportions to 1980 balance-of-payments data, a figure of $136.3 billion is obtained for service foreign affiliate sales. The export figure of $16.9 billion is taken directly from the balance of payments.

[41] This assumes that, as in 1976, 1980 service imports constituted 27 per cent of the total flow of international services to the United States. Foreign subsidiary operations would therefore comprise 73 per cent of the flow, or $29.2 billion.

[42] The assumptions are: (1) that direct investment income is 9 per cent of foreign affiliate total sales, and (2) that one third of all foreign affiliate operations are service-related. It may, however, be more reasonable to assume that less than one third of developed market-economy country foreign affiliate operations are service-related, since the United States is the most developed service economy. If a proportion of one fourth is assumed, this would change the 1980 figure for service foreign affiliate operations to $140.8 billion.

[43] Even if all the foreign subsidiary operations of developing countries were "service" oriented, and if these operations earned a 9 per cent rate of return, total sales would be only $6.7 billion. Both of these assumptions, however, would be optimistic.

[44] "Private transfers" also declined, from 2.1 per cent in 1970 to 1.6 per cent in 1980.

TABLE 14

World: total of individual countries' current account components, 1970, 1975 and 1980

(Billions of dollars)

	1970			1975			1980		
	Credit	Debit	Net[a]	Credit	Debit	Net[a]	Credit	Debit	Net[a]
Merchandise	272.0	261.2	10.8	748.3	728.3	20.0	1 757.2	1 724.1	33.1
Total services	99.9	107.3	−7.4	248.1	264.3	−16.2	610.4	668.4	−58.0
Factor services	27.1	29.3	−2.2	70.6	71.1	−0.6	222.4	232.9	−10.5
Direct investment income	11.6	11.4	0.2	23.9	19.8	4.1	51.2	49.2	2.0
Other investment income	15.4	17.9	−2.4	46.6	51.3	−4.6	171.1	183.6	−12.5
Non-factor services	72.8	78.0	−5.1	177.5	193.2	−15.7	388.0	435.5	−47.5
Shipment	13.0	16.1	−3.1	27.7	41.2	−13.5	56.8	86.3	−29.6
Other transportation	12.5	14.9	−2.4	33.7	36.7	−3.0	74.1	79.0	−4.9
Travel	19.5	18.2	1.3	43.7	43.7	0.0	100.0	105.8	−5.8
Other private	20.6	19.0	1.6	57.8	53.5	4.3	127.0	116.1	10.8
Official services	7.9	10.0	−2.2	15.2	18.0	−2.8	31.0	48.0	−17.1
Private transfers	8.2	8.1	0.1	17.1	16.3	0.8	39.4	33.3	6.1
TOTAL CURRENT ACCOUNT	380.1	376.6	3.5	1 013.4	1 008.9	4.5	2 407.0	2 425.7	−18.8

Source: IMF Balance of Payments Tapes, 1981.

[a] In theory, the sum of individual countries' current account credits for each component should equal the sum of current account debits. The "net" figure for the world, therefore is due to incomplete country coverage (in particular, exclusion of the socialist countries), underreporting by individual countries (especially in services), the lag in the recording of imports, and statistical discrepancies.

111. In 1970, the service components were of comparable size, with "other private", "travel", and "other investment income" each comprising approximately 16 per cent of total world services. "Other investment income" has since risen dramatically, reaching 27.5 per cent of total world services in 1980. "Other private services" fell to second place, although broadly maintaining its percentage share of world services. While "travel" fell by one percentage point, the share of all other components experienced declines of over two percentage points (see table 14).

1. DEVELOPED MARKET-ECONOMY COUNTRIES

112. Over the course of the 1970s, the current account of the developed market-economy countries turned from a $9.7 billion surplus (1970) to a $48.2 billion deficit (1980), mainly through a deterioration of the merchandise account (from a surplus of $5.9 billion to a deficit of $78.8 billion). This deficit, however, was offset partially by a surplus in the service account, which rose from $3.9 billion in 1970 to $28.6 billion in 1980 (see table 15). As a percentage of total current account credits, service credits increased from 27.8 per cent to 28.4 per cent over the period, while debits fell from 27.4 per cent to 26.1 per cent. In the merchandise account, however, credits remained constant, while debits increased from 70.3 per cent to 72.7 per cent.

113. The developed market-economy countries' share of total world service credits declined from 88.4 per cent in 1970 to 83.1 per cent in 1980. Service credits as a percentage of these countries' current account credits, however, remained constant throughout the decade at 28 per cent. Service debits during this period declined both in terms of world share (from 78.7 per cent to 71.6 per cent) and in relation to the developed market-economy countries' current account (38.4 per cent and 35.9 per cent). By far the largest exporter of services is the United States of America which in 1980 accounted for twice as much as the United Kingdom (the second largest) and considerably more than all developing countries combined. The United States was also the major importer of services, though by a much smaller margin. In both cases, the United States share of world service has declined—credits from 23 per cent to 20 per cent, and debits from 19 per cent to 13 per cent.

114. The balance for factor services in developed market-economy countries rose steadily, from a surplus of $5.2 billion in 1970 to a surplus of $18.7 billion in 1980. "Direct investment income" (whose surplus rose from $6 billion to $24.2 billion during this period) contributed most to this surplus, while "other investment income" fell further into deficit (from $1.3 billion to $5.5 billion). While the balance for non-factor services rose from a deficit of $1.3 billion to a surplus of $9.8 billion, this surplus accounted for only one third of the total surplus in the services account in 1980. The primary contributor to the non-factor service surplus was "other private services" ($14.2 billion) while "official services", "shipment" and "passenger services" recorded smaller surpluses of between $1 billion and $3 billion. The primary deficit items were "port services" ($6,400 million) and "travel" ($3,200 million). Thus, almost the entire increase in the surplus on services was accounted for by two items—"direct investment income" and "other private services".

2. DEVELOPING COUNTRIES

115. During the 1970s, the current account balance in developing countries shifted from a deficit of $6.1 billion in 1970 to a surplus of $29.4 billion in 1980; the increase in the surplus on the merchandise account ($107 billion) being only partially offset by a growing service deficit ($75 billion). These aggregate figures for developing countries as a whole, however, are influenced heavily by the surpluses of oil-exporting developing countries and tend to obscure the serious deterioration in the current account of the other developing countries. In the paragraphs that follow, the service accounts of oil-exporting and non-oil-

TABLE 15

Developed market-economy countries: composition of current account, 1970, 1975 and 1980

(Billions of dollars)

	1970			1975			1980		
	Credit	*Debit*	*Net*	*Credit*	*Debit*	*Net*	*Credit*	*Debit*	*Net*
Merchandise	222.9	217.0	5.9	568.7	570.6	−1.9	1 253.9	1 332.7	−78.8
Total services	88.3	84.4	3.9	211.5	199.5	12.0	507.1	478.5	28.6
Factor services	25.3	20.0	5.2	61.8	52.1	9.7	191.2	172.5	18.7
Direct investment income	11.5	5.0	6.6	23.8	10.0	13.8	50.7	26.5	24.2
Other investment income	13.7	15.1	−1.3	38.0	42.1	−4.1	140.6	146.0	−5.5
Non-factor services	63.0	64.4	−1.3	149.7	147.4	2.2	315.8	306.0	9.8
Shipment	12.2	11.6	0.6	25.4	25.2	0.2	50.0	48.4	1.6
Other transportation	10.8	13.3	−2.5	27.9	31.3	−3.4	59.2	64.0	−4.8
Travel	15.5	15.2	0.3	34.3	36.0	−1.8	77.1	80.3	−3.2
Other private	18.4	15.7	2.7	50.0	43.6	6.4	105.6	91.4	14.2
Official services	6.1	8.6	−2.5	12.1	11.3	0.8	25.1	22.5	2.7
Private transfers	6.4	6.6	−0.2	11.4	13.0	−1.6	24.6	22.5	2.1
TOTAL CURRENT ACCOUNT	317.6	307.9	9.7	791.6	783.2	8.4	1 785.6	1 833.8	−48.2

Source: IMF Balance of Payments Tapes, 1981.

TABLE 16

Developing countries: composition of current account, 1970, 1975 and 1980

(Billions of dollars)

	1970			1975			1980		
	Credit	*Debit*	*Net*	*Credit*	*Debit*	*Net*	*Credit*	*Debit*	*Net*
Merchandise	49.1	44.2	4.9	179.6	157.7	21.9	503.2	391.3	111.9
Total services	11.6	22.9	−11.3	36.6	64.8	−28.2	103.3	189.8	−86.5
Factor services	1.8	9.3	−7.5	8.8	19.0	−10.3	31.1	60.4	−29.2
Direct investment income	0.1	6.4	−6.4	0.1	9.9	−9.7	0.6	22.8	−22.2
Other investment income	1.7	2.8	−1.1	8.6	9.2	−0.6	30.6	37.6	−7.0
Non-factor services	9.8	13.6	−3.8	27.8	45.7	−17.9	72.2	129.5	−57.3
Shipment	0.8	4.5	−3.7	2.3	16.0	−13.7	6.8	38.0	−31.2
Other transportation	1.7	1.6	0.1	5.8	5.4	0.4	14.9	14.9	0.0
Travel	4.0	3.0	1.0	9.5	7.7	1.8	22.9	25.5	−2.6
Other private	2.2	3.3	−1.1	7.8	9.9	−2.0	21.4	24.8	−3.4
Official services	1.8	1.5	0.3	3.1	6.7	−3.6	5.9	25.6	−19.7
Private transfers	1.8	1.5	0.3	5.6	3.3	2.4	14.9	10.8	4.0
TOTAL CURRENT ACCOUNT	62.5	68.6	−6.1	221.8	225.7	−3.9	621.4	592.0	29.4

Source: IMF Balance of Payments Tapes, 1981.

exporting developing countries are examined separately, as is the special situation of the least developed countries.

116. While the current account surplus of the oil-exporting developing countries increased dramatically over the decade (from \$1.7 billion in 1970 to \$97.2 billion in 1980), that of the non-oil-exporting developing countries fell further into deficit (from \$7.9 billion in 1970 to \$67.8 billion in 1980). Moreover, while the service deficit of the oil-exporting developing countries (\$52.4 billion) offset only one third of the merchandise surplus (\$155.8 billion) in 1980, non-oil-exporting developing countries faced major deficits in both their merchandise account (\$43.9 billion) and their service account (\$34.2 billion). The current account deficit in least developed countries increased from \$0.6 billion in 1970 to \$5.9 billion in 1980, with the greater part of this deficit being in the merchandise account. Though there was a deficit in services (which increased from \$0.3 billion to \$1.8 billion), there was a consistent surplus in private transfers (which rose from \$0.1 billion to \$2.1 billion) (see tables 16-19).

117. Developing countries increased their share of total world service credits from 11.6 per cent (\$11.6 billion) in 1970 to 16.9 per cent (\$103.3 billion) in 1980. However, their share of total world debits also increased during this period from 21.3 per cent (\$22.9 billion) in 1970 to 28.4 per cent (\$189.8 billion) in 1980. As a result, the service account deficit increased from \$11.3 billion

TABLE 17

Oil-exporting developing countries: composition of current account, 1970, 1975 and 1980

(Billions of dollars)

	1970			1975			1980		
	Credit	*Debit*	*Net*	*Credit*	*Debit*	*Net*	*Credit*	*Debit*	*Net*
Merchandise	17.5	9.6	7.9	101.7	53.3	48.4	293.3	137.5	155.8
Total services	1.9	7.7	−5.9	11.1	27.0	−15.9	32.7	85.0	−52.4
Factor services	0.7	4.3	−3.6	5.6	7.2	−1.6	18.0	19.2	−1.1
Direct investment income	0.0	4.1	−4.1	0.0	6.4	−6.4	0.0	14.1	−14.1
Other investment income	0.7	0.2	0.5	5.6	0.9	4.7	18.0	5.1	13.0
Non-factor services	1.2	3.4	−2.3	5.5	19.8	−14.3	14.7	65.9	−51.2
Shipment	0.1	1.1	−1.0	0.4	6.7	−6.4	1.5	17.8	−16.2
Other transportation	0.4	0.2	0.2	1.7	1.3	0.4	3.9	3.9	0.0
Travel	0.3	0.6	−0.3	1.5	2.7	−1.1	3.8	12.5	−8.7
Other private	0.2	1.1	−0.8	1.0	4.5	−3.4	3.4	10.5	−7.0
Official services	0.1	0.4	−0.3	0.8	4.6	−3.8	2.2	20.9	−18.8
Private transfers	0.3	0.6	−0.3	0.5	1.5	−1.0	0.5	6.8	−6.3
TOTAL CURRENT ACCOUNT	19.7	17.9	1.7	113.2	81.8	31.4	326.5	229.3	97.2

Source: IMF Balance of Payments Tapes, 1981.

TABLE 18

Non-oil-exporting developing countries: composition of current account, 1970, 1975 and 1980

(Billions of dollars)

	1970			1975			1980		
	Credit	*Debit*	*Net*	*Credit*	*Debit*	*Net*	*Credit*	*Debit*	*Net*
Merchandise	31.6	34.7	−3.0	77.9	104.4	−26.5	209.9	253.9	−43.9
Total services	9.7	15.1	−5.4	25.5	37.8	−12.3	70.6	104.8	−34.2
Factor services	1.1	5.0	−3.9	3.1	11.8	−8.7	13.1	41.2	−28.1
Direct investment income	0.1	2.4	−2.3	0.1	3.5	−3.4	0.6	8.7	−8.1
Other investment income	1.0	2.6	−1.6	3.0	8.3	−5.3	12.5	32.5	−20.0
Non-factor services	8.6	10.2	−1.5	22.3	25.9	−3.6	57.5	63.6	−6.1
Shipment	0.7	3.4	−2.7	1.9	9.3	−7.4	5.3	20.2	−15.0
Other transportation	1.3	1.4	−0.1	4.1	4.1	0.0	11.0	11.0	0.0
Travel	3.6	2.3	1.3	7.9	5.0	2.9	19.1	13.0	6.1
Other private	1.9	2.2	−0.2	6.8	5.4	1.4	18.0	14.3	3.7
Official services	1.7	1.1	0.6	2.2	2.1	0.2	3.7	4.7	−0.9
Private transfers	1.5	0.9	0.6	5.2	1.8	3.4	14.3	4.0	10.3
TOTAL CURRENT ACCOUNT	42.8	50.7	−7.9	108.6	143.9	−35.4	294.9	362.7	−67.8

Source: IMF Balance of Payments Tapes, 1981.

in 1970 to $86.5 billion in 1980. During this period, the service credits of the oil-exporting developing countries increased in share from 1.9 per cent ($1.9 billion) to 5.4 per cent ($32.7 billion), while their service debits increased even more, from 7.2 per cent ($7.7 billion) to 12.7 per cent ($32.2 billion), resulting in a large increase in their service deficit, from $5.9 billion to $52.4 billion. Non-oil-exporting developing countries, however, were by far the dominant suppliers and users of services in the developing world, with 11.6 per cent ($70.6 billion) of world service credits and 15.7 per cent ($104.8 billion) of world service debits in 1980. These countries experienced smaller service deficits, rising from $5.4 billion in 1970 to $34.2 billion in 1980. Least developed countries' share of total world credits of the least developed countries fell from 0.5 to 0.4 per cent while their share of total world debits fell from 0.8 to 0.6 per cent. This resulted in a rising deficit in their service account deficit, which increased from $0.3 billion to $1.8 billion.

118. As regards the non oil-exporting developing countries, the deficit of $28.1 billion in factor services in 1980 accounted for roughly 80 per cent of the entire service deficit in that year. "Other investment income" accounted for most of this deficit ($20.0 billion), though the deficit in direct investment income was also substantial ($8.1 billion). While the deficit in non-factor services increased over the decade, it remained at a level of only

TABLE 19

Least developed countries: composition of current account, 1970, 1975 and 1980

(Billions of dollars)

	1970			1975			1980		
	Credit	*Debit*	*Net*	*Credit*	*Debit*	*Net*	*Credit*	*Debit*	*Net*
Merchandise	1.7	2.1	−0.4	2.5	5.0	−2.5	4.8	11.1	−6.3
Total services	0.5	0.8	−0.3	0.8	1.8	−0.9	2.1	3.8	−1.8
Factor services	0.1	0.1	0.0	0.1	0.2	−0.1	0.4	0.3	0.1
Direct investment income	0.0	0.1	−0.1	0.0	0.0	0.0	0.0	0.1	−0.1
Other investment income	0.1	0.1	0.0	0.1	0.1	0.0	0.4	0.3	0.2
Non-factor services	0.4	0.7	−0.3	0.7	1.6	−0.8	1.6	3.5	−1.9
Shipment	0.0	0.3	−0.3	0.1	0.8	−0.7	0.1	1.7	−1.6
Other transportation	0.1	0.1	0.0	0.2	0.2	0.0	0.3	0.4	0.1
Travel	0.1	0.1	0.0	0.1	0.2	−0.1	0.3	0.4	−0.1
Other private	0.1	0.1	0.0	0.2	0.3	0.0	0.6	0.6	0.0
Official services	0.1	0.1	0.0	0.2	0.2	0.0	0.3	0.4	−0.1
Private transfers	0.2	0.1	0.1	0.6	0.2	0.4	2.7	0.5	2.1
TOTAL CURRENT ACCOUNT	2.4	3.0	−0.6	4.0	7.0	−3.0	9.5	15.4	−5.9

Source: IMF Balance of Payments Tapes, 1981.

$6.1 billion in 1980. The large deficit in "shipping" ($15.0 billion) was partially offset by surpluses in "travel" ($6.1 billion) and "other private services" ($3.7 billion). All other components remained generally in balance.

119. In contrast, the $51.2 billion deficit in non-factor services for oil exporting developing countries in 1980 accounted for 98 per cent of those countries' entire service deficit. While all of the non-factor service components were in deficit, the major ones contributing to the overall deficit were "shipping" ($16.2 billion), "official services" ($18.8 billion), "travel" ($8.7 billion), and "other private services" ($7 billion). The small deficit in factor services decreased throughout the decade and had almost disappeared by 1980. However, within this overall balance there was a deficit in "direct investment income" ($14.1 billion), largely offset by a surplus in "other investment income" ($13 billion).

120. Similarly, the $1.9 billion deficit in non-factor services for least developed countries was the primary determinant of their overall service deficit. "Shipment" recorded the largest deficit ($1.6 billion), with all other non-factor service components being roughly in balance. There was a slight surplus in factor services ($0.1 billion), with the $0.2 billion surplus in "other investment income" offsetting the $0.1 billion deficit in "direct investment income".

Chapter V

GOVERNMENTAL MEASURES BEARING UPON INTERNATIONAL SERVICE ACTIVITIES

A. Policies which underlie governmental measures

121. In considering policies pursued by Governments with regard to international services activites, a distinction should be made between (*a*) intervention which does not differentiate, either in law or in fact, between comparable national and foreign enterprises, and (*b*) intervention which affects foreign enterprises in a manner different from that in which it affects domestic enterprises. Thus, government measures may apply to domestic as well as foreign entities within the country (for example, the introduction of State-owned banking systems, the reservation of certain lines of insurance for governmental institutions), or they may regulate foreign operations differently from domestic operations (for example, measures prohibiting foreign banks from accepting local deposits or preventing nationals from purchasing insurance from foreign companies, cabotage laws regarding shipping). In this last example, regulations reflect policies pertaining to international transactions and, more specifically, to foreign investment.

122. Governments intervene in both the goods and the service sectors for a variety of reasons, both economic and other. One and the same measure may have more than one rationale, and it is sometimes difficult to disentangle the objectives pursued and assess the relative importance attached to them by policy-makers.

123. There are certain activities that Governments support since they are considered to be of national importance. These may be activities that are strategic in nature and considered to be pivotal to national defence. Other activities assume a national priority for socio-economic reasons, for example, in pursuit of the objective of maintaining a certain level of employment in a particular activity or region. Sometimes Governments wish to secure domestic ownership in key service industries, promote employment of local labour, generate domestic savings and investment capital and protect consumer interests in an effort to achieve national goals.

124. Also, as with the production of goods, there may be a desire to regulate the speed of contraction or expansion of a service activity. For example, the Government may find that a service activity has lost its international competitiveness. Rapid contraction might well be associated with immediate costs that were considered to be economically, socially or politically unacceptable, whereas a regulated adjustment process would minimize costs, for example in the case of labour shedding resulting from the scaling-down of a labour-intensive service activity. Further, there may be an activity that is potentially competitive but requires temporary assistance, for example to enable it to adapt to new technical processes.

125. Such policies are invoked by both developed and developing countries, whereas others are more frequently encountered in developing countries. Important considerations for developing countries are the need to diversify their national economies and, more specifically, to create a service infrastructure which is considered to be essential as a basis for the development of other sectors of the economy. Revenue collection, the promotion of the transfer of service know-how and the preservation of national cultural and social features are further objectives of diverse governmental measures prevailing in developing countries.

126. Regulation of international service activities in developing countries frequently serves the objective of promoting infant service sectors. For example, it is used by various developing countries as a justification for intervention favouring domestic banking and insurance business and national merchant shipping fleets. Curtailing foreign bank activities may be intended to give the local banks time to develop and gain competitive strength. Similarly, infant national insurance industries would not be able to cope with foreign competition, as their local insurance markets are small, the spread of risks is inferior and, consequently, premiums are relatively high and internationally uncompetitive. Liner shipping has to start on a small scale because of the high capital costs involved. Moreover, it takes time to build up trade connections and customer goodwill which established owners enjoy, giving them a substantive competitive advantage.

127. Regulation of service activities can be directed at trade in services as well as at foreign investment in service sectors. In the latter case it can concern the establishment of foreign enterprises or can take the form of rules for the business operations of affiliates established in foreign markets. The basic measures encountered can be outlined as follows: (*a*) limiting the importation of services; (*b*) controlling the establishment in the national economy of affiliates of foreign enterprises; (*c*) permitting the establishment of foreign affiliates, but regulating the foreign equity holding, the size or scope of their operations or the outflow of their investment income.

128. In theory, the possibility of substitution between trade and foreign investment in services exists in varying degrees, depending on the type of service provided. Thus, an insurance company has, in principle, the choice between exporting insurance services or establishing overseas affiliates. The only international transaction in the latter case would be the flow of investment income as a result of the ownership of capital assets in the host country (leaving aside, for the moment, possible reinsurance furnished to the affiliate). Both the specific nature of a service activity and the type of measure encountered play a role in determining whether a certain industry is predominantly trade-related or investment-related. In a number of cases, it may be investment-related when regulations restrict imports or make local establishment mandatory. Examples

can be found in the banking and insurance sectors and in construction and engineering services.

129. Government intervention in international service activities is universal; it is practised in all countries irrespective of differences in economic and social systems. However, the lack of detailed information on existing government involvement precludes an accurate evaluation of the extent to which individual countries or groups of countries pursue different policies. It has sometimes been argued that, in terms of the number and diversity of measures, international service activities are more regulated in developing than in developed countries.[45] On the other hand, a recent study on ASEAN-ECC trade in services points out that, as a group, the EEC countries have more than twice the number of measures affecting international service activities than the ASEAN countries.[46] In the socialist countries of Eastern Europe, policy towards service imports appears to be applied in the general context of central planning of the economy.

130. The number and diversity of measures, however, does not necessarily reflect their economic significance and impact. Rather, the volume of the international services business that is affected by such measures is the salient point. As the developed countries are by far the most important markets for international service activities, government involvement of developed countries necessarily has a relatively more significant economic impact than that of developing economies or the socialist countries of Eastern Europe. The impact of measures in developing countries will become more important as and when their markets for services grow as a result of economic development and foreign service enterprises stepping up their efforts to establish themselves in these markets.

131. Very broadly, trade and investment measures affecting service industries are either (*a*) general measures affecting both goods-producing and services industries, or (*b*) measures taken to deal with problems specific to a particular service industry.

B. Measures of a general nature

132. General measures include, in particular: (*a*) foreign exchange restrictions; (*b*) government procurement policies; (*c*) government incentives; (*d*) measures affecting direct foreign investment; (*e*) regulations on the employment of non-nationals by foreign firms; and (*f*) differential taxation of foreign enterprises. The first three measures are, by and large, trade-related and investment-related, whereas the last three are essentially investment-related.

1. Foreign exchange restrictions

133. Exchange controls imposed for balance-of-payments reasons are common in developing countries, but they also exist in some developed countries. These restrictions, which generally cover both current and capital transactions, also affect international service transactions, more specifically as regards the payment for services imports and remittances abroad of income from investment in service sectors.

134. Exchange controls generally take such forms as licensing requirements, ceilings on the amount of foreign exchange obtainable, delays in the actual transfer of foreign exchange, alone or in combination. Thus, construction and engineering firms may require licences for remittances of profits and fees, and there may be ceilings on the annual or monthly amounts which they can transfer abroad. Similarly, foreign exchange regulations can limit remittances of funds between the reinsured company and the foreign reinsurer. Most developing and a number of developed countries also limit the amount of foreign exchange available to residents for international travel.

2. Government procurement policies

135. Most Governments maintain preferences for national producers in their purchases of services as they do in the procurement of manufactured goods and other products. For instance, in both developed and developing countries procurement policies give preference to local construction and engineering firms for government contracts to the extent that local capacity and expertise is available. Regarding the banking sector, governmental and semi-governmental entities may be encouraged not to transact business with foreign bank affiliates. In the same way, procurement policies can oblige government authorities to purchase their insurance only from national companies. Government procurement polices may also affect foreign computer services industries. In the maritime transportation sector, the Government may stipulate that its own purchases and sales of goods, and its financing of imports and exports, are reserved for national flag vessels. Similarly, procurement policies may oblige industries owned or supported by the Government to use national air lines.

3. Government incentives

136. Governments in developed and developing countries offer incentives to a number of service industries, similar to those given to manufacturing, to help them compete at home or in third-country markets. While domestic and foreign firms are equally eligible for certain incentives and subsidies, preference may be given to domestic companies.

137. Maritime and air transportation, the film industry and computer services industries are among the service sectors benefiting from substantial governmental incentives. Support measures include operating subsidies, low-interest finance, official loan guarantees and special tax and depreciation allowances.

4. Measures affecting investment

138. Regulations concerning direct foreign investment which are the result of policies aimed at strengthening the domestic business sector and, consequently, reducing the influence of foreign business interests in the national economy relate to the extent of foreign equity holdings and sometimes exclude foreign majority ownership or foreign investment in particular activities. In many countries, such measures affect foreign investment in a broad range of service sectors, such as insurance, banking, accounting, advertising, franchising, vehicle rental, cinemas and hotels.

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[45] Shelp, *op. cit.*, p. 124.

[46] Pang Eng Fong, "ASEAN-EEC trade in services: an overview", paper presented to the Second Conference on ASEAN-EEC Economic Relations, Brussels, 16-18 September 1982, organized by the Institute of Southeast Asian Studies, ASEAN Economic Research Unit, Singapore.

5. Restrictions on the employment of non-nationals by foreign firms

139. Legislation relating to the employment of non-nationals is common in both developed and developing countries, affecting service industries as well as other economic activities of foreign business interests. Although such legislation may apply to both foreign and local enterprises, it can be less favourable to foreign firms, which may have to rely to a certain extent on their own national staff to conduct their operations effectively. Such as need would apparently be more likely in the case of managerial and technical staff than with regard to employees with lower skills.

140. In many countries, banking regulations specify that management positions in foreign banks have to be filled exclusively, or almost exclusively, by citizens of the host country. In computer services the need for work permits for foreign personnel may impede the ability of the firms to market and maintain their services, a situation which may also occur in areas such as banking and insurance.

6. Differential taxation of foreign enterprises

141. Differential taxation of foreign concerns can affect foreign enterprises both in the service sector and in the manufacturing sector. Thus, affiliates of overseas companies may be required to pay higher corporate income taxes than locally-owned enterprises. Profits, fees and other earnings remitted abroad can be subject to taxation not borne by indigenous enterprises which keep their earnings in the national economy. Home office overhead costs may not be deductible expenses for tax purposes. In addition, sector-specific taxes applying only to particular service industries may be less favourable for international service activities of foreign enterprises.

C. Description of measures affecting selected service industries

142. Some service activities (such as banking, insurance and telecommunications), tend to be highly regulated, whereas others (like advertising, building and construction, and engineering), would appear to be less subject to governmental measures. As observed at the beginning of this chapter, it is difficult to generalize about the extent of government intervention in developed and developing countries in international service activities. More extensive research on a sectoral basis is necessary. The following overview is intended to illustrate the types of measures employed, rather than to cover in a comprehensive fashion all service sectors and industry-specific measures employed by individual countries.

1. Trade-related measures

(a) *Advertising services*

143. In the advertising sector, a number of developed and developing countries do not permit the import of television and radio commercials. Apart from total prohibitions, there are various controls affecting the importation of advertising material, such as import licensing and other clearance requirements, import duties and taxes and regulations prohibiting commercials using foreign models and languages.

(b) *Insurance*

144. In many countries, legislation prohibits the insuring abroad of certain risks. Frequently, only locally incorporated companies may do business in the domestic market, thus excluding the provision of insurance directly by the parent company overseas. Placing insurance abroad may, however, be permitted when the local market does not have the necessary insurance capacity.

145. Insurance with companies located abroad may be discouraged through fiscal measures. A number of countries tax premiums paid locally for imported insurance, for instance marine insurance, whereas premiums paid for insurance effected domestically are tax deductible.

146. In the reinsurance sector, the placement of reinsurance directly with an institution located abroad is prohibited or limited in some developing countries. All reinsurance, or a fixed percentage thereof, has to be placed with a local reinsurance entity, normally a public or semi-public institution. As regards freight insurance, another measure is the requirement that imports have to be insured in the domestic market of the importing country. In some countries, a similar regulation exists for exports, requiring insurance in the exporting country.

(c) *Banking*

147. At the broadest level, control of international banking transactions involves limitations on the acceptance of foreign-owned deposits, on lending by resident banks to non-resident customers and on borrowing by residents from banks which operate outside the country. Measures affecting foreign-owned deposits and foreign lending and borrowing are part of the broader framework applied by countries to international capital movements through which their markets communicate with each other and with the Euromarkets. The measures may not, therefore, be specifically aimed at influencing bank lending, but more generally at controlling inward and outward movements of capital by residents and controlling the scope for speculation in the local currency. Frequently, a more liberal attitude is taken towards capital inflows, as long as they do not threaten domestic monetary stability. Government involvement can take the form of a variety of measures, such as fixing maximum interest rates, or even negative interest rates, on foreign-owned deposits and placing a ceiling on the amount of funds which domestic banks may lend to foreign clients or residents may borrow from abroad. Export credits, that is, financing related to manufactured exports, are normally exempt from such measures. A further measure, frequently encountered, is the prohibition of branch banking under the direct control of the parent bank overseas. Such prohibitions also involve to some extent constraints on "across-frontier" operations.

(d) *Maritime transportation*

148. Manifold problems affect international shipping services. A comprehensive presentation is evidently beyond the scope and purpose of this brief illustrative review. Major issues concern market access and equitable participation of all countries in shipping. Impediments to market access can come from a variety of sources. Some are caused by official national policies, whereas others stem from unofficial or private practices. Thus, the liner shipping industry is organized by shipping companies within the framework of liner conferences, involving cartel-like

agreements which restrict free access and competition, regulate freight rates, segment markets and have largely operated outside government control. In order to rectify this situation, the Convention on a Code of Conduct for Liner Conferences was adopted in 1974, aiming at placing liner conferences under international regulation.[47] Even though such institutionalized competitive restrictions do not exist in the bulk shipping sector, the bulk market is dominated by transnational corporations and large trading houses resorting to restrictive business practices in their chartering policies. Furthermore, access to the bulk market and equitable participation by developing countries is curtailed due to the fact that establishment operators, both industrial and independent carriers, have to an increasing extent engaged in flag-of-convenience operations by which they artificially retain their competitiveness *vis-à-vis* owners from low-cost countries.

149. Various measures, which may generally be classified as flag discrimination, are designed by Governments in developed and developing countries to direct trade to ships of national owners, regardless of commercial considerations, thereby curtailing international trade in maritime transportation services. Irrespective of the type of shipping arrangement, Governments may have cargo preference schemes under which certain goods must be carried in domestic vessels. The granting of import licences for goods may require that imports are carried on domestic or State-owned vessels. Tax and duty treatment may also favour carriage by national vessels. For example, import duty exemptions may be granted for cargo imported on national flag ships. Bilateral agreements, such as cargo sharing and pooling arrangements, are used to limit competition from third-country merchant fleets.

(e) *Air transportation*

150. On most routes, the civil aviation market is carved up by bilateral agreements between countries designating specific carriers on particular routes and the frequency of the service. Some developing countries also use bilateral agreements to control the number of flights and passengers that a foreign airline may fly to or from their territories to protect their own, much smaller, national airlines from competition from airlines of developed countries. At the non-governmental level air fares are agreed upon in tariff conferences of IATA, subject to the approval of the Governments concerned. Almost every country reserves for its national airline all flights wholly within its territory.[48]

151. Some regulations and practices in both developed and developing countries frequently favour local airline companies. Foreign airlines may be subject to differential taxation, such as higher business and sales taxes. National carriers are also frequently granted preferential airport user rates on such items as landing fees and hangar and parking charges. Furthermore, national carriers are accorded preference in airport facilities and services. Ground handling services may be the monopoly of the national airline or some other designated national company. The access of foreign airline companies to automated reservation and ticketing systems may be limited.

(f) *Cinema*

152. Measures affecting the importation of films apply in many developed and developing countries (for example, licensing requirements or import quotas). Screen quotas require cinemas and television studios to allocate a certain proportion of their screen time to the showing of domestic films. A further measure which impedes the importation of films can be the requirement that prohibits foreign films from being dubbed into the local language. Governments may also impose higher admission taxes and other levies on foreign than on domestic films.

(g) *Computer services*

153. Measures in many developed and a number of developing countries which affect computer services impede the movement of software and data across national borders. A frequently used measure is the requirement that data-processing functions have to be performed as far as possible within the country. Thus, transnational corporations may be required to maintain local data-processing facilities, which could involve higher operating costs. There is a growing tendency in many countries to require that data files remain within the country rather than be transmitted to computers and computer banks located abroad. Other measures may affect access to government-controlled communication lines required for the transmission of data and the establishment of international computer networks. In some countries, foreign firms face a surcharge that is added to the normal leasing rates for communication lines.

154. With regard to tariffs to be levied on imports of software, several developed countries have made efforts to establish workable valuation methods, involving a formula which would allow import duties to be levied on the value of the data. To date only communication hardware has been subject to tariff valuation.

(h) *Imports of service-related goods*

155. Government intervention can also impede the importation of manufactured products used in service industries. Thus, government measures may affect imports of materials, machinery and equipment used, for example, by franchise companies, such as fast-food restaurants. Such measures in developing countries are mainly in the form of import licensing and foreign exchange regulations. In some developed countries, health, safety and standards regulations also affect imports. Similarly, countries may discourage imports of equipment and spare parts required for the maintenance of hotel and other accommodation. Tariffs and technical standards regulations can impede the importation of data communication hardware. Governments may also require that only domestically manufactured computers and telecommunications equipment be used in service company operations.

2. Investment-related measures controlling the establishment of foreign companies

(a) *Banking*

156. The banking sector is, like insurance, characterized by heavy government intervention and regulation

[47] For the text of the Convention, see *United Nations Conference of Plenipotentiaires on a Code of Conduct for Liner Conferences, vol. II, Final Act (including the Convention and Resolutions) and Tonnage Requirements* (United Nations publication, Sales No. E.75.II.D.12).

[48] For a further discussion of measures affecting air transportation, see the report by the UNCTAD secretariat, "The effects of discriminatory and unfair civil aviation practices on the growth of air transport in developing countries" (TD/B/860).

in most countries. Some countries with private banking sectors, among them small developing economies, do not permit the entry of foreign banks or only allow them to establish representative offices which cannot extend loans or accept deposits. A number of developed and developing countries have prohibited the further expansion of foreign banks in their domestic banking sectors; new foreign banks may not enter, and established foreign banks are not permitted to set up new branch offices. A less prohibitive approach chosen by some other countries stipulates that the opening of any additional branch by a foreign bank which already maintains one or more branches in the host country requires a new licence. Many countries apply limitations on the extent of foreign equity in a banking institution, often limiting foreign participation to a minority holding. Branch banking under the direct control of the overseas parent bank is frequently prohibited, making the establishment of capitalized—fully or partially owned—subsidiaries obligatory.

(b) *Insurance*

157. Many Governments limit direct foreign investment in their domestic insurance sectors. Some require that locally-established companies must be owned and managed entirely by nationals. Frequently, prohibitions are directed against a further expansion of established foreign insurance companies. Limitations on foreign equity in insurance firms are also a common feature of many national insurance markets. The establishment of foreign reinsurers is excluded in some countries, where all reinsurance must be placed with a designated indigenous institution.

(c) *Construction and engineering*

158. Governments, particularly those of developing countries, increasingly require some form of co-operation with local enterprises by foreign firms providing construction and engineering services. Thus, foreign firms may have to engage in joint ventures with local enterprises or conduct their transactions through local subsidiaries or affiliates, which act as their representatives in the host countries.

(d) *Accounting*

159. In both developing and developed countries, regulations curtail the right of foreign professional accountants to practise locally, or even completely prohibit them from doing so. Audits may have to be supervised by locally registered, qualified accountants. Foreigners may be required to possess the requisite professional degree from a local university, or pass a special examination, as well as be a member of a local professional body.

(e) *Legal services*

160. Licensing regulations in both developed and developing countries severely limit the areas in which non-nationals may practice law. By and large, foreign law firms are, in these cases, only permitted to provide advice on their respective national law or on multinational aspects of the law. Generally, appearances in court proceedings are still excluded. Furthermore, an elaborate screening and reviewing process can make it difficult to obtain work permits. In a number of countries, citizenship of the country is required for inscription on the professional register, which is necessary in order to practise.

(f) *Cinema*

161. Governments may require all films to be imported and distributed through a public distribution organization which has a monopoly position. Such centralization of purchase and distribution is, in particular, to be found in developing countries.

(g) *Franchising services*

162. Many countries, particularly developing countries, do not allow the establishment of franchise companies which are fully foreign-owned. Furthermore, a number of developing countries require foreign firms to disclose know-how and technology before franchising operations are permitted. Firms may, for instance, be required to lay open the process technology used in fast-food production. In other cases, the allocation of foreign exchange for remittances of royalties and other earnings is made dependent on how much know-how is transferred to the franchise holder under the franchise agreement.

3. Investment-related measures controlling the operations of foreign companies

163. Government measures curtailing the scope of operations of foreign companies are not necessarily embodied in legislation forbidding particular transactions but may take the form of unpublicized "gentlemen's agreements". Government intervention affecting the scope of operations appears to be a less widespread regulatory mechanism than ownership limitations, most likely because compliance is more difficult to control and enforce. However, this type of intervention is particularly frequent in the banking and insurance sectors.

(a) *Banking*

164. Because of limitations on the scope of operations, foreign banks may not be in a position to offer customers the same services that "full service" commercial banks can offer. They may not be permitted to accept certain types of deposits, such as demand and savings deposits, or to enter more widely into retail banking and instalment credit business. Moreover, access to central bank rediscount facilities can be excluded or more limited than for domestic banks. Operations may also be limited to transactions related to international trade and to foreign currency project lending; the acceptance of local currency deposits and the extension of local currency loans are, then, prohibited. Such limited access is, for instance, encountered in some socialist countries of Eastern Europe, which do not normally allow the entry of Western banks. Foreign financial institutions are, in these cases, considered as vehicles to facilitate international trade.

165. Foreign banks may be subject to stricter capital and reserve requirements and liquidity ratios than locally-owned banks. Branches of non-national banks must often be capitalized as if they were independent banks, thus excluding from consideration the capital of the parent bank. They may also be required to invest a larger proportion of their portfolios in government bonds, long-term securities of development banks or other government financial institutions, or to invest specified portions of earnings in long-term loans to local industry.

166. Furthermore, foreign banks may be required to maintain fixed amounts in foreign currency deposits with the central bank. Sometimes a certain amount has to

be deposited for each branch office established. Ceilings on the volume of credits which the bank may extend may also be made dependent upon the bank's foreign currency deposit with the central bank.

(b) *Insurance*

167. Foreign insurance companies may, like banking institutions, be required to meet higher capital and reserve requirements than national insurance firms. A number of developing and developed countries do not allow foreign insurance firms to offer certain types of insurance, such as life insurance. Foreign companies may also be subject to higher taxation of premium income. In some countries, requirements and regulations affect the operations of foreign insurance companies by influencing consumer choice in favour of national companies. Thus, it may be obligatory for a person who enjoys any government incentive or subsidy to insure with a national company.

D. Trend towards reduced control

168. Despite the multitude of government interventions in international service activities, a trend towards reduced control is apparent in certain service sectors. Relations between the international reinsurance markets and national or regional reinsurance institutions generally evolve on a normal commercial basis, and insurance institutions can be fairly well assured of obtaining coverage from the international reinsurance concerns on competitive conditions. In the area of direct insurance, special or very large risks are normally shifted to unregulated international insurance markets. In the banking sector, international markets, such as the inter-bank market and the market for participation in Eurocurrency syndicates, became very competitive during the 1970s. Similarly, in air transport, despite bilateral agreements and other controls, it would seem that the influence of IATA on the setting of tariffs has been declining in recent years, notably due to a policy of reduced intervention by the United States of America.[49]

169. In the banking and insurance sectors, institutional arrangements have resulted in less intervention with respect to certain—for example, offshore—locations and for certain types of customers. The growth of financial centres hosting Eurocurrency banks and captive insurance companies demonstrates the effective separation of relatively uncontrolled banking and insurance business in economic free zones from regulated operations in national economies. The host countries which have authorized offshore banking and insurance activities are mainly small developing countries, in particular island States, with minimal regulations and the added advantage of substantial tax benefits. The major reason for the rapid growth of Eurocurrency banking in offshore locations and other financial centres, from virtually nothing in the 1960s to over $1,500 billion in 1980, has been the exemption of this type of banking from minimum reserve requirements.

170. Similarly, most captive insurance companies are incorporated in offshore territories, with minimal legislation and less stringent reserve requirements. A captive is an insurance company established by an industrial or commercial concern (or a transnational group with a common activity) for the insurance of all or part of the risks of that concern or transnational group. Such an insurance institution enables a business concern to build up funds within a specialized vehicle and to design specific policies that meet the needs of its particular commercial requirements. Insurance can be provided to the parent transnational corporation and all its subsidiaries under a world-wide policy. The number of captives has significantly increased over the past years and their existence has substantially intensified competition in the international insurance sector. The more the captive companies provide the type of specialized cover required by the parent, the more they are taking insurance business and premiums from the commercial insurance industry, forcing the latter to become less costly and more innovative.[50] On the other hand, the negative influences which the captives can exert on the developing countries should not be overlooked. They can facilitate a large outflow of foreign exchange, and achieve this without the knowledge of the local Government. Generally, they are not liable to taxes in the countries where the risks are insured and at times do not even take into account national regulations which protect the insured.

171. As a reaction to the growing possibilities for unregulated operations abroad, the establishment of free economic zones is being considered by some countries as a means to induce the return of some of the business that has been lost to offshore banking and insurance centres. In 1980, a free insurance zone was opened in New York, followed in 1981 by a free banking zone. Insurance companies established in the zone can underwrite large or special risks without obtaining the permission of the regulatory authorities, and resident banks are relatively free from reserve requirements. Reduced control in overseas locations has, thus, induced the relaxation of interventions in defined geographical areas of a national market.

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[49] P. Praet, "EEC and ASEAN in the international exchange of services: a European perspective", paper presented to the Second Conference on ASEAN-EEC Economic Relations, Brussels, 16-18 September 1982, organized by the Institute of Southeast Asian Studies, ASEAN Economic Research Unit, Singapore.

[50] For a fuller discussion of captive insurance companies, see the study by the UNCTAD secretariat, "Insurance in developing countries: developments in 1980-1981" (TD/B/C.3/178), in particular, chapter I, section C, and annex.

SUPPLEMENTARY STATISTICS

EXPLANATORY NOTES

The term "countries" as used in the present annex also refers, as appropriate, to territories and areas.

Production of services

1. Throughout the present report and annex, the tables on production of services use the broadest definition of the service sector. This definition thus includes all domestic activities other than agriculture and industry. As indicated in chapter III, data presented on a net material product basis (by the socialist countries of Eastern Europe and of Asia), cannot be compared with data presented on a gross domestic product (SNA) basis. Consequently, data on the socialist countries of Eastern Europe are presented separately and are not included in the summary tables of this annex.

2. The data on production of services based on the SNA cover 107 countries (22 developed market-economy countries[a] and 85 developing countries). The latter are subdivided into oil-exporting developing countries (11)[b] and non-oil-exporting developing countries (74),[c] and among countries in the latter group 16 least developed countries[d] are distinguished. The "world" total is the sum of the 107 countries and excludes the socialist countries of Eastern Europe and Asia.

3. Tables A.1 to A.6 highlight production in services on a component-by-component basis for the major groups as well as for selected individual developed and developing countries. These data are expressed in millions of dollars and as a percentage of GDP for the years, 1970, 1975 and 1979.

Trade in services

4. Throughout this report and the present annex the tables on trade in services also use the broadest definition. This definition thus includes all international transactions recorded in the current account other than merchandise and private transfers.

5. Data on the socialist countries of Eastern Europe are not included in the tables on trade in services, since few of these countries report their international balance-of-payments transactions to IMF. The data on trade in services cover 119 countries which, as for statistics on production, are classified into developed market-economy countries (25)[e] and developing countries (94). The latter are further subdivided into oil-exporting,[f] non-oil-exporting[g] and least developed.[h] The "world" total is the sum of the 119 countries and excludes the socialist countries of Eastern Europe and Asia.

6. Tables A.7-A to A.17-B provide a detailed accounting of international service transactions (credits and debits) for each of the various components. World totals and the group and subgroup subtotals are shown, as well as data for selected developed and developing countries. The data are expressed in absolute values, as a percentage of the world total for the component, and as a percentage of the transactions of the country (or group) on the merchandise account or total services account.

* * *

[a] Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Federal Republic of, Greece, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, South Africa, Spain, Sweden, United States of America, United Kingdom of Great Britain and Northern Ireland.

[b] Algeria, Ecuador, Gabon, Indonesia, Iran [now Iran (Islamic Republic of)], Iraq, Kuwait, Libyan Arab Jamahiriya, Nigeria, Saudi Arabia, Venezuela.

[c] The 16 least developed countries listed in *d* below plus Angola, Argentina, Barbados, Bolivia, Botswana, Brazil, Burma, Burundi, Chile, Colombia, Congo, Costa Rica, Cyprus, Dominican Republic, El Salvador, Fiji, Gambia, Ghana, Guyana, Honduras, Hong Kong, India, Ivory Coast, Jamaica, Jordan, Kenya, Lesotho, Liberia, Malaysia, Malta, Mauritius, Mexico, Morocco, Mozambique, Nicaragua, Oman, Pakistan, Panama, Paraguay, Peru, Philippines, Republic of Korea, Sao Tome and Principe, Senegal, Sierra Leone, Singapore, Sri Lanka, Syrian Arab Republic, Thailand, Togo, Trinidad and Tobago, Tunisia, Turkey, United Republic of Cameroon, Uruguay, Zaire, Zambia, Zimbabwe.

[d] Bangladesh, Benin, Central African Republic, Chad, Ethiopia, Malawi, Mali, Nepal, Niger, Rwanda, Somalia, Sudan, Uganda, United Republic of Tanzania, Upper Volta, Yemen.

[e] The 22 countries in the production series (note *a*) excluding Luxembourg, plus Iceland, Israel, Switzerland and Yugoslavia.

[f] The same 11 countries as for the production series (note *b*).

[g] The 74 countries in the production series (note *c*), with the addition of the Bahamas, Egypt, Equatorial Guinea, Grenada, Guatemala, Madagascar, Mauritania, Netherlands Antilles, Papua New Guinea, Samoa, Seychelles, Suriname, Swaziland, Togo and Democratic Yemen, and the exclusion of Angola, Burundi, Gambia, Hong Kong, Lesotho, Liberia and Mozambique.

[h] The 16 countries in the production series (note *d*) plus Samoa and Democratic Yemen.

The Sources for the tables in the present annex are as follows:

Tables A.1 to A.6: UNCTAD secretariat calculations, based on information contained in *World Tables: The Second Edition (1980), from the Data Files of the World Bank* (Baltimore and London, Johns Hopkins University Press for the World Bank, 1980).

Tables A.7-A to A.17-B: IMF Balance of Payments Tapes, 1981.

I. Production of services: component summary tables

TABLE A.1

Domestic trade and finance activities: 1970, 1975 and 1979
(Millions of dollars and percentage of GDP)

Country	Millions of dollars			Percentage of GDP		
	1970	1975	1979	1970	1975	1979
World	593 207.3	1 170 355.4	2 046 343.8	38.8	37.8	39.1
Developed market-economy	528 935.6	1 016 104.2	1 722 286.0	38.8	37.6	38.5
Developing	64 271.7	154 251.2	324 057.8	38.8	39.5	42.5
Oil-exporting	9 535.6	32 110.9	69 728.0	35.5	34.7	32.6
Non-oil exporting	54 736.1	122 140.3	254 329.8	39.4	41.0	46.3
Least developed	1 778.7	4 007.6	6 674.9	37.9	37.6	36.0
Selected developed						
Luxembourg	193.0	846.0	1 961.0	33.7	54.6	65.3
Italy	27 988.0	66 553.0	107 593.0	44.4	55.3	54.0
New Zealand	2 147.0	4 472.0	6 297.0	55.2	47.8	46.4
Japan	55 333.0	151 016.0	287 914.0	46.9	46.2	44.2
France	37 046.0	94 252.0	159 128.0	40.9	41.6	41.9
United States	285 200.0	414 800.0	683 400.0	41.7	38.3	41.7
Austria	3 499.0	8 853.0	18 546.0	41.1	36.2	41.2
Portugal	896.0	2 184.0	3 502.0	33.3	32.4	38.3
South Africa	4 558.0	9 060.0	10 230.0	46.8	45.8	37.7
Norway	2 707.0	6 951.0	11 620.0	34.1	35.1	36.3
Germany, Fed. Rep. of	37 077.0	88 241.0	153 038.0	36.9	35.9	34.2
Selected developing						
Burma	568.0	1 080.0	1 572.0	52.6	68.4	70.2
Singapore	699.1	2 094.5	3 625.8	48.5	50.4	59.9
Hong Kong	1 088.8	2 817.4	33 561.7	55.8	49.5	57.0
Syrian Arab Rep.	556.8	1 644.4	3 074.4	56.3	57.9	56.3
Mali	63.7	139.0	349.3	49.8	46.2	53.9
Mexico	12 666.3	28 128.8	39 127.8	61.4	56.8	53.5
Mozambique	485.8	830.2	878.7	54.4	55.4	52.8
Nigeria	1 050.1	8 110.4	18 039.5	41.9	51.2	52.4
Botswana	18.0	66.0	156.0	43.8	43.7	51.0
Paraguay	145.2	346.0	894.1	47.8	48.4	50.2
Philippines	1 780.7	3 512.6	6 794.0	52.8	49.7	48.6

TABLE A.2

Domestic construction activities: 1970, 1975 and 1979

(Millions of dollars and percentage of GDP)

Country	Millions of dollars			Percentage of GDP		
	1970	1975	1979	1970	1975	1979
World	146 806.5	303 368.6	530 260.5	9.6	9.8	10.1
Developed market-economy	129 768.7	257 552.8	427 665.6	9.5	9.5	9.6
Developing	17 037.8	45 815.8	102 594.9	10.3	11.7	13.4
Oil-exporting	2 960.3	15 505.7	43 072.2	11.0	16.8	20.6
Non-oil-exporting	14 077.5	30 310.1	59 522.7	10.1	10.2	10.8
Least developed	404.3	1 173.5	1 666.2	8.6	11.0	9.0
Selected developed						
Greece	767.0	1 332.0	3 323.0	14.6	12.1	15.6
Japan	15 813.0	45 473.0	90 764.0	13.4	13.9	13.9
Luxembourg	77.0	253.0	409.0	13.4	16.3	13.6
Austria	1 187.0	3 290.0	6 007.0	13.9	13.5	13.3
Spain	2 957.0	8 755.0	1 524.6	14.4	14.3	13.1
Germany, Fed. Rep. of	15 248.0	28 696.0	56 304.0	15.2	11.7	12.6
Italy	8 371.0	15 307.0	24 169.0	13.3	12.7	12.1
Portugal	283.0	884.0	1 073.0	10.5	13.1	11.7
Denmark	1 551.0	3 083.0	5 733.0	13.1	10.8	11.6
Belgium	1 785.0	4 541.0	8 200.0	10.9	10.5	10.7
Norway	887.0	2 205.0	3 399.0	11.2	11.1	10.6
Selected developing						
Saudi Arabia	207.5	2 194.4	10 343.8	14.2	29.8	34.6
Libyan Arab Jamahiriya	286.7	1 468.3	2 340.8	20.1	28.2	27.2
Algeria	505.0	1 680.0	3 971.0	18.9	26.1	26.7
Oman	25.4	205.0	262.6	57.5	32.9	22.4
Cyprus	41.0	47.0	221.0	12.6	11.5	20.1
Niger	11.9	23.3	125.5	10.1	7.7	18.7
Republic of Korea	472.7	1 028.5	5 682.6	10.9	10.4	18.0
Trinidad and Tobago	55.4	146.1	396.1	10.6	13.5	17.1
Yemen	10.9	39.2	229.0	11.4	9.4	16.1
Nigeria	378.0	2 947.2	5 544.6	15.1	18.6	16.1
Iraq	113.5	309.2	1 167.6	8.1	7.9	15.8

TABLE A.3

Domestic transport and communications activities: 1970, 1975 and 1979

(Millions of dollars and percentage of GDP)

Country	Millions of dollars			Percentage of GDP		
	1970	1975	1979	1970	1975	1979
World	156 255.1	297 242.1	524 847.2	10.2	9.6	10.0
Developed market-economy	136 058.5	254 128.4	437 364.7	10.0	9.4	9.8
Developing	20 196.6	43 113.7	87 482.5	12.2	11.0	11.5
Oil-exporting	3 410.3	9 978.7	23 970.7	12.7	10.8	11.2
Non-oil-exporting	16 786.3	33 135.0	63 511.8	12.1	11.1	11.6
Least developed	794.5	1 422.1	2 638.7	16.9	13.4	14.2
Selected developed						
South Africa	1 611.0	3 270.0	4 713.0	16.6	16.5	17.4
Norway	1 757.0	3 434.0	5 084.0	22.1	17.3	15.9
Portugal	367.0	928.0	1 261.0	13.7	13.8	13.8
New Zealand	490.0	1 038.0	1 764.0	12.6	11.1	12.9
Greece	659.0	1 485.0	2 673.0	12.5	13.5	12.7
Belgium	1 865.0	5 006.0	9 049.0	11.6	11.6	11.8
Finland	774.0	1 897.0	3 177.0	11.5	10.5	11.7
Japan	14 025.0	30 880.0	68 714.0	11.9	9.5	10.5
Canada	6 441.0	11 911.0	17 106.0	10.8	10.0	10.6
United Kingdom	8 987.0	18 018.0	29 222.0	10.8	11.0	10.3
Germany, Fed. Rep. of	10 613.0	24 794.0	45 283.0	10.6	10.1	10.1
Selected developing						
Morocco	769.5	1 612.8	2 865.5	32.0	32.1	29.6
Nepal	19.0	41.2	159.9	9.4	13.3	29.2
Sierra Leone	40.9	64.0	103.9	23.2	25.3	29.1
Benin	13.0	56.0	92.0	12.0	22.3	24.3
Mauritius	19.4	46.6	116.4	19.9	18.9	21.1
Venezuela	1 213.3	2 581.8	5 572.0	17.6	17.9	20.5
Sudan	146.7	253.8	769.1	17.0	13.4	20.5
Turkey	1 032.7	2 998.2	7 201.5	17.3	17.6	19.8
Singapore	203.5	640.0	1 211.8	14.1	15.4	19.0
Sri Lanka	211.1	294.9	304.7	17.6	16.9	18.3
Angola	155.0	117.0	227.0	22.4	17.0	17.7

TABLE A.4

Domestic "other services" activities: 1970, 1975 and 1979

(Millions of dollars and percentage of GDP)

Country	Millions of dollars			Percentage of GDP		
	1970	*1975*	*1979*	*1970*	*1975*	*1979*
World	350 901.9	733 942.8	1 208 909.1	22.9	23.7	23.1
Developed market-economy	312 886.9	651 401.2	1 085 958.5	22.9	24.1	24.3
Developing	38 015.0	82 541.6	122 950.6	22.9	21.1	16.1
Oil-exporting	4 935.8	15 232.5	33 121.8	18.4	16.5	15.5
Non-oil-exporting	33 079.2	67 309.1	89 828.8	23.8	22.6	16.4
Least developed	676.3	2 044.1	3 562.7	14.4	19.2	19.2
Selected developed						
Sweden	10 474.0	22 220.0	38 266.0	45.9	48.0	48.7
Canada	27 567.0	50 394.0	70 800.0	45.9	42.3	43.6
United Kingdom	35 808.0	65 538.0	123 765.0	43.0	40.0	43.6
Netherlands	6 866.0	20 281.0	45 975.0	33.5	36.1	41.1
Ireland	789.0	1 127.0	3 785.0	31.7	22.5	38.8
Australia	8 494.0	26 524.0	34 158.0	33.5	38.7	37.3
Belgium	5 692.0	15 136.0	25 458.0	34.8	34.9	33.1
Finland	2 208.0	4 888.0	7 982.0	32.7	27.1	29.3
Greece	1 684.0	3 237.0	6 281.0	31.9	29.3	29.2
Spain	5 425.0	15 467.0	32 437.0	26.3	25.2	27.9
Norway	1 723.0	4 892.0	8 016.0	21.7	24.7	25.0
Selected developing						
Ivory Coast	510.5	1 187.9	3 189.0	57.6	52.7	56.5
Kuwait	546.9	1 450.6	2 944.0	53.9	51.1	50.2
Tunisia	439.0	1 167.2	1 829.0	53.2	52.9	49.4
Panama	323.3	547.3	1 004.0	47.8	41.7	49.1
Barbados	25.0	101.0	197.0	23.2	40.1	43.3
Gambia	5.0	11.0	20.0	34.1	32.6	43.2
Nepal	97.2	123.3	222.0	47.9	39.9	40.5
United Rep. of Cameroon	160.0	483.0	1 101.0	25.1	32.6	37.2
Burundi	21.0	35.0	94.0	37.3	32.9	36.6
Zaire	300.8	702.6	1 023.3	30.7	31.1	34.7
Bangladesh	68.0	1 069.0	1 159.0	6.7	33.2	32.3

TABLE A.5

Domestic public administration activities: 1970, 1975 and 1979

(Millions of dollars and percentage of GDP)

Country	Millions of dollars			Percentage of GDP		
	1970	*1975*	*1979*	*1970*	*1975*	*1979*
World	227 474.2	480 157.3	738 865.2	14.9	15.5	14.1
Developed market-economy	205 969.9	425 096.5	633 553.8	15.1	15.7	14.2
Developing	21 504.3	55 060.8	105 311.4	13.0	14.1	13.8
Oil-exporting	5 301.1	18 237.6	41 044.0	19.8	19.7	19.2
Non-oil-exporting	16 203.2	36 823.2	64 267.4	11.7	12.4	11.7
Least developed	916.5	1 826.4	3 712.8	19.5	17.1	20.0
Selected developed						
Denmark	2 184.0	6 780.0	13 695.0	18.4	23.8	27.6
Portugal	385.0	838.0	2 259.0	14.3	12.4	24.7
Austria	1 608.0	4 714.0	10 085.0	18.9	19.3	22.4
Ireland	494.0	1 279.0	2 089.0	19.8	25.9	21.4
Finland	1 205.0	3 541.0	5 606.0	17.8	19.7	20.6
Germany, Fed. Rep. of	17 414.0	50 604.0	87 621.0	17.3	20.6	19.6
New Zealand	653.0	1 562.0	2 527.0	16.8	16.7	18.6
United States	131 300.0	209 800.0	290 400.0	19.2	19.4	17.7
France	8 393.0	37 887.0	67 083.0	9.3	16.7	17.7
Luxembourg	90.0	269.0	525.0	15.7	17.4	17.5
South Africa	1 580.0	3 321.0	4 661.0	16.2	16.8	17.2
Selected developing						
Sao Tome and Principe	3.5	4.6	6.6	48.6	46.0	47.8
Angola	159.0	294.0	552.0	23.0	42.5	43.0
Guyana	31.0	68.0	92.0	27.6	35.2	39.0
Oman	5.5	153.4	364.5	12.5	24.6	31.1
Uganda	102.3	136.3	992.7	24.2	23.0	30.7
Somalia	20.6	42.6	111.0	24.3	21.0	30.2
Jordan	103.5	204.0	380.6	37.0	33.2	28.4
Kenya	214.1	441.4	776.6	27.2	28.9	27.9
Syrian Arab Rep.	186.4	833.2	1 475.2	18.9	29.4	27.0
Botswana	10.0	34.0	80.0	22.9	22.3	26.3
Central African Rep.	28.0	53.0	86.0	28.4	26.3	25.8

TABLE A.6

Domestic utilities activities: 1970, 1975 and 1979

(Millions of dollars and percentage of GDP)

Country	Millions of dollars			Percentage of GDP		
	1970	1975	1979	1970	1975	1979
World	55 911.7	110 809.8	190 377.7	3.7	3.3	3.6
Developed market-economy	51 131.0	101 234.3	169 532.1	3.7	3.7	3.8
Developing	4 780.7	9 575.5	20 845.6	2.9	2.5	2.7
Oil-exporting	688.5	1 461.8	2 966.6	2.6	1.6	1.4
Non-oil-exporting	4 092.2	8 113.7	17 849.0	2.9	2.7	3.2
Least developed	125.1	178.3	288.8	2.7	1.7	1.6
Selected developed						
South Africa	428.5	790.3	2 124.0	4.4	4.2	7.8
Italy	5 524.9	9 164.0	15 302.0	8.8	7.6	7.7
Portugal	150.4	274.0	558.0	5.6	4.0	6.1
Norway	358.3	791.9	1 729.0	4.5	4.9	5.4
New Zealand	161.2	241.0	715.0	4.2	2.6	5.3
Finland	248.1	714.0	1 208.0	3.7	4.0	4.4
Austria	402.1	850.6	1 998.0	4.7	4.1	4.4
Germany, Fed. Rep. of	4 415.2	11 625.0	19 768.0	4.4	4.7	4.4
Belgium	596.2	1 971.0	3 332.0	3.7	4.6	4.3
Canada	1 977.6	3 765.0	6 893.0	3.3	3.2	4.3
Australia	1 157.1	2 638.0	3 776.0	4.6	3.9	4.1
Selected developing						
Malta	10.3	15.3	32.6	8.2	6.7	6.9
Argentina	473.7	533.0	3 276.0	3.9	2.8	6.5
Panama	19.0	55.4	117.9	2.8	4.2	5.8
Morocco	127.5	221.6	549.6	5.3	4.4	5.7
Mauritius	5.2	11.4	29.7	5.3	4.6	5.4
Nicaragua	12.0	24.9	37.2	2.9	2.9	5.1
Zimbabwe	44.7	87.2	100.0	5.6	4.9	5.0
Malaysia	74.4	154.9	430.9	3.8	3.5	4.8
Botswana	1.0	9.0	13.0	2.4	6.2	4.1
Kenya	33.5	54.4	113.2	4.3	3.6	4.1
Zambia	21.7	66.8	65.4	2.9	4.7	3.9

II. Trade in services: component summary tables

TABLE A.7-A

Total services (credit): 1970, 1975 and 1980

Country	Millions of dollars			Percentage of world total			Percentage of merchandise		
	1970	1975	1980	1970	1975	1980	1970	1975	1980
World	99 903	248 062	610 399	100.0	100.0	100.0	36.7	33.2	34.7
Developed market-economy	88 321	211 486	507 087	88.4	85.3	83.1	39.6	37.2	40.4
Developing	11 582	36 576	103 312	11.6	14.7	16.9	23.6	20.4	20.5
Oil-exporting	1 858	11 105	32 684	1.9	4.5	5.4	10.6	10.9	11.1
Non-oil-exporting	9 724	25 471	70 627	9.7	10.3	11.6	30.8	32.7	33.6
Least developed	475	848	2 062	0.5	0.3	0.3	28.0	33.6	43.1
Selected developed									
United States	23 190	48 772	120 704	23.2	19.7	19.8	54.6	45.5	53.9
United Kingdom	11 750	23 698	55 333	11.8	9.6	9.1	60.1	55.4	50.2
France	6 716	19 164	53 483	6.7	7.7	8.8	37.4	38.4	49.7
Germany, Fed. Rep. of	8 650	23 105	51 645	8.7	9.3	8.5	25.2	26.4	27.8
Belgium	3 296	10 751	33 944	3.3	4.3	5.6	36.4	46.5	61.2
Japan	4 000	13 599	31 497	4.0	5.5	5.2	21.1	24.8	24.8
Netherlands	4 377	12 842	28 195	4.4	5.2	4.6	40.2	40.1	41.7
Italy	5 804	11 022	28 057	5.8	4.4	4.6	44.2	31.9	36.5
Switzerland	2 588	6 609	13 671	2.6	2.7	2.2	49.2	50.4	46.7
Spain	2 417	6 078	13 406	2.4	2.5	2.2	97.3	77.8	64.3
Austria	1 488	4 396	11 919	1.5	1.8	2.0	52.4	58.1	69.2
Canada	3 414	5 853	10 203	3.4	2.4	1.7	20.3	17.2	15.2
Norway	2 310	4 855	9 604	2.3	2.0	1.6	93.1	66.6	51.5
Sweden	1 506	3 788	9 007	1.5	1.5	1.5	22.3	22.0	29.4
Denmark	1 232	3 475	7 363	1.2	1.4	1.2	37.1	40.2	43.9
Selected developing									
Saudi Arabia	283	3 201	8 480	0.3	1.3	1.4	13.5	11.7	8.4
Mexico	1 587	3 356	8 467	1.6	1.4	1.4	117.7	111.5	51.9
Kuwait	580	1 769	7 980	0.6	0.7	1.3	18.9	20.8	37.9
Iran	196	2 472	7 085	0.2	1.0	1.2	8.1	12.1	14.9
Singapore	556	3 034	6 266	0.6	1.2	1.0	38.4	59.7	34.7
Republic of Korea	497	879	5 365	0.5	0.4	0.9	56.3	17.5	31.2
Egypt	174	1 078	5 340	0.2	0.4	0.9	21.3	68.8	138.6
Panama	264	892	3 341	0.3	0.4	0.5	202.8	269.5	894.7
Argentina	375	625	3 181	0.4	0.3	0.5	21.2	21.1	39.7
Brazil	378	1 447	3 145	0.4	0.6	0.5	13.8	17.0	15.6
India	376	971	3 105	0.4	0.4	0.5	20.0	20.8	34.7
Venezuela	231	1 238	3 087	0.2	0.5	0.5	8.9	14.0	16.0
Thailand	485	812	2 127	0.5	0.3	0.3	70.7	37.3	33.0
Philippines	258	907	2 075	0.3	0.4	0.3	24.2	40.1	35.8

TABLE A.7-B

Total services (debit): 1970, 1975 and 1980

Country	Millions of dollars			Percentage of world total			Percentage of merchandise		
	1970	1975	1980	1970	1975	1980	1970	1975	1980
World	107 264	264 297	668 372	100.0	100.0	100.0	41.1	36.3	38.8
Developed market-economy	84 395	199 536	478 526	78.7	75.5	71.6	38.9	35.0	35.9
Developing	22 869	64 761	189 847	21.3	24.5	28.4	51.7	41.1	48.5
Oil-exporting	7 736	27 010	85 036	7.2	10.2	12.7	80.7	50.7	61.9
Non-oil-exporting	15 133	37 751	104 810	14.1	14.3	15.7	43.7	36.2	41.3
Least developed	814	1 761	3 846	0.8	0.7	0.6	38.3	35.2	34.8
Selected developed									
United States	20 010	34 579	84 105	18.7	13.1	12.6	50.2	35.2	33.7
Germany, Fed. Rep. of	10 860	28 253	62 955	10.1	10.7	9.4	37.8	39.4	35.3
United Kingdom	9 266	18 631	45 843	8.6	7.0	6.9	47.2	37.1	42.5
France	6 024	17 542	44 783	5.6	6.6	6.7	34.1	35.9	37.3
Japan	5 760	18 832	42 846	5.4	7.1	6.4	38.4	37.9	34.4
Belgium	2 889	9 127	32 355	2.7	3.5	4.8	33.6	38.1	53.1
Netherlands	3 917	11 085	28 458	3.7	4.2	4.3	33.2	35.6	41.4
Italy	4 791	10 680	22 759	4.5	4.0	3.4	35.9	29.9	24.5
Canada	5 894	10 546	19 992	5.5	4.0	3.0	43.1	30.8	33.4
Selected developing									
Saudi Arabia	1 208	6 498	33 098	1.1	2.5	5.0	145.7	108.2	117.2
Mexico	1 822	4 268	13 890	1.7	1.6	2.1	81.5	67.8	74.6
Iran	1 466	5 280	13 810	1.4	2.0	2.1	88.4	40.9	44.7
Brazil	1 468	4 908	13 354	1.4	1.9	2.0	58.6	40.7	58.2
Indonesia	449	2 692	6 776	0.4	1.0	1.0	40.2	49.2	53.8
Republic of Korea	376	1 321	6 756	0.4	0.5	1.0	20.8	19.8	31.3
Argentina	809	1 368	6 627	0.8	0.5	1.0	54.0	39.0	70.4
Venezuela	1 132	2 286	6 370	1.1	0.9	1.0	66.1	41.9	56.3
Nigeria	833	3 477	5 968	0.8	1.3	0.9	88.7	63.4	37.4
Iraq	679	1 712	5 288	0.6	0.6	0.8	147.9	41.1	46.1
Algeria	409	1 442	4 955	0.4	0.5	0.7	37.9	26.5	51.6
Malaysia	472	1 323	4 263	0.4	0.5	0.6	36.6	37.6	40.4
Kuwait	340	1 038	3 715	0.3	0.4	0.6	44.2	44.2	54.7
Singapore	265	1 253	3 474	0.2	0.5	0.5	11.5	16.7	15.5
Egypt	363	1 178	2 850	0.3	0.4	0.4	33.5	29.9	41.2
Chile	477	749	2 666	0.4	0.3	0.4	55.0	49.3	50.0
Philippines	399	952	2 621	0.4	0.4	0.4	36.6	27.5	33.9
Panama	132	563	2 602	0.1	0.2	0.4	39.8	68.4	193.5
India	871	1 441	2 553	0.8	0.5	0.4	43.3	29.1	24.4
Thailand	322	837	2 509	0.3	0.3	0.4	28.0	29.5	30.0

TABLE A.8-A

Factor services (credit): 1970, 1975 and 1980

Country	Millions of dollars			Percentage of world total			Percentage of merchandise		
	1970	1975	1980	1970	1975	1980	1970	1975	1980
World	27 055	70 566	222 360	100.0	100.0	100.0	9.9	9.4	12.7
Developed market-economy	25 281	61 795	191 241	93.4	87.6	86.0	11.3	10.9	15.3
Developing	1 775	8 771	31 119	6.6	12.4	14.0	3.6	4.9	6.2
Oil-exporting	698	5 622	18 033	2.6	8.0	8.1	4.0	5.5	6.1
Non-oil-exporting	1 076	3 149	13 086	4.0	4.5	5.9	3.4	4.0	6.2
Least developed	59	98	446	0.2	0.1	0.2	3.5	3.9	9.3
Selected developed									
United States	11 740	25 424	75 944	43.4	36.0	34.2	27.7	23.7	33.9
France	1 541	4 747	19 933	5.7	6.7	9.0	8.6	9.5	18.5
United Kingdom	3 485	6 299	18 551	12.9	8.9	8.3	17.8	14.7	16.8
Belgium	862	4 095	17 823	3.2	5.8	8.0	9.5	17.7	32.1
Germany, Fed. Rep. of	1 970	5 027	13 132	7.3	7.1	5.9	5.7	5.7	7.1
Japan	710	3 618	11 115	2.6	5.1	5.0	3.7	6.6	8.8
Netherlands	1 093	3 185	10 268	4.0	4.5	4.6	10.0	9.9	15.2
Italy	904	1 629	5 317	3.3	2.3	2.4	6.9	4.7	6.9
Switzerland	798	2 297	5 218	2.9	3.3	2.3	15.2	17.5	17.8
Canada	967	1 642	2 957	3.6	2.3	1.3	5.7	4.8	4.4
Austria	129	597	2 502	0.5	0.8	1.1	4.5	7.9	14.5
Selected developing									
Kuwait	420	1 282	6 604	1.6	1.8	3.0	13.7	15.1	31.4
Saudi Arabia	61	1 859	5 387	0.2	2.6	2.4	2.9	6.8	5.3
Venezuela	54	739	2 391	0.2	1.0	1.1	2.1	8.4	12.4
Panama	13	374	2 107	0.0	0.5	0.9	9.7	113.1	564.3
Brazil	49	367	1 385	0.2	0.5	0.6	1.8	4.3	6.9
Iran	10	702	1 307	0.0	1.0	0.6	0.4	3.4	2.7
Argentina	29	60	1 248	0.1	0.1	0.6	1.6	2.0	15.6
Mexico	67	117	988	0.2	0.2	0.4	5.0	3.9	6.1
Nigeria	10	501	683	0.0	0.7	0.3	0.8	6.0	2.9
India	62	130	608	0.2	0.2	0.3	3.3	2.8	6.8
Singapore	67	257	577	0.2	0.4	0.3	4.6	5.1	3.2
Malaysia	82	152	560	0.3	0.2	0.3	5.0	4.0	4.3
Republic of Korea	38	47	553	0.1	0.1	0.2	4.3	0.9	3.2
Iraq	23	182	548	0.1	0.3	0.2	2.1	2.2	2.6
Libyan Arab Jamahiriya	97	215	531	0.4	0.3	0.2	4.0	3.3	2.7

TABLE A.8-B

Factor services (debit): 1970, 1975 and 1980

Country	Millions of dollars			Percentage of world total			Percentage of merchandise		
	1970	*1975*	*1980*	*1970*	*1975*	*1980*	*1970*	*1975*	*1980*
World	29 290	71 137	232 850	100.0	100.0	100.0	11.2	9.8	13.5
Developed market-economy	20 031	52 093	172 494	68.4	73.2	74.1	9.2	9.1	12.9
Developing	9 260	19 043	60 356	31.6	26.8	25.9	20.9	12.1	15.4
Oil-exporting	4 292	7 226	19 153	14.7	10.2	8.2	44.8	13.6	13.9
Non-oil-exporting	4 968	11 817	41 203	17.0	16.6	17.7	14.3	11.3	16.2
Least developed	129	183	325	0.4	0.3	0.1	6.0	3.7	2.9
Selected developed									
United States	5 510	12 591	43 211	18.8	17.7	18.6	13.8	12.8	17.3
United Kingdom	2 155	4 593	18 803	7.4	6.5	8.1	11.0	9.1	17.4
Belgium	794	3 653	17 895	2.7	5.1	7.7	9.2	15.3	29.3
France	1 065	4 166	16 211	3.6	5.9	7.0	6.0	8.5	13.5
Germany, Fed. Rep. of	2 030	4 104	11 453	6.9	5.8	4.9	7.1	5.7	6.4
Netherlands	934	3 262	10 574	3.2	4.6	4.5	7.9	10.5	15.4
Japan	910	3 885	10 269	3.1	5.5	4.4	6.1	7.8	8.2
Canada	2 547	4 280	9 888	8.7	6.0	4.2	18.6	12.5	16.5
Italy	926	2 800	5 975	3.2	3.9	2.6	6.9	7.8	6.4
Australia	792	1 680	3 482	2.7	2.4	1.5	19.3	17.7	17.3
Spain	224	776	3 081	0.8	1.1	1.3	5.2	5.1	9.5
Austria	175	735	3 030	0.6	1.0	1.3	5.1	8.1	12.9
Selected developing									
Brazil	678	2 396	8 416	2.3	3.4	3.6	27.0	19.9	36.7
Mexico	641	1 934	6 683	2.2	2.7	2.9	28.7	30.7	35.9
Saudi Arabia	895	2 124	5 720	3.1	3.0	2.5	108.0	35.4	20.3
Indonesia	133	1 385	3 354	0.5	1.9	1.4	11.9	25.3	26.6
Argentina	252	488	2 822	0.9	0.7	1.2	16.8	13.9	30.0
Republic of Korea	75	449	2 660	0.3	0.6	1.1	4.2	6.7	12.3
Panama	42	398	2 252	0.1	0.6	1.0	12.5	48.3	167.5
Algeria	164	426	2 241	0.6	0.6	1.0	15.2	7.8	23.4
Malaysia	193	454	1 946	0.7	0.6	0.8	14.9	12.9	18.4
Venezuela	607	640	1 935	2.1	0.9	0.8	35.4	11.7	17.1
Iraq	487	571	1 742	1.7	0.8	0.7	106.1	13.7	15.2
Peru	148	276	1 250	0.5	0.4	0.5	21.2	11.5	51.5
Chile	223	289	1 212	0.8	0.4	0.5	25.7	19.0	22.7
Nigeria	464	782	1 188	1.6	1.1	0.5	49.4	14.3	7.4
Philippines	140	295	1 045	0.5	0.4	0.4	12.8	8.5	13.5

TABLE A.9-A

Direct investment income (credit): 1970, 1975 and 1980

Country	Millions of dollars 1970	1975	1980	Percentage of world total 1970	1975	1980	Percentage of merchandise 1970	1975	1980
World	11 612	23 919	51 248	100.0	100.0	100.0	11.6	9.6	8.4
Developed market-economy	11 533	23 771	50 683	99.3	99.4	98.9	13.1	11.2	10.0
Developing	80	148	565	0.7	0.6	1.1	0.7	0.4	0.5
Oil-exporting	0	3	2	0.0	0.0	0.0	0.0	0.0	0.0
Non-oil-exporting	80	145	563	0.7	0.6	1.1	0.8	0.6	0.8
Least developed	1	1	1	0.0	0.0	0.0	0.1	0.1	0.0
Selected developed									
United States	8 170	16 646	36 833	70.4	69.6	71.9	35.2	34.1	30.5
United Kingdom	1 704	3 524	6 169	14.7	14.7	12.0	14.5	14.9	11.1
Netherlands	514	1 083	2 580	4.4	4.5	5.0	11.7	8.4	9.1
Japan	90	510	1 341	0.8	2.1	2.6	2.3	3.7	4.3
Germany, Fed. Rep. of	270	692	1 315	2.3	2.9	2.6	3.1	3.0	2.5
Canada	195	450	892	1.7	1.9	1.7	5.7	7.7	8.7
France	251	264	594	2.2	1.1	1.2	3.7	1.4	1.1
Australia	58	169	359	0.5	0.7	0.7	5.6	7.2	8.3
South Africa	110	176	277	0.9	0.7	0.5	13.5	9.2	7.8
Denmark	20	66	145	0.2	0.3	0.3	1.6	1.9	2.0
Sweden	118	155	104	1.0	0.6	0.2	7.8	4.1	1.2
Selected developing									
Brazil	0	2	237	0.0	0.0	0.5	0.0	0.2	7.5
Malaysia	5	19	79	0.0	0.1	0.2	2.8	3.2	5.1
Turkey	0	1	51	0.0	0.0	0.1	0.0	0.2	4.0
Zimbabwe	10	21	42	0.1	0.1	0.1	44.7	30.7	17.1
Republic of Korea	6	0	33	0.1	0.0	0.1	1.2	0.0	0.6
Argentina	3	5	21	0.0	0.0	0.0	0.8	0.8	0.7
Egypt	1	4	20	0.0	0.0	0.0	0.6	0.3	0.4
Colombia	3	6	14	0.0	0.0	0.0	1.3	1.2	1.0
El Salvador	0	0	11	0.0	0.0	0.0	0.0	0.0	5.7
Tunisia	4	4	10	0.0	0.0	0.0	2.8	0.7	0.8
Philippines	3	12	5	0.0	0.1	0.0	1.2	1.3	0.3

TABLE A.9-B

Direct investment income (debit): 1970, 1975 and 1980

Country	Millions of dollars			Percentage of world total			Percentage of services		
	1970	1975	1980	1970	1975	1980	1970	1975	1980
World	11 400	19 848	49 245	100.0	100.0	100.0	10.6	7.5	7.4
Developed market-economy	4 954	9 982	26 453	43.5	50.3	53.7	5.9	5.0	5.5
Developing	6 447	9 866	22 792	56.5	49.7	46.3	28.2	15.2	12.0
Oil-exporting	4 064	6 356	14 093	35.6	32.0	28.6	52.5	23.5	16.6
Non-oil-exporting	2 383	3 510	8 699	20.9	17.7	17.7	15.7	9.3	8.3
Least developed	71	36	67	0.6	0.2	0.1	8.7	2.0	1.7
Selected developed									
United States	870	2 258	9 332	7.6	11.4	19.0	4.3	6.5	11.1
United Kingdom	871	1 387	4 079	7.6	7.0	8.3	9.4	7.4	8.9
Germany, Fed. Rep. of	950	1 238	2 994	8.3	6.2	6.1	8.7	4.4	4.8
Australia	564	1 234	2 344	4.9	6.2	4.8	24.7	23.3	23.9
Netherlands	223	1 257	2 233	2.0	6.3	4.5	5.7	11.3	7.8
Canada	635	1 323	2 081	5.6	6.7	4.2	10.8	12.5	10.4
South Africa	353	398	1 486	3.1	2.0	3.0	20.9	10.5	19.8
Japan	110	291	534	1.0	1.5	1.1	1.9	1.5	1.2
Norway	52	52	462	0.5	0.3	0.9	3.7	1.2	4.6
Denmark	27	114	296	0.2	0.6	0.6	2.8	4.2	3.8
France	41	126	203	0.4	0.6	0.4	0.7	0.7	0.5
Selected developing									
Saudi Arabia	893	2 124	5 720	7.8	10.7	11.6	73.9	32.7	17.3
Indonesia	128	1 320	3 258	1.1	6.6	6.6	28.5	49.0	48.1
Iraq	480	556	1 697	4.2	2.8	3.4	70.7	32.5	32.1
Malaysia	166	361	1 584	1.5	1.8	3.2	35.2	27.2	37.2
Mexico	359	840	1 285	3.1	4.2	2.6	19.7	19.7	9.2
Brazil	387	534	955	3.4	2.7	1.9	26.4	10.9	7.2
Nigeria	438	759	876	3.8	3.8	1.8	52.6	21.8	14.7
Venezuela	568	584	804	5.0	2.9	1.6	50.2	25.5	12.6
Algeria	150	191	687	1.3	1.0	1.4	36.7	13.2	13.9
Argentina	73	21	644	0.6	0.1	1.3	9.0	1.5	9.7
Peru	73	15	488	0.6	0.1	1.0	17.4	1.6	27.3
Libyan Arab Jamahiriya	564	210	454	4.9	1.1	0.9	58.5	13.5	19.5
Trinidad and Tobago	59	102	445	0.5	0.5	0.9	32.9	33.9	39.6
Netherlands Antilles	2	33	369	0.0	0.2	0.7	1.1	5.5	26.1
Iran	816	374	251	7.2	1.9	0.5	55.7	7.1	1.8
Gabon	8	124	206	0.1	0.6	0.4	6.6	18.8	14.8
Papua New Guinea	15	45	204	0.1	0.2	0.4	19.3	22.0	37.7

TABLE A.10-A

Other investment income (credit): 1970, 1975 and 1980

Country	Millions of dollars			Percentage of world total			Percentage of services		
	1970	1975	1980	1970	1975	1980	1970	1975	1980
World	15 443	46 647	171 112	100.0	100.0	100.0	15.5	18.8	28.0
Developed market-economy	13 748	38 024	140 558	89.0	81.5	82.1	15.6	18.0	27.7
Developing	1 695	8 623	30 554	11.0	18.5	17.9	14.6	23.6	29.6
Oil-exporting	698	5 619	18 031	4.5	12.0	10.5	37.6	50.6	55.2
Non-oil-exporting	997	3 004	12 523	6.5	6.4	7.3	10.2	11.8	17.7
Least developed	58	98	446	0.4	0.2	0.3	12.2	11.6	21.6
Selected developed									
United States	3 570	8 778	39 111	23.1	18.8	22.9	15.4	18.0	32.4
France	1 290	4 484	19 339	8.4	9.6	11.3	19.2	23.4	36.2
Belgium	862	4 095	17 823	5.6	8.8	10.4	26.2	38.1	52.5
United Kingdom	1 781	2 776	12 382	11.5	5.9	7.2	15.2	11.7	22.4
Germany, Fed. Rep. of	1 700	4 335	11 818	11.0	9.3	6.9	19.7	18.8	22.9
Japan	620	3 108	9 775	4.0	6.7	5.7	15.5	22.9	31.0
Netherlands	579	2 102	7 688	3.7	4.5	4.5	13.2	16.4	27.3
Italy	904	1 629	5 317	5.9	3.5	3.1	15.6	14.8	18.9
Switzerland	798	2 297	5 218	5.2	4.9	3.0	30.8	34.8	38.2
Austria	129	597	2 502	0.8	1.3	1.5	8.7	13.6	21.0
Canada	772	1 191	2 066	5.0	2.6	1.2	22.6	20.3	20.2
Spain	49	545	1 524	0.3	1.2	0.9	2.0	9.0	11.4
Sweden	29	170	1 075	0.2	0.4	0.6	1.9	4.5	11.9
Israel	65	321	1 052	0.4	0.7	0.6	10.9	19.5	24.5
Selected developing									
Kuwait	420	1 282	6 604	2.7	2.7	3.9	72.5	72.5	82.8
Saudi Arabia	61	1 859	5 387	0.4	4.0	3.1	21.6	58.1	63.5
Venezuela	54	739	2 391	0.3	1.6	1.4	23.4	59.7	77.4
Panama	13	374	2 107	0.1	0.8	1.2	4.8	42.0	63.1
Iran	10	702	1 307	0.1	1.5	0.8	5.1	28.4	18.4
Argentina	26	55	1 227	0.2	0.1	0.7	6.9	8.7	38.6
Brazil	49	364	1 148	0.3	0.8	0.7	13.0	25.2	36.5
Mexico	67	117	988	0.4	0.2	0.6	4.2	3.5	11.7
Nigeria	10	501	683	0.1	1.1	0.4	10.8	62.6	34.3
India	62	130	608	0.4	0.3	0.4	16.5	13.4	19.6
Singapore	67	257	577	0.4	0.6	0.3	12.1	8.5	9.2
Iraq	23	180	548	0.1	0.4	0.3	16.1	33.1	36.9
Libyan Arab Jamahiriya	97	215	531	0.6	0.5	0.3	69.8	57.3	79.2
Republic of Korea	32	47	521	0.2	0.1	0.3	6.4	5.4	9.7

Table A.10-B

Other investment income (debit): 1970, 1975 and 1980

Country	Millions of dollars			Percentage of world total			Percentage of services		
	1970	1975	1980	1970	1975	1980	1970	1975	1980
World	17 890	51 289	183 605	100.0	100.0	100.0	16.7	19.4	27.5
Developed market-economy	15 077	42 112	146 041	84.3	82.1	79.5	17.9	21.1	30.5
Developing	2 813	9 177	37 564	15.7	17.9	20.5	12.3	14.2	19.8
Oil-exporting	228	870	5 060	1.3	1.7	2.8	2.9	3.2	6.0
Non-oil-exporting	2 585	8 307	32 504	14.5	16.2	17.7	17.1	22.0	31.0
Least developed	58	148	258	0.3	0.3	0.1	7.1	8.4	6.7
Selected developed									
United States	4 640	10 332	33 879	25.9	20.1	18.5	23.2	29.9	40.3
Belgium	794	3 653	17 895	4.4	7.1	9.7	27.5	40.0	55.3
France	1 024	4 040	16 008	5.7	7.9	8.7	17.0	23.0	35.7
United Kingdom	1 284	3 207	14 724	7.2	6.3	8.0	13.9	17.2	32.1
Japan	800	3 594	9 735	4.5	7.0	5.3	13.9	19.1	22.7
Germany, Fed. Rep. of	1 080	2 865	8 460	6.0	5.6	4.6	9.9	10.1	13.4
Netherlands	711	2 006	8 340	4.0	3.9	4.5	18.2	18.1	29.3
Canada	1 912	2 957	7 807	10.7	5.8	4.3	32.4	28.0	39.0
Italy	926	2 800	5 975	5.2	5.5	3.3	19.3	26.2	26.3
Austria	175	735	3 030	1.0	1.4	1.7	19.5	24.2	32.7
Spain	207	713	3 001	1.2	1.4	1.6	18.4	21.3	33.9
Selected developing									
Brazil	291	1 861	7 460	1.6	3.6	4.1	19.8	37.9	55.9
Mexico	282	1 094	5 399	1.6	2.1	2.9	15.5	25.6	38.9
Republic of Korea	70	424	2 597	0.4	0.8	1.4	18.6	32.1	38.4
Panama	22	400	2 200	0.1	0.8	1.2	16.8	71.0	84.5
Argentina	179	467	2 178	1.0	0.9	1.2	22.1	34.2	32.9
Algeria	14	236	1 554	0.1	0.5	0.8	3.4	16.3	31.4
Venezuela	39	56	1 131	0.2	0.1	0.6	3.4	2.4	17.8
Chile	119	281	1 126	0.7	0.5	0.6	24.9	37.4	42.2
Philippines	116	222	847	0.6	0.4	0.5	29.1	23.3	32.3
Thailand	41	152	793	0.2	0.3	0.4	12.7	18.1	31.6
Peru	75	261	762	0.4	0.5	0.4	17.9	28.2	42.6
Singapore	29	287	687	0.2	0.6	0.4	10.9	22.9	19.8
Turkey	49	124	670	0.3	0.2	0.4	14.8	11.7	27.9
Colombia	105	250	669	0.6	0.5	0.4	19.2	26.4	36.3
Kuwait	24	73	640	0.1	0.1	0.3	7.0	7.0	17.2
Egypt	66	176	609	0.4	0.3	0.3	18.2	15.0	21.4

TABLE A.11-A

Non-factor services (credit): 1970, 1975 and 1980

Country	Millions of dollars			Percentage of world total			Percentage of merchandise		
	1970	1975	1980	1970	1975	1980	1970	1975	1980
World	72 848	177 496	388 039	100.0	100.0	100.0	26.8	23.7	22.1
Developed market-economy	63 040	149 691	315 846	86.5	84.3	81.4	28.3	26.3	25.2
Developing	9 808	27 805	72 193	13.5	15.7	18.6	20.0	15.5	14.3
Oil-exporting	1 160	5 484	14 651	1.6	3.1	3.8	6.6	5.4	5.0
Non-oil-exporting	8 648	22 322	57 541	11.9	12.6	14.8	27.4	28.6	27.4
Least developed	416	749	1 616	0.6	0.4	0.4	24.6	29.7	33.8
Selected developed									
United States	11 450	23 348	44 760	15.7	13.2	11.5	27.0	21.8	20.0
Germany, Fed. Rep. of	6 680	18 079	38 512	9.2	10.2	9.9	19.4	20.6	20.7
United Kingdom	8 265	17 399	36 782	11.3	9.8	9.5	42.3	40.7	33.4
France	5 175	14 417	33 550	7.1	8.1	8.6	28.8	28.9	31.2
Italy	4 900	9 393	22 740	6.7	5.3	5.9	37.4	27.2	29.6
Japan	3 290	9 980	20 382	4.5	5.6	5.3	17.4	18.2	16.1
Netherlands	3 284	9 657	17 927	4.5	5.4	4.6	30.2	30.2	26.5
Belgium	2 434	6 656	16 121	3.3	3.7	4.2	26.9	28.8	29.1
Spain	2 367	5 533	11 877	3.2	3.1	3.1	95.3	70.9	57.0
Austria	1 359	3 799	9 418	1.9	2.1	2.4	47.9	50.2	54.7
Norway	2 166	4 551	8 647	3.0	2.6	2.2	87.3	62.4	46.3
Switzerland	1 790	4 311	8 454	2.5	2.4	2.2	34.0	32.9	28.9
Sweden	1 359	3 463	7 827	1.9	2.0	2.0	20.1	20.1	25.5
Canada	2 447	4 212	7 246	3.4	2.4	1.9	14.5	12.4	10.8
Denmark	1 148	3 226	6 520	1.6	1.8	1.7	34.6	37.3	38.8
Yugoslavia	728	2 034	4 483	1.0	1.1	1.2	43.4	49.9	49.9
Greece	477	1 594	4 078	0.7	0.9	1.1	77.9	81.4	99.6
Selected developing									
Mexico	1 520	3 239	7 479	2.1	1.8	1.9	112.8	107.7	45.9
Iran	186	1 770	5 778	0.3	1.0	1.5	7.7	8.7	12.1
Singapore	489	2 777	5 689	0.7	1.6	1.5	33.8	54.6	31.5
Egypt	172	993	4 886	0.2	0.6	1.3	21.1	63.4	126.8
Republic of Korea	459	832	4 812	0.6	0.5	1.2	52.0	16.5	27.9
Saudi Arabia	222	1 342	3 093	0.3	0.8	0.8	10.6	4.9	3.1
India	314	841	2 497	0.4	0.5	0.6	16.7	18.0	27.9
Argentina	346	566	1 933	0.5	0.3	0.5	19.5	19.1	24.1
Thailand	406	622	1 866	0.6	0.4	0.5	59.2	28.6	28.9
Philippines	248	737	1 762	0.3	0.4	0.5	23.3	32.6	30.4
Brazil	329	1 081	1 760	0.5	0.6	0.5	12.0	12.7	8.7

TABLE A.11-B

Non-factor services (debit): 1970, 1975 and 1980

Country	Millions of dollars			Percentage of world total			Percentage of merchandise		
	1970	1975	1980	1970	1975	1980	1970	1975	1980
World	77 974	193 161	435 522	100.0	100.0	100.0	29.9	26.5	25.3
Developed market-economy	64 364	147 443	306 032	82.5	76.3	70.3	29.7	25.8	23.0
Developing	13 610	45 718	129 491	17.5	23.7	29.7	30.8	29.0	33.1
Oil-exporting	3 444	19 784	65 884	4.4	10.2	15.1	35.9	37.1	47.9
Non-oil-exporting	10 165	25 934	63 607	13.0	13.4	14.6	29.3	24.8	25.1
Least developed	686	1 578	3 521	0.9	0.8	0.8	32.2	31.5	31.8
Selected developed									
Germany, Fed. Rep. of	8 830	24 150	51 502	11.3	12.5	11.8	30.7	33.7	28.9
United States	14 500	21 988	40 894	18.6	11.4	9.4	36.4	22.4	16.4
Japan	4 850	14 946	32 577	6.2	7.7	7.5	32.3	30.1	26.1
France	4 959	13 376	28 573	6.4	6.9	6.6	28.0	27.3	23.8
United Kingdom	7 111	14 038	27 039	9.1	7.3	6.2	36.2	27.9	25.1
Netherlands	2 983	7 823	17 884	3.8	4.0	4.1	25.3	25.1	26.0
Italy	3 865	7 880	16 783	5.0	4.1	3.9	28.9	22.1	18.0
Belgium	2 095	5 473	14 460	2.7	2.8	3.3	24.4	22.9	23.7
Canada	3 347	6 266	10 104	4.3	3.2	2.3	24.5	18.3	16.9
Sweden	1 789	4 168	7 243	2.3	2.2	1.7	27.7	25.8	22.0
Norway	1 138	3 657	7 044	1.5	1.9	1.6	31.3	36.1	42.1
Switzerland	1 020	3 016	6 521	1.3	1.6	1.5	16.1	23.0	18.5
Australia	1 489	3 621	6 327	1.9	1.9	1.5	36.3	38.2	31.4
Austria	723	2 297	6 229	0.9	1.2	1.4	20.9	25.2	26.6
Spain	899	2 564	5 785	1.2	1.3	1.3	20.8	16.9	17.8
Denmark	844	2 161	5 603	1.1	1.1	1.3	20.7	21.7	29.8
Yugoslavia	544	1 209	5 152	0.7	0.6	1.2	20.6	17.1	37.3
Selected developing									
Saudi Arabia	313	4 375	27 378	0.4	2.3	6.3	37.8	72.9	97.0
Iran	561	4 572	12 965	0.7	2.4	3.0	33.8	35.5	41.9
Mexico	1 181	2 334	7 207	1.5	1.2	1.7	52.8	37.1	38.7
Brazil	790	2 512	4 938	1.0	1.3	1.1	31.5	20.8	21.5
Nigeria	369	2 695	4 779	0.5	1.4	1.1	39.3	49.1	30.0
Venezuela	525	1 646	4 434	0.7	0.9	1.0	30.6	30.1	39.2
Republic of Korea	301	872	4 096	0.4	0.5	0.9	16.7	13.1	19.0
Argentina	557	880	3 806	0.7	0.5	0.9	37.2	25.1	40.5
Iraq	192	1 141	3 546	0.2	0.6	0.8	41.8	27.4	30.9
Indonesia	316	1 306	3 422	0.4	0.7	0.8	28.3	23.9	27.1
Kuwait	316	907	3 074	0.4	0.5	0.7	41.1	38.6	45.3
Singapore	236	967	2 787	0.3	0.5	0.6	10.3	12.9	12.4
Algeria	245	1 016	2 714	0.3	0.5	0.6	22.7	18.6	28.3
Malaysia	279	869	2 317	0.4	0.5	0.5	21.6	24.7	22.0
Egypt	297	997	2 241	0.4	0.5	0.5	27.4	25.3	32.4
India	510	1 055	2 088	0.7	0.5	0.5	25.4	21.3	19.9

TABLE A.12-A

Shipment (credit): 1970, 1975 and 1980

Country	Millions of dollars			Percentage of world total			Percentage of services		
	1970	1975	1980	1970	1975	1980	1970	1975	1980
World	13 022	27 682	56 768	100.0	100.0	100.0	13.0	11.2	9.3
Developed market-economy	12 212	25 419	49 987	93.8	91.8	88.1	13.8	12.0	9.9
Developing	810	2 263	6 781	6.2	8.2	11.9	7.0	6.2	6.6
Oil-exporting	131	373	1 527	1.0	1.3	2.7	7.1	3.4	4.7
Non-oil exporting	679	1 891	5 255	5.2	6.8	9.3	7.0	7.4	7.4
Least developed	33	61	95	0.3	0.2	0.2	7.0	7.2	4.6
Selected developed									
Japan	1 000	3 266	7 419	7.7	11.8	13.1	25.0	24.0	23.6
United Kingdom	2 575	3 746	5 753	19.8	13.5	10.1	21.9	15.8	10.4
Germany, Fed. Rep. of	1 360	3 108	5 597	10.4	11.2	9.9	15.7	13.5	10.8
Norway	1 715	2 961	4 952	13.2	10.7	8.7	74.2	61.0	51.6
France	582	1 799	3 979	4.5	6.5	7.0	8.7	9.4	7.4
United States	1 110	2 101	3 696	8.5	7.6	6.5	4.8	4.3	3.1
Netherlands	789	1 854	3 639	6.1	6.7	6.4	18.0	14.4	12.9
Italy	744	1 393	3 221	5.7	5.0	5.7	12.8	12.6	11.5
Belgium	295	1 002	2 425	2.3	3.6	4.3	9.0	9.3	7.1
Denmark	332	781	1 810	2.5	2.8	3.2	26.9	22.5	24.6
Sweden	516	625	1 751	4.0	2.3	3.1	34.3	16.5	19.4
Spain	102	400	1 186	0.8	1.4	2.1	4.2	6.6	8.8
Selected developing									
Republic of Korea	40	132	957	0.3	0.5	1.7	8.0	15.1	17.8
Nigeria	4	35	856	0.0	0.1	1.5	4.3	4.4	43.0
Brazil	95	294	651	0.7	1.1	1.1	25.1	20.3	20.7
Singapore	11	101	539	0.1	0.4	0.9	2.0	3.3	8.6
India	83	209	399	0.6	0.8	0.7	22.1	21.5	12.9
Chile	16	15	312	0.1	0.1	0.6	11.9	8.2	21.8
Iraq	41	84	256	0.3	0.3	0.5	28.7	15.4	17.2
Argentina	36	61	250	0.3	0.2	0.4	9.6	9.7	7.9
Thailand	15	61	189	0.1	0.2	0.3	3.1	7.5	8.9
Malaysia	2	29	187	0.0	0.1	0.3	1.1	4.8	12.0
Peru	23	66	181	0.2	0.2	0.3	11.2	15.2	24.3
Colombia	43	94	171	0.3	0.3	0.3	18.6	18.6	11.9
Ivory Coast	13	66	162	0.1	0.2	0.3	19.2	25.6	23.9
Algeria	21	57	156	0.2	0.2	0.3	17.6	16.0	19.6
United Rep. of Cameroon	2	30	156	0.0	0.1	0.3	3.8	18.7	34.2
Kuwait	40	86	145	0.3	0.3	0.3	6.8	4.9	1.8
Philippines	29	23	100	0.2	0.1	0.2	11.2	2.5	4.8

TABLE A.12-B

Shipment (debit): 1970, 1975 and 1980

Country	Millions of dollars			Percentage of world total			Percentage of services		
	1970	1975	1980	1970	1975	1980	1970	1975	1980
World	16 130	41 210	86 339	100.0	100.0	100.0	15.0	15.6	12.9
Developed market-economy	11 616	25 218	48 368	72.0	61.2	56.0	13.8	12.6	10.1
Developing	4 514	15 993	37 972	28.0	38.8	44.0	19.7	24.7	20.0
Oil-exporting	1 117	6 731	17 763	6.9	16.3	20.6	14.4	24.9	20.9
Non-oil-exporting	3 398	9 262	20 208	21.1	22.5	23.4	22.5	24.5	19.3
Least developed	296	758	1 691	1.8	1.8	2.0	36.4	43.0	44.0
Selected developed									
United States	1 590	3 351	6 104	9.9	8.1	7.1	7.9	9.7	7.3
Germany, Fed. Rep. of	1 670	2 865	5 388	10.4	7.0	6.2	15.4	10.1	8.6
Italy	1 206	2 249	5 110	7.5	5.5	5.9	25.2	21.1	22.5
France	679	2 090	4 829	4.2	5.1	5.6	11.3	11.9	10.8
Netherlands	867	2 181	4 748	5.4	5.3	5.5	22.1	19.7	16.7
Japan	1 500	2 975	4 217	9.3	7.2	4.9	26.0	15.8	9.8
United Kingdom	912	1 798	3 854	5.7	4.4	4.5	9.8	9.7	8.4
Belgium	251	858	2 010	1.6	2.1	2.3	8.7	9.4	6.2
Australia	456	956	1 847	2.8	2.3	2.1	20.0	18.0	18.8
Spain	286	678	1 321	1.8	1.6	1.5	25.5	20.3	14.9
Canada	421	869	1 160	2.6	2.1	1.3	7.1	8.2	5.8
South Africa	304	574	1 126	1.9	1.4	1.3	18.0	15.1	15.0
Yugoslavia	195	477	937	1.2	1.2	1.1	28.6	30.7	14.6
Denmark	249	409	820	1.5	1.0	0.9	25.6	15.0	10.5
Selected developing									
Saudi Arabia	81	901	5 083	0.5	2.2	5.9	6.7	13.9	15.4
Iran	198	1 801	3 653	1.2	4.4	4.2	13.5	34.1	26.5
Nigeria	88	631	1 745	0.5	1.5	2.0	10.6	18.2	29.2
Indonesia	142	725	1 479	0.9	1.8	1.7	31.6	26.9	21.8
Iraq	44	463	1 412	0.3	1.1	1.6	6.5	27.0	26.7
Singapore	152	455	1 235	0.9	1.1	1.4	57.4	36.3	35.6
India	249	588	1 185	1.5	1.4	1.4	28.6	40.8	46.4
Venezuela	188	695	1 151	1.2	1.7	1.3	16.6	30.4	18.1
Thailand	137	368	1 056	0.8	0.9	1.2	42.5	44.0	42.1
Malaysia	101	288	1 027	0.6	0.7	1.2	21.4	21.7	24.1
Algeria	111	444	1 023	0.7	1.1	1.2	27.1	30.8	20.6
Mexico	116	329	949	0.7	0.8	1.1	6.4	7.7	6.8
Republic of Korea	136	325	942	0.8	0.8	1.1	36.2	24.6	13.9
Kuwait	137	369	932	0.8	0.9	1.1	40.2	35.6	25.1
Turkey	85	397	912	0.5	1.0	1.1	25.7	37.7	37.9
Libyan Arab Jamahiriya	73	489	856	0.5	1.2	1.0	7.6	31.5	36.7

TABLE A.13-A

Other transportation (credit): 1970, 1975 and 1980[a]

Country	Millions of dollars			Percentage of world total			Percentage of services		
	1970	1975	1980	1970	1975	1980	1970	1975	1980
World	12 544	33 682	74 092	100.0	100.0	100.0	12.6	13.6	12.1
Developed market-economy	10 857	27 928	59 186	86.6	82.9	79.9	12.3	13.2	11.7
Developing	1 686	5 754	14 906	13.4	17.1	20.1	14.6	15.7	14.4
Oil-exporting	386	1 702	3 880	3.1	5.1	5.2	20.8	15.3	11.9
Non-oil-exporting	1 300	4 052	11 026	10.4	12.0	14.9	13.4	15.9	15.6
Least developed	81	158	295	0.7	0.5	0.4	17.1	18.6	14.3
Selected developed									
United States	2 560	4 796	10 295	20.4	14.2	13.9	11.0	9.8	8.5
United Kingdom	1 440	3 851	8 275	11.4	11.4	11.2	12.3	16.3	15.0
France	1 132	2 960	6 791	9.0	8.8	9.2	16.9	15.4	12.7
Netherlands	993	3 279	6 244	7.9	9.7	8.4	22.7	25.5	22.1
Japan	680	3 169	5 584	5.4	9.4	7.5	17.0	23.3	17.7
Germany, Fed. Rep. of	860	2 028	4 608	6.9	6.0	6.2	9.9	8.8	8.9
Italy	653	1 202	2 365	5.2	3.6	3.2	11.3	10.9	8.4
Spain	277	846	1 877	2.2	2.5	2.5	11.5	13.9	14.0
Belgium	185	481	1 861	1.5	1.4	2.5	5.6	4.5	5.5
Australia	474	1 104	1 809	3.8	3.3	2.4	45.4	46.9	42.0
Norway	88	390	1 472	0.7	1.2	2.0	3.8	8.0	15.3
Sweden	335	899	1 329	2.7	2.7	2.0	22.2	23.7	14.8
Selected developing									
Singapore	247	679	2 032	2.1	2.2	3.0	44.4	22.4	32.4
Saudi Arabia	114	762	1 662	1.0	3.1	2.5	40.3	23.8	19.6
Egypt	10	142	1 074	0.1	0.5	1.6	5.7	13.2	20.1
Netherlands Antilles	48	297	764	0.4	1.0	1.1	54.4	55.8	57.1
Kuwait	102	279	715	0.9	0.9	1.1	17.5	15.8	9.0
Republic of Korea	21	155	666	0.2	0.5	1.0	4.2	17.7	12.4
Argentina	104	138	561	0.9	0.4	0.8	27.7	22.1	17.6
Panama	31	152	537	0.3	0.5	0.8	11.8	17.0	16.1
Iran	10	188	518	0.1	0.6	0.8	5.1	7.6	7.3
Mexico	47	181	452	0.4	0.6	0.7	3.0	5.4	5.3
Kenya	52	143	345	0.5	0.5	0.5	23.8	38.1	44.8
Malaysia	24	136	335	0.4	0.4	0.5	12.6	22.4	21.5
Turkey	32	175	275	0.3	0.6	0.4	17.0	28.4	21.4
Pakistan	26	126	268	0.2	0.4	0.4	35.5	41.9	36.7
Jordan	1	46	256	0.0	0.1	0.4	0.7	17.6	22.7

[a] Including passenger services and port services.

TABLE A.13-B

Other transportation (debit): 1970, 1975 and 1980[a]

Country	Millions of dollars			Percentage of world total			Percentage of services		
	1970	1975	1980	1970	1975	1980	1970	1975	1980
World	14 947	36 678	78 971	100.0	100.0	100.0	13.9	13.9	11.8
Developed market-economy	13 332	31 266	64 046	89.2	85.2	81.1	15.8	15.7	13.4
Developing	1 615	5 412	14 925	10.8	14.8	18.9	7.1	8.4	7.9
Oil-exporting	218	1 298	3 944	1.5	3.5	5.0	2.8	4.8	4.6
Non-oil-exporting	1 398	4 114	10 982	9.4	11.2	13.9	9.2	10.9	10.5
Least developed	79	178	397	0.5	0.5	0.5	9.7	10.1	10.3
Selected developed									
Japan	1 380	5 549	13 119	9.2	15.1	16.6	24.0	29.5	30.6
United Kingdom	3 184	5 385	8 919	21.3	14.7	11.3	34.4	28.9	19.5
United States	2 440	4 577	8 395	16.3	12.5	10.6	12.2	13.2	10.0
France	1 145	3 058	6 354	7.7	8.3	8.0	19.0	17.4	14.2
Germany, Fed. Rep. of	1 140	2 695	5 623	7.6	7.3	7.1	10.5	9.5	8.9
Norway	697	1 650	3 551	4.7	4.5	4.5	50.2	38.3	35.7
Netherlands	489	1 198	2 578	3.3	3.3	3.3	12.5	10.8	9.1
Sweden	582	1 263	2 308	3.9	3.4	3.0	30.3	27.7	23.3
Italy	431	968	1 974	2.9	2.6	2.5	9.0	9.1	8.7
Belgium	168	461	1 894	1.1	1.3	2.4	5.8	5.1	5.9
Australia	408	968	1 817	2.7	2.6	2.3	17.9	18.3	18.5
Denmark	184	512	1 407	1.2	1.4	1.8	18.9	18.7	18.0
Spain	129	453	1 044	0.9	1.2	1.3	11.5	13.6	11.8
Israel	124	477	1 000	0.8	1.3	1.3	18.2	21.8	21.1
Selected developing									
Brazil	209	973	2 230	1.5	2.8	3.0	14.2	19.8	16.7
Republic of Korea	22	204	1 381	0.2	0.6	1.9	5.9	15.4	20.4
Saudi Arabia	21	293	1 022	0.1	0.9	1.4	1.7	4.5	3.1
Mexico	63	198	923	0.4	0.6	1.3	3.5	4.6	6.6
Argentina	132	306	911	0.9	0.9	1.2	16.3	22.4	13.7
Venezuela	50	81	460	0.7	0.5	0.6	4.4	3.5	7.2
Chile	36	41	423	0.3	0.1	0.6	7.5	5.5	15.9
Malaysia	31	95	388	0.4	0.3	0.5	6.6	7.2	9.1
Colombia	95	200	345	0.7	0.6	0.5	17.4	21.1	18.7
Singapore	33	110	336	0.2	0.3	0.5	12.5	8.8	9.7
India	80	200	309	0.6	0.6	0.4	9.2	13.9	12.1
Kuwait	45	114	284	0.3	0.3	0.4	13.3	11.0	7.6
Nigeria	26	188	258	0.3	0.5	0.4	3.1	5.4	4.3
Indonesia	5	85	237	0.0	0.2	0.3	1.1	3.2	3.5

[a] Including passenger services and port services.

TABLE A.14-A

Travel (credit): 1970, 1975 and 1980

Country	Millions of dollars 1970	1975	1980	Percentage of world total 1970	1975	1980	Percentage of services 1970	1975	1980
World	19 492	43 707	100 007	100.0	100.0	100.0	19.5	17.6	16.4
Developed market-economy	15 509	34 252	77 141	79.6	78.4	77.1	17.6	16.2	15.2
Developing	3 983	9 456	22 866	20.4	21.6	22.9	34.4	25.9	22.1
Oil-exporting	344	1 519	3 751	1.8	3.5	3.8	18.5	13.7	11.5
Non-oil-exporting	3 639	7 937	19 115	18.7	18.2	19.1	37.4	31.2	27.1
Least developed	64	83	301	0.3	0.2	0.3	13.5	9.8	14.6
Selected developed									
United States	2 330	4 699	10 087	12.0	10.8	10.1	10.0	9.6	8.4
Italy	1 639	3 271	8 917	8.4	7.5	8.9	28.2	29.7	31.8
France	1 317	3 368	8 243	6.8	7.7	8.2	19.6	17.6	15.4
Spain	1 681	3 483	6 944	8.6	8.0	6.9	69.5	57.3	51.8
United Kingdom	1 037	2 680	6 910	5.3	6.1	6.9	8.8	11.3	12.5
Germany, Fed. Rep. of	1 330	2 950	6 651	6.8	6.8	6.7	15.4	12.8	12.9
Austria	999	2 782	6 470	5.1	6.4	6.5	67.1	63.3	54.3
Switzerland	905	2 085	4 101	4.6	4.8	4.1	35.0	31.5	30.0
Canada	1 162	1 784	2 861	6.0	4.1	2.9	34.0	30.5	28.0
Belgium	348	863	1 816	1.8	2.0	1.8	10.6	8.0	5.3
Greece	194	627	1 728	1.0	1.4	1.7	39.8	37.1	40.4
Netherlands	429	1 107	1 665	2.2	2.5	1.7	9.8	8.6	5.9
Yugoslavia	276	769	1 645	1.4	1.8	1.6	37.0	36.7	35.2
Denmark	314	746	1 552	1.6	1.7	1.6	25.5	21.5	21.1
Selected developing									
Mexico	1 171	2 171	5 220	6.0	5.0	5.2	73.8	64.7	61.7
Saudi Arabia	102	563	1 343	0.5	1.3	1.3	36.0	17.6	15.8
Singapore	91	472	1 320	0.5	1.1	1.3	16.4	15.6	21.1
Thailand	104	220	868	0.5	0.5	0.9	21.4	27.1	40.8
Egypt	571	680	773	2.9	1.6	0.8	328.3	63.0	14.5
Tunisia	65	306	682	0.3	0.7	0.7	45.5	58.1	54.0
Bahamas	226	313	584	1.2	0.7	0.6	60.4	52.5	61.9
Jordan	14	112	519	0.1	0.3	0.5	15.2	42.6	46.2
Morocco	135	296	453	0.7	0.7	0.5	61.9	59.7	53.0
Netherlands Antilles	25	145	396	0.1	0.3	0.4	28.4	27.3	29.6
Kuwait	27	83	377	0.1	0.2	0.4	4.7	4.7	4.7
Republic of Korea	19	141	370	0.1	0.3	0.4	3.8	16.0	6.9
Colombia	54	164	357	0.3	0.4	0.4	23.4	32.6	24.9

TABLE A.14-B

Travel (debit): 1970, 1975 and 1980

Country	Millions of dollars			Percentage of world total			Percentage of services		
	1970	1975	1980	1970	1975	1980	1970	1975	1980
World	18 152	43 698	105 808	100.0	100.0	100.0	16.9	16.5	15.8
Developed market-economy	15 189	36 048	80 328	83.7	82.5	75.9	18.0	18.1	16.8
Developing	2 963	7 651	25 480	16.3	17.5	24.1	13.0	11.8	13.4
Oil-exporting	647	2 658	12 492	3.6	6.1	11.8	8.4	9.8	14.7
Non-oil-exporting	2 317	4 992	12 989	12.8	11.4	12.3	15.3	13.2	12.4
Least developed	105	175	379	0.6	0.4	0.4	12.8	9.9	9.8
Selected developed									
Germany, Fed. Rep. of	2 800	8 912	20 851	15.4	20.4	19.7	25.8	31.5	33.1
United States	3 980	6 435	10 399	21.9	14.7	9.8	19.9	18.6	12.4
United Kingdom	917	2 019	6 431	5.1	4.6	6.1	9.9	10.8	14.0
France	1 108	3 069	6 013	6.1	7.0	5.7	18.4	17.5	13.4
Netherlands	605	1 659	4 679	3.3	3.8	4.4	15.4	15.0	16.4
Japan	310	1 372	4 594	1.7	3.1	4.3	5.4	7.3	10.7
Canada	1 359	2 496	3 914	7.5	5.7	3.7	23.1	23.7	19.6
Belgium	492	1 408	3 288	2.7	3.2	3.1	17.0	15.4	10.2
Austria	306	1 086	3 133	1.7	2.5	3.0	34.1	35.8	33.8
Switzerland	427	1 112	2 949	2.4	2.5	2.8	38.4	33.5	41.1
Sweden	481	956	2 237	2.6	2.2	2.1	25.0	21.0	22.6
Italy	726	919	1 907	4.0	2.1	1.8	15.2	8.6	8.4
Australia	218	1 032	1 758	1.2	2.4	1.7	9.6	19.5	17.9
Denmark	273	646	1 654	1.5	1.5	1.6	28.1	23.6	21.1
Norway	244	713	1 476	1.3	1.6	1.4	17.6	16.5	14.9
Spain	138	385	1 229	0.8	0.9	1.2	12.3	11.5	13.9
Selected developing									
Mexico	755	1 359	4 187	4.2	3.1	4.0	41.4	31.8	30.1
Saudi Arabia	102	344	3 526	0.6	0.8	3.3	8.4	5.3	10.7
Iran	93	746	2 862	0.5	1.7	2.7	6.3	14.1	20.7
Venezuela	143	417	1 879	0.8	1.0	1.8	12.6	18.2	29.5
Argentina	130	94	1 792	0.7	0.2	1.7	16.1	6.8	27.0
Kuwait	67	204	1 339	0.4	0.5	1.3	19.6	19.7	36.1
Nigeria	50	268	787	0.3	0.6	0.7	6.0	7.7	13.2
Iraq	59	209	637	0.3	0.5	0.6	8.7	12.2	12.0
Libyan Arab Jamahiriya	63	153	496	0.3	0.4	0.5	6.5	9.9	21.3
Malaysia	45	187	470	0.2	0.4	0.4	9.5	14.1	11.0

TABLE A.15-A

Official services (credit): 1970, 1975 and 1980

Country	Millions of dollars			Percentage of world total			Percentage of services		
	1970	1975	1980	1970	1975	1980	1970	1975	1980
World	7 851	15 175	30 997	100.0	100.0	100.0	7.9	6.1	5.1
Developed market-economy	6 060	12 103	25 122	77.2	79.8	81.0	6.9	5.7	5.0
Developing	1 791	3 073	5 874	22.8	20.2	19.0	15.5	8.4	5.7
Oil-exporting	107	846	2 160	1.4	5.6	7.0	5.8	7.6	6.6
Non-oil-exporting	1 684	2 227	3 714	21.4	14.7	12.0	17.3	8.7	5.3
Least developed	102	199	313	1.3	1.3	1.0	21.4	23.5	15.2
Selected developed									
United States	1 830	4 505	10 113	23.3	29.7	32.6	7.9	9.2	8.4
Germany, Fed. Rep. of	1 650	3 363	6 247	21.0	22.2	20.2	19.1	14.6	12.1
United Kingdom	370	960	2 422	4.7	6.3	7.8	3.1	4.1	4.4
Japan	690	801	1 484	8.8	5.3	4.8	17.3	5.9	4.7
Belgium	209	665	1 436	2.7	4.4	4.6	6.3	6.2	4.2
Austria	29	91	806	0.4	0.6	2.6	1.9	2.1	6.8
France	293	306	555	3.7	2.0	1.8	4.4	1.6	1.0
Netherlands	67	188	349	0.9	1.2	1.1	1.5	1.5	1.2
Canada	210	299	340	2.7	2.0	1.1	6.2	5.1	3.3
Italy	212	158	303	2.7	1.0	1.0	3.7	1.4	1.1
Spain	55	80	143	0.7	0.5	0.5	2.3	1.3	1.1
Australia	74	96	139	0.9	0.6	0.4	7.1	4.1	3.2
Denmark	40	68	128	0.5	0.4	0.4	3.2	2.0	1.7
Portugal	154	200	113	2.0	1.3	0.4	20.8	19.0	5.0
Selected developing									
Iran	34	637	1 738	0.4	4.2	5.6	17.3	25.8	24.5
Argentina	82	117	449	1.0	0.8	1.4	21.9	18.6	14.1
Republic of Korea	280	159	316	3.6	1.0	1.0	56.3	18.1	5.9
Philippines	68	181	233	0.9	1.2	0.8	26.4	19.9	11.2
Panama	12	18	207	0.2	0.1	0.7	4.7	2.1	6.2
India	37	121	161	0.5	0.8	0.5	9.8	12.5	5.2
Senegal	29	67	149	0.4	0.4	0.5	34.8	34.4	37.8
Cyprus	73	83	132	0.9	0.5	0.4	57.2	52.2	22.1
Kuwait	8	24	126	0.1	0.2	0.4	1.4	1.4	1.6
Thailand	233	172	124	3.0	1.1	0.4	48.0	21.2	5.8
Turkey	38	129	116	0.5	0.8	0.4	20.2	20.9	9.0
Syrian Arab Rep.	12	33	113	0.2	0.2	0.4	9.3	8.5	24.9

TABLE A.15-B

Official services (debit): 1970, 1975 and 1980

Country	Millions of dollars 1970	1975	1980	Percentage of world total 1970	1975	1980	Percentage of services 1970	1975	1980
World	10 039	17 998	48 049	100.0	100.0	100.0	9.4	6.8	7.2
Developed market-economy	8 558	11 296	22 472	85.2	62.8	46.8	10.1	5.7	4.7
Developing	1 481	6 702	25 577	14.8	37.2	53.2	6.5	10.3	13.5
Oil-exporting	405	4 646	20 917	4.0	25.8	43.5	5.2	17.2	24.6
Non-oil-exporting	1 076	2 057	4 660	10.7	11.4	9.7	7.1	5.4	4.4
Least developed	95	199	354	0.9	1.1	0.7	11.6	11.3	9.2
Selected developed									
United States	5 440	5 597	12 013	54.2	31.1	25.0	27.2	16.2	14.3
United Kingdom	864	1 570	2 763	8.6	8.7	5.8	9.3	8.4	6.0
Germany, Fed. Rep. of	300	886	1 874	3.0	4.9	3.9	2.8	3.1	3.0
France	535	733	1 102	5.3	4.1	2.3	8.9	4.2	2.5
Canada	208	368	760	2.1	2.0	1.6	3.5	3.5	3.8
Italy	114	206	553	1.1	1.1	1.2	2.4	1.9	2.4
Austria	15	52	521	0.1	0.3	1.1	1.7	1.7	5.6
Belgium	196	255	443	2.0	1.4	0.9	6.8	2.8	1.4
Netherlands	124	254	440	1.2	1.4	0.9	3.2	2.3	1.5
Spain	69	211	354	0.7	1.2	0.7	6.1	6.3	4.0
Australia	141	214	329	1.4	1.2	0.7	6.2	4.0	3.4
Japan	70	61	260	0.7	0.3	0.5	1.2	0.3	0.6
New Zealand	40	90	211	0.4	0.5	0.4	10.0	7.4	8.7
Selected developing									
Saudi Arabia	109	2 272	15 641	1.1	12.6	32.6	9.0	35.0	47.3
Iran	90	1 022	3 145	0.9	5.7	6.5	6.1	19.4	22.8
Iraq	73	259	789	0.7	1.4	1.6	10.8	15.1	14.9
Morocco	70	261	716	0.7	1.5	1.5	25.2	32.5	35.2
Kuwait	35	107	433	0.3	0.6	0.9	10.3	10.3	11.7
Brazil	105	115	428	1.0	0.6	0.9	7.2	2.3	3.2
Libyan Arab Jamahiriya	17	351	407	0.2	1.9	0.8	1.8	22.6	17.4
Zaire	74	143	310	0.7	0.8	0.6	24.6	21.4	19.2
Ivory Coast	14	65	295	0.1	0.4	0.6	6.7	9.0	12.9
Jordan	32	46	249	0.3	0.3	0.5	35.1	15.2	21.3

TABLE A.16-A

Other private services (credit): 1970, 1975 and 1980

Country	Millions of dollars			Percentage of world total			Percentage of services		
	1970	1975	1980	1970	1975	1980	1970	1975	1980
World	20 559	57 829	126 974	100.0	100.0	100.0	20.6	23.3	20.8
Developed market-economy	18 395	49 996	105 571	89.5	86.5	83.1	20.8	23.6	20.8
Developing	2 164	7 832	21 402	10.5	13.5	16.9	18.7	21.4	20.7
Oil-exporting	218	1 045	3 447	1.1	1.8	2.7	11.7	9.4	10.5
Non-oil-exporting	1 946	6 788	17 955	9.5	11.7	14.1	20.0	26.6	25.4
Least developed	145	250	604	0.7	0.4	0.5	30.5	29.5	29.3
Selected developed									
Germany, Fed. Rep. of	1 480	6 629	15 410	7.2	11.5	12.1	17.1	28.7	29.8
France	1 851	5 985	13 984	9.0	10.3	11.0	27.6	31.2	26.1
United Kingdom	2 844	6 162	13 421	13.8	10.7	10.6	24.2	26.0	24.3
United States	3 620	7 261	10 568	17.6	12.6	8.3	15.6	14.9	8.8
Belgium	1 396	3 645	8 582	6.8	6.3	6.8	42.4	33.9	25.3
Italy	1 652	3 368	7 934	8.0	5.8	6.2	28.5	30.6	28.3
Netherlands	1 006	3 228	6 031	4.9	5.6	4.8	23.0	25.1	21.4
Japan	690	2 489	5 271	3.4	4.3	4.2	17.3	18.3	16.7
Switzerland	783	2 022	3 949	3.8	3.5	3.1	30.3	30.6	28.9
Sweden	350	1 536	3 691	1.7	2.7	2.9	23.2	40.5	41.0
Denmark	235	1 038	2 574	1.1	1.8	2.0	19.1	29.9	35.0
Canada	653	1 416	2 558	3.2	2.4	2.0	19.1	24.2	25.1
Spain	252	724	1 727	1.2	1.3	1.4	10.4	11.9	12.9
Yugoslavia	120	516	1 480	0.6	0.9	1.2	16.1	24.6	31.6
Selected developing									
Egypt	143	794	2 966	0.7	1.4	2.3	82.2	73.7	55.5
Republic of Korea	99	244	2 504	0.5	0.4	2.0	19.9	27.8	46.7
Iran	96	580	2 321	0.5	1.0	1.8	49.0	23.5	32.8
Mexico	279	857	1 756	1.4	1.5	1.4	17.6	25.5	20.7
Singapore	4	1 449	1 745	0.0	2.5	1.4	0.7	47.7	27.9
Philippines	48	357	1 004	0.2	0.6	0.8	18.6	39.4	48.4
Brazil	96	444	728	0.5	0.8	0.6	25.4	30.7	23.1
India	86	203	693	0.4	0.4	0.5	22.9	20.9	22.3
Thailand	40	106	569	0.2	0.2	0.4	8.2	13.0	26.7
Chile	12	50	525	0.1	0.1	0.4	9.0	28.1	36.5
Turkey	57	15	488	0.3	0.0	0.4	30.3	2.4	38.0
Argentina	50	96	328	0.2	0.2	0.3	13.3	15.3	10.3
Panama	125	211	320	0.6	0.4	0.3	47.4	23.6	9.6
Iraq	6	100	304	0.0	0.2	0.2	4.2	18.4	20.4

TABLE A.16-B

Other private services (debit): 1970, 1975 and 1980

Country	Millions of dollars			Percentage of world total			Percentage of services		
	1970	*1975*	*1980*	*1970*	*1975*	*1980*	*1970*	*1975*	*1980*
World	18 972	53 481	116 133	100.0	100.0	100.0	17.7	20.2	17.4
Developed market-economy	15 718	43 612	91 379	82.8	81.5	78.7	18.6	21.9	19.1
Developing	3 254	9 869	24 754	17.2	18.5	21.3	14.2	15.2	13.0
Oil-exporting	1 062	4 453	10 472	5.6	8.3	9.0	13.7	16.5	12.3
Non-oil-exporting	2 193	5 417	14 282	11.6	10.1	12.3	14.5	14.3	13.6
Least developed	116	268	638	0.6	0.5	0.5	14.2	15.2	16.6
Selected developed									
Germany, Fed. Rep. of	2 920	8 790	17 753	15.4	16.4	15.3	26.9	31.1	28.2
Japan	1 590	4 990	10 399	8.4	9.3	9.0	27.6	26.5	24.3
France	1 492	4 426	10 274	7.9	8.3	8.8	24.8	25.2	22.9
Italy	1 388	3 537	7 239	7.3	6.6	6.2	29.0	33.1	31.8
Belgium	988	2 489	6 827	5.2	4.7	5.9	34.2	27.3	21.1
Netherlands	898	2 532	5 438	4.7	4.7	4.7	22.9	22.8	19.1
United Kingdom	1 234	3 266	5 073	6.5	6.1	4.4	13.3	17.5	11.1
United States	1 050	2 028	3 996	5.5	3.8	3.4	5.2	5.9	4.8
Canada	1 146	2 189	3 875	6.0	4.1	3.3	19.4	20.8	19.4
Yugoslavia	57	220	3 247	0.3	0.4	2.8	8.4	14.2	50.5
Switzerland	466	1 614	2 819	2.5	3.0	2.4	41.9	48.6	39.3
Selected developing									
Nigeria	182	1 093	1 989	1.0	2.0	1.7	21.8	31.4	33.3
Iran	163	663	1 868	0.9	1.2	1.6	11.1	12.6	13.5
Brazil	176	539	1 329	0.9	1.0	1.1	12.0	11.0	10.0
Republic of Korea	99	242	1 270	0.5	0.5	1.1	26.3	18.3	18.8
Singapore	37	334	1 234	0.2	0.6	1.1	14.0	26.6	35.5
Indonesia	130	380	1 222	0.7	0.7	1.1	29.0	14.1	18.0
Mexico	238	427	1 088	1.3	0.8	0.9	13.1	10.0	7.8
Algeria	85	370	1 063	0.4	0.7	0.9	20.8	25.7	21.5
Egypt	80	319	1 004	0.4	0.6	0.9	22.0	27.1	35.2
Venezuela	126	427	754	0.7	0.8	0.6	11.1	18.7	11.8
Argentina	121	159	614	0.6	0.3	0.5	15.0	11.6	9.3
Gabon	47	297	612	0.2	0.6	0.5	40.2	45.0	44.0
Zaire	58	199	609	0.3	0.4	0.5	19.3	29.8	37.8
Philippines	88	200	590	0.5	0.4	0.5	22.1	21.0	22.5
Ivory Coast	44	165	562	0.2	0.3	0.5	21.0	22.7	24.6
India	124	198	542	0.7	0.4	0.5	14.2	13.7	21.2

TABLE A.17-A

Private transfers (credit): 1970, 1975 and 1980

Country	Millions of dollars			Percentage of world total			Percentage of services		
	1970	*1975*	*1980*	*1970*	*1975*	*1980*	*1970*	*1975*	*1980*
World	8 174	17 055	39 427	100.0	100.0	100.0	8.2	6.9	6.5
Developed market-economy	6 389	11 441	24 573	78.2	67.1	62.3	7.2	5.4	4.8
Developing	1 785	5 615	14 854	21.8	32.9	37.7	15.4	15.4	14.4
Oil-exporting	312	450	523	3.8	2.6	1.3	16.8	4.1	1.6
Non-oil-exporting	1 474	5 165	14 331	18.0	30.3	36.3	15.2	20.3	20.3
Least developed	232	617	2 690	2.8	3.6	6.8	48.9	72.7	130.4
Selected developed									
Yugoslavia	562	1 842	4 332	6.9	10.8	11.0	75.3	87.8	92.6
Portugal	654	1 100	3 027	8.0	6.4	7.7	88.3	104.4	133.8
Spain	674	678	2 365	8.2	4.0	6.0	27.9	11.1	17.6
United Kingdom	552	869	1 844	6.8	5.1	4.7	4.7	3.7	3.3
Italy	615	684	1 812	7.5	4.0	4.6	10.6	6.2	6.5
France	463	767	1 593	5.7	4.5	4.0	6.9	4.0	3.0
United States	380	716	1 536	4.6	4.2	3.9	1.6	1.5	1.3
Canada	415	783	1 175	5.1	4.6	3.0	12.2	13.4	11.5
Israel	479	792	1 126	5.9	4.6	2.9	80.6	48.2	26.2
Greece	345	736	1 091	4.2	4.3	2.8	70.7	43.6	25.5
Selected developing									
Pakistan	83	276	2 230	1.0	1.6	5.7	112.1	91.5	304.8
Turkey	323	1 421	2 171	4.0	8.3	5.5	171.8	230.8	169.0
India	113	430	1 827	1.4	2.5	4.6	30.1	44.2	58.8
Yemen	64	310	1 322	0.8	1.8	3.4	428.7	819.3	389.9
Morocco	79	549	1 083	1.0	3.2	2.7	36.2	110.5	126.6
Jordan	3	174	827	0.0	1.0	2.1	3.4	66.4	73.5
Republic of Korea	119	223	541	1.5	1.3	1.4	23.9	25.4	10.1
Algeria	239	424	495	2.9	2.5	1.3	200.8	118.7	62.0
Democratic Yemen	60	62	352	0.7	0.4	0.9	111.1	173.9	311.6
Tunisia	36	151	311	0.4	0.9	0.8	25.2	28.6	24.6
Philippines	31	169	305	0.4	1.0	0.8	12.0	18.6	14.7
Bangladesh	12	31	301	0.1	0.2	0.8	35.0	42.2	104.9
Brazil	58	128	299	0.7	0.7	0.8	15.3	8.8	9.5
Sudan	1	0	263	0.0	0.0	0.7	2.7	0.2	77.0

TABLE A.17-B

Private transfers (debit): 1970, 1975 and 1980

Country	*Millions of dollars*			*Percentage of world total*			*Percentage of services*		
	1970	*1975*	*1980*	*1970*	*1975*	*1980*	*1970*	*1975*	*1980*
World	8 100	16 266	33 319	100.0	100.0	100.0	7.6	6.2	5.0
Developed market-economy	6 582	13 007	22 514	81.3	80.0	67.6	7.8	6.5	4.7
Developing	1 518	3 259	10 806	18.7	20.0	32.4	6.6	5.0	5.7
Oil-exporting	614	1 468	6 807	7.6	9.0	20.4	7.9	5.4	8.0
Non-oil-exporting	904	1 792	3 999	11.2	11.0	12.0	6.0	4.7	3.8
Least developed	105	190	540	1.3	1.2	1.6	12.8	10.8	14.0
Selected developed									
Germany, Fed. Rep. of	1 730	3 776	5 870	21.4	23.2	17.6	15.9	13.4	9.3
France	1 123	2 290	4 044	13.9	14.1	12.1	18.6	13.1	9.0
United States	1 480	1 639	2 616	18.3	10.1	7.9	7.4	4.7	3.1
United Kingdom	554	1 113	2 519	6.8	6.8	7.6	6.0	6.0	5.5
Netherlands	153	488	1 177	1.9	3.0	3.5	3.9	4.4	4.1
Belgium	162	450	1 087	2.0	2.8	3.3	5.6	4.9	3.4
Switzerland	355	686	905	4.4	4.2	2.7	31.9	20.7	12.6
Austria	93	457	853	1.1	2.8	2.6	10.4	15.1	9.2
Japan	120	279	560	1.5	1.7	1.7	2.1	1.5	1.3
Canada	352	409	483	4.3	2.5	1.4	6.0	3.9	2.4
Australia	139	398	458	1.7	2.4	1.4	6.1	7.5	4.7
Sweden	64	176	411	0.8	1.1	1.2	3.3	3.9	4.1
Italy	2	94	361	0.0	0.6	1.1	0.0	0.9	1.6
Selected developing									
Saudi Arabia	183	555	4 065	2.3	3.4	12.2	15.1	8.5	12.3
Libyan Arab Jamahiriya	140	260	837	1.7	1.6	2.5	14.5	16.7	35.9
Ivory Coast	56	184	706	0.7	1.1	2.1	26.6	25.3	30.9
Kuwait	109	276	692	1.3	1.7	2.1	32.1	26.5	18.6
Nigeria	39	118	423	0.5	0.7	1.3	4.7	3.4	7.1
Venezuela	87	145	418	1.1	0.9	1.3	7.7	6.3	6.6
Oman	47	219	409	0.6	1.3	1.2	106.8	134.3	72.9
Yemen	9	38	253	0.1	0.2	0.8	44.0	60.2	70.2
Gabon	10	43	196	0.1	0.3	0.6	8.7	6.6	14.1
Zambia	150	136	185	1.9	0.8	0.6	58.1	25.8	25.0
Algeria	44	68	174	0.5	0.4	0.5	10.8	4.7	3.5
Malaysia	75	83	171	0.9	0.5	0.5	15.9	6.2	4.0
Zimbabwe	12	37	171	0.1	0.2	0.5	16.3	17.6	30.3
Brazil	61	115	159	0.8	0.7	0.5	4.2	2.3	1.2