

**REFERENCE LIST FOR INTERNATIONAL TRADE IN SERVICES
TRANSACTIONS**

VOORBURG GROUP CONFERENCE

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**LUCA DALPOZZO
EUROSTAT
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This reference list is an attempt to provide an exhaustive description of international trade in services transactions (all transactions between resident units and non-resident units).

The list is designed to be completely consistent with the classification of items used by the new IMF Balance of Payments Manual (5th edition, not yet issued) and with the joint OECD-Eurostat questionnaire.

The structure of the list corresponds at its highest level with the IMF standard components. The classification is then expanded according to the joint OECD-Eurostat questionnaire following existing product nomenclatures (CPC and CPA). A further uncoded breakdown is introduced where needed and according to the same product nomenclatures.

As the list is a reference document to help understand, classify, and compile international trade in services great efforts have been placed in the compilation of exclusion and inclusion lists and in the analysis of border line cases. Inclusion and exclusion lists have been largely based on specific sectorial studies carried out by experts.

This list is provisional. It will be examined by the Eurostat task force on current account statistics to be finalised hopefully at the latest by the end of 1994. The intent is to have it adopted by the EEE countries as a detailed guide to compile Balance of Payments services statistics.

This document was first presented at the OECD meeting on International Trade in Services (27-28 May 1993) where it received strong support from the participants.

The list has been revised and updated by Mr. L. Dalpozzo (OSCE) based on the original document prepared by Ms. Benassi.

B Services

B.1 Transportation

Definition:

This category covers international passenger and freight transport, by all modes of transportation, and auxiliary services (such as storage, cargo handling, maintenance in seaports and airports, terminal facilities), including the renting of transport equipment with driver and operator.

Inclusions:

- receipts of resident transport carriers made with non-resident
- expenditure of residents with non-resident carriers

Exclusions:

- freight insurance (insurance on movable goods during the course of the shipment) and transport equipment insurance which are included in "Insurance services"
- procurement of goods in ports (fuel, provisions, stores and supplies) which are shown under a specific item in the good account
- repair of transport equipment to be included in repairs
- repair of roads, railways, harbours and airfields which should be recorded under "Construction services".

Comments:

The residence of the carrier is a key element for the geographical breakdown of the transportation account. It is the country of residence of the company operating the equipment that should be retained. By operating one means controlling the moving of the equipment and its work load. Usually equipment are controlled by residents of the economy where they are registered. In the cases of flag of convenience, the true operating company has to be found.

B.1.1 Sea transport

Definition:

Transport on sea and ocean

B.1.1.1 Passenger transportation on sea

B.1.1.1.1 Rental of sea going vessels with crew(passenger)

Inclusions:

- rental of sea vessels with crew

Exclusions:

- rental of vessel without crew, to be recorded in rental services
- ships rented under a financial leasing agreement

B.1.1.1.2 Other passenger transportation on sea

Definition:

Transport of people and the goods they carry or their car. Only international transport has to be recorded here:

*as credits: transport by resident carriers of non-residents between the compiling economy and abroad or between two foreign countries, or in a foreign country

*as debits: transport by non-resident carriers of residents between the compiling economy and abroad or between two foreign countries, or in a the compiling country

Inclusions:

- receipts of resident carriers when transporting non-resident
- resident expenditure on non-resident carriers when travelling from one country to another
- transportation within the visited country paid in advance in the home country (concerns credit and debit)
- international ferry services

Exclusions:

- transport expenditure of non-resident within the declaring country, to be recorded in travel
- transport expenditure of residents within foreign countries, to be recorded in travel.
- cruises. Usually accommodation services is more important in cruises than transport, so they should be recorded under travel.

Comments:

Consumption in ships cannot be separately identified in many cases and therefore is included in transportation fares declared by carriers.

B.1.1.2 Freight transportation on sea

B.1.1.2.1 Rental of sea going vessel with crew(freight)

Inclusions:

- rental of sea vessel with crew
- pushing and towing services (for oil platform, drilling rigs, ...)

Exclusions:

- rental of vessel without crew, to be recorded in rental services
- ships rented under a financial leasing agreement

B.1.1.2.2 Other freight transportation

Definition:

This item covers the transportation of goods. Two cases are to be examined:

* For the transport of imports and exports relating to the compiling economy, freight costs must correspond to the FOB valuation of the goods at the frontier of the exporting country: i.e. transportation costs should be calculated from the border of the exporting country to the point of delivery. In order to simplify the recordings, the IMF recommends to assume that freight charges are entirely supported by the importing country and registered in the balance of payments if the transportation has been performed by and agent from a different country than the importer. So transportation of imports by non-resident carriers are to be recorded in debits and transportation of exports by resident carriers are to be recorded in credits.

* For transport of goods between third countries or in coastal areas or from the factory to the border of the exporting country, transactions are recorded as any transactions between resident and non residents.

Inclusions:

- freight costs for imports transported by non-residents
- freight costs for exports transported by residents

- resident carriers receipts with non-residents for the transport of goods between third countries or in coastal areas
- resident agents expenditure with non-resident carriers for the transport of goods between third countries or in coastal areas
- loading and unloading services performed by the carriers (for practical reasons because they cannot be separated from the transport costs)

Exclusions:

- transport of imports by resident carriers
- transport of exports by non-resident carriers
- loading/unloading and any auxiliary services not performed by the carriers themselves that must be recorded in the appropriate categories.

B.1.1.3 Other supporting and auxiliary services for sea transport

Definition:

Specific sea transport related services

Inclusions:

- port and waterway operation services other than cargo handling
- pilotage services
- berthing services
- navigation aid services
- vessel salvage and refloating services
- lighthouse activities
- maintenance of ships performed in ports
- cleaning services for ships
- expenditures of resident carriers in foreign ports except procurement of goods
- fees received and paid by/to shipping agents
- ship brokers services, i.e. services consisting in finding ships to rent for carriers

Exclusions:

- cargo handling, to be recorded in other supporting transport services
- repairs of ships to be recorded in repairs
- repairs and maintenance of pleasure and sporting boats to be recorded in travel
- maintenance of floating platforms to be recorded in incidental services to mining

Comments:

Maintenance and repairs have to be distinguished, as they are to be classified in two separate categories.

On the debit side, expenditure recorded correspond to costs declared by the carriers

B.1.2 Air transport

Definition:

Transport performed by aircrafts in the atmosphere (space transport is not included)

B.1.2.1 Passenger transportation by air

B.1.2.1.1 Rental of aircraft with crew(passenger)

Inclusions:

- rental of aircraft with crew

Exclusions:

- rental of aircraft without crew, to be recorded in rental services
- rental of aircraft under a financial leasing agreement

B.1.2.1.2 Other passenger air transport

Definition:

Transport of people and the goods they carry.

Only international transport has to be recorded here:

*as credits: transport by resident carriers of non-residents between the compiling economy and abroad or between two foreign countries, or in a foreign country

*as debits: transport by non-resident carriers of residents between the compiling economy and abroad or between two foreign countries, or in a the compiling country

Inclusions: travelling between third countries with non-resident carriers

- fares paid in advance in the home country for internal flights in the visited country (concerns credit and debit)
- all kind of flights are included, i.e. scheduled and non-scheduled

Exclusions:

- transport expenditure of non-resident within the declaring country, to be recorded in travel
- transport expenditure of residents within foreign countries, to be recorded in travel.
- passenger airport duties to be recorded under travel

Comments:

In principle, international tickets sold to non-residents on the domestic territory by non-resident carriers, and sold abroad to residents by resident carriers should not be recorded.

In practice it may be difficult to follow this rule, because carriers cannot differentiate residents from non-residents.

Passenger airport duties included in the tickets should be reclassified under travel which might be impossible for practical reasons.

B.1.2.2 Freight transportation by air

Definition:

idem as sea freight

B.1.2.2.1 Rental of aircraft with crew(freight)

idem as sea freight

B.1.2.2.2 Other freight transportation by air

idem as sea freight

B.1.2.3 Supporting and auxiliary services to air transport

Definition:

Specific air transport auxiliary services

Inclusions:

- Airport operation services
- Air traffic control services
- Ground service activities on airfields
- maintenance of aircraft performed in airports.
- cleaning of aircrafts
- expenses of resident carriers abroad except procurement of goods in airports to be recorded in the appropriate item

Exclusions:

- procurement of goods in airports
- repair of aircrafts
- fees paid by carriers to operators of computerised reservation system to be recorded under network services
- receipts of airports on passenger duties to be recorded under travel

Comments:

As for sea transport, it may be difficult to distinguish repair from maintenance

B.1.3 Space transport**Definition:**

Space transport includes satellite launches undertaken by commercial enterprises for the owners of the satellite, such as telecommunications companies. It also includes other operations done by operators of space equipment

Inclusions:

- fees received for launching of satellites and space vehicles
- transport of physical goods, and passengers
- transport of scientific or industrial experiments
- repair and maintenance of satellite in space
- ground services

B.1.4 Rail transport**Definition:**

transport by trains

B.1.4.1 Passenger transportation by rail**Definition:**

This item covers payments between railway companies for the transport of passengers from one country to another; each company getting a share of the ticket accordingly to the distance done on its network.

Inclusions:

- payments between national railways companies should be recorded on a gross basis:
- as credit the part corresponding to the domestic fare paid abroad
 - as debit the part corresponding to the foreign fare paid on the domestic territory.

Exclusions:

expenditure on board that are not included in railways agreement and are recorded under travel.

B.1.4.2 Freight transportation by rail

Definition:

This item covers payments between railway companies for the transport of goods from one country to another; each company getting a share of the receipts accordingly to the distance done on its network.

Inclusions:

- payments between national railways companies should be recorded on a gross basis:
- as credit the part corresponding to the domestic fare paid abroad
- as debit the part corresponding to the foreign fare paid on the domestic territory.
- loading and unloading services performed by the railway companies

Exclusions:

loading and unloading services not performed by the railways companies

B.1.4.3 Supporting and auxiliary services to rail transport

Definition:

Specific services to rail transportation

Inclusions:

- pushing and towing services
- maintenance of rolling stock
- cleaning of rolling stock
- expenses of resident companies abroad.

Exclusions:

- cargo handling services

B.1.5 Road transport

Definition:

This item covers international freight transport by lorries and international passenger transport by coaches.

B.1.5.1 Passenger transportation by road

B.1.5.1.1 Rental of commercial vehicles with operator(passenger)

Inclusions:

- taxi services
- rental of buses and coaches with driver
- rental of commercial vehicles with operator

Exclusions:

- rental of commercial vehicles without operator, to be recorded in rental services
- rental of commercial vehicles under a financial leasing agreement

Comments:

Taxi services and rental of buses and coaches with driver are to be included when a non-resident provider is used by residents on an international journey and vice-versa. This may be very rare and the amounts involved small, so it might well be caught only under travel

B.1.5.1.2 Other passenger transportation by road**Definition:**

This item covers international passenger transport by coaches or car with driver

Inclusions:

- tickets sold by resident coach companies abroad on international routes (i.e. international receipts of bus companies)
- tickets purchased on the resident territory to non-resident bus companies

Exclusions:

- round trips and excursion packages by bus that are to be recorded under travel

Comments:

This item may concern only scheduled international trips. International receipts of resident companies can be collected rather easily by direct surveying. But receipts of non-resident companies on the domestic territory will probably escape as they will be paid in domestic currency.

B.1.5.2 Freight transportation by road**Definition:**

idem as sea freight

B.1.5.2.1 Rental of commercial road vehicles with operator**Inclusions:**

- rental of lorry with driver

B.1.5.2.2 Other freight transportation by road**Definition:**

Transport of goods by lorries, idem as sea freight

B.1.5.3 Supporting and auxiliary services to road transport**Definition:**

Specific road transport services

Inclusions:

- bus station services
- highway operation services
- bridges and tunnel operation services
- parking services
- expenses of resident companies abroad

Exclusions:

- Cargo handling services, transport agency services

Comments:

On the credit side, very often, all these services cannot be collected because they represent small amounts paid in domestic currency. They will then probably be recorded under travel

B.1.6 Internal waterways transport**Definition:**

Transport of goods and passengers on internal waterways

B.1.6.1 Passenger transportation by internal waterways**B.1.6.1.1 Rental of internal waterways vessels with crew(passenger)****Definition:**

idem as sea

B.1.6.1.2 Other passenger transportation by internal waterways**Definition:**

Transportation of passenger between two countries

Inclusions:

- scheduled passenger transportation on internal waterways between two countries (ferries): on the credit side receipts of resident carriers abroad; on the debit side receipts of non-resident carriers on the domestic territory

Exclusions:

- cruises to be recorded under travel

B.1.6.2 Freight transportation by internal waterways**Definition:**

idem as sea freight

B.1.6.2.1 Rental of internal waterways vessels with crew(freight)**Definition:**

idem as sea

B.1.6.2.2 Other freight transportation by internal waterways**Definition:**

Transportation of goods on internal waterways, idem as sea freight

B.1.6.3 Supporting and auxiliary services to internal waterways transport

Definition:
idem as sea

B.1.7 Pipeline transport

Definition:
International transport of goods in pipelines, idem as sea freight

B.1.8 Other supporting and auxiliary transport services

Definition:
Supporting and auxiliary services to transport activities, non specific to a transport mode (described in detail in the following sub-categories)

Comments:
On the credit side, receipts of companies providing such services can be caught rather easily. On the debit side, transport carriers must declare their expenses concerning these services.

Cargo handling services

Inclusions:
- loading and unloading of freight not done by the carriers themselves

Exclusions:
- loading and unloading performed by the carriers to be recorded under specific transport services
- auxiliary services rendered by port and airport authorities to be recorded under auxiliary services to specific transport mode

Comments:
Many operators are involved in such operations like dockers, stevedores, terminal operators, container operators

Storage and warehousing services

Inclusions:
- operations of storage and warehouse facilities for all kind of goods
- operation of grain silos, general merchandise warehouses, refrigerated warehouses, storage tanks,...
- services related to warehousing: stock management, orders of delivery management, logistic services

Exclusions:
- parking facilities for motor vehicles to be recorded under land transport supporting services

Comments:
Distribution activities from warehouses seems to get increasing importance, and multimodal transport facilities can be offered with many other services. It is a kind of value added transport facilities

Freight forwarding services and other services related to the transport of freight

Definition:

This item covers activities of agents providing services related to the transport of goods

Inclusions:

- services of freight forwarder agents, air cargo agents mainly consisting in arranging of transport operations by any mode of transport
- services of freight broker agents
- receipts of goods and individual consignments, pick-up of good and grouping of consignment, acceptance of goods
- packing, repacking
- issue of documents and way-bills
- services of transit agents especially for custom clearance
- crating, uncrating, sampling, weighting activities
- freight inspection services
- services for the management of containers

Exclusions:

- courier services to be recorded under communication
- activities related to freight insurance
- fees received by agents to arrange the transport of passengers to be recorded under travel

Catering

Definition:

Delivery of ready to eat meals to transport carriers

Inclusions:

- delivery of food prepared and other services related to food serving

Exclusions:

- delivery of food not prepared to be recorded under procurements of goods in port and airports

B.2 Travel

Definition:

This category covers the goods and services acquired from an economy by non-resident individuals for their personal use during their stay.

Non-resident individuals are

- all individuals that have not a permanent interest in the economy i.e. all people staying less than one year (tourists, business travellers, excursionist) or staying for the specific purposes of studies or medical care.
- frontier and temporary workers
- carrier crews

Personnel posted to a military base or embassy, are not regarded as travellers, their expenditure should be recorded under the "Governmental transactions" heading

Inclusions:

- all goods and services sold on the territory visited. Some services are particularly purchased by travellers: accommodation services, cultural and entertainment services, rental services of passenger cars with and without driver, taxi services, tourist assistance services. All goods are to be included as far as they are for the personal use of the traveller and even if they represent big amounts, in particular goods sold in the frontier areas.
- transport within the territory visited

- cruises and inland waterways transport
- consumption on board in trains
- sight seeing bus tours
- travel agents and tour operators
- education services provided to visiting students
- health services provided to visiting patients

Exclusions:

- transport from one country to another which is to be recorded under transport

Comments:

This item is completely symmetrical, i.e. on the credit side, expenses of non-resident on the domestic territory are to be recorded, and on the debit side expenses of residents abroad

B.2.1 Business travel

B.2.1.1 Expenditure by seasonal and border workers

Definition:

In order to allow linkage with international travel expenditure and receipts in the sense of the World Tourism Organisation (WTO) all expenses made by frontier and seasonal workers are to be shown separately.

B.2.1.2 Other business travel

Definition:

This item covers all expenses described above made by individuals travelling for business purposes except seasonal and border workers.

B.2.2 Personal travel

Definition:

This item covers all expenses described above made by individuals travelling for purposes not related to their professional activity

B.2.2.1 Health related expenditure

Definition:

This item covers specific medical care expenses occurred during the travel (medical fees, hospital charges, etc...)

B.2.2.2 Education-related expenditure

Definition:

This item covers specific teaching and training expenses occurred during the travel (training and tuition fees, boarding charges in schools or other institutions)

B.2.2.3 Other personal travel expenses

Definition:

This item covers all expenses made by individuals travelling for non-business purposes except specific expenses for studies and training and for medical care, to be recorded separately.

B.3 Communications services**Definition:**

International postal, courier and telecommunication services.

As these services are related to specific equipment (satellites, distribution hubs, air fleet, telecommunication lines) and logistic organisation, resident customers have to deal primarily with resident companies. So it is the transaction between the companies operating the local networks or the specific equipment that have to be recorded on a gross basis. Ideally, each company should be attributed the share of the service it performed with its local network or with its specific equipment.

Inclusions:

* as credit

- receipts of domestic companies for the transport and delivery to local correspondents of letters, packets or messages coming from abroad

- receipts of domestic companies from non-resident agents for the use of specific telecommunication, transport or logistic equipment

* as debit

- expenditure of domestic companies paid to non-resident companies for the delivery of letters, packets and messages abroad.

- fees paid to non-resident companies by domestic companies to use specific communication equipment

Comments:

These communication services are subject to international agreements and give rise to compensation between operators of different countries. They should, however, be recorded on a gross basis. In the case of national post or telecommunication offices the detailed information should be available. It should also be the case for companies that are not linked, because they have specific contract and invoices. On the contrary for affiliated companies constituting a network, like certain courier operators, information available might be very scarce and inadequate.

B.3.1 Postal and courier services**Definition:**

These services cover the picking up, transport and delivery of letters and "mail-type" parcels and packages, newspapers and magazines.

Comments:

It appears that traditional courier services are increasingly dealing with parcels that are less and less of a "mail-type", i.e. with packages that may go up to 100 kg. Therefore, courier services are getting nearer to plain transport services but with value added: express services, door-to-door services, just-in-time delivery, tracing of the parcels underway, management of distributing centers, of transport fleets. It appears also that the distinction national/private is rapidly blurring. Therefore, the present stage of the nomenclature for postal and courier services may be rapidly obsolete.

B.3.1.1 Postal services**Definition:**

Postal services relate to services rendered by the national postal administrations.

Inclusions:

- pick-up, transport and delivery services of letters, newspapers, journals, periodicals, brochures, leaflets and similar printed matters, parcels and packages
- post office counter services
- other postal services such as mailbox rental services, "poste restante" services
- telegram services

Exclusions:

- financial services rendered by post offices, such as postal giro, banking and saving accounts, to be recorded under financial services
- express delivery of letters and packets performed by specific companies affiliated to national post offices, to be recorded under courier services

Comments:

Postal services are subject to international agreements and give rise to compensation between operators of different countries. They should, however, be recorded on a gross basis.

B.3.1.2 Courier services

Definition:

Courier services cover the same services as those performed by the national postal administration, but they are provided by specific courier operators (including affiliates of national administration) which concentrate on express and door-to-door delivery. These operators may use self-owned, privately shared or also public networks and transport means.

Inclusions:

- pick-up, transport and delivery services of letters, parcels and packages, using one or more modes of transport.
- door-to-door transportation of goods performed by courier enterprises with no real limit in weight
- "express delivery services" often including time definite delivery, on-demand pick-up, monitoring of the journey with constant tracing of the transported objects, administrative and custom declarations handling.
- re-mailing services: transport to a different country where national postal charges are less expensive.

Exclusions:

- courier services for mail performed by air companies are recorded under freight transportation by air
- storage of goods and related services are to be recorded under other transport auxiliary services
- mailing services to be recorded under Miscellaneous business services

Comments:

This category is moving nearer and nearer to normal transport services with specific additional characteristics that could be summarised under the title "on demand door-to-door express transport services". It should be noted that these services can either be rendered by national post offices, express transport carriers and courier carriers. But, in the practice it will be very difficult to separate such services from other services rendered by postal administrations and by express transport carriers. So only transactions of courier carriers will be recorded under this item. The collection of gross data showing the detailed transactions might be very difficult for these services especially those performed by completely integrated networks.

B.3.2 Telecommunication services

Definition:

Telecommunications services cover the transmission of voice, data and images. Transmission involves the electrical or electromagnetic propagation of signals over metallic or fibre optic cable, microwave or other radio systems, or satellite in real time or in store and forward mode.

Exclusions:

- communications management services and installation services for telephone networks equipment to be recorded under technical services
- database services and related computer services to access and manipulate data provided by data base server, to be included under database services.

Comments:

This category has been split in several sub-headings in a tentative approach based on the breakdown provided in the CPA and CPC, the result is a more readable classification. This item is intended to cover mainly "basic" telecommunication services i.e. services for which the conveyance fees are high compared to the additional processing services provided. However, some services like electronic message services, satellite services and television cable services have been classified here to keep coherence with the existing product classifications. On the contrary, database services are recorded under computer and information services.

Telephone services

Definition:

Use of public switched telephone network (PSTN) or public overlay telephone network for all applications including sound, data and image transmission.

Inclusions:

- international telephone calls, carrying voice, facsimile, data or image (switching and communication fees with databases should be included here but not fees paid for the value of the data which are to be recorded under database services)
- telephony re-billing services such as "country direct" or "third country calling"
- international free-phone services

Comments:

These services are subject to agreements between telecommunication companies. Offsetting mechanism based on volume indicators are used, it should not be difficult to obtain gross flows. It should not be difficult either to separate transactions concerning telephone networks from other services using these networks in particular databases and network services. Telecommunication operators have information, confidentiality appears to be the major problem.

Dedicated line services, mobile services, leased circuits and other basic telecommunication services

Definition:

This item regroups other telecommunication services not using public switched telephone networks. It can be subdivided in the following items

Leased circuits

Definition:

The provision of leased circuits to particular customers, or to closed user groups using terrestrial infrastructure or by satellite

Inclusions:

- international leased circuits services for voice, data or image, including transit services
- international virtual private network services
- business satellite networks

Data communication services over public dedicated data networks

Definition:

The use of dedicated data networks on terrestrial infrastructure or via satellite

Inclusions:

- packet switched data services
- circuit switched data services
- local area network interconnection services and other high speed switched data services

Mobile services

Definition:

Services which are provided by means of radio access to mobile users

Inclusions:

- cellular telephony and other forms of public mobile telephony
- public access mobile radio
- mobile data services
- paging
- maritime and air-to-ground communication services

Telex, Telegraph and telegram services

Definition:

Revenues from the international telex, telegraph and telegram services.

Integrated digital network services

Definition:

Services offered on integrated digital networks (ISDN)

Inclusions:

- narrow band ISDN
- broad band ISDN

Electronic message services

Definition:

This item covers services rendered by providers of message transmission network services where the communication cost is low compared to the services offered.

Inclusions:

- mail box services
- computerised reservation services
- electronic data interchange
- electronic funds transfer
- voice messaging
- telemetry

Comments:

When this services are rendered via the public telephone network, the communication costs must be excluded and recorded under telephone services otherwise there will be overlaps. But if a specific telecommunication network is provided, communications costs may be included because of practical problems.

Television and radio broadcast transmission services

Definition:

Network services for television or radio broadcast using all kind of technology.

Inclusions:

- fees paid by radio or TV companies
- to companies owning satellite to use channels on them
 - to companies owning air broadcast transmitters and network
 - to companies owning cable transmitters and network

Exclusions:

- satellite to cable services and direct to home satellite services where TV signals are supplied and which should be recorded under audio-visual services because the fees cover mostly TV and radio rights.

Comments:

These transactions concern few and well known operators, they should be well covered

Radio and television cable services

Definition:

Radio and television programming packages via cable

Exclusions:

- basic telecommunication services using the cable
- "pay-TV" services

Satellite services

Definition

Use of satellite to transmit and collect specific information like meteorology, earth pictures, space observations, etc....

Inclusions

- fees received and paid from/to satellite owners for the transmission of specific information not covered by the above mentioned categories

B.4 Construction services

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Definition:

Pre-erection work; new construction and repair, alteration, restoration and maintenance work on residential buildings, non-residential buildings or civil engineering works. Construction and complete installation of turnkey projects, including production and civil engineering plants.

No exact definition for recording has been agreed at the IMF level so far.

Comments:

Works can be carried out either by general contractors who do the complete construction work for the owner of the project, or on own account; or by subcontracting parts.

There is international trade in services and not direct investment when the construction last less than one year or when the company operating the project is obviously non-resident (i.e. when the important decisions concerning the project are taken outside the construction site). Several criteria can be used to decide that but no specific rules can be applied, a case by case analysis may have to be conducted and agreed upon bilaterally.

Construction services are split according to the site of construction.

B.4.1 Construction services abroad**B.4.2 Construction services in the compiling economy**

The item Construction services is described in the following sub-items, according to the type of work: building or civil engineering.

Site preparation work**Definition:**

Any work necessary to prepare the land before erecting buildings and civil engineering works

Inclusions:

- demolition and wrecking of buildings and other structures
- site formation, blasting and rock removal
- excavating and earth moving, digging, landfill, levelling
- test drilling and boring for construction

Exclusions:

- site preparation work for mining, oil and gas extraction, to be recorded in incidental services to mining.
- stripping work of contaminated top soil to be recorded under waste treatment services

Comments:

This sub-category may be difficult to identify as usually site preparation works are included in contracts for the complete construction. It might then be advisable to include site preparation work under construction work for building and for civil engineering works according to the cases.

Construction work for buildings and completion

Definition:

Any work to construct part of or complete buildings, repairs to buildings, completion of buildings

Inclusions:

- general construction work: new work, additions, alterations and renovation) for residential buildings, warehouses, industrial buildings, commercial buildings (including parkings, shopping centres, transport terminals, other buildings (cinemas, schools, hospitals, churches, prisons).
- erection work of roof covering and frames
- special construction work for buildings such as scaffolding, concrete work, structural steel components erection work, masonry and bricklaying work,...
- Installation work for electrical wiring and fittings, fire and burglar alarm systems, lifts and escalators, insulation, plumbing, heating, ventilation and air conditioning, gas fitting, blinds and awnings
- Completion work in plastering, joinery installation (doors and windows), floor and wall covering, painting and glazing, ornamentation fitting

Construction work for civil engineering

Definition:

Any work to construct part of or complete civil engineering work and industrial plants, completion of these works, installation of non-machinery equipment, repairs done on these works

Inclusions:

- General construction work for bridges, highways, roads, railways, airfields, tunnels, subways, pipelines (water, sewage, gas , steam, oil), power lines, electricity transformer stations, communication lines, communication equipment (transmission tower, antennas, transformers stations), power plants, water projects (harbours, dams, canals, irrigation channels and aqueducts, locks, floodgates, hydromechanical structures), pumping stations, industrial plants (chemical plants, iron foundries, blast furnaces, coke ovens, loading and discharging stations for mining, winding shafts), sport grounds, swimming pools.
- foundation and surface work for roads, airfields, railways,
- painting work of markings on roads and other surfaces
- flat work for sport and recreation installation (building of the tracks)
- pile drilling
- water-wheel drilling
- structural steel components erection work
- erection work of industrial chimneys
- installation of illumination and signalling systems for roads, airports and harbours
- painting of heavy engineering structures

Exclusions:

- installation of machinery to be recorded separately

Installation of machinery and assembly work

Definition:

All installations of machinery either part of a general construction contract (turnkey projects) or linked to export/import of equipment goods. Assembly work of prefabricated structures or buildings

Inclusions:

- installation of generators, engines, turbines, pumps, compressor, furnaces, industrial lifting and handling equipment, non-domestic cooling and ventilation equipment, agricultural and forestry equipment, machine-tools, machinery for metallurgy, machinery for mining, quarrying and construction, machinery for miscellaneous manufacturing production, weapon systems, motors, generators, transformers, precision apparatus, medical equipment,...
- design and assembly services of industrial process control equipment and of automated production plants
- installation of office machinery and computers
- assembly and erection of prefabricated buildings
- assembly and erection of prefabricated structures

Exclusions:

- maintenance of machinery and equipment to be recorded under incidental services to mining, manufacturing or agriculture
- repairs to these equipment to be recorded under repairs

Comments:

For installation services linked to an export/import of equipment goods, the value of the installation may be included in the invoice price of the machinery and thus included in the general merchandise.

Other construction

Inclusions:

- renting services of construction or demolition equipment with operator
- exterior cleaning work of buildings, with steam or sand

B.5 Insurance services

Definition:

All insurance, pension fund and reinsurance services and services auxiliary to insurance

Exclusions:

- All contributions to compulsory social security schemes to be recorded under transfers

Comments:

According to SNA, the insurance service has to be calculated as a service ratio applied to gross premiums and investment income on technical reserves (net change in technical reserves assumed to be bigger on claims). This investment income is not known in the balance of payments. So by convention, the international insurance service will be calculated using an estimated service charge ratio applied to gross premiums only (except in the case of freight insurance credit and of reinsurance where the difference between premiums and claims has to be applied). The premiums net of service charges and the gross claims have to be recorded in current transfers for of all insurance but life and pension funding and in the financial account otherwise.

B.5.1 Life insurance and pension funding

Definition:

Life insurance cover insurance underwriting services consisting in making payments upon the death of the policy holder, or at the end of an agreed term, with or without a profit element. Pension funding consists in providing incomes (annuities) upon retirement according to contributions paid to pension schemes during economically active lifetime; pension fund management services are included as they are part of the contribution paid to pension funds.

Inclusions:

- as credit: a service charge estimated by applying an estimated ratio (medium to long term ratio calculated for resident insurers) to gross premiums for life insurance received and to contributions to pension funds received
- as debit: the same ratio (when no information is available on non-resident insurers) can be applied to premiums and contributions paid

Exclusions:

- Compulsory social security services classified under transfers
- gross premiums and contributions less the service charge and gross claims and annuities to be recorded under equity capital.

B.5.2 Freight insurance**Definition:**

Freight insurance relates to movable goods during the course of shipment. Freight insurance should be coherent with the FOB-FOB valuation of goods. The same assumption as for freight transport has to be made: importers are supporting entirely the freight insurance costs.

Inclusions:

- as credits: premiums received by resident companies less claims paid for goods lost, destroyed or damaged during their transport
- as debits: premiums paid on import of goods have to be estimated in order to have a coherent FOB-FOB valuation of merchandise transactions. These must be added to premiums paid by residents to non-residents for the transport of goods between third countries, coastal areas or on the domestic territory. Then a service charge has to be estimated applying a ratio to these premiums.

Exclusions:

- insurance of the transport means
- premiums paid less the service charge and claims received which are to be recorded under current transfers

B.5.3 Other insurance**Definition:**

Other direct insurance includes accident and health insurance; fire and other property damage, transport equipment damage, pecuniary loss insurance, general liability insurance, travel insurance, insurance related to loans and credit cards, etc.

Inclusions:

- As credits: a service charge estimated by applying an estimated ratio (medium to long term ratio calculated for resident insurers) to gross premiums received
- As debits: the same ratio (when no information is available on non-resident insurers) can be applied to premiums paid.

Exclusions:

- compulsory social security contributions that are to be recorded under transfers
- gross premiums less the service charge and gross claims to be recorded under current transfers.

B.5.4 Reinsurance

Definition:

Reinsurance is a kind of subcontracting where a reinsurer accepts premiums contracted directly by another insurer and will cover the risks associated. Reinsurance transactions may be packages and mix several types of risks, it is also provided by specialised operators, this is why it constitutes a separate item

Inclusions:

- As credits: premiums received by resident reinsurance enterprises from non-residents insurers less claims paid for the contracts
- As debits: premiums paid to non-resident reinsurance companies by insurers less claims received

B.5.5 Services auxiliary to insurance and pension funding**Definition:**

Services involved are closely related to insurance and pension funding other than financial intermediation, but they do not constitute insurance underwriting.

Inclusions:

- retail trade in insurance for a fee, agency services
- Insurance brooking
- Advisory services to businesses or individuals on insurance
- Evaluation and adjustment services for determining insurance claims after damages
- Services of calculation of insurance risks and premiums, actuarial services
- Salvage administration services other than marine
- Regulatory and monitoring services of insurance indemnities
- recovery services

Exclusions:

- Pension fund management services

B.6 Financial services**Definition:**

All financial intermediation services paid in the form of fees except insurance and pension funding. The detail of these services will be shown in the following sub-categories which attempt a tentative classification of the financial services according to the type of financial instrument

Inclusions:

- as credits: fees received by bank and other financial institutions for intermediation services and consultancy related services rendered to non-residents agents, either bank or non-bank. Usually, these fees are debited directly to non-resident accounts held by domestic financial institutions, or they are an identified part of a transaction (i.e. fees for international transfers of money), or they are invoiced separately (annual fee on credit card, portfolio management fee,...).
- as debit, fees paid by resident agents to non-resident financial institutions. As regard fees paid by non-bank agents, they are likely to be understated because directly paid on accounts held abroad or part of capital transactions. What might show up are fees paid by domestic financial institutions to non resident agent (mainly financial institutions themselves); for wholesale of securities or international credit card or traveller cheques agreements and so on...

Exclusions:

- interests on deposits or loans, to be included under investment income.
- profits made on purchase and sales of securities for own account included in the capital transactions

Comments:

The part of the services, included in interests is not known, and will be estimated as a memorandum item concerning imputed bank services for lending activities, with the help of national accountants if possible.

B.6.1 Monetary intermediation**Definition:**

Services linked to monetary instruments: payment means, deposits, traveller cheques, foreign currencies

Inclusions:

- deposit services: fees for issuing and closing of accounts, exchanging cheques, transfer of money between accounts, provision of documents relating to accounts
- foreign exchange services: counter fees, Eurocheque fees, exchange fees for international transfers of money, fees for foreign currency accounts, fees for traveller cheques paid by agents, underwriting of traveller cheques fees paid by financial institutions to the cheques issuers
- international transfer of money services including postal giro services

Comments:

According to national rules, part of these services, especially deposit services and exchange services, will not be billed explicitly

B.6.2 Other financial intermediation**Definition:**

This category includes the following sub-categories derived from the CPA.

Intermediation on marketable instruments**Definition:**

Services linked to financial instruments: securities, marketable and non-marketable financial instruments, futures, non-financial assets. Included are also brokerage on gold and silver bullion, commodity futures and mortgage bonds.

Inclusions:

- underwriting of securities: wholesaling and retail selling of securities
- portfolio, fund and treasury management services
- brokerage services for securities, for other financial instruments like futures, for non-financial assets like gold and for commodities
- purchase of loan claims and invoices (factoring)
- arrangements of swaps, options and other hedging instruments

Exclusions:

- Management of pension funds to be included under insurance services

Comments:

A part of this services is a trade margin and will not be captured unless a specific enquiry. Brokerage services on any marketable instruments (i.e. financial, gold and silver bullion, commodities) have been included here because markets are more and more integrated and brokerage companies are dealing with all of them.

Credit granting services

Definition:

Services linked to credit granting activities: banking loans, financial leasing, loans granted by non-bank institutions

Inclusions:

- issuing of loans, lines of credit, letters of credit banker acceptances
- guarantee of loans
- management of loans
- redemption services
- credit card services: issuing of credit card, fees on international payments paid by users of cards, network fees paid by financial institutions

Exclusions:

- interest paid for loans and financial leasing to be recorded under investment income

Comments:

According to the cases (national rules, enterprises rules), certain costs (administration, preparation of documents,...) linked to the granting of loans will be invoiced separately from the interest or not

Other financial services and related auxiliary services

Definition:

Other services rendered by financial institutions and by the IMF

Inclusions:

- Services related to the administration of financial markets: financial market operational services, financial market regulatory services, financial reporting services, issuing of securities, registration of securities, custody of securities
- Service related to the administration of gold or silver bullion exchanges, custody of these assets
- Market intelligence services: dissemination of information on markets, including stock quotations
- financial consultancy services and other consultancy services provided by financial institutions
- coin and currency packaging services.
- financial retailing services for a fee: selling to the final consumer of instruments produced by another institution.
- safety deposit services
- cheque clearing services
- services of financial holding companies
- fees related to financial operations for direct investments
- Charges on purchases of IMF resources and charges associated with undrawn balances under stand-by or extended arrangements with the fund

Comments:

These services include specialised database services insofar they are rendered by financial institutions and enterprises rendering auxiliary services to financial institutions

B.7 Computer and information services

B.7.1 Computer services

Comments:

The sub-categories mentioned correspond to the different sub-categories of the NACE. It appears though that computer services are more and more complex and can involve in one single package, several components, including the sales of the hardware. Not only companies specialised in computer services provide such services ranging from computer manufacturers to providers of accounting services or of management consulting services. In international trade, it will then be very difficult to identify computer services not provided by the specific industry because they may well be included in other services or directly in the value of goods (hardware).

Hardware and software consultancy and implementation**Definition:**

Provision of advice and assistance on matters related to the management of computer resources. Analysis, design and programming of systems ready to use, and technical consultancy related to software. The service involves development, production, supply and documentation of customised software including operating systems and parts of packaged software made on orders for specific users. It may also include maintenance and other support services such as training which are an integral component of this service.

Inclusions:

- Consultancy services may include: assessing the computer needs (hardware and related software), planning the client's acquisitions, performing an audit on the computer related operations and so on,...
- custom software development services i.e. to meet the specific requirements of clients
- development of part of software on a contract basis
- adaptation of packaged software to specific needs
- provision of system analysts and/or programmers on an "ad hoc" basis, e.g. per diem, under the client supervision while he retains the right to the work performed
- systems and technical consulting: conducting feasibility study, providing specifications, technical expertise, providing guidance and assistance for the implementation of a system
- system maintenance services: testing, detection and corrections of faults, improvement of existing software, provision of up-to-date manuals, advice for the proper use of systems

Exclusions:

- packaged (non-customised) software to be recorded under merchandise
- non specific computer training services (which are not sold with the software developed) to be recorded as education services.

Comments:

Hardware consultancy is related to trade in computers. It is often provided by the sellers or the producers of hardware themselves and may be included in the value of the computers sold and purchased i.e. in the goods account. Furthermore, any type of computer service may include hardware consultancy which will not be invoiced as such.

The delivery of customised software may take place within groups of enterprises and may not be invoiced separately but be part of technology transfers included in overhead expenses, royalties and licence fees, franchising fees, or as a counterpart to direct investments

Data processing, computer facilities management and other**Definition:**

Data processing relates to the routine processing or tabulation of all types of data including changes of media (magnetic tape, floppy disk, CD-ROM). Other concerns mainly the maintenance of equipment.

Inclusions:

- computer facilities management services: provision of personnel to manage and operate client-owned computer facilities on an on-going basis, it may include incidental development of software.
- data processing and tabulation services: provision of computing resources to process data owned by the client, on an hourly or time-share basis. The processing of the data can be done by the client, using a remote access or by the supplier.
- data entry services: capture of data on any media, including directly into a processing system
- other services: conversion and rectification of tapes or floppies, input preparation services, optical character recognition services
- maintenance of computers, computer peripheral equipment, office and accounting machinery.

Exclusions:

- the processing of data with specific value added: accounting, statistical analysis, billing services, production of administrative documents, are to be recorded under the relevant services
- repairs of computers to be included in repairs
- installation of big computer configurations to be recorded in installation services under construction
- other installation services are part of retail trade services, and thus are included in the value of the goods

Comments:

Simple data processing activities like tabulation services tend to be less important than in the past but computing facilities management is an activity increasing rapidly. As this kind of services requires high qualifications and intensive links with the clients, it may not be frequently rendered between resident and non-resident.

B.7.2 Information services

Comments:

On the export side, providers of information services are generally rather scarce. On the import side, users are numerous and include companies and institutions of all kinds and individuals. Furthermore, consultation fees can be invoiced on an individual transaction basis and be very low for each transaction. Information may then be very difficult to capture. The item is described in the following two sub-items.

Database services

Definition:

Data base services cover database development, data storage and data dissemination mainly on line but also on any magnetic media

Inclusions:

- supply of time series, real-time data, individual data, cross data, financial data such as market quotations, economic, statistical or technical data. The supply may be on-line with public telephone networks or specific telecommunication systems or video-text systems. It can also be on magnetic media (magnetic tape, floppy disk, CD-ROM). The invoices may concern direct subscription or fees according to the amount of information retrieved or to the time of consultation

- provision of computing resources (hardware and software) to retrieve and manipulate information, in the suppliers premises and sometimes at the clients' offices.
- provision on demand of reports or tables showing the database figures

Exclusions:

- supply of data by the data producers themselves: statistical offices, administrative bodies (to be recorded under government services), stock exchange administration (under financial services), press agencies, research institutes, companies specialised in market research and public opinion services. The supply of data represent part of these services.

Comments:

The related NACE category covers only on-line services, but database providers can also disseminate tapes, floppies, and CD-ROM, which are by-products of their database system.

Very often, database suppliers produce part of the information they disseminate, in that case, the database service will include the production of the information. The database service may also include the related copyright

News agencies

Definition:

News agencies services cover the furnishing of news, pictures and features to the media and news reporting.

Inclusions:

- subscription to news agency services, that can include on-line database services, continuous delivery of information via telecommunication networks or dedicated systems
- purchase or sale of exclusive informations
- copyright to use news information
- subscription to database belonging to newspapers
- fees paid to free lance journalists or photographers
- direct subscription to newspapers

B.8 Royalties and licence fees

Definition:

This item cover payments for the authorised use of intangible assets and other proprietary rights, and payments for transfers of technology fees or contribution

Comments:

In principle, this item covers only payments for the use of intangible assets. It does not cover the purchases and sales of such assets. In practice, it may be very difficult to make a clear cut between these two types of transactions. One can see various agreements that range from very limited rights to very broad rights that are nearly equivalent to a sale. It might then be advisable to include all payments related to rights under this heading.

Sometimes, transfers of technology are 'free' counterparts of direct investments operations and will not be invoiced as such.

Sometimes this item cover payments for transfer of know-how or research developments between related companies.

B.8.1 Patents and other industrial processes

Definition

Rights concerning industrial processes

Inclusions:

- patents
- industrial specific processes
- industrial designs and plans
- industrial know-how

B.8.2 Franchising and trade marks

Definition:

Rights concerning commercial marks and know-how

Inclusions:

- rights to use trade marks
- franchising fees: they may cover a lot of activities, the most evident being the right to use trade marks, but it can include, training fees, assistance fees, advertising fees, transfer of design (for the shops, the products), transfer of industrial technologies

B.8.3 Other rights

Definition:

This item covers mainly rights associated to cultural goods other than the audio-visual rights given for a limited period and a limited area

Inclusions:

- copyrights on books and other printed matters
- sales of prototypes
- licence for original films

Exclusions:

- copyrights and distributive rights for audio-visual products for a limited period and a limited area, to be recorded under audio-visual services

B.9 Other business services

Definition:

This category includes all business services not covered by the previous categories

Comments:

Business services are more and more diversified and the delivery modes increasingly complex. In international trade, business services often take the form of packages of various services not invoiced separately. These packages will be attributed either to category of the main service component or, if not known, to the service category of the provider firm.

In international trade, business service transactions often do not take place directly between final consumer and final provider, but within multinational companies with subsidiaries on both sides of the border or between independent companies located in different countries but belonging to a same network or grouping. Depending on the type of organisation of these companies and networks/groupings, transactions will be separately invoiced, invoiced as complete sets of services (on a contract basis or on a time basis), periodically set-off in mutual compensation (without formal invoicing), or completely hidden in transactions related to direct investment flows. In all these cases but the first, transactions will be difficult to track and record.

What might show up in the available statistics are mainly transactions between firms that have no capital links or specific agreements for the services they deliver each other.

B.9.1 Merchanting and other trade related services

B.9.1.1 Merchanting

Definition:

Merchanting is defined as the purchase of a good by a resident from a non-resident, followed by the sale of the good to another non-resident without the good crossing the frontier of the compiling economy. Merchanting relates to the same kinds of goods as those included in Category A, except that there is no crossing of the compiling country's frontiers.

Inclusions:

- Merchanting should be recorded on a net basis i.e. sales less purchases for each transactions. Transactions should then be recorded in this way only when they take place in the same accounting period. If it is not the case than an import should be recorded in the merchandise account, than the import should be cancelled when the goods are sold and a net entry should be made in the merchanting account.

For the geographical allocation merchanting transactions should conventionally be allocated to the final purchasing country

Exclusions:

- change in stocks held abroad

Comments:

This item provides only credits as it represent the margin earned by resident traders. There is no symmetric imports. The corresponding flows recorded are exports and imports of goods. Sometimes, trade commissions on merchanting operations are invoiced separately, they will then be recorded under the next item: other trade related services.

Sometimes, merchanting, as it is recorded in the balance of payments will show negative figures, resulting from big moves in prices and exchange rates.

B.9.1.2 Other trade related services

Definition:

This item covers any commission and fees received by agents for services relating to trade in goods.

Inclusions:

- merchandise and commodity brokers commissions and fees
- fees earned by agents involved in good trading
- fees for sales on a contract basis of any kind of goods
- commissions on sales by auction
- services related to the administration of commodity exchanges

Exclusions:

- franchising fees
- brokerage in financial instruments (even those relating to merchandise) to be recorded under financial services.
- Transport agency fees, and any fees related to services linked to the transport of goods

B.9.2 Operational leasing or rental without operator

Definition:

This item relates to rental and leasing other than financial leasing of machinery and equipment without operator, maintenance can be included in the leasing contract.

Inclusions:

- leasing of water transport equipment without operator
- leasing of aircrafts without operator
- leasing of automobiles and other road vehicles, good transport vehicles, wagons and other railroad vehicles, containers and oil-rigs
- leasing of other goods than transport equipment

Exclusions:

- financial leasing to be recorded under general merchandise
- leasing of telecommunication lines
- leasing of land, buildings and other real estate properties to be recorded under investment income

B.9.3 Miscellaneous business, professional and technical services

B.9.3.1 Research and development services

Definition:

This item covers basic research, applied research and experimental development of new products and processes, in any kind of sciences: natural sciences, engineering, social sciences and humanities. (Development of new computer components or operating systems for computers are included.)

The criterion to distinguish research and development work from other types of study can be the type of structure which make the research: a "high" scientific background is necessary it is also the "novelty" of the results provided.

Inclusions:

- Payments received and paid to research centres, universities, laboratories, whether these centres are independent or part of an enterprise or an administration.

- Shared costs for central research and development services within groups or association of enterprises and/or administrations. These costs are often calculated on an apportioned basis.

Exclusions:

- market research
- technical studies
- consultancy work
- research lead by private persons "free lance" to be recorded under the relevant items according to the main activity of these individuals

Comments:

It is difficult to find a clear cut between these services and other types of services which are delivered in the form of a study. One element is the classification of the enterprise or organisation delivering the service (Information which is not known on the debit side and have thus to be assessed by the declarant).

Shared cost for central research and development may not be separated from other shared costs among groups of enterprises. They might be aggregated to costs for technology transfers or to central management costs.

B.9.3.2 Legal, accounting, management consulting

Comments:

These services are internationally traded in the following specific cases: there is an international element in the request of the client (international law, law concerning another country, auditing of foreign companies, advice about foreign companies or international activities). Otherwise, these services are mainly provided on a domestic basis by resident enterprises (which may of course be affiliates of foreign companies). In most cases, the client will address himself to domestic companies. These companies, if they do not have the requested expertise, will then look for it elsewhere: possibly within the resources of the group or the network they are part of. If a non resident agent is involved, these transactions should be registered on a gross basis but the financial settlement agreements between the parties can take different forms so that transactions will often be difficult to track and record. It might be necessary to make specific enquiries about the main companies involved in international transactions in order to obtain more detailed information on international transactions.

B.9.3.2.1 Legal services

Inclusions:

- legal advisory and representation services in any law and judicial and statutory (quasi-judicial tribunals, boards, administration, tax authorities) procedures. It includes research and other work for the preparation of the cases and the execution of post litigation work.
- drafting services of legal documentation and instruments
- patent and copyright consultancy services including the drafting of documents
- certification consultancy: drawing up of wills, marriage contracts, commercial contracts, business charters
- auctioning services not on a commission basis
- legal advisory and information services concerning legal rights and obligations of clients. It includes escrow services and estate settlement services

Exclusions:

- tax consultation services to be recorded in other business services
- commission for sales on auction to be recorded in services related to trade

B.9.3.2.2 Accounting, auditing, book-keeping

Inclusions:

- financial auditing services: examination of accounting records and other documents to certificate their accuracy.
- accounting review services, the same services as before but at a lower level and assurance
- compilation of financial statements provided by the clients with no assurance of the statements, can include the preparation of tax returns
- attestations, valuations, preparation of pro-forma statements
- book-keeping services
- advisory activities on accounting

B.9.3.2.3 Business and management consultancy

Inclusions:

- General management services: advisory, guidance and operational assistance services concerning business policy and strategy and the overall planning, structuring and control of an organisation (organisational structure, legal organisation, information and control systems, business turn-round plans, profit improvement programs, ...)
- management auditing services
- financial management consulting: advising on capital management, on investments, development of accounting and budgetary systems, business valuation prior to mergers and/or acquisitions,...
- marketing management consulting services: advising on pricing strategy, sales management, organisation of distribution channels, other marketing aspects.
- human resources management consulting services, advising in questions related to personnel
- production management consulting services (to improve production efficiency)
- other management consulting services like industrial development consulting, tourism development consulting,...
- project management services other than for construction: coordination and supervision services of resources in preparing, running and completing a project on behalf of a client
- arbitration and conciliation services for the settlement of disputes

Exclusions:

- advertising services
- technical consulting for plant layout and industrial processes to be recorded under technical consultancy
- project management for construction and civil engineering work to be recorded under technical consultancy
- short term portfolio management to be included in financial services

Comments:

This category can cover very broad activities including legal services, accounting services and computing services. The form of the service (a complete package or not) or/and the main component should determine where to classify it.

B.9.3.2.4 Management holding services

Definition:

Management services of running non-financial holding companies

Inclusions:

- fees calculated on an apportioned basis to cover management costs and other services provided centrally within a group

Exclusions:

- direct investment income

Comments:

This cover what is usually called overhead expenses. These expenses should be broken down as far as possible in separate services. This item should be used only when no further information is available

B.9.3.3 Architectural, engineering and other technical**Definition:**

This item cover assistance, advisory, planning, design services, cost estimation concerning architectural and engineering matters. It also include technical testing and analysis services

Inclusions:

- advisory and pre-design architectural services
- architectural design services
- urban planning and landscape architectural services
- advisory and consultative engineering services: technical feasibility studies and project impact studies
- engineering design services for the construction of building foundations and structures and for civil engineering works (bridges, tunnels, dams, airports)
- engineering design services for mechanical and electrical installations for buildings
- engineering design services for industrial process and production: planning and specification for the installation of machinery, mines, water projects, oil projects, manufacturing plants, instrumentation systems
- other engineering services concerning acoustical and vibration problems, traffic control, design of new products, ground waters, contamination studies, corrosion, failure investigation, communication systems ...
- integrated engineering services for turnkey projects: planning, pre-investment studies, design, cost estimation, construction scheduling, tender specifications, inspection, technical services (selection and training of personnel, provision of manuals,...)
- project management services related to construction and civil engineering works to ensure that the work is in conformity with the final design
- geological, geophysical and other scientific prospecting services, map-making and cartography services, surveying services, weather forecasting services
- technical testing and analysis services: composition and purity testing of materials, testing of physical properties of materials, testing and analysis of integrated mechanical and electrical systems, inspection of vehicles, machinery, structures and buildings, product certification.

Exclusions:

- design and assembly services of industrial process control and of automated production plants to be recorded under installation services
- damage assessment services to be recorded under auxiliary services to insurance

Comments:

Many of these services are closely related to international construction services. They should be evaluated separately even if part of a general construction project. Often the engineering company itself manages the complete construction contract. Further investigation needs to be done on that subject

B.9.3.4 Advertising, market research and public opinion polling**Comments:**

This category is described in the 2 following sub-categories

Advertising, market research, fair organisation

Definition:

This item covers all expenses for the promotion of a product: i.e. advertising services, advertising space rental, market studies, participation to fairs and other commercial events.

Inclusions:

- planning, creating and production of advertisements, including video production and photographic production
- placing of advertisements in the media (periodicals, radio and television), fees paid/received by wholesalers of advertising space
- public relations services to improve the image and relations with the general public and other organisations.
- purchase/sale/leasing of advertising space
- delivery services of samples and other advertising materials
- exhibition services provided by trade fairs and shows
- transfer of money to offices and agencies for the promotion of products abroad.
- market research services to obtain information about a product's market prospects

Exclusions:

- Marketing management services to be recorded under management services

Economic and social intelligence services, public opinion polling

Definition:

This item covers all empirical studies made on social and economical matters not related to a defined merchandise and which present no novelty in the methodology and concept used (otherwise it would be classified under research and development)

Inclusions:

- public opinion polling services
- industry analysis, econometric modelling, statistical studies, demographic analysis, ... The provider of such services can be private or public institutes, universities or "free lance" experts.

Comments:

International organisations are important clients of these services which are, in that case, de-facto internationally traded.

B.9.3.5 Agricultural, mining and on-site processing

Definition:

This item covers all other business services including on site processing (maintenance and repairs, waste treatment and depollution services), incidental services to agriculture and mining, and miscellaneous business services. The content is described in the following sub-items.

B.9.3.5.1 Agricultural services

Inclusions:

- agricultural and animal husbandry services: preparation of fields, treatment of crops, trimming of fruit and wines, harvesting, pest control, operation of irrigation systems, provision of agricultural machinery with crew, planting and

- maintenance services of gardens, artificial insemination,
 - hunting, trapping, game propagation and related services
 - services incidental to forestry and logging
 - services incidental to fishing

Exclusions:

- veterinary services to be recorded under travel or other personal services according to the cases.

B.9.3.5.2 Mining services

Inclusions:

- services incidental to oil and gas extraction: drilling services, derrick erection, dismantling services, pumping services, plugging and abandoning of wells,...
 - site preparation work for mining

Exclusions:

- surveying services to be recorded under technical services

B.9.3.5.3 On site processing

This item covers all on site maintenance except on transport equipment and computer and office machinery equipment and also on site repairs on investment goods. It covers also the treatment of products abroad not followed by an import, or the use of foreign-owned machinery that can move to the domestic territory (e.g. floating cementery, depollution systems).

B.9.3.5.3.1 Waste treatment and depollution services

Definition:

This item covers treatment of waste and cleaning up of pollution (for oil slicks or other contamination). The service takes place on site of the pollution and it entails the moving of experts and machinery, or wastes are moved to treatment places in a different country.

Inclusions:

- treatment services of radio-active waste when the waste are stored there
 - stripping work of contaminated top soil
 - sanitation and similar services
 - cleaning up of pollution and de-contamination services

Exclusions:

- recycling of waste, i.e. when the waste comes in a certain form and goes back in another form, this is a processing operation to be recorded under processing

B.9.3.5.3.2 Other on-site processing

Inclusions:

- maintenance and repair of machinery done in situ
 - on site processing of any kind of product.

Exclusions:

- repairs on movable goods which are sent abroad and returned to be recorded under merchandise
 - repairs on goods belonging to travellers, including cars and boats, which are to be recorded under travel

- maintenance services for transport equipment and for computers and office machinery to be recorded under transport services and computer services
- installation of machinery whether under a general construction contract or not to be recorded under installation services

B.9.3.6 Other business services

Definition:

This item covers other business services not classified elsewhere.

Inclusions:

- real estate services on a fee or contract basis
- labour recruitment and placement services of personnel
- investigation and security services
- industrial cleaning services
- sewage and refuse disposal services
- photographic services
- packaging services
- secretariat and translation services
- mailing list compilation services and mailing services
- credit reporting services: providing ratings of persons and businesses
- tax consultancy services: advising, preparing or reviewing for enterprises or individuals of tax returns and reports, tax planning.
- collection agency services: collecting cheques and other claims and recovery of delinquent accounts
- speciality design services
- business brokerage and appraisal services other than for real estate : arranging for the purchase and sales of small and medium sized businesses
- sports and artistic agent services, placement of books and works of arts services
- fees for supply services of personnel

Exclusions:

- cleaning services of transport equipment done in ports and airports, building exterior cleaning.
- remailing services to be recorded under communication services

Comments:

Salaries paid to interim personnel should be recorded under labour income.

B.10 Personal, cultural and recreational services

B.10.1 Audio-visual services and related services

Definition:

This item covers the production of motion pictures (whether on film or on video tape) and of radio and television programmes (whether live or on tape or using other recording medium). It covers also distributive rights and fees.

Inclusions:

- fees received by resident actors, producers, etc., for films and television programmes produced abroad (or vice-versa)
- distribution rights (music, motion pictures, TV films, shows) sold to the media (radio and television) for a given area and a limited number of showings

Exclusions:

- Purchases (sales) of films, programmes, recorded music, musical compositions and books, which are considered as purchases (sales) of intangible assets.

B.10.2 Other personal cultural and recreational services

This item covers services not rendered to travellers, i. e. the provider of the service moves, not the consumer.

The item is described in the three following sub-items.

Education**Definition:**

This item covers education services not rendered to travellers, i. e. public education services rendered abroad (moving of professors, moving of examination bodies), adult training courses rendered by non-resident companies on the domestic territory, correspondence courses

Inclusions:

- primary, secondary and higher education services
- adult and other education services

Comments:

All expenses made by travellers on education should be recorded under travel even when they are paid directly from abroad. This means that receipts of resident companies for the training of non-residents on the domestic territory or expenses of domestic companies for the training of their staff abroad should be put under travel. Wouldn't it be better if the travel definition would exclude adult training services paid from abroad by the companies?

Health**Definition:**

This item covers health services rendered abroad by the moving of specialists and equipment. Health services rendered on the domestic territory to non-residents are to be recorded under travel.

Inclusions:

- Human health services
- Veterinary services
- Social work services

Miscellaneous**Definition:**

this item includes other recreational, cultural and sporting services

Inclusions:

- fees received by theatrical producers, singers, bands, orchestras, circus, sportsmen when they are performing shows abroad (and vice-versa)
- distribution rights concerning these shows for television and radio.
- fees received and paid for membership organisation services (trade unions, professional organisations, associations, ...)
- library, archives, and other cultural services
- washing and dry-cleaning services
- hairdressing and other beauty treatment services

- funeral services
- physical well-being service

Comments:

These services are relevant for the balance of payments as far as there is a non-resident/resident transaction. So some personal services may be very rarely recorded here.

B.11 Government services (Not yet completed)

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Memorandum items

Freight transportation on the basis of ex-works valuation of merchandise

Tourists (travel)

Definition:

In order to allow linkage with tourism statistics, expenditure by tourists in the sense of the World Tourism Organisation (4) (WTO) are shown as a memorandum item. WTO defines international tourists as "international visitors staying at least one night but not more than one year in the country visited and whose main purpose of visit can be classified under:

- Pleasure: holidays, culture, active sports, visits to friends and relatives, other pleasure purposes;
- Professional: meeting, mission, business;
- Other tourism purposes: studies, health, pilgrimage"

Inclusions:

- All expenses described under travel, but exclusively made by tourists

Exclusions:

- travel expenditure of excursionists (staying less than one day)
- travel expenditure of border and seasonal workers

Goods purchased in the frontier area by travellers

Definition:

In order to differentiate consumption due to tourism purposes and to price differentials in frontier areas, it might be interesting for certain countries to have a memorandum item concerning goods purchased in frontier areas

Hotel and restaurant services (travel)

Definition:

In order to identify receipts of hotels and restaurant due to international tourism, it might be interesting for certain countries to have a memorandum item concerning these specific expenses

Insurance gross premiums

Definition:

All kind of insurance and pension funds gross premiums

Insurance gross claims

Definition:

All kind of insurance and pension funds gross claims

Imputed financial services

Definition:

Imputed financial services on credit granted and financial leasing operations

Merchanting gross flows