

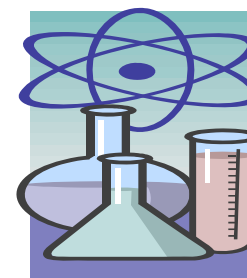
SADC Workshop Trade in Services Statistics

Business services

Gaborone, Botswana, 28-31 January 2014

10. Other business services

- Research and development services
- Professional and management consulting services
- Technical, trade-related and other business services



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10. Other business services

(...)

- Research and development services
 - Work undertaken on a systematic basis to increase the stock of knowledge
 - Provision of customized and non-customized R&D services
 - Sale of proprietary rights arising from R&D
 - Patents
 - Copyrights arising from R&D
 - Industrial processes and design (including trade secrets)
 - Other
 - Other (testing and other products/process development activities)

Other business services

10.1. Research and development services

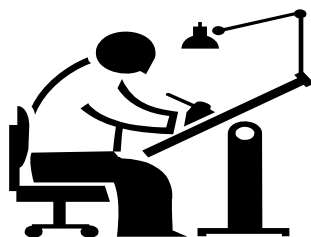
Work undertaken in a systematic way to increase the stock of knowledge



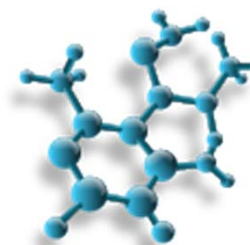
Provision of customized and non-customized research and development services

examples:

Development of a new molecule for a pharmaceutical company



Design of an ergonomic chair for a manufacturer of office furniture



Also sales of property rights arising from research and development (e.g. patents, industrial processes)

10. Other business services (continued)

- Professional and management consulting services
 - Legal, accounting, management, consulting and public relations
 - Legal services
 - Accounting, auditing, bookkeeping, and tax consulting services
 - Business and management consulting and public relations services
 - Advertising, market research, public opinion polling
 - of which Convention, trade-fair and exhibition organization services*

Other business services

10.2. Professional, management consulting services

10.2.1 Legal, accounting, management consulting and public relations services

General considerations:

- How big is trade as compared to other services?
- In many cases involves trade with (big) multinationals (either exports and imports)
- A large share of trade is probably intra-firm
- What is recorded? resident-non-resident transactions, i.e. Mode 1 and Mode 4

Other business services

10.2. Professional, management consulting services

10.2.1.1 Legal services



Same coverage as CPC 2 legal services

- Legal advisory and representation services in legal, judicial, and statutory procedures
- Drafting services for legal documentation and instruments
- Certification consultancy
- Escrow and settlement services



Other business services

10.2. Professional, management consulting services

10.2.1.2 Accounting, auditing, bookkeeping and tax consulting services



Same coverage as CPC 2:

- Accounting, auditing and bookkeeping
- Tax consultancy and preparation services
- Insolvency and receivership services



Other business services

10.2. Professional, management consulting services

10.2.1.3 Business and management consulting and public relations services



- Advisory guidance and assistance for business policy and strategy
- Overall planning, structuring and control of organization
- Management auditing
- Market, human resources, production management
- Improving image, relations with the public

Other business services

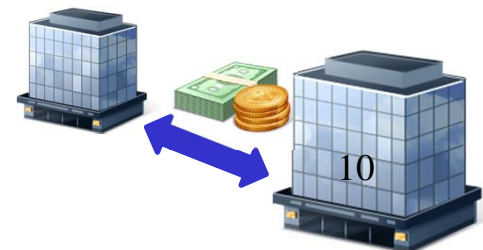
10.2. Professional, management consulting services

10.2.1 Legal, accounting, management consulting and public relations services

Transactions between affiliated enterprises often included



- Reimbursements for services supplied by affiliate companies (e.g. sales, marketing, computing): allocated to relevant service
- Suspiciously large values can reveal disguised dividends!



Other business services

10.2. Professional, management consulting services

10.2.2 Advertising, market research and public opinion polling

Examples:

- Design of advertising campaigns
- Customer satisfaction surveys
- Organization of trade fairs



If substantial, show *convention, trade-fair and exhibition services* separately



10. Other business services

(end)

- Technical, trade-related and other business services
 - Architectural, engineering, scientific and other technical services
 - Architectural services
 - Engineering services
 - Scientific and other technical services
 - Waste treatment and de-pollution, agricultural and mining services
 - Waste treatment and de-pollution
 - Services incidental to agriculture, forestry and fishing
 - Services incidental to mining, and oil and gas extraction
 - Operating leasing services
 - Trade-related services
 - Other business services n.i.e.
of which Employment services i.e. search, placement, supply services of personnel



Other business services

10.3. Technical, trade related, other services

10.3.1 Architectural, engineering, scientific and other technical services

Examples:

- Architectural modelling and rendering services
- Urban planning
- Civil engineering
- Engineering of industrial machinery
- Weather forecasting
- Map-making services
- Product testing and certification



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Other business services

10.3. Technical, trade related, other services

10.3.2 Waste treatment and de-pollution, agricultural and mining services

Examples:

- Waste collection services, decontamination
- Recycling services
- Harvesting
- Veterinary services
- Geological prospecting services



Other business services

10.3. Technical, trade related, other services

10.3.3 Operating leasing services



- Renting of produced assets (buildings, machinery, equipment, ships or aircrafts without crew etc.)
- No transfer of risks and benefits of ownership
- Excludes non-produced assets and natural resources



What if the split between buildings and land is not possible?

Other business services

10.3. Technical, trade related, other services

Operating leasing



Financial leasing



- Method of financing the purchase of a produced asset
- Lessee assumes bulk of risks and benefits of ownership
- Lease for most or all of economic life of capital good
- Lease payments = interest and principal elements



**Financial lease considered a loan
Transactions excluded
from services**

Other business services

10.3. Technical, trade related, other services

10.3.4 Trade related services



Commissions on transactions of merchants, brokers, agents, etc.



~~Merchandising~~ (under goods in BPM6)

Example:

Retail trade where intermediary does not own product traded, e.g. sales over the Internet



Other business services

10.3. Technical, trade related, other services

10.3.4 trade related services



Commissions on transactions of merchants, brokers, agents, etc.



~~Merchandising~~ (under goods in BPM6)

BUT :

- Franchising fees → Charges for the use of intellectual property
- Brokerage on financial instruments → Financial services
- Transport related commissions → Transportation services

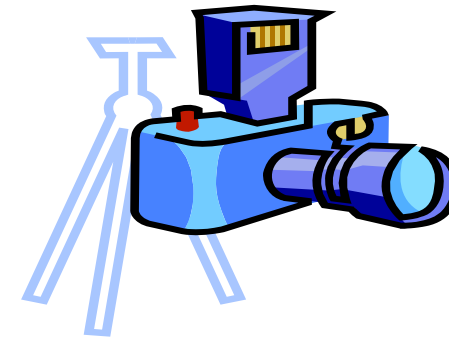
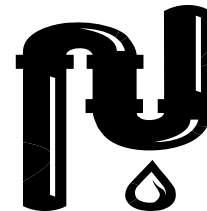
Other business services

10.3. Technical, trade related, other services

10.3.5 other business services n.i.e.

Examples:

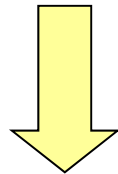
- Water/gas/electricity distribution
- Photography services
- Translation and interpretation services
- General cleaning services



Outsourcing-offshoring, call-centres

How to deal with these services in BOP?

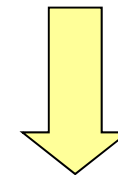
Outsourcing



Relevant service categories



Call-centres



Relevant service categories

If important....**EBOPS Complementary groupings** :

Call-centres or Business Process Outsourcing


(with further breakdown using CPC Ver.2)

Other business services

Data collection



Enterprise
surveys



International
Transactions
Reporting
System (ITRS)

- **Often generic business survey used for details (i.e. EBOPS2010, partner, relation between transactors)**
- **When important professional services exports sector (e.g. legal services): specific survey + more detailed than EBOPS (in line with CPC 2 if possible)**

Canadian Survey on trade in commercial services (extract)

| Services (see definitions on page 4) Includes transactions concluded over the internet | ref. no. | Country | | Country | | Country | | Country* | | Total revenues on exports | |
|---|----------|--|--------------------------|----------------------------|--------------------------|----------------------------|--------------------------|----------------------------|--------------------------|----------------------------|--------------------------|
| | | Please enter country code from yellow sheet. eg: JPN for Japan | | | | | | | | | |
| | | to foreign related parties | to other foreign parties | to foreign related parties | to other foreign parties | to foreign related parties | to other foreign parties | to foreign related parties | to other foreign parties | to foreign related parties | to other foreign parties |
| | | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 |
| Legal services | 15 | | | | | | | | | | |
| Accounting services | 16 | | | | | | | | | | |
| Business management consulting and public relations services | 17 | | | | | | | | | | |
| Other management and administrative services | 18 | | | | | | | | | | |
| Equipment rentals | 19 | | | | | | | | | | |
| Advertising and related services | 20 | | | | | | | | | | |
| Research and development | 21 | | | | | | | | | | |
| Architectural and engineering services | 22 | | | | | | | | | | |
| Scientific and technical services | 23 | | | | | | | | | | |
| Mining services | 24 | | | | | | | | | | |

ONLY

Australian Legal Advisory Council: Legal Services Exports Survey

Mode 4: Fly-in, Fly-out by service provider for non resident clients

Note

Application: The service provider moves (temporarily) to the country of the consumer (non-resident) in order to provide the legal service

Example: Australian lawyer flies to the US on behalf of a US client

1. Did your business provide legal and related services to non-resident clients on a fly-in, fly-out basis?
 - No - go to the next tab
 - Yes - continue
2. Please provide details of these transactions, specifically:
 - total professional fees billed to overseas clients for fly-in, fly-out services in 2009
 - other income such as disbursements
 - percentage allocation of the professional fees

Developing a specific survey for a relevant service?

| Location of Client | USA | Canada | South & Central America | Japan | China, Hong Kong |
|--------------------------|-----|--------|-------------------------|-------|------------------|
| Professional Fees Billed | | | | | |
| Other Income | | | | | |
| Total | \$0 | \$0 | \$0 | \$0 | \$0 |

Allocation by area of law :

| | | | | | |
|------------------------|-------|--|--|--|--|
| Banking & Finance | 25.0% | | | | |
| Real Estate & Property | | | | | |
| Litigation | 35.0% | | | | |

