

U.S. International Services

Cross-Border Trade in 2011 and Services Supplied Through Affiliates in 2010

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TO PROVIDE a broad perspective on services provided by and to the United States in international markets, this article presents information on trade in the conventional sense—that is, services that cross borders and are included in the U.S. international transactions accounts as exports and imports—as well as on services supplied through the channel of direct investment by affiliates of multinational companies (MNCs). This approach recognizes the importance of proximity to customers in the delivery of services, which leads many MNCs to serve foreign markets, partly or wholly, through their affiliates that are located in, but owned outside of, the markets they serve. In 2010 (the latest year for which data on services supplied through affiliates are available), as in previous years, the majority of services both delivered and obtained by the United States internationally was through affiliates (table A and chart 1).

For additional information about the difference between statistics related to cross-border trade and services supplied through affiliates, see “Comparing Cross-Border Trade and Services Supplied Through Affiliates” on page 19. For information about the definitions and coverage of these services, see “Types of Cross-Border Services” on pages 32–33.

In 2011, U.S. exports of private services were \$586.8 billion, and U.S. imports were \$393.1 billion, resulting in a surplus of \$193.8 billion in the cross-border trade

in private services.¹ In 2011, the United States retained its position as the world’s leader in exports and

1. Private services exclude services transactions by the U.S. government (including the military). The statistics in this article are consistent with the less detailed quarterly statistics published in table 3 of the international transactions accounts; see www.bea.gov/itable/index_ita.cfm.

Chart 1. U.S. International Services Supplied and Received, 1987–2011

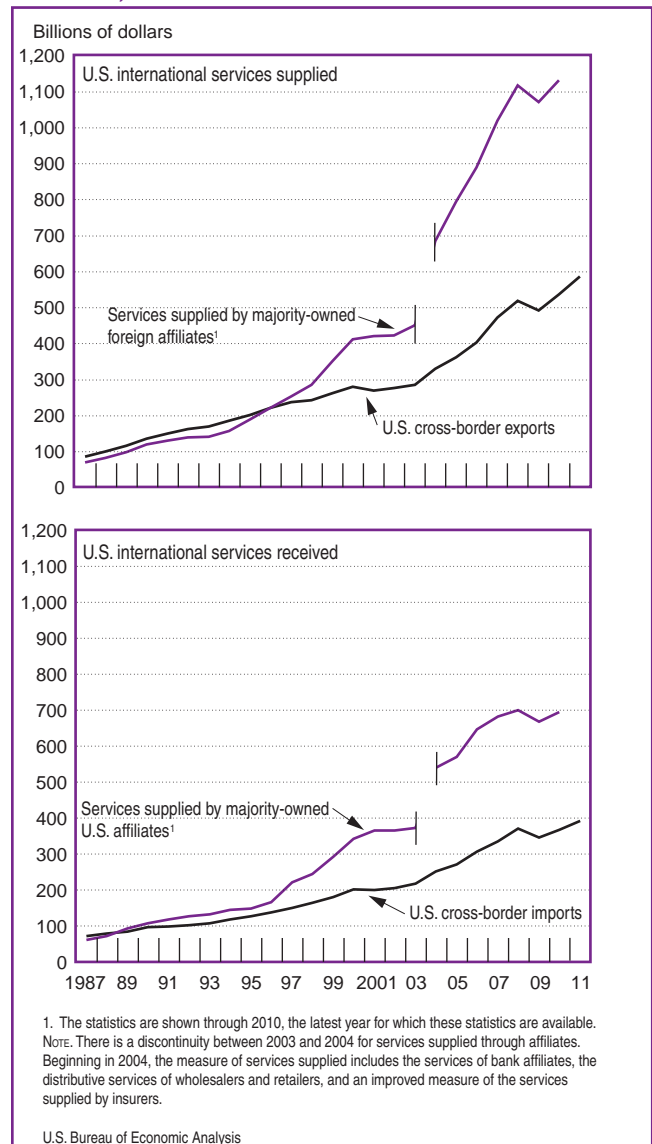


Table A. Services Supplied to Foreign and U.S. Markets Through Cross-Border Trade and Through Affiliates

	To foreign markets		To U.S. market	
	Through cross-border trade (U.S. exports)	Through foreign affiliates of U.S. companies	Through cross-border trade (U.S. imports)	Through U.S. affiliates of foreign companies
Billions of dollars				
2009.....	492.1	1,071.6	347.7	669.3
2010.....	537.7	1,130.5	368.0	696.0
2011.....	586.8	n.a.	393.1	n.a.
Percent change from the preceding year				
2009.....	-5.3	-4.1	-6.3	-4.6
2010.....	9.3	5.5	5.8	4.0
2011.....	9.1	n.a.	6.8	n.a.

n.a. Not available
NOTE: Historical statistics for 1986 forward are available on the Web at www.bea.gov.

imports of private services.² In 2010, services supplied to foreign markets through foreign affiliates of U.S. multinational companies' foreign affiliates were \$1,130.5 billion and services supplied to the United States by U.S. affiliates of foreign multinationals were \$696.0 billion; the difference between services supplied from and to the United States via the channel of direct investment was \$434.5 billion.

U.S. Cross-Border Trade in 2011

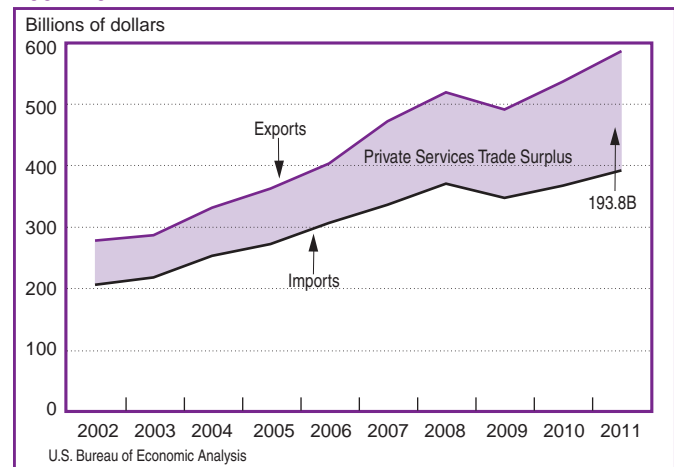
In 2011, the cross-border services surplus of \$193.8 billion was up 14 percent, after increasing 18 percent in 2010. In contrast to the persistent U.S. deficit on trade in goods, which rose to \$738.4 billion in 2011, the United States has historically recorded a surplus on trade in services (chart 2). Exports and imports grew at about the same rates in 2011 as in 2010, after declining sharply in 2009 as a result of the financial crisis and global economic downturn. Cross-border exports of private services increased 9 percent in 2011, the same as in 2010, and reached the highest level on record (table B). Imports increased at a slower rate than exports, 7 percent, after increasing 6 percent in 2010. In 2011, imports surpassed the previous high recorded in 2008. Real gross domestic product (GDP) of the United States and many of its major services trading partners grew in 2011, contributing to the increase in demand for U.S. services imports and exports (chart 3). The depreciation of the dollar against the currencies of many major trading partners also contributed to the increase

in exports (chart 4).

All major types of services contributed to the 2011 increases in exports and imports, although the growth varied among types of services. The sharpest percentage increases were in passenger fares (18 percent for exports and 14 percent for imports) and in royalties and license fees (13 percent for exports and 10 percent for imports). The increases in passenger fares partly reflected an increase in the price of fuel and price inelastic demand for air travel.³ The increase in payments of

3. Fuel costs are from the Bureau of Transportation Statistics, "Airline Fuel Cost and Consumption (All Majors—Scheduled)"; www.transtats.bts.gov/fuel.asp?pn=1.

Chart 2. U.S. Cross-Border Private Services Trade Surplus, 2002–2011



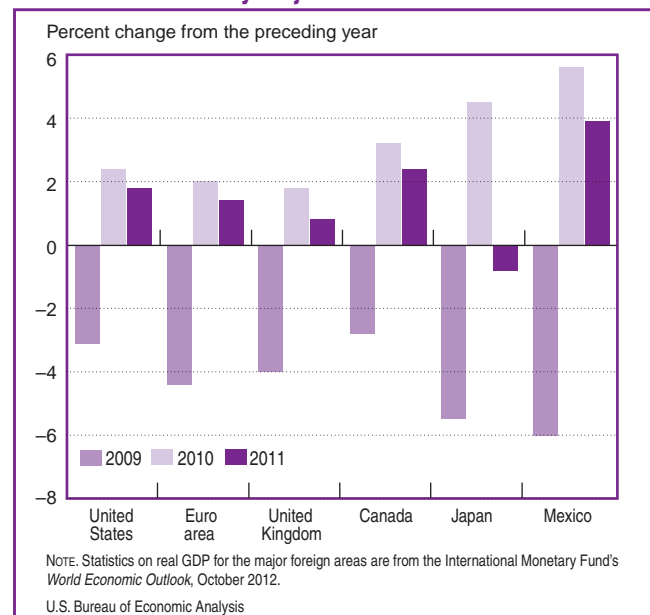
2. World Trade Organization (WTO), "World Trade 2011, Prospects for 2012," WTO: 2012 Press Releases, April 12, 2012; www.wto.org/english/news_e/pres12_e/pr658_e.htm.

Table B. Change From Preceding Year in Cross-Border Services

	Exports		Imports	
	2010	2011	2010	2011
	Percent			
Private services.....	9.3	9.1	5.8	6.8
Travel.....	9.9	12.2	1.9	4.2
Passenger fares.....	18.7	18.2	8.5	14.1
Other transportation.....	13.1	5.5	20.3	6.7
Royalties and license fees.....	8.9	12.8	6.8	9.5
Other private services ¹	7.6	5.8	3.4	6.3
	Billions of dollars			
Private services.....	45.6	49.1	20.3	25.0
Travel.....	9.3	12.6	1.4	3.1
Passenger fares.....	4.9	5.6	2.1	3.9
Other transportation.....	4.7	2.2	8.7	3.5
Royalties and license fees.....	8.8	13.7	2.1	3.2
Other private services ¹	17.9	14.9	6.0	11.4

1. Other private services consists of education; financial services; insurance services; telecommunications; business, professional, and technical services; and other services.

Chart 3. Real GDP by Major Area



NOTE: Statistics on real GDP for the major foreign areas are from the International Monetary Fund's *World Economic Outlook*, October 2012.

U.S. Bureau of Economic Analysis

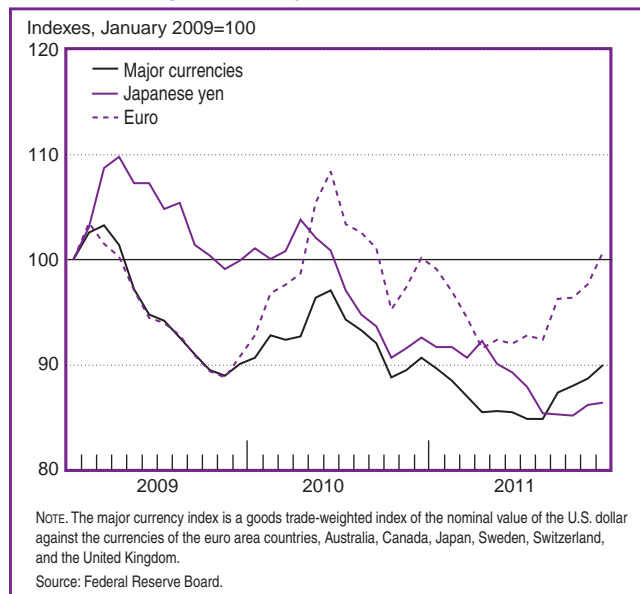
royalties and license fees largely reflected increases in fees associated with industrial processes that resulted from an acceleration in U.S. manufacturing output, which grew 12 percent in 2011.⁴ Receipts for these fees also increased as a result of an increase in manufacturing abroad that reflected the increase in global value added in manufacturing in 2011.⁵ (For details by type of service, see pages 20–24.)

By area, Europe remains the largest market for U.S. services exports, followed by Asia and Pacific. By country, Canada maintained its position as the largest market for U.S. exports (table C). Exports to Canada increased in every major category, with a particularly strong increase in travel. Exports to the United Kingdom, the second-largest market, also increased in every major category with other private services increasing the most. In contrast, exports to Japan decreased in three of the five major categories, particularly in other private services, but Japan maintained its position as the third largest country for U.S. exports. These decreases likely reflect the economic impact of the earthquake and tsunami that hit Japan in March of 2011.

4. U.S. Census Bureau, “Net sales, receipts, and operating revenues” in “Table 1.0. Income Statement For Corporations in the NAICS Manufacturing Sector, All Total Asset Sizes, and Total Assets Under \$25 Million,” in *Quarterly Financial Report: Manufacturing, Mining, Trade, and Selected Service Industries* for 2010 and 2011 at www.census.gov/econ/qfr/historic.html.

5. United Nations Industrial Development Organization, “Table 1. Estimates of Annual Manufacturing Value Added (MVA) Growth by Group,” in *World Manufacturing Production: Statistics for Quarter 2, 2012*; www.unido.org/Data1/Statistics/Utilities/docnew.cfm?id=179&i=1.

Chart 4. Foreign Currency Price of the U.S. Dollar



Europe and Asia and Pacific are also the largest sources of U.S. imports. After regaining its position as the second-largest source of U.S. imports in 2010, Asia and Pacific held that position over Latin America and Other Western Hemisphere in 2011. By country, the United Kingdom remained the top provider of services to the United States as imports from the United Kingdom increased in all major categories, particularly other private services. Bermuda maintained the second spot despite a decrease in other private services, particularly insurance services, which account for the majority of imports from Bermuda. Canada maintained its position as the third-largest provider of services with increases in all major categories except royalties and license fees.

Trade within multinational corporations (affiliated trade) accounted for 28 percent of exports in 2011, the same as in 2010. Affiliated trade also accounted for 28 percent of imports in 2011, up from 25 percent in 2010. Growth in affiliated trade outpaced growth in unaffiliated trade in 2011 as affiliated trade accelerated,

Table C. Cross-Border Services Exports and Imports by Type and Country, 2011
[Millions of dollars]

	Total private services	Travel	Passenger fares	Other transportation	Royalties and license fees	Other private services
Exports						
All countries	586,839	116,115	36,631	43,064	120,836	270,193
Total for the 10 largest countries ¹	321,842	67,390	23,040	21,318	72,211	137,883
Canada	56,076	19,366	4,598	3,161	9,589	19,362
United Kingdom	52,720	8,968	3,006	3,893	7,436	29,417
Japan	44,393	10,141	4,614	3,540	10,653	15,445
Ireland	28,274	839	263	333	14,408	12,431
China	26,702	5,689	2,051	2,358	4,114	12,490
Germany	25,520	4,905	1,433	2,934	6,895	9,353
Mexico	25,207	6,424	2,825	1,242	2,769	11,947
Switzerland	23,456	1,361	514	1,265	9,125	11,191
Brazil	21,702	5,878	2,575	1,132	3,743	8,374
France	17,792	3,819	1,161	1,460	3,479	7,873
Other countries	264,997	48,725	13,591	21,746	48,625	132,310
Imports						
All countries	393,065	78,651	31,109	54,711	36,620	191,973
Total for the 10 largest countries ¹	226,635	34,814	12,847	27,222	25,726	126,026
United Kingdom	44,447	4,559	4,132	3,331	3,318	29,107
Bermuda	29,418	262	0	1,043	2	28,111
Canada	28,028	7,064	593	4,790	981	14,600
Japan	24,772	3,435	1,526	6,064	7,475	6,272
Germany	22,928	2,745	2,919	3,909	3,721	9,634
Switzerland	19,316	699	443	1,855	5,200	11,119
India	16,877	2,196	239	185	153	14,104
France	15,775	2,547	1,679	2,093	4,214	5,242
Mexico	13,745	8,616	702	871	476	3,080
China	11,329	2,691	614	3,081	186	4,757
Other countries	166,430	43,837	18,262	27,489	10,894	65,947

1. Ranked by dollar value of total exports or imports.

while unaffiliated trade decelerated. For exports, affiliated trade rose 11 percent in 2011, compared with 6 percent in 2010, and unaffiliated trade rose 9 percent in 2011, compared with 11 percent in 2010. For imports, affiliated trade rose 16 percent in 2011, compared with 7 percent in 2010, and unaffiliated trade rose 4 percent in 2011, compared with 5 percent in 2010.

Services Supplied Through Affiliates in 2010

U.S. international services delivered via the channel of direct investment consist of (1) services supplied to local and other foreign markets by foreign affiliates of U.S. multinational companies (MNCs), and (2) services supplied to the U.S. market by U.S. affiliates of foreign MNCs.⁶ In 2010, U.S. MNCs supplied services of \$1,130.5 billion to foreign markets through their affiliates, and foreign MNCs supplied services of \$696.0 billion to the United States through their affiliates. The difference between international services supplied through affiliates to foreign markets and to U.S. markets was \$434.5 billion in 2010, compared with \$402.3 billion in 2009.

Services supplied abroad by foreign affiliates of U.S. MNCs grew 6 percent in 2010 after declining 4 percent in 2009. The increase reflected renewed global economic growth after a contraction in 2009. In 2010, real GDP rose in most of the major markets served by affiliates (chart 3). Real GDP growth shifted to about 2 percent growth from contractions in the euro area and the United Kingdom. In emerging markets, such as Mexico, growth continued to outpace growth in advanced nations, supporting a continued expansion of demand for services supplied by affiliates. In addition, the dollar's weakening against the yen boosted the dollar value of services provided by affiliates in Japan. In

6. The statistics on services supplied through affiliates cover the full value of services provided by majority-owned affiliates, irrespective of the percentage of ownership. For more information, see "Measuring Services Supplied Through Affiliates" on page 28.

Data Availability

The cross-border trade statistics for 1986–2011 and the statistics on services supplied through majority-owned affiliates for 1989–2010 can be accessed on BEA's Web site. To access these files, go to www.bea.gov and, under "International," click on "International Services," and then select "International Services Statistics."

contrast, the dollar's strengthening against many major currencies depressed the dollar value of services supplied by affiliates in several important markets, including the euro area and the United Kingdom (chart 4).

The rise in services supplied through affiliates was largely concentrated among affiliates in Asia and Pacific and to a lesser extent, among affiliates in Latin America and Other Western Hemisphere and in Canada (table J). In Asia and Pacific, services supplied grew 24 percent in China and 20 percent in both Australia and Singapore in 2010.⁷ These high growth rates resulted from some firms' growing focus on services-related aspects of their business (particularly wholesale trade and professional, scientific, and technical services) and from the establishment of new affiliates in finance and insurance (particularly banking). European affiliates accounted for the largest share of services supplied to foreigners, but the growth in the services they supplied in 2010 was negligible. Strong growth in Ireland, Switzerland, and the Netherlands was offset by a sizable decrease in the United Kingdom, which remains the largest market for affiliates.

By industry, distributive industries—wholesale trade and retail trade—together accounted for 61 percent of the increase in services supplied by foreign affiliates of U.S. MNCs. Wholesale trade remained slightly below its prefinancial crisis level, while retail trade bounced back, surpassing its prefinancial crisis level. The increases in these industries were widespread across subindustries. In wholesale trade, distributive services provided by wholesalers of a variety of durable goods rose along with rising sales volume. In retail services, distributive services grew as a result of strong demand for products sold by general merchandise stores, nonstore retailers (particularly companies engaged in online retailing and auctions), and clothing and clothing accessories stores. In contrast, "finance and insurance" and "real estate and rental and leasing" decreased.

In 2010, services supplied to the U.S. market by U.S. affiliates of foreign MNCs grew 4 percent after decreasing 5 percent in 2009; the turnaround reflected the strengthening of the U.S. economy. Services supplied in all major industries except real estate and rental and leasing increased. Wholesale trade services increased sharply, accounting for more than half of the overall increase. Distributive services rose as stronger demand

7. According to the International Monetary Fund's *World Economic Outlook* (April 2012), in 2010, real GDP rose 10 percent in China, 2.5 percent in Australia, and 14.8 percent in Singapore.

for durable goods, especially motor vehicles and motor vehicle parts and supplies, resulted in an increase in volume of goods sold.⁸ In finance and insurance, the increase was attributable to insurance, primarily for affiliates with ultimate beneficial owners (UBOs) in Europe.⁹

The rise in services supplied through affiliates was concentrated among affiliates in countries with UBOs in Europe or in Asia and Pacific. Together, these affiliates accounted for 97 percent of the increase. For Euro-

pean companies, stronger U.S. demand for new vehicles led to increased services supplied by wholesalers of motor vehicles and motor vehicle parts and supplies, while stronger demand for insurance brokerage services (the packaging of policies from several underwriters to cover a given risk), reinsurance (the transferring of risk between insurance companies), and life insurance products boosted finance and insurance. Among European-owned companies, affiliates with UBOs in Germany, Switzerland, and France led the increase. For Asia and Pacific companies, the increase was driven by stronger demand for goods that boosted sales volumes and thus, distributive services by affiliates with wholesaling activities, particularly in motor vehicles and motor vehicle parts. The increases in these areas were partly offset by decreases in services supplied by affiliates with UBOs in Latin America and Other Western Hemisphere and in the Middle East.

8. According to BEA data, consumers' expenditures on new auto sales rose from \$165.3 billion in 2009 to \$173.0 billion in 2010.

9. The UBO of a U.S. affiliate is that person, proceeding up the affiliate's ownership chain, beginning with and including the foreign parent, that is not owned by more than 50 percent by another person. Unlike the foreign parent, the UBO of an affiliate may be located in the United States. The UBO of each affiliate is identified to ascertain the person that ultimately owns or controls the U.S. affiliate and therefore ultimately derives the benefits from ownership or control.

Comparing Cross-Border Trade and Services Supplied Through Affiliates

The statistics on cross-border trade and services supplied through affiliates in this article present services provided to, and received from, international markets through two distinct channels. Cross-border trade covers transactions between a U.S. resident and a nonresident, and these transactions are recorded as U.S. exports and U.S. imports in the international transactions accounts. Services supplied through affiliates cover transactions between a foreign affiliate of a U.S. company and foreign residents and those between a U.S. affiliate of a foreign company and U.S. residents. These transactions are not considered U.S. exports or U.S. imports because under the residency principle of balance-of-payments accounting, affiliates of multinational companies are considered residents of the countries where they are located rather than of the country of their owners. As a result, the cross-border trade statistics and the services supplied statistics together present a more complete picture of services provided to and received from international markets. However, differences in coverage and classification make it difficult to compare precisely cross-border trade in services with services supplied through affiliates. An example of a difference in coverage is the inclusion of distributive services in services supplied through affiliates but not in the cross-border trade statistics. The distribu-

tive services associated with importing and exporting goods is included, but not separately identifiable, in the value of trade in goods. An example of a difference in classification is that the statistics on cross-border trade in services are collected and published by type of service, but those on services supplied through affiliates are collected and published by the affiliate's primary industry. These differences in classification complicate the measurement of the total value of specific services supplied to foreign markets.¹

Despite these difficulties, the large difference between U.S. cross-border transactions in services and those provided through affiliates indicates that the latter is the larger channel of delivery for services both provided and obtained in international markets (chart 1 on page 15).

1. For example, computer-related services may be delivered via cross-border services transactions; through affiliates in several industries, including those classified in computer systems design and related services or in other industries that have secondary activities in computer services; by individuals who are employees of a nonresident employer (the wages of these individuals are recorded in compensation receipts in the International Transactions Accounts); or may be embedded in the value of goods. For more on the delivery of computer-related services in international markets, see the FAQ "Where can I find information about computer services supplied to foreign markets by U.S. companies or individuals?" on BEA's Web site at www.bea.gov.

U.S. Cross-Border Trade—Travel and Passenger Fares

Table D. Travel and Passenger Fare Receipts and Payments
[Millions of dollars]

	2009	2010	2011	Change 2010– 2011
Travel receipts	94,187	103,481	116,115	12,634
Receipts by country:				
Total receipts for the five largest countries.....	40,548	45,960	50,777	4,817
Canada.....	12,860	16,629	19,366	2,737
Japan.....	9,495	10,123	10,141	18
United Kingdom.....	8,884	8,618	8,968	350
Mexico.....	5,991	6,117	6,424	307
Brazil.....	3,318	4,473	5,878	1,405
Other countries.....	53,639	57,521	65,338	7,817
Travel payments	74,132	75,510	78,651	3,141
Payments by country:				
Total payments for the five largest countries.....	25,975	26,356	27,056	700
Mexico.....	8,867	8,901	8,616	-285
Canada.....	5,968	6,668	7,064	396
United Kingdom.....	4,365	4,315	4,559	244
Japan.....	3,570	3,267	3,435	168
Italy.....	3,205	3,205	3,382	177
Other countries.....	48,157	49,154	51,595	2,441
Passenger fare receipts	26,103	30,983	36,631	5,648
Receipts by country:				
Total receipts for the five largest countries.....	12,622	15,643	17,618	1,975
Japan.....	3,554	4,307	4,614	307
Canada.....	3,221	4,283	4,598	315
United Kingdom.....	2,545	2,684	3,006	322
Mexico.....	2,055	2,612	2,825	213
Brazil.....	1,247	1,757	2,575	818
Other countries.....	13,481	15,340	19,013	3,673
Passenger fare payments	25,117	27,256	31,109	3,853
Payments by country:				
Total payments for the five largest countries.....	10,192	11,269	12,780	1,511
United Kingdom.....	3,417	3,705	4,132	427
Germany.....	2,258	2,562	2,919	357
Korea, Republic of.....	1,820	2,053	2,355	302
Taiwan.....	1,313	1,476	1,695	219
France.....	1,384	1,473	1,679	206
Other countries.....	14,925	15,987	18,329	2,342

Travel receipts increased 12 percent as the number of visitors to the United States increased.

Travel receipts from Canada increased 16 percent as both the number of Canadian visitors to the United States and their average expenditures increased.

Travel receipts from Brazil increased 31 percent, the fastest rate of growth among the five countries with the largest travel receipts. The number of visitors from Brazil increased 26 percent in 2011; the number has nearly tripled from 2004 to 2011.

Travel payments increased 4 percent in 2011 after increasing 2 percent in 2010. These moderate increases reflect modest growth in the number of U.S. travelers abroad.

Mexico remained the largest recipient of U.S. travel expenditures abroad in 2011 despite a 3 percent decrease.

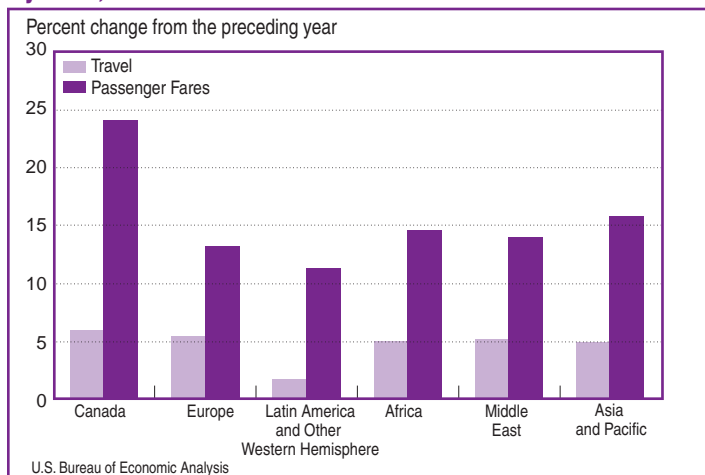
Passenger fare receipts increased sharply for the second year in a row, rising 18 percent in 2011 after rising 19 percent in 2010. The number of visitors to the United States increased despite an increase in average airfares that reflected an increase in fuel prices.

“Other” countries contributed nearly two-thirds to the growth in passenger fare receipts in 2011, while accounting for roughly half of total passenger fare receipts.

Passenger fare payments increased 14 percent. Passenger fares payments grew much faster than travel payments in all areas, largely because of increasing airfares for U.S travelers (chart 5).

Payments to “other” countries grew 15 percent in 2011. Payments to Australia, Hong Kong, and Japan increased notably.

Chart 5. Change in Travel and Passenger Fare Payments by Area, 2011



U.S. Cross-Border Trade—Other Transportation

Table E. Other Transportation Receipts and Payments
[Millions of dollars]

	2009	2010	2011	Change 2010–2011
Other transportation receipts	36,087	40,817	43,064	2,247
Freight services	18,038	20,601	21,730	1,129
Ocean	3,239	4,219	4,114	-105
Air	10,941	12,428	13,637	1,209
Other	3,858	3,954	3,978	24
Port services	18,049	20,216	21,334	1,118
Ocean	10,328	11,641	12,302	661
Air	7,530	8,313	8,770	457
Other	190	262	262	0
Receipts by country:				
Total receipts for the five largest countries	13,479	15,445	15,886	441
United Kingdom	3,193	3,700	3,893	193
Japan	3,236	3,608	3,540	-68
Canada	2,732	2,994	3,161	167
Germany	2,487	2,803	2,934	131
China	1,831	2,340	2,358	18
Other countries	22,608	25,372	27,178	1,806
Other transportation payments	42,601	51,258	54,711	3,453
Freight services	29,806	38,001	40,337	2,336
Ocean	21,630	27,842	29,673	1,831
Air	4,688	6,436	6,613	177
Other	3,488	3,723	4,051	328
Port services	12,795	13,257	14,374	1,117
Ocean	1,554	1,615	1,656	41
Air	11,190	11,571	12,636	1,065
Other	51	71	82	11
Payments by country:				
Total payments for the five largest countries	16,433	19,838	21,223	1,385
Japan	4,506	5,677	6,064	387
Canada	3,774	4,432	4,790	358
Germany	3,144	3,655	3,909	254
United Kingdom	2,706	3,098	3,331	233
Korea, Republic of	2,303	2,976	3,129	153
Other countries	26,168	31,420	33,488	2,068

Other transportation receipts increased 6 percent in 2011, almost recovering from a large decrease in 2009. The growth was driven by an 8 percent increase in U.S. goods exports; transportation receipts are largely from transporting goods, so the growth in these receipts is highly correlated with the growth in U.S. goods exports (chart 6).

Air freight receipts increased mostly because of increased freight rates, as the volume of U.S. goods exports transported by U.S. air carriers increased just 2 percent.

Receipts from Japan decreased 2 percent, reflecting the economic effects of the March 2011 earthquake and tsunami.

Receipts from “other” countries accounted for 80 percent of the increase, while constituting 63 percent of total receipts. Growth was notable in receipts from Taiwan, which grew 15 percent, and in receipts from Hong Kong, which grew 17 percent.

Other transportation payments increased 7 percent, mostly because of a 7 percent increase in ocean freight payments. The growth in other transportation payments is highly correlated with the growth in U.S. goods imports, which grew 6 percent (chart 7).

Port services payments increased 8 percent, mostly because of an increase of 9 percent in air port services.

The five countries with the largest payments in 2010 maintained their positions in 2011. Payments to these countries grew between 5 percent and 8 percent. Together, Japan and Korea accounted for 51 percent of the growth in Asia and Pacific. Germany and the United Kingdom accounted for 34 percent of the growth in Europe.

Chart 6. Other Transportation Receipts and U.S. Goods Exports

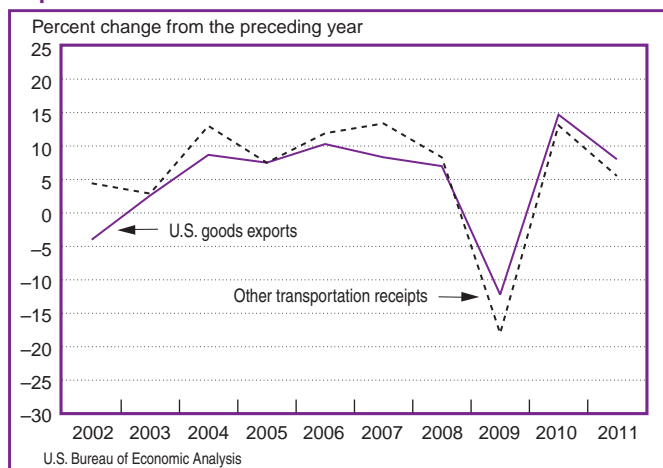
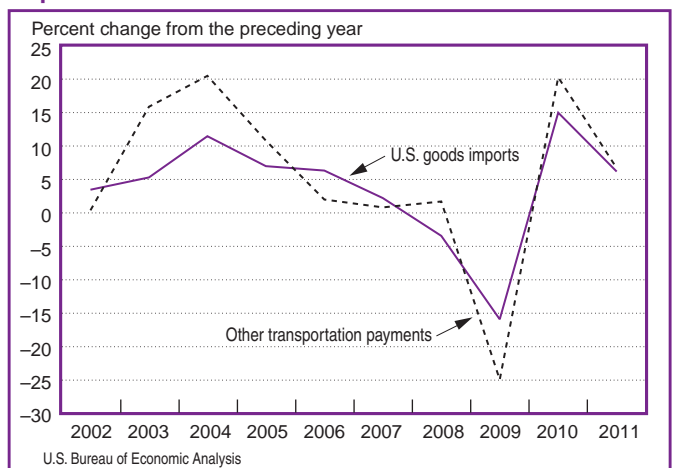


Chart 7. Other Transportation Payments and U.S. Goods Imports



U.S. Cross-Border Trade—Royalties and License Fees

Table F. Royalties and License Fees Receipts and Payments
[Millions of dollars]

	2009	2010	2011	Change 2010–2011
Royalties and license fees receipts	98,406	107,165	120,836	13,671
Industrial processes	34,865	37,006	43,952	6,946
Film and television tape distribution	13,731	13,534	14,251	717
Trademarks	12,363	14,075	15,689	1,614
General-use computer software	31,017	35,463	39,229	3,766
Other	6,429	7,088	7,715	627
Receipts by affiliation:				
Unaffiliated	34,002	39,747	43,757	4,010
Affiliated	64,404	67,418	77,079	9,661
By U.S. parents from their foreign affiliates	61,057	63,966	73,091	9,125
By U.S. affiliates from their foreign parents	3,347	3,452	3,988	536
Receipts by country:				
Total receipts for the five largest countries	44,844	47,055	51,211	4,156
Ireland	14,536	12,809	14,408	1,599
Japan	8,600	10,706	10,653	-53
Canada	6,749	8,256	9,589	1,333
Switzerland	7,318	8,266	9,125	859
United Kingdom	7,641	7,018	7,436	418
Other countries	53,562	60,110	69,625	9,515
Royalties and license fees payments	31,297	33,434	36,620	3,186
Industrial processes	17,914	19,407	22,633	3,226
Film and television tape distribution	1,912	1,691	2,070	379
Trademarks	4,005	4,764	4,770	6
General-use computer software	6,203	5,168	5,560	392
Other	1,264	2,404	1,586	-818
Payments by affiliation:				
Unaffiliated	8,794	9,926	10,405	479
Affiliated	22,502	23,508	26,215	2,707
By U.S. parents to their foreign affiliates	6,114	5,232	6,962	1,730
By U.S. affiliates to their foreign parents	16,388	18,276	19,253	977
Payments by country:				
Total payments for the five largest countries	21,041	22,984	23,928	944
Japan	6,049	7,859	7,475	-384
Switzerland	4,567	5,009	5,200	191
France	4,270	3,771	4,214	443
Germany	3,203	3,157	3,721	564
United Kingdom	2,952	3,188	3,318	130
Other countries ¹	10,256	10,450	12,692	2,242

1. Other countries also includes "international organizations and unallocated," and royalties and license fees payments to international organizations are often substantial.

Receipts for rights related to industrial processes increased in 2011, primarily reflecting an increase in manufacturing abroad. (Receipts and payments for these rights are generally based on the level of production and are therefore closely linked to manufacturing.)

Receipts for trademarks grew 11 percent, mainly reflecting increased receipts from Asia and Pacific and Latin America and Other Western Hemisphere.

Receipts for general-use computer software accounted for a third of royalty receipts and grew 11 percent (chart 8).

Affiliated receipts increased 14 percent. Affiliated transactions continued to account for the majority of royalties and license fees receipts partly because firms can exercise more control over the use of their intellectual property in an affiliated relationship.

Receipts from Ireland increased 12 percent, reflecting increases in industrial processes and in general-use computer software.

Receipts from Canada increased 16 percent, mostly because of increases in industrial processes and general-use computer software.

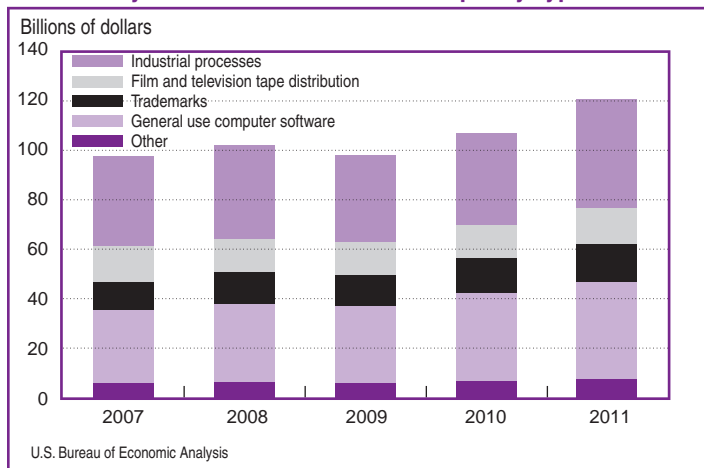
Receipts from "other" countries showed notable increases from the Netherlands, Germany, and Belgium-Luxembourg.

Payments for rights related to industrial processes increased as U.S. manufacturing, particularly pharmaceutical and automobile manufacturing, continued to increase.

"Other" payments decreased, mainly because of a drop in payments for the rights to broadcast and record live events, which spike in years with major international sporting events, like in 2010 when U.S. firms broadcast the World Cup and the Winter Olympic Games.

Affiliated payments increased 12 percent, mainly driven by increased payments by U.S. parents to their foreign affiliates. Affiliated transactions continued to account for the largest share of royalty payments.

Chart 8. Royalties and License Fee Receipts by Type



U.S. Cross-Border Trade—Other Private Services Receipts

Table G. Other Private Services Receipts
[Millions of dollars]

	2009	2010	2011	Change 2010–2011
Other private services receipts	237,348	255,293	270,193	14,900
Education	19,689	20,956	22,726	1,770
Financial services.....	64,437	70,346	74,055	3,709
Brokerage.....	13,012	15,457	14,228	-1,229
Underwriting.....	5,915	4,358	4,216	-142
Management.....	16,898	19,945	20,587	642
Advisory.....	6,683	7,537	8,228	691
Credit card and credit related.....	9,402	9,440	11,744	2,304
Other ¹	12,527	13,610	15,053	1,443
Insurance services.....	14,586	14,530	15,477	947
Telecommunications.....	10,102	11,099	12,650	1,551
Business, professional and technical services.....	118,366	127,834	134,416	6,582
Computer and information services.....	13,714	13,984	15,501	1,517
Management, consulting, and public relations services.....	29,890	31,938	32,169	231
Research, development, and testing services.....	18,136	21,385	23,364	1,979
Operational leasing.....	7,653	7,167	7,142	-25
Other business, professional, and technical services.....	48,974	53,362	56,240	2,878
Installation, maintenance and repair of equipment.....	12,077	13,891	13,750	-141
Architectural, engineering, and other technical services.....	5,701	6,367	8,317	1,950
Legal services.....	7,256	7,178	7,479	301
Industrial engineering services.....	4,891	5,968	6,111	143
Trade-related services.....	3,982	4,346	4,192	-154
Other services.....	10,167	10,528	10,870	342
Receipts by affiliation:				
Unaffiliated.....	160,868	173,134	181,770	8,636
Affiliated.....	76,479	82,160	88,423	6,263
By U.S. parents from their foreign affiliates.....	48,953	53,198	58,902	5,704
By U.S. affiliates from their foreign parents.....	27,526	28,962	29,521	559
Receipts by country:				
Total receipts for the five largest countries.....	78,530	85,008	89,145	4,137
United Kingdom.....	28,036	28,674	29,417	743
Canada.....	17,165	18,644	19,362	718
Japan.....	15,452	16,241	15,445	-796
China.....	8,284	10,526	12,490	1,964
Ireland.....	9,593	10,923	12,431	1,508
Other countries.....	158,818	170,285	181,048	10,763

1. Includes securities lending, electronic funds transfer, and other financial services.

Education receipts reflected increases both in the number of foreign students studying in the United States, 5 percent, and in tuition received, 9 percent. China accounted for 22 percent of international students, the most of any country, and India accounted for 14 percent.

Receipts for credit card and other credit-related services rose 24 percent; credit card services rose 26 percent, and credit-related services, such as mortgages and lines of credit, rose 20 percent.

Receipts for insurance services increased 7 percent, reflecting increases in both reinsurance and primary insurance. Japan became the third-largest market for U.S. insurance services.

Telecommunications receipts increased 14 percent, primarily because of a 42 percent increase in receipts of U.S. parents from their foreign affiliates; unaffiliated receipts decreased 5 percent. Telecommunications services grew faster than any other major type of service in other private services (chart 9).

Receipts for computer and information services increased 11 percent, mainly driven by a 20 percent increase in affiliated receipts.

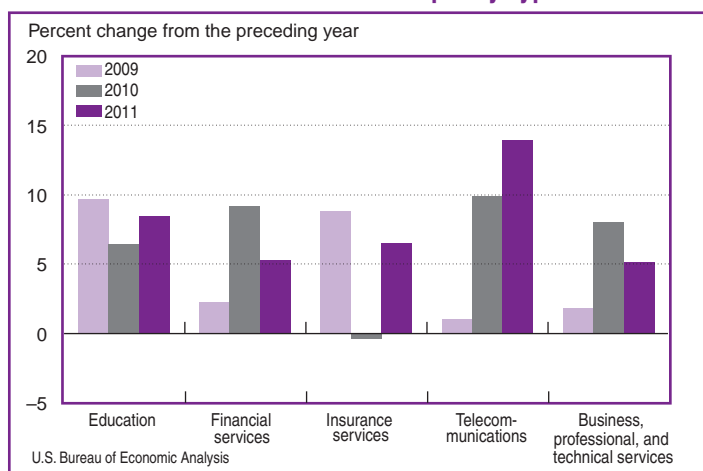
Receipts for research, development, and testing services rose 9 percent, bolstered by increases in the computer manufacturing and pharmaceutical industries.

Affiliated receipts increased 8 percent, mainly reflecting an 11 percent increase in receipts of U.S. parents from their foreign affiliates. Affiliated receipts in telecommunications and in business, professional, and technical services increased the most.

Japan maintained its position as the third-largest market for U.S. exports of other private services despite a 5 percent decrease, reflecting the economic effects of the March 2011 earthquake and tsunami.

Receipts from Ireland increased 14 percent, reflecting strong growth in financial services and in business, professional, and technical services.

Chart 9. Other Private Services Receipts by Type



Expanded Detail for Financial Services

More detailed statistics on financial services are now presented in tables G and H. Brokerage and underwriting services were previously included in “securities transactions,” and management and advisory services were previously included in “management and advisory.” The expanded detail shows the importance of these services.

The detailed statistics for 2006–2011 are available at www.bea.gov.

U.S. Cross-Border Trade—Other Private Services Payments

Table H. Other Private Services Payments

[Millions of dollars]

	2009	2010	2011	Change 2010–2011
Other private services payments	174,573	180,586	191,973	11,387
Education	5,144	5,485	5,888	403
Financial services	14,415	14,763	16,207	1,444
Brokerage	3,342	3,190	3,290	100
Underwriting	945	804	532	-272
Management	2,483	2,594	2,899	305
Advisory	1,681	1,508	1,459	-49
Credit card and credit related	2,068	2,919	3,915	996
Other ¹	3,895	3,747	4,111	364
Insurance services	63,801	61,013	56,619	-4,394
Telecommunications	7,579	8,040	7,690	-350
Business, professional and technical services	82,930	90,526	104,773	14,247
Computer and information services	18,205	21,094	24,538	3,444
Management, consulting, and public relations services	20,707	21,536	24,823	3,287
Research, development, and testing services	16,641	18,927	22,360	3,433
Operational leasing	1,990	2,141	1,922	-219
Other business, professional, and technical services	25,387	26,829	31,130	4,301
Installation, maintenance, and repair of equipment	5,938	6,606	8,083	1,477
Industrial engineering services	3,705	3,515	3,272	-243
Advertising services	2,043	2,199	2,904	705
Accounting, auditing, and bookkeeping services	2,166	2,400	2,239	-161
Legal services	1,639	1,537	1,789	252
Other services	705	759	797	38
Payments by affiliation:				
Unaffiliated	110,353	111,071	109,818	-1,253
Affiliated	64,220	69,516	82,155	12,639
By U.S. parents to their foreign affiliates	42,944	47,205	57,245	10,040
By U.S. affiliates to their foreign parents	21,276	22,311	24,910	2,599
Payments by country:				
Total payments for the five largest countries	90,217	93,453	97,041	3,588
United Kingdom	24,437	25,913	29,107	3,194
Bermuda	32,542	30,822	28,111	-2,711
Canada	11,938	13,591	14,600	1,009
India	9,598	11,554	14,104	2,550
Switzerland	11,702	11,573	11,119	-454
Other countries	84,356	87,133	94,932	7,799

1. Includes securities lending, electronic funds transfer, and other financial services.

Financial services grew at a faster pace in 2011 after growing modestly in 2010 and declining sharply in 2009 as a result of the financial crisis (chart 10).

Underwriting services decreased 34 percent in 2011, reflecting a decrease in debt and equity issuance activity in the United States.

Insurance services decreased 7 percent for the second year after peaking in 2009. The decrease in 2011 was accounted for by a decrease in reinsurance, which fell 9 percent. By country, the largest decrease was in Bermuda.

Payments for management services surpassed the previous peak in 2008. In 2011, payments to the United Kingdom and Switzerland increased the most.

Payments for research and development services continued to increase in 2011. Payments to India, Belgium, and China increased the most. Increases were concentrated in the pharmaceutical, telecommunications, software publishing, and semiconductor industries.

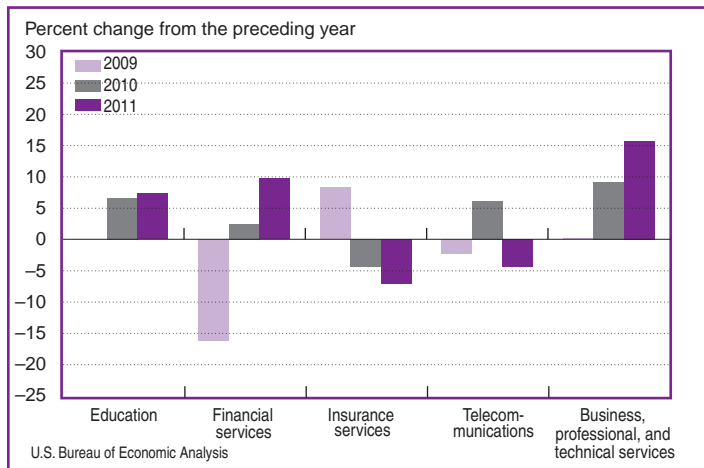
Advertising payments increased 32 percent. Most of the increase was accounted for by payments to European countries and reflected affiliated trade.

Affiliated payments increased 18 percent, reflecting increases in business, professional, and technical services and in financial services. Within business, professional, and technical services, the largest increases were in computer and information services, in research, development, and testing services, and in management and consulting services.

Bermuda lost its position as the largest single provider of other private services (mainly insurance) to the United Kingdom in 2011 as a result of a 9 percent decrease in payments for insurance services.

India continued to climb in rank among the largest providers of other private services. Payments to India increased 22 percent in 2011, mainly because of a 23 percent increase in business, professional, and technical services—particularly in computer and data processing services. India is the largest supplier of computer and data processing services to the United States.

Chart 10. Other Private Services Payments by Type



Services Supplied by Affiliates—To Foreign Persons Through Foreign Affiliates

Table I. Services Supplied to Foreign Persons by U.S. MNCs Through Their Majority-Owned Foreign Affiliates by Industry
[Millions of dollars]

	2009	2010	Change 2009–2010
All industries	1,071,642	1,130,505	58,863
Manufacturing	26,347	28,593	2,246
Wholesale trade	193,020	217,407	24,387
Professional and commercial equipment and supplies	67,215	70,448	3,233
Retail trade	67,766	79,107	11,341
Information	126,603	134,083	7,480
Finance and insurance	230,882	222,731	-8,151
Finance	169,273	164,219	-5,054
Insurance carriers and related activities	61,609	58,513	-3,096
Real estate and rental and leasing	45,010	42,457	-2,553
Professional, scientific, and technical services	158,349	163,638	5,289
Computer systems design and related services	70,482	73,308	2,826
Management, scientific, and technical consulting	17,230	19,385	2,155
Other industries	223,665	242,488	18,823
Mining	31,786	31,840	54
Utilities	35,565	37,493	1,928
Transportation and warehousing	(D)	57,622	(D)
Administration, support, and waste management	(D)	(D)	(D)
Accommodations and food services	35,803	40,262	4,459

D Suppressed to avoid disclosure of data of individual companies.
MNCs Multinational companies

In all industries, services supplied by U.S. MNCs' foreign affiliates surpassed \$1,116.9 billion, the level reached in 2008 before the global economic slowdown.

In wholesale trade, the increase in 2011 was widespread across industries. Distributive services rose as stronger demand increased sales volumes for a variety of products, especially durable goods, such as machinery, equipment, and supplies and electrical and electronic goods.

In retail trade, the increase in services resulted from strong demand for products sold by general merchandise stores, nonstore retailers (particularly online retailers and auctions), and clothing and clothing accessories stores. The increase was geographically widespread and represented growth in both existing affiliates and the establishment of new affiliates.

In information, the increase was more than accounted for by affiliates in software publishing and in other information services. Newly established affiliates also contributed to the increase.

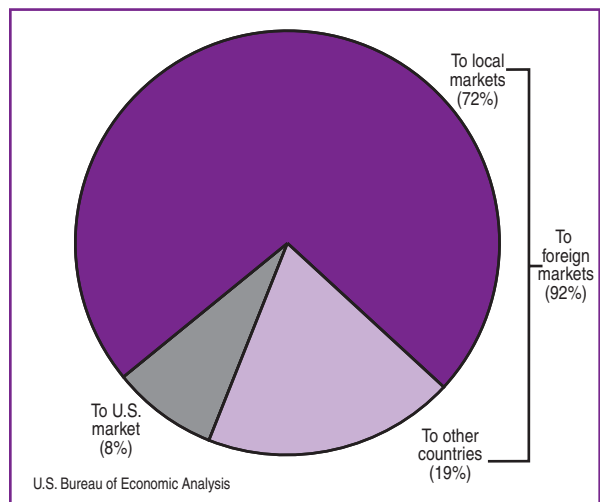
In finance and insurance, the decrease was largely due to a decrease in finance, but insurance also decreased. In both industries, the decreases were due to the downsizing of operations and the divestiture of affiliates.

In transportation and warehousing, the increase in services supplied coincided with an increase in growth in global trade in transportation services across all regions. The increase in services supplied was led by couriers and messengers and pipeline transportation.

Services Supplied by U.S. MNCs and Proximity to Foreign Markets

Services supplied to foreign markets through the channel of direct investment include both services provided by U.S. multinationals' affiliates to the local market and to other foreign markets. Transactions with parties in the same country tend to dominate affiliates' transactions in services as well as in goods. In 2010, transactions with parties in the local market accounted for 72 percent of services and 57 percent of goods supplied by the foreign affiliates of U.S. companies. The larger share of local market transactions for services reflects the greater importance of proximity to customers in the delivery of services, compared with goods. Services supplied to foreign markets accounted for 92 percent and services supplied to the U.S. market accounted for 8 percent of affiliates' \$1,233.3 billion in services supplied worldwide (chart 11).

Chart 11. Services Supplied Worldwide by U.S. MNCs Through Their Majority-Owned Foreign Affiliates, 2010



Services Supplied by Affiliates—To Foreign Persons Through Foreign Affiliates

Table J. Services Supplied to Foreign Persons by U.S. MNCs Through Their Majority-Owned Foreign Affiliates by Country of the Affiliate
[Millions of dollars]

	2009	2010	Change 2009–2010
All countries	1,071,642	1,130,505	58,863
Canada.....	107,148	117,253	10,105
Europe.....	571,484	575,987	4,503
France.....	17,946	19,525	1,579
Germany.....	42,740	43,831	1,091
Ireland.....	49,450	60,508	11,058
Netherlands.....	41,885	45,032	3,147
Switzerland.....	54,886	59,162	4,276
United Kingdom.....	201,206	187,200	-14,006
Latin America and Other Western Hemisphere.....	117,951	132,237	14,286
South and Central America.....	83,523	96,386	12,863
Brazil.....	24,640	29,887	5,247
Chile.....	6,541	8,381	1,840
Mexico.....	30,178	34,391	4,213
Other Western Hemisphere.....	34,428	35,851	1,423
Africa.....	10,932	11,841	909
Middle East.....	13,953	15,277	1,324
Asia and Pacific.....	250,175	277,909	27,734
Australia.....	37,581	45,150	7,569
China.....	23,011	28,532	5,521
Japan.....	67,413	69,771	2,358
Singapore.....	33,303	40,069	6,766

MNCs Multinational companies

In Canada, the increase was spread across industries; the largest increases were in wholesale trade, retail trade, and professional, scientific, and technical services (especially in architectural, engineering, and related services).

In Ireland, the increase was led by increases in information, especially in software publishing. Newly acquired and established affiliates contributed to the increase.

In the United Kingdom, the decrease was the largest of any other country and was led by decreases in finance and insurance and in information. In finance and insurance, the decrease was largely due to a decrease in finance that reflected weaker demand for certain financial products and services. In information, the decrease was mostly accounted for by a decrease in data processing, hosting, and related services.

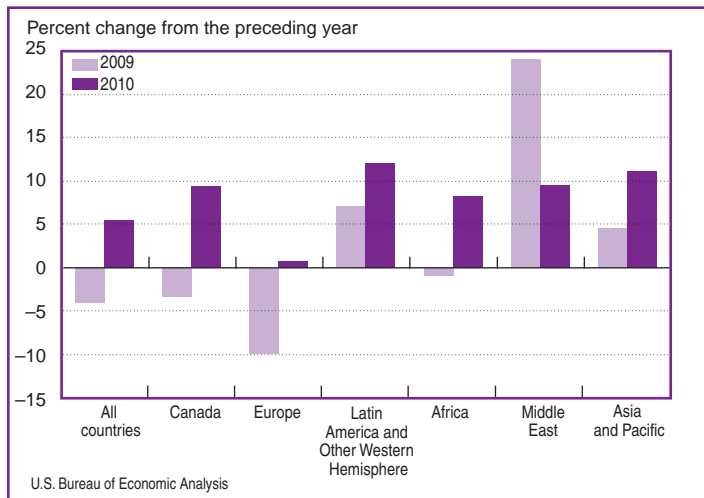
In South and Central America, the increase was spread across industries and countries. By industry, the largest increase was in retail trade. By country, the largest increases were in Brazil, mainly in information and retail trade, and in Mexico, mainly in finance and insurance. In both countries, the increase was due to growth in existing affiliates.

In Australia, the increase was due to newly acquired and established affiliates in finance.

In China, the increase was widespread; the largest increases were in professional, scientific and technical services (particularly management, scientific, and technical services) and in wholesale trade. In management, scientific, and technical services, new affiliates contributed the most to the increase. In wholesale trade, the growth was in the existing lines of business of affiliates.

In Singapore, the increase was due to large increases in wholesale trade, in accommodations and food services, and in finance and insurance. In finance and insurance, newly established affiliates contributed the most to the increase. In the other two industries, existing lines of business of affiliates contributed to the increase.

Chart 12. Services Supplied to Foreign Persons, by Major Area of Affiliate, 2009 and 2010



Services Supplied by Affiliates—To U.S. Persons Through U.S. Affiliates

Table K. Services Supplied to U.S. Persons by Foreign MNCs Through Their Majority-Owned U.S. Affiliates By Industry
[Millions of dollars]

	2009	2010	Change 2009–2010
All industries	669,342	696,023	26,681
Manufacturing.....	71,491	75,160	3,669
Transportation equipment.....	21,226	23,729	2,503
Wholesale trade	112,089	125,908	13,820
Motor vehicles and motor vehicle parts and supplies.....	19,339	25,674	6,335
Retail trade.....	35,424	38,014	2,590
Information	66,460	67,327	867
Finance and insurance.....	144,749	148,419	3,670
Finance.....	96,181	95,615	-566
Insurance carriers and related activities.....	48,568	52,803	4,236
Real estate and rental and leasing.....	19,999	19,968	-31
Professional, scientific, and technical services	71,634	72,124	490
Computer systems design and related services.....	20,709	19,231	-1,478
Advertising and related services	25,195	28,370	3,175
Other industries.....	147,497	149,103	1,606
Utilities.....	18,030	15,484	-2,546
Transportation and warehousing	43,205	46,280	3,075
Support activities for transportation.....	11,396	12,767	1,371
Administration, support, and waste management	31,948	31,025	-923

MNCs Multinational companies

In all industries, services supplied to the U.S. market by the affiliates of foreign MNCs nearly reached the prerecession level of \$701.3 billion.

In manufacturing, services surpassed the prerecession level in 2008, growing 5 percent. Transportation equipment manufacturing accounted for 68 percent of the growth. The largest contributors to the growth were manufacturer’s secondary activities in wholesale trade and financial services.

In wholesale trade, services supplied rose sharply, accounting for more than half of the total increase in services in all industries. The rise reflected an increase in distributive services that was widespread among industries. The largest increase was in wholesalers of motor vehicles and motor vehicles parts and supplies, reflecting improved margins and increased sales volume due to continued strengthening of the U.S. auto market.

In insurance, the growth in services supplied by affiliates with European UBOs was particularly strong, reflecting an increase in risk-pooling services as measured by the portion of premiums earned that remained after provision for losses.

In advertising, the main contributor to the increase was acquisitions.

In utilities, services supplied declined in electric power generation, transmission, and distribution.

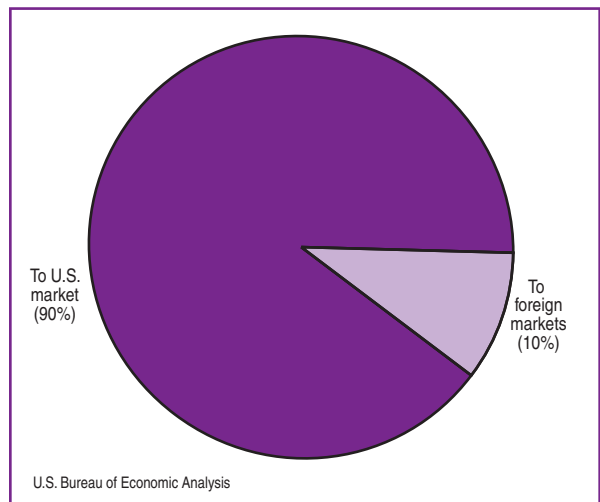
In transportation and warehousing, services supplied nearly reached their prerecession level. The increase was concentrated in support activities for transportation and in rail transportation.

Services Supplied by Foreign MNCs and Proximity to the U.S. Market

Foreign multinationals supply services to the United States via the channel of direct investment through their U.S. affiliates. In 2010, as in other recent years, local transactions accounted for an even larger share of services and goods supplied by the U.S. affiliates of foreign companies than for the foreign affiliates of U.S. MNCs, reflecting the dominant size of the U.S. market, compared with the size of other nearby economies (chart 13). In 2010, local market transactions accounted for 90 percent of U.S. affiliates’ \$770.0 billion in services supplied worldwide; local transactions accounted for 89 percent of goods supplied.¹

1. The shares of local and foreign sales of goods for U.S. affiliates of foreign companies were estimated based on exports of goods shipped because data on these affiliates’ sales of goods are not collected by destination. In 2010, exports accounted for 11 percent of goods supplied by U.S. affiliates.

Chart 13. Services Supplied Worldwide by Foreign MNCs Through Their Majority-Owned U.S. Affiliates, 2010



Services Supplied by Affiliates—To U.S. Persons Through U.S. Affiliates

Table L. Services Supplied to U.S. Persons by Foreign MNCs Through Their Majority-Owned U.S. Affiliates by Country of UBO
[Millions of dollars]

	2009	2010	Change 2009–2010
All countries	669,342	696,023	26,681
Canada	67,639	68,887	1,247
Europe	420,467	434,869	14,402
France	68,368	72,996	4,628
Germany.....	90,187	100,851	10,663
Ireland.....	9,715	12,330	2,614
Netherlands.....	41,391	43,149	1,758
Spain.....	10,069	11,803	1,735
Switzerland.....	45,261	50,009	4,749
United Kingdom.....	117,102	105,634	-11,468
Latin America and Other Western Hemisphere	36,063	34,560	-1,503
South and Central America	7,152	7,750	598
Mexico.....	3,326	4,776	1,451
Other	1,629	581	-1,048
Other Western Hemisphere	28,911	26,810	-2,101
Bermuda.....	21,594	19,328	-2,267
Africa.....	470	469	-2
Middle East	10,159	9,239	-920
Asia and Pacific.....	126,146	137,697	11,551
Australia.....	13,044	12,435	-609
China.....	663	966	303
India.....	7,070	7,314	244
Japan.....	87,993	95,969	7,976
Korea, Republic of.....	6,955	10,018	3,063
United States ¹	8,398	10,303	1,905

1. Contains data for U.S. affiliates that have a foreign parent but whose UBO is a U.S. person.
MNCs Multinational companies
UBO Ultimate beneficial owner

For Germany, the increase was led by increases in finance and insurance, as commissions and advisory fees earned by existing affiliates grew. Services also increased for wholesalers with primary activities in motor vehicles and motor vehicle parts and supplies because of increased demand for new vehicles.

For Switzerland, affiliates in finance and, to a lesser extent, in insurance contributed to the increase in services supplied.

For the United Kingdom, the decline was led by finance and insurance, primarily due to foreign MNCs serving some U.S. customers through foreign affiliates rather than through their U.S. affiliates.

For Mexico, affiliates in information led the increase, reflecting new customer growth in telecommunications.

For Bermuda, the decrease was led by affiliates in professional, scientific, and technical services, primarily computer systems design and related services. Services supplied fell as a result of shifts in some affiliates' country of UBO from Bermuda to Ireland, Switzerland, and the United States. Although services supplied declined for Bermuda and increased for the countries to which ownership was transferred, these changes were offsetting and did not result in a decrease in total services supplied.

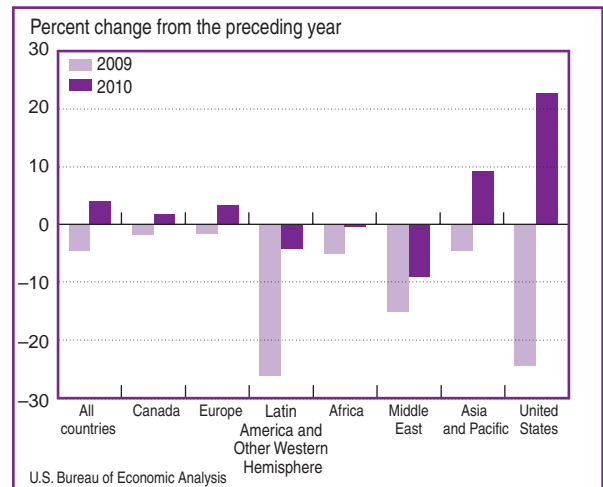
For Asia and Pacific, increases in services supplied by Japanese and Korean-owned affiliates contributed the most to the strong growth in wholesale trade. For these countries, the increases were led by affiliates with primary or secondary activities in motor vehicle and motor vehicles parts manufacturing, reflecting a continued strengthening of the U.S. auto market.

Measuring Services Supplied Through Affiliates

Services are generally defined as economic outputs that are intangible. Services supplied corresponds to sales for most industries except those that typically produce and sell tangible goods—including manufacturing, mining (except support activities), agriculture, forestry, fishing and hunting (except support activities), and construction—and in wholesale and retail trade, insurance, and banking, which are based on measures that better capture service output in those industries.¹ In cases where a sale consists of both tangible goods and intangible services that cannot be unbundled, sales are classified based on whichever accounts for the majority of value. Although intangible outputs are typically associated with activities in certain industry sectors, affiliates in any sector can be providers of services because the classification of services supplied statistics reflects the affiliate's primary industry of sales. Affiliates that are classified in a typically goods-producing industry may have secondary activities in services industries. For example, an affiliate classified in manufacturing may have secondary service activities in wholesale trade or in repair and maintenance.

1. For more detailed information about the computation of services supplied for affiliates in wholesale trade, retail trade, banking, and insurance, see "Revisions and Improvements" in Koncz-Bruner and Flatness, SURVEY OF CURRENT BUSINESS 89 (October 2009): 37.

Chart 14. Services Supplied to U.S. Persons by Major Area of Ultimate Beneficial Owner, 2009 and 2010



Revisions

The revised statistics published in this article supersede those presented in the October 2011 SURVEY OF CURRENT BUSINESS.

Cross-border trade. The revised statistics on cross-border trade in services published in this article are consistent, in both value and presentation, with the less detailed statistics by type of service published in the July 2012 SURVEY.¹

Cross-border exports and imports for 2009 and 2010 were revised, mainly to reflect newly available and revised source data (table M). The revision also reflects a new data source for imports of computer services; for details, see “Improving the International Services Statistics” on pages 30–31.

Exports and imports for both 2009 and 2010 were revised up slightly. The largest revision was in exports for 2010, up 1.4 percent. Imports were virtually unrevised for 2010. For 2009, exports were revised up 0.9 percent, and imports were revised up 0.5 percent. For exports, the main contributors to the upward revisions for both 2009 and 2010 were other private services, particularly financial services, followed by royalties and license fees. For imports, the main contributor to the upward revision for 2009 was royalties and license fees.

Services supplied through affiliates. The statistics for services supplied through affiliates for 2010 are prelimi-

nary. The statistics for 2009 were revised to incorporate newly available and improved source data, to correct errors or omissions, or to implement other changes resulting from the regular annual revision of the statistics on the operations of multinational companies.

For 2009, services supplied to foreign persons through foreign affiliates were revised down 0.4 percent. Services supplied to the United States through U.S. affiliates were revised up 0.1 percent.

Table M. Revisions to Cross-Border Transactions and Services Supplied Through Affiliates, 2009–2010

[Billions of dollars]

	2009	2010
Cross-border transactions		
Exports		
Revised	492.1	537.7
Previously published	487.9	530.3
Amount of revision	4.3	7.5
Imports		
Revised	347.7	368.0
Previously published	346.0	368.0
Amount of revision	1.7	(*)
Services supplied through affiliates		
Supplied to foreign persons through foreign affiliates		
Revised	1,071.6
Previously published	1,076.4
Amount of revision	-4.8
Supplied to U.S. persons through U.S. affiliates		
Revised	669.3
Previously published	668.8
Amount of revision	0.5

* Indicates a change of more than zero and less than \$500,000.

1. For additional information, see Jeffrey R. Bogen and Jessica M. Hanson “Annual Revision of the U.S. International Transactions Accounts” SURVEY 92 (July 2012): 35–46.

Improving the International Services Statistics

The Bureau of Economic Analysis (BEA) continues to improve its international services statistics. Some improvements were implemented this year, and others are underway.¹

New data source for affiliated imports of computer services

As part of the 2012 annual revision of the international transactions accounts, BEA began incorporating source data on U.S. imports of computer services from affiliated parties in Canada from Statistics Canada. Previously, BEA measured imports of computer services from affiliated parties in Canada using data from its Quarterly Survey of Transactions in Selected Services and Intangible Assets With Foreign Persons (BE-125). Through annual reconciliation exercises between the agencies, BEA determined that Canada's coverage of Canadian exports of computer services to the United States was more complete than BEA's survey-based coverage. This new methodology standardizes the treatment of computer services imports from Canada as unaffiliated imports from Canada have been based on data from Statistics Canada for several years.

Expanded detail for insurance services

More detailed statistics on insurance services are now presented in new supplemental tables. Specifically, statistics on the underlying components of insurance services—risk-pooling services, auxiliary insurance services, and premium supplements—and on losses by type of insurance are now presented in tables 6.1A and 6.2A (previously, these statistics were presented in the footnotes to tables 6.1 and 6.2).

To show a complete picture of cross-border transactions in insurance services, detailed statistics on insurance premiums and losses by affiliation are also presented in these tables, though BEA considers all insurance services transactions to be unaffiliated even when they are between affiliated companies because the

services are provided to the policyholders who pay the premiums and who are unaffiliated with the companies involved in the transactions.

The expanded statistics show the importance of affiliated transactions, particularly transactions for reinsurance payments.

Changes to the benchmark survey of selected services transactions

BEA has made several significant changes to the 2011 Benchmark Survey of Transactions in Selected Services and Intellectual Property With Foreign Persons (BE-120) to better serve data users and to collect data that will allow BEA to publish statistics on trade in services that follow international statistical guidelines. These changes do not affect the statistics published in this article, but they could lead to changes in statistics that will be published in 2013 and subsequent years. This survey now collects additional data related to contract manufacturing services (Schedule D), intellectual property transactions (Schedule E), and merchanting services transactions (Schedule F).

For contract manufacturing services, BEA asks companies who performed these services for foreign persons in fiscal year 2011 to report the fees that they received for these services. For companies who purchased contract manufacturing services from foreign persons in fiscal year 2011, BEA asks for the fees paid for these services.

For intellectual property transactions, BEA requests additional information from those respondents who report intellectual property transactions. Respondents who report transactions in rights related to industrial processes and products, trademarks, or franchise fees are asked to distribute those transactions to two categories: right to use and outright sale or purchase. Respondents who report transactions in rights related to intellectual property—such as books, music, prerecorded performances, broadcasting or recording live events, general-use computer software, or other intellectual property—are asked to distribute those transactions among three categories: right to use, right to reproduce and/or distribute, and outright sale or purchase.

For merchanting services transactions, BEA asks those who received receipts for merchanting services to report the cost and the value of goods sold under their merchanting transactions.

1. For additional information about these improvements, see Jeffrey R. Bogen and Jessica M. Hanson "Annual Revision of the U.S. International Transactions Accounts" SURVEY 92 (July 2012): 35–46. See also the "Catalog of Major Revisions to the U.S. International Accounts, 1976–2008" on BEA's Web site at www.bea.gov under "International" and then the "Methodologies" tab at the top of the page. For improvements for 2009–2011, see "Improving the International Services Statistics" in the October 2009, 2010, and 2011 SURVEY articles.

Improving the International Services Statistics

BEA also introduced classification changes on this survey. Downloaded or otherwise electronically delivered noncustomized software (formerly classified as rights related to general-use computer software) and as the outright sale of general-use software, including smart phone and tablet PC applications, are now treated as computer and data processing services. In addition, the transactions that were formerly classified as “other selected services” are now identified: agricultural services, disbursements to fund production costs of motion pictures, disbursements to fund news-gathering and production costs of program material other than news, and waste treatment and depollution services.

Transportation surveys

BEA is in the process of modifying its transportation surveys to improve estimates of transportation services, passenger fares, and goods imports, all components of the international transactions accounts. As a result, the new information will allow direct reporting to replace an indirect method for estimating the fuel purchases (goods) and nonfuel purchases (services) of U.S. carriers in foreign ports. In addition, BEA will be able to estimate aver-

age airfares with this new information, improving the estimates of exports and imports of passenger fares.

Specifically, BEA is adding two questions to the quarterly Survey of Foreign Airline Operators’ Revenues and Expenses in the United States (BE–9) that request data on the number of passengers transported to and from the United States and the revenues associated with these passengers. BEA is also adding a question to the quarterly Survey of Ocean Freight Revenues and Foreign Expenses of United States Carriers (BE–30) to collect data on fuel expenses in foreign ports; respondents currently report fuel expenses with total expenses in foreign ports. BEA will add similar questions to the quarterly Survey of U.S. Airline Operators’ Foreign Revenues and Expenses (BE–37) to collect fuel expenses in foreign ports and to collect the number of passengers transported to and from the United States and the revenues associated with these passengers; respondents currently report fuel expenses in total expenses in foreign ports.

BEA plans to implement the new surveys in January 2013 and to incorporate the new data in upcoming annual revisions of the U.S. international transactions accounts, which is released each June.

Acknowledgments

The estimates of cross-border trade were prepared by the following staff members of the Balance of Payments Division and the Direct Investment Division.

Travel and passenger fares: Laura Brokenbaugh and Charu Sharma

Other transportation: Gregory Tenentes, Edward Dozier, and Steven J. Munro

Royalties and license fees and other private services: Christopher J. Emond, Pamela Aiken, Suhail Ally, Felix Anderson, Stacey Ansell, Damon C. Battaglia, Annette Boyd, Faith M. Brannam, Lori Chang, Jamela Des Vignes, Hope R. Jones, Eddie L. Key, Kiesha Middleton, Steven J. Munro, Mark Samuel, Charu Sharma, Clifton Tillman,

Gregory Tenentes, John Sondheimer, Anne Flatness, Julie Gressley, and Jeffrey Bogen.

The information in tables 1–10 was compiled by John Sondheimer, Marilyn Ibarra-Caton, and Anne Flatness. Computer programming for data estimation and suppression and for the generation of the tables was provided by Marie Colosimo, Carole J. Henry, Neeta B. Kapoor, Tracy Leigh, Fritz H. Mayhew, Dan Powell, and Gary Sowers.

The processing of the survey data used to prepare the estimates of services supplied through majority-owned affiliates was conducted by staff members of the Direct Investment Division under the guidance of Mark D. Goddard and Christopher J. Stein.

Types of Cross-Border Services

The cross-border trade statistics cover both affiliated and unaffiliated transactions between U.S. residents and foreign residents. Affiliated transactions consist of intrafirm trade within multinational companies—specifically, trade between U.S. parent companies and their foreign affiliates and trade between U.S. affiliates and their foreign parent groups. Unaffiliated transactions are with foreigners that neither own, nor are owned by, the U.S. party to the transaction.

Cross-border trade in private services is classified in the same five broad categories that are used in the U.S. international transactions accounts—travel, passenger fares, other transportation, royalties and license fees, and other private services. For additional information on the transactions included in each type of service and the methodologies used to estimate them, see *U.S. International Transaction Accounts: Concepts and Estimation Methods* on BEA's Web site at www.bea.gov. To access this document, click on "International" and then select the tab for "Methodologies" at the top of the page.

Travel. These accounts cover purchases of goods and services by U.S. persons traveling abroad and by foreign travelers in the United States for business or personal reasons. These goods and services include food, lodging, recreation, gifts, entertainment, cruise fares, local transportation in the country of travel, and other items incidental to a foreign visit. U.S. travel transactions with both Canada and Mexico include border transactions, such as day trips for shopping and sightseeing.

A "traveler" is a person who stays less than a year in a country and is not a resident of that country. Diplomats and military and civilian government personnel are excluded regardless of their length of stay; their expenditures are included in other international transactions accounts. Students' educational expenditures and living expenses and medical patients' expenditures for medical care are included in other private services.

Passenger fares. These accounts cover the fares received by U.S. air carriers from foreign residents for travel between the United States and foreign countries and between foreign points and the fares paid by U.S. residents to foreign air carriers for travel between the United States and foreign countries.

Other transportation. These accounts cover U.S. international transactions arising from the transportation

of goods by ocean, air, land (truck and rail), pipeline, and inland waterway carriers to and from the United States and between foreign points. The accounts cover freight charges for transporting exports and imports of goods and expenses that transportation companies incur in U.S. and foreign ports.

Freight charges cover the receipts of U.S. carriers for transporting U.S. exports of goods and for transporting goods between foreign points and the payments to foreign carriers for transporting U.S. imports of goods. (Freight insurance on goods exports and imports is included in insurance in the other private services accounts.) Port services consist of the value of the goods (except fuel, which is included in merchandise trade) and services purchased by foreign carriers in U.S. ports and by U.S. carriers in foreign ports.

Royalties and license fees. These accounts cover transactions with nonresidents that involve intangible assets—including patents, trade secrets, and other proprietary rights—that are used in connection with the production of goods; copyrights; trademarks; franchises; rights to reproduce or distribute motion pictures and television recordings; rights to broadcast live events, software licensing fees; and other intellectual property rights.

Other private services. These accounts consist of education, financial services, insurance services, telecommunications, business, professional, and technical services, and other services.

Education consists of expenditures for tuition and living expenses by foreign students enrolled in U.S. colleges and universities and by U.S. students studying abroad. This category excludes fees for distance-learning technologies and for educational and training services provided on a contract or fee basis; these transactions are included in training services in table 1.

Financial services include funds management and advisory services, credit card services, fees and commissions on transactions in securities, fees on credit-related activities, and other financial services.

Insurance services consist of the portion of premiums that remain after provision for expected or "normal" losses, an imputed premium supplement that represents the investment income of insurance companies on funds that are treated as belonging to policyholders, and

Types of Cross-Border Services

auxiliary insurance services.¹ Primary insurance mainly consists of life insurance and property and casualty insurance, and each type may be reinsured.²

Telecommunications services consist of receipts and payments between U.S. and foreign communications companies for the transmission of messages between the United States and other countries; channel leasing; telex, telegram, and other jointly provided basic services;

1. The portion of total premiums required to cover “normal losses” is estimated by BEA on the basis of the relationship between actual losses and premiums averaged over several years. Auxiliary insurance services include agents’ commissions, actuarial services, insurance brokering and agency services, claims adjustment services, and salvage administration services. For a detailed description of the imputed premium supplement, see Christopher L. Bach, “Annual Revision of the U.S. International Accounts, 1989–2003,” SURVEY 84 (July 2004): 60–62. For a description of other components of insurance services, see Christopher L. Bach, “Annual Revision of the U.S. International Accounts, 1992–2002,” SURVEY 83 (July 2003): 35–37 and Christopher L. Bach, “Annual Revision of the U.S. International Accounts, 1995–2005,” SURVEY 84 (July 2006): 42.

2. Reinsurance is the ceding of a portion of a premium to another insurer who then assumes a corresponding portion of the risk, allowing insurers to spread risks across two (or more) companies.

value-added services, such as electronic mail, video conferencing, and online access services (including Internet backbone services, router services, and broadband access services); and telecommunications support services.

Business, professional, and technical services covers a variety of services, such as legal services, accounting services, and advertising services (see the list in table 1).

The “other services” component of other private services receipts consists mainly of expenditures of foreign residents employed temporarily in the United States; expenditures (except employee compensation) by foreign governments in the United States for services such as maintaining their embassies and consulates; and non-compensation-related expenditures by international organizations, such as the United Nations and the International Monetary Fund, that have operations in the United States. The “other services” component of other private services payments consists primarily of expenditures by U.S. residents temporarily employed abroad.

Data Sources

The statistics in this article are primarily based on data collected from surveys conducted by the Bureau of Economic Analysis (BEA). Statistics for some services are based on data from a variety of other sources, including U.S. Customs and Border Protection, surveys conducted by other federal government agencies, private sources, and partner countries.

BEA conducts mandatory surveys of trade in services; some surveys are targeted to specific services industries. For cross-border trade, data on the majority of types of other private services and royalties and license fees are collected on the Quarterly Survey of Transactions in Selected Services and Intangible Assets with Foreign Persons (BE-125). All of the surveys of international services and a guide to reporting requirements for the surveys are available on BEA’s Web site at www.bea.gov under “International,” “Survey Forms and Related Mate-

rials,” and then “U.S. International Services Transactions.” For additional information on these surveys and on the cross-border trade in private services statistics, see *U.S. International Transactions Accounts: Concepts and Methods*.

The data on services supplied through majority-owned affiliates are collected on BEA’s surveys of the operations of multinational companies. For the methodologies for these surveys, see *Foreign Direct Investment in the United States: Final Results From the 2007 Benchmark Survey* and *U.S. Direct Investment Abroad: Final Results From the 2004 Benchmark Survey*.

The *U.S. International Transactions Accounts: Concepts and Methods* and the methodologies for the benchmark surveys can be accessed at www.bea.gov. Under “International,” click on the tab “Methodologies” at the top of the page.