

# U.S. International Services

## Cross-Border Trade in 2012 and Services Supplied Through Affiliates in 2011

By Alexis Grimm and Charu Sharma

TO PROVIDE a broad perspective on services provided by and to the United States in international markets, this article presents information on services traded, both in the conventional sense—that is, services that cross borders and are included in the U.S. international transactions accounts (ITAs) as exports and imports—and 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; many MNCs serve foreign markets, partly or wholly, through their affiliates that are located in, but owned outside of, the markets they serve.

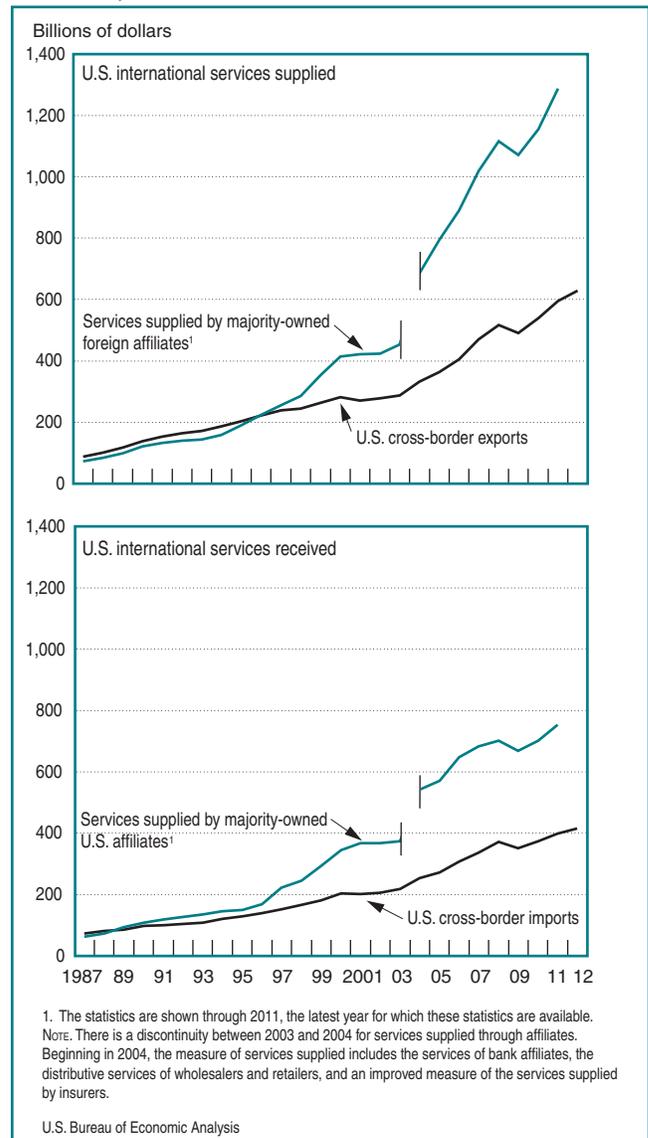
In 2011, as in previous years, the majority of services both delivered and obtained by the United States internationally was through affiliates (table A and chart 1).<sup>1</sup>

In 2012, U.S. cross-border exports of private services were \$628.1 billion and U.S. cross-border imports were \$414.7 billion, resulting in a private services trade surplus of \$213.5 billion (chart 2).<sup>2</sup> In 2012,

the United States retained its position as the world’s leader in exports and imports of private services.<sup>3</sup> In 2011, services supplied to foreign markets through majority-owned foreign affiliates of U.S. multinational

3. World Trade Organization (WTO) Press Release 688 (April 10, 2013); www.wto.org.

**Chart 1. U.S. International Services Supplied and Received, 1987–2012**



1. For additional information, see the box “Comparing Cross-Border Trade and Services Supplied Through Affiliates.” More information on the definitions and coverage of cross-border services trade and services supplied through affiliates is available at [www.bea.gov](http://www.bea.gov); under “International,” n “International Services Statistics,” and then under “What are they?”

2. 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, which is available at [www.bea.gov](http://www.bea.gov).

**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			
2010.....	538.6	1,155.2	372.9	701.2
2011.....	595.7	1,279.1	398.4	754.0
2012.....	628.1	n.a.	414.7	n.a.
	Percent change from the preceding year			
2010.....	9.8	7.8	6.4	4.8
2011.....	10.6	10.7	6.8	7.5
2012.....	5.4	n.a.	4.1	n.a.

n.a. Not available

NOTE: Historical statistics for 1986 forward are available on the Web at [www.bea.gov](http://www.bea.gov).

1. The statistics are shown through 2011, the latest year for which these statistics are available. NOTE: There is a discontinuity between 2003 and 2004 for services supplied through affiliates. Beginning in 2004, the measure of services supplied includes the services of bank affiliates, the distributive services of wholesalers and retailers, and an improved measure of the services supplied by insurers.

U.S. Bureau of Economic Analysis

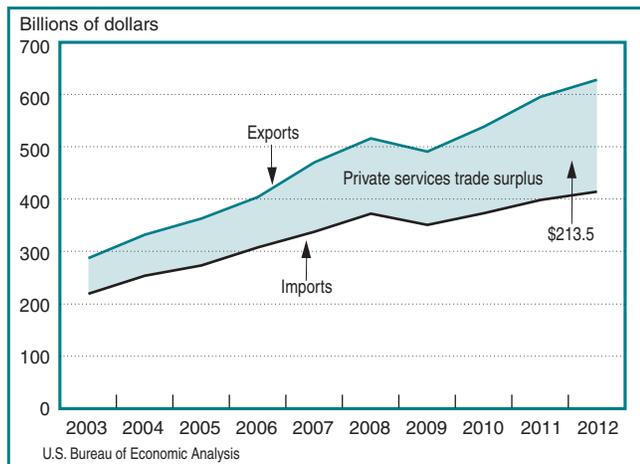
companies were \$1,287.0 billion, and services supplied to the United States through majority-owned U.S. affiliates of foreign multinationals were \$754.0 billion.<sup>4</sup>

### U.S. Cross-Border Trade in 2012

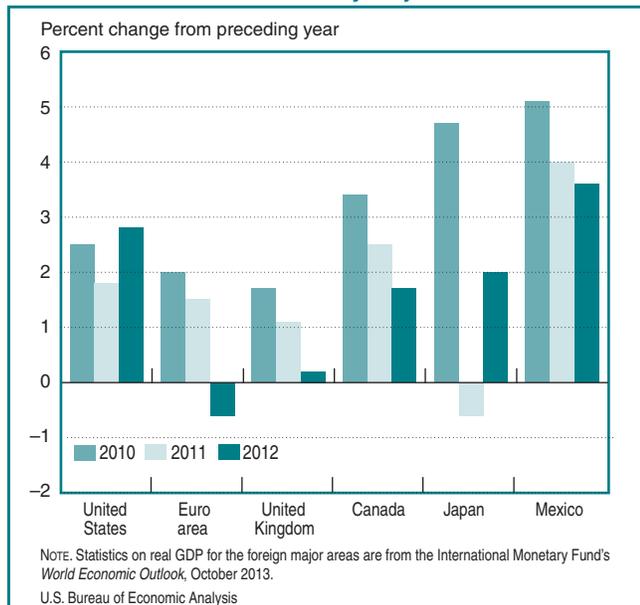
In 2012, the cross-border private services surplus increased 8 percent, to \$213.5 billion, after increasing 19 percent in 2011. In contrast to the persistent U.S. deficit on trade in goods, which was \$741.5 billion in 2012, the United States has historically recorded a surplus on trade in services (chart 2). Growth in both exports and

4. The term “affiliates” refers to majority-owned affiliates. 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 the box “Measuring Services Supplied Through Affiliates.”

**Chart 2. U.S. International Private Services Trade Surplus, 2003–2012**



**Chart 3. Growth in Real GDP by Major Area**

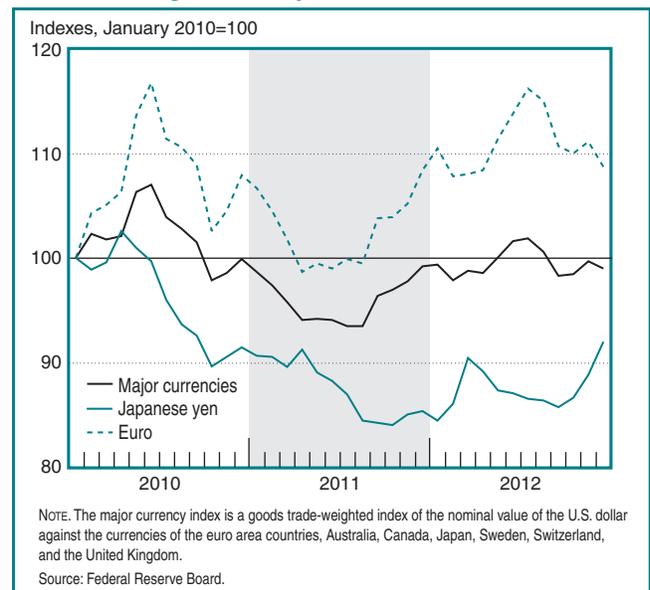


imports decelerated from the relatively high rates of 2010 and 2011 (table A). This slowdown occurred as the real gross domestic product (GDP) of many major U.S. trading partners grew at a slower rate in 2012 than in 2010 and 2011. GDP in the United States, by contrast, grew at a faster rate in 2012 than in 2010 and 2011 (chart 3). In addition, the U.S. dollar appreciated against the currencies of many major trading partners (chart 4).

Growth in cross-border exports slowed to 5 percent in 2012 from 11 percent in 2011. Most of the deceleration was due to slower growth in royalties and license fees and in other private services, particularly financial services. Growth in imports slowed to 4 percent in 2012 from 7 percent in 2011. Most of the deceleration was due to slower growth in other private services, particularly in insurance and in other transportation, which was affected by a deceleration in U.S. imports of goods.

Despite the slower growth in 2012, both exports and imports reached their highest level on record. All

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



#### Data Availability

The cross-border trade statistics for 1986–2012 and the statistics on services supplied through majority-owned affiliates for 1989–2011 can be accessed on BEA’s Web site. To access these files, go to [www.bea.gov](http://www.bea.gov), and under “International,” click on “International Services,” and then select “International Services Statistics.”

major types of services contributed to the increase in 2012, but the relative strength of the growth varied by type of service. For exports, all categories grew, with the largest increases in percentage terms in travel, 9 percent, and passenger fares, 7 percent (table B). The increases in travel and in passenger fares reflected an increase in visitors to the United States. The increase in passenger fares was due to an increase in average airfares attributed to higher fuel prices.<sup>5</sup> For imports, all categories grew with the largest increases in percentage terms in royalties and license fees, 15 percent, and in passenger fares, 12 percent. The increase in payments of royalties and license fees largely reflected increases in payments for industrial processes, rights to broadcast and record live events, such as those related to the 2012 London Summer Olympic Games, and for general-use computer software. The increase in passenger fare imports reflected an increase in average airfares and an increase in the number of U.S. travelers abroad (for details, see pages 30–34).

By area, Europe remained the largest market for U.S. services exports, followed by the Asia and Pacific region. By country, the top 10 markets for U.S. exports in 2012 were unchanged from 2011, though the rank changed in some cases (table C). China moved up to the fourth-largest market from the fifth-largest, and Mexico moved up to sixth-largest market from seventh, reflecting the importance of emerging markets to U.S. exporters. Canada, the United Kingdom, and Japan maintained their positions as the top three markets for U.S. exports. Exports to Canada increased in

5. Fuel prices are from the Department of Transportation, Bureau of Transportation Statistics, *Airline Fuel Cost and Consumption*, January 2000–July 2013 at [www.transtats.bts.gov](http://www.transtats.bts.gov); (August 15, 2013).

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

	Exports		Imports	
	2011	2012	2011	2012
	Percent			
Private services.....	10.6	5.4	6.8	4.1
Travel.....	11.7	9.2	3.6	6.7
Passenger fares.....	18.6	7.1	14.0	11.5
Other transportation.....	5.9	1.8	6.7	1.5
Royalties and license fees.....	12.3	2.9	6.9	14.7
Other private services <sup>1</sup> .....	9.2	5.3	7.1	0.8
Billions of dollars				
Private services.....	57.1	32.4	25.4	16.3
Travel.....	12.1	10.7	2.7	5.2
Passenger fares.....	5.8	2.6	3.8	3.6
Other transportation.....	2.4	0.8	3.4	0.8
Royalties and license fees.....	13.2	3.5	2.2	5.1
Other private services <sup>1</sup> .....	23.7	14.9	13.2	1.6

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

most major categories, with the strongest increases in other private services—primarily in business, professional, and technical services—and in travel. Exports to the United Kingdom increased in all major categories except other private services; royalties and license fees increased the most. Exports to Japan increased in all categories except royalties and license fees, with significant increases in travel and in other private services, particularly in business, professional, and technical services.

Europe and the Asia and Pacific region were also the largest sources of U.S. imports. By country, the top 10 sources of U.S. imports in 2012 were unchanged from 2011, though the rank changed in some cases. The United Kingdom remained the top provider of services to the United States as imports from the United Kingdom increased in most major categories, particularly royalties and license fees. Canada replaced Bermuda as the second-largest provider of services, with increases in all categories except royalties and license fees and a large increase in other private services, primarily in business, professional, and technical services. Japan moved up, also surpassing Bermuda, to

**Table C. Cross-Border Services Exports and Imports by Type and Country, 2012**

[Millions of dollars]

	Total private services	Travel	Passenger fares	Other transportation	Royalties and license fees	Other private services
Exports						
<b>All countries</b> .....	<b>628,138</b>	<b>126,214</b>	<b>39,360</b>	<b>43,855</b>	<b>124,182</b>	<b>294,527</b>
<b>Total for the 10 largest countries<sup>1</sup></b> .....	<b>347,011</b>	<b>73,028</b>	<b>24,896</b>	<b>21,628</b>	<b>73,412</b>	<b>154,047</b>
Canada .....	61,213	20,648	4,894	3,148	9,818	22,705
United Kingdom .....	58,339	9,486	3,158	4,060	9,771	31,864
Japan .....	46,479	11,308	5,219	3,705	10,365	15,882
China.....	30,033	6,486	2,284	2,308	4,817	14,138
Ireland.....	28,312	799	252	336	12,955	13,970
Mexico.....	27,350	7,006	2,956	1,015	3,100	13,273
Germany.....	26,571	5,364	1,576	3,058	6,339	10,234
Switzerland.....	26,338	1,358	518	1,302	9,303	13,857
Brazil.....	23,864	6,498	2,807	1,053	3,680	9,826
France.....	18,512	4,075	1,232	1,643	3,264	8,298
<b>Other countries</b> .....	<b>281,127</b>	<b>53,186</b>	<b>14,464</b>	<b>22,227</b>	<b>50,770</b>	<b>140,480</b>
Imports						
<b>All countries</b> .....	<b>414,666</b>	<b>83,451</b>	<b>34,654</b>	<b>55,445</b>	<b>39,889</b>	<b>201,227</b>
<b>Total for the 10 largest countries<sup>1</sup></b> .....	<b>237,368</b>	<b>37,297</b>	<b>14,649</b>	<b>27,344</b>	<b>29,046</b>	<b>129,032</b>
United Kingdom .....	46,290	5,135	4,607	3,289	4,238	29,021
Canada .....	29,779	6,871	770	4,853	818	16,467
Japan .....	26,916	3,708	1,799	6,249	9,327	5,833
Bermuda.....	25,919	259	0	1,046	4	24,610
Germany.....	25,659	3,038	3,421	3,931	4,130	11,139
Switzerland.....	21,094	759	481	1,951	5,644	12,259
India.....	18,528	2,239	237	183	261	15,608
Mexico.....	15,128	9,740	853	629	592	3,314
France.....	15,065	2,736	1,803	2,071	3,532	4,923
China.....	12,990	2,812	678	3,142	500	5,858
<b>Other countries</b> .....	<b>177,298</b>	<b>46,154</b>	<b>20,005</b>	<b>28,101</b>	<b>10,843</b>	<b>72,195</b>

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

become the third-largest provider of services, with increases in all categories except other private services, and a large increase in royalties and license fees. Imports of other private services from Bermuda decreased, particularly imports of insurance services, which contributed to Bermuda falling to the fourth-largest provider.

Trade within multinational corporations (affiliated trade) accounted for 29 percent of exports in 2012, the same as in 2011. Affiliated trade also accounted for 29 percent of imports in 2012, up 1 percentage point from 2011. For exports, both affiliated and unaffiliated trade decelerated in 2012. Affiliated trade rose 5 percent in 2012, compared with 12 percent in 2011, and unaffiliated trade rose 6 percent in 2012, compared with 10 percent in 2011. For imports, affiliated trade rose 8 percent in 2012, compared with 17 percent in 2011, and unaffiliated trade rose 3 percent in 2012, the same as in 2011.

### Services Supplied Through Affiliates in 2011

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. In 2011, services supplied by U.S. MNCs to foreign markets through their affiliates increased to \$1,287.0 billion, and services supplied by foreign MNCs to the United States through their affiliates increased to \$754.0 billion. The difference between international services supplied through affiliates to foreign markets and to U.S. markets was \$533.1 billion in 2011, compared with \$454.0 billion in 2010. (For details, see pages 35–38.)

Services supplied abroad by foreign affiliates of U.S. MNCs grew 11 percent in 2011 after growing 8 percent in 2010. Growth in services supplied increased despite somewhat weaker global economic growth, especially in the markets that have traditionally accounted for the largest share of services supplied by foreign affiliates (chart 3). Economic growth in high-income countries slowed in 2011. In Europe, growth was weak, slowing to less than 1 percent in the United Kingdom and to just over 1 percent in the Euro area. Canada's real GDP growth remained higher than that of Europe, but it also slowed. In Japan, real GDP contracted in 2011 after a year of strong growth in 2010, at least partly as a result of the March 2011 earthquake and tsunami. Growth in emerging markets, such as Mexico, slowed

slightly but continued to outpace growth in advanced nations. The dollar value of services provided by affiliates in several important markets was increased by the dollar's slight weakening against many major currencies, including the euro and the yen, at the start of 2011 (chart 4).

Affiliates in Europe, in the Asia and Pacific region and to a lesser extent, in South and Central America were responsible for most of the increase in services supplied through affiliates (table J). Despite sluggish European economic growth, services supplied by affiliates in Europe increased 9 percent. The largest increases in Europe were in information services, such as services provided by software publishers, and in wholesale trade, particularly in durable goods. Among European affiliates, growth was highest in Ireland, Switzerland, and Germany. In Asia and Pacific, higher sales volumes increased distributive services by affiliates in wholesale trade, particularly in Singapore and Hong Kong, and especially in durable goods. Services supplied by affiliates in South and Central America climbed 15 percent in 2011 partly because of a 27 percent increase in Brazil. The increase in South and Central America was widespread by industry, but the largest changes were in information services and in professional, scientific, and technical services.

Services supplied by foreign affiliates of U.S. MNCs increased in most major industry categories. Among the industries with relatively large increases were wholesale trade, information services, and professional, scientific, and technical services (table I). Wholesale trade surpassed its prerecession level because of increased sales volumes at a variety of types of wholesalers, especially wholesalers of durable goods. Likewise, an increase in the sales of general merchandise stores and products sold by nonstore retailers, particularly online retailers, resulted in an increase in services supplied by affiliates in retail trade. Higher sales of high-technology services accounted for much of the increase in services supplied by affiliates in "other information services," such as those that provide internet search and social networking services, and software publishers, especially by new and existing affiliates in Ireland. In professional, scientific, and technical services, the largest increase was in computer systems design and related services.

In 2011, services supplied to the United States by U.S. affiliates of foreign MNCs grew 8 percent despite slightly slower U.S. economic growth, up from 5 percent in 2010 (chart 3). Affiliates with ultimate beneficial owners (UBOs) in Europe and in Asia and Pacific

accounted for three-quarters of the growth in services supplied through affiliates (table L).<sup>6</sup> For European-headquartered companies, higher sales volume, particularly of durable goods, increased the distributive services provided by U.S. wholesaling affiliates. Services supplied by European affiliates in finance and insurance also increased strongly, led by increases in nonlife insurance and in commodities and financial securities trading. Among U.S. affiliates with UBOs in Europe, the largest increases were for affiliates with UBOs in France, the United Kingdom, and the Netherlands. For companies headquartered in Asia and Pacific, an increase in services supplied by affiliates in wholesale trade accounted for more than half of the overall in-

6. 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.

crease for the region. For companies with UBOs in Other Western Hemisphere, new acquisitions of U.S. affiliates in mining also significantly contributed to the overall increase in services supplied to the U.S. market.

Services supplied increased in many major industries, but more than two-thirds of the growth was in mining, finance and insurance, and wholesale trade (table K). Services supplied in mining increased 86 percent, mostly because of acquisitions of U.S. affiliates by Caribbean companies. The increase in finance and insurance was concentrated among affiliates of Canadian and European companies; the largest increases were in nonlife insurance, commodities and financial securities trading, and life insurance. Increased sales by durable-goods wholesalers, particularly wholesalers of motor vehicles and motor vehicles parts and supplies, resulted in an increase in services supplied in wholesale trade. In contrast, services supplied in transportation and warehousing, real estate and rental and leasing, and utilities decreased.

### Comparing Cross-Border Trade and Services Supplied Through Affiliates

The statistics on cross-border trade and services supplied through affiliates represent 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. These transactions are recorded as U.S. exports and U.S. imports in the international transactions accounts (ITAs), or balance of payments accounts. Services supplied through affiliates cover transactions between foreign affiliates of U.S. companies and foreign residents and those between U.S. affiliates of foreign companies and U.S. residents. These transactions are not considered U.S. exports or U.S. imports in the ITAs 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.

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 precisely compare 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 distributive services associated with importing and exporting goods are included, but not separately identifiable, in the value of trade in goods. The 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.<sup>1</sup> Despite the difficulties in comparing U.S. cross-border transactions in services and those supplied through affiliates, the large difference in value between the two indicates that the latter is the larger channel of delivery of services in international markets (chart 1 on page 25).

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](http://www.bea.gov).

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

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

	2010	2011	2012	Change 2011–2012
<b>Travel receipts</b> .....	<b>103,463</b>	<b>115,552</b>	<b>126,214</b>	<b>10,662</b>
Receipts by country:				
Total receipts for the five largest countries.....	45,951	50,668	54,946	4,278
Canada.....	16,616	19,416	20,648	1,232
Japan.....	10,124	10,075	11,308	1,233
United Kingdom.....	8,621	8,908	9,486	578
Mexico.....	6,117	6,424	7,006	582
Brazil.....	4,473	5,845	6,498	653
Other countries.....	57,512	64,884	71,268	6,384
<b>Travel payments</b> .....	<b>75,505</b>	<b>78,229</b>	<b>83,451</b>	<b>5,222</b>
Payments by country:				
Total payments for the five largest countries.....	26,351	26,634	28,829	2,195
Mexico.....	8,901	8,616	9,740	1,124
Canada.....	6,663	6,642	6,871	229
United Kingdom.....	4,315	4,559	5,135	576
Japan.....	3,267	3,435	3,708	273
Italy.....	3,205	3,382	3,375	-7
Other countries.....	49,154	51,595	54,622	3,027
<b>Passenger fare receipts</b> .....	<b>30,987</b>	<b>36,763</b>	<b>39,360</b>	<b>2,597</b>
Receipts by country:				
Total receipts for the five largest countries.....	15,647	17,763	19,034	1,271
Japan.....	4,307	4,614	5,219	605
Canada.....	4,287	4,747	4,894	147
United Kingdom.....	2,684	3,005	3,158	153
Mexico.....	2,612	2,825	2,956	131
Brazil.....	1,757	2,572	2,807	235
Other countries.....	15,340	19,000	20,326	1,326
<b>Passenger fare payments</b> .....	<b>27,256</b>	<b>31,079</b>	<b>34,654</b>	<b>3,575</b>
Payments by country:				
Total payments for the five largest countries.....	11,269	12,750	14,326	1,576
United Kingdom.....	3,705	4,121	4,607	486
Germany.....	2,562	2,912	3,421	509
Korea, Republic of.....	2,053	2,350	2,494	144
Taiwan.....	1,476	1,691	2,001	310
France.....	1,473	1,676	1,803	127
Other countries.....	15,987	18,329	20,328	1,999

Travel receipts increased 9 percent as the number of foreign visitors to the United States increased.

Travel receipts from Japan increased 12 percent in 2012 after a slight decrease in 2011. The number of Japanese visitors to the United States increased 14 percent after a 4 percent decrease, likely because of the impact of the earthquake and tsunami in March 2011.

Travel receipts from Brazil slowed, increasing 11 percent after increasing 31 percent. The number of visitors from Brazil has more than tripled in 2004–2012.

Travel payments increased 7 percent in 2012 after increasing 4 percent because of faster growth in the number of U.S. travelers abroad in 2012.

Mexico remained the largest market for U.S. travel abroad in 2012. Travel payments increased 13 percent as the result of an increase in average expenditures; the number of travelers was practically unchanged.

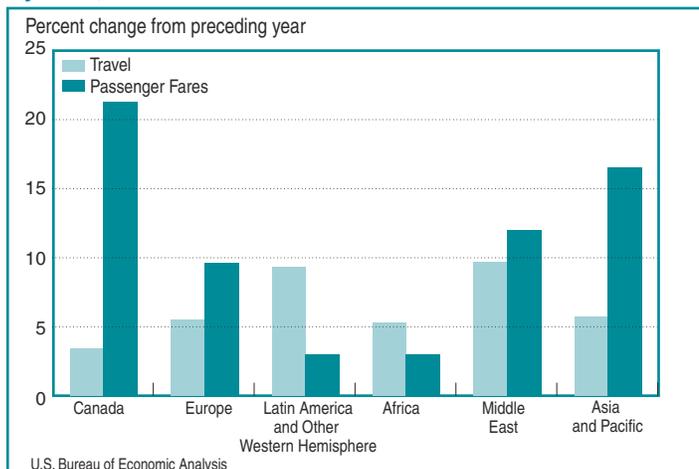
Travel payments to the United Kingdom increased 13 percent after increasing 6 percent in 2011. The number of travelers to the United Kingdom increased 8 percent in 2012.

Passenger fare receipts slowed, increasing 7 percent after increasing 19 percent in both 2011 and 2010. This slowdown partly reflected a 3 percent increase in the price of jet fuel in 2012 after large increases in 2009–2011 that averaged 23 percent. Jet fuel prices directly influence the cost of airfares.

Passenger fare payments increased 12 percent reflecting an increase in average airfares and an increase in U.S. travelers abroad. For most areas, passenger fare payments grew much faster than travel payments as airfares increased (chart 5).

Payments to “other” countries grew 11 percent in 2012. Payments to Japan, Mexico, and Canada increased notably.

**Chart 5. Growth in Travel and Passenger Fare Payments by Area, 2012**



## U.S. Cross-Border Trade—Other Transportation

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

	2010	2011	2012	Change 2011–2012
<b>Other transportation receipts</b> .....	<b>40,669</b>	<b>43,067</b>	<b>43,855</b>	<b>788</b>
Freight services .....	20,453	21,733	22,293	560
Ocean .....	4,219	4,114	4,168	54
Air .....	12,280	13,482	13,499	17
Other .....	3,954	4,137	4,626	489
Port services .....	20,216	21,334	21,562	228
Ocean .....	11,642	12,302	12,850	548
Air .....	8,312	8,770	8,448	-322
Other .....	262	262	264	2
Receipts by country:				
Total receipts for the five largest countries .....	15,491	15,959	16,279	320
United Kingdom .....	3,681	3,907	4,060	153
Japan .....	3,669	3,613	3,705	92
Canada .....	3,071	3,198	3,148	-50
Germany .....	2,785	2,967	3,058	91
China .....	2,285	2,274	2,308	34
Other countries .....	25,178	27,108	27,576	468
<b>Other transportation payments</b> .....	<b>51,202</b>	<b>54,630</b>	<b>55,445</b>	<b>815</b>
Freight services .....	38,000	40,418	41,873	1,455
Ocean .....	27,842	29,673	31,373	1,700
Air .....	6,435	6,613	6,177	-436
Other .....	3,723	4,132	4,323	191
Port services .....	13,202	14,212	13,572	-640
Ocean .....	1,615	1,656	1,796	140
Air .....	11,516	12,474	11,698	-776
Other .....	71	82	78	-4
Payments by country:				
Total payments for the five largest countries .....	19,735	21,128	21,464	336
Japan .....	5,667	6,073	6,249	176
Canada .....	4,431	4,820	4,853	33
Germany .....	3,650	3,871	3,931	60
United Kingdom .....	3,091	3,291	3,289	-2
China .....	2,896	3,073	3,142	69
Other countries .....	31,467	33,502	33,981	479

Other transportation receipts increased 2 percent. Despite increases since 2009, receipts remain slightly below the peak reached in 2008. Because transportation receipts largely stem from the transportation of goods, they are highly correlated with U.S. goods exports (chart 6).

“Other” freight receipts increased 12 percent mostly because of an increase in satellite launch services.

Receipts for air port services decreased 4 percent, reflecting large decreases in receipts from Mexico and South Korea.

Receipts from Canada decreased 2 percent reflecting a decrease in receipts of U.S. ocean carriers for transporting goods between two foreign ports.

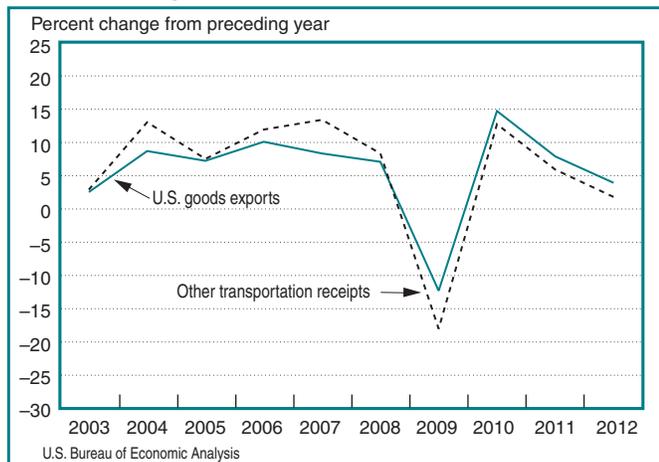
Other countries with notable increases in receipts include Luxembourg, France, and Taiwan.

Other transportation payments increased 1 percent, mainly because of an increase in ocean freight services. A 2 percent increase in U.S. goods imports also contributed to the increase. The growth in other transportation payments is highly correlated with the growth in U.S. goods imports (chart 7).

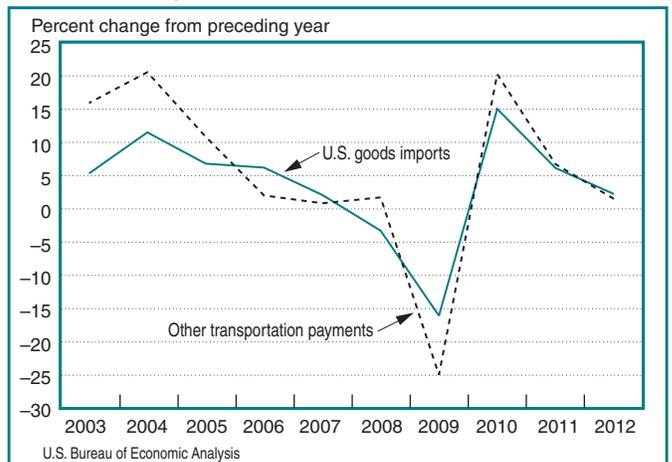
China replaced South Korea in the top five countries with the largest payments. Payments to China have doubled since 2003.

Other countries with notable increases in payments include Taiwan, Switzerland, and Norway.

**Chart 6. Growth in Other Transportation Receipts and U.S. Goods Exports**



**Chart 7. Growth in 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]

	2010	2011	2012	Change 2011– 2012
<b>Royalties and license fees receipts</b> .....	<b>107,521</b>	<b>120,717</b>	<b>124,182</b>	<b>3,465</b>
Industrial processes .....	36,333	42,675	42,777	102
Film and television tape distribution .....	13,690	14,567	16,222	1,655
Trademarks .....	14,340	16,460	16,808	348
General-use computer software .....	36,008	38,647	39,544	897
Other .....	7,149	8,368	8,832	464
Receipts by affiliation:				
Unaffiliated .....	40,288	44,725	47,549	2,824
Affiliated .....	67,232	75,992	76,633	641
By U.S. parents from their foreign affiliates .....	63,854	72,173	71,794	-379
By U.S. affiliates from their foreign parents .....	3,379	3,819	4,839	1,020
Receipts by country:				
Total receipts for the five largest countries .....	47,683	52,288	52,212	-76
Ireland .....	12,807	14,594	12,955	-1,639
Japan .....	10,598	11,127	10,365	-762
Canada .....	8,669	9,981	9,818	-163
United Kingdom .....	7,354	8,133	9,771	1,638
Switzerland .....	8,255	8,453	9,303	850
Other countries .....	59,838	68,429	71,970	3,541
<b>Royalties and license fees payments</b> .....	<b>32,551</b>	<b>34,786</b>	<b>39,889</b>	<b>5,103</b>
Industrial processes .....	18,847	20,555	22,777	2,222
Film and television tape distribution .....	1,661	2,064	2,648	584
Trademarks .....	4,524	4,700	4,334	-366
General-use computer software .....	5,228	5,686	6,861	1,175
Other .....	2,291	1,780	3,267	1,487
Payments by affiliation:				
Unaffiliated .....	9,749	10,652	11,948	1,296
Affiliated .....	22,801	24,134	27,940	3,806
By U.S. parents to their foreign affiliates .....	4,438	5,616	6,660	1,044
By U.S. affiliates to their foreign parents .....	18,363	18,518	21,280	2,762
Payments by country:				
Total payments for the five largest countries .....	22,998	23,661	26,871	3,210
Japan .....	7,765	7,323	9,327	2,004
Switzerland .....	4,928	4,834	5,644	810
United Kingdom .....	3,164	3,440	4,238	798
Germany .....	3,149	3,805	4,130	325
France .....	3,992	4,259	3,532	-727
Other countries <sup>1</sup> .....	9,553	11,125	13,018	1,893

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

Receipts for the rights to distribute U.S. movies and television programs increased 11 percent in 2012 as overseas audiences continued their strong demand for U.S.-produced entertainment. Increases in receipts from the United Kingdom and from the Asia and Pacific region were particularly large.

Receipts from Ireland decreased 11 percent, reflecting decreases in industrial processes and in general-use computer software.

Receipts from the United Kingdom increased 20 percent in 2012 after increasing 11 percent in 2011. In both years, the largest increases were in rights to distribute U.S. movies and television programs.

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

Payments for the rights to distribute foreign movies and television programs increased 28 percent, mainly reflecting increased payments to the United Kingdom and to South and Central America.

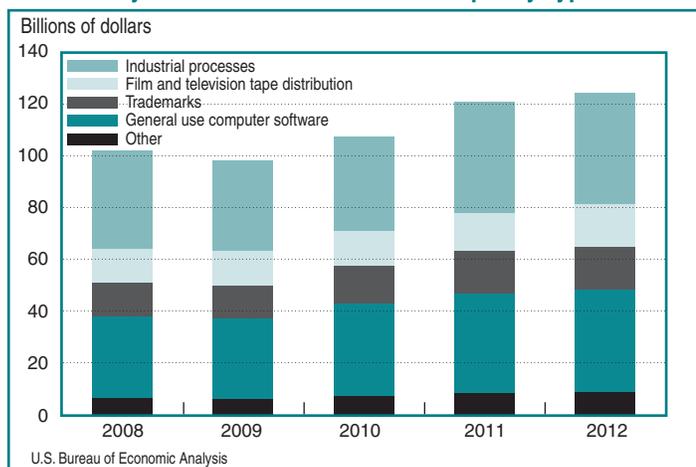
Payments for general-use computer software increased, mostly reflecting increased payments to Germany, Switzerland, and China.

"Other" payments increased, reflecting an increase in payments to international organizations for the rights to broadcast and record live events. These payments spike in years of major international sporting events, such as in 2012, when U.S. firms paid to broadcast the Summer Olympic Games in London.

Payments to Japan increased 27 percent. Payments by U.S. affiliates to foreign parent groups for industrial processes increased as Japanese-owned affiliates in the United States increased production.

Payments to the United Kingdom increased 23 percent, mostly because of increases in industrial processes and increases in rights to distribute foreign movies and television programs.

**Chart 8. Royalties and License Fees Receipts by Type**



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

**Table G. Other Private Services Receipts**

[Millions of dollars]

	2010	2011	2012	Change 2011– 2012
<b>Other private services receipts</b> .....	<b>255,989</b>	<b>279,645</b>	<b>294,527</b>	<b>14,882</b>
Education .....	20,937	22,823	24,710	1,887
Financial services.....	72,348	78,243	76,418	-1,825
Brokerage .....	16,527	17,031	14,099	-2,933
Underwriting .....	4,358	4,194	2,116	-2,077
Management .....	20,624	20,953	21,133	179
Advisory.....	6,695	7,497	7,498	1
Credit card and credit related .....	10,460	13,509	15,532	2,023
Other <sup>1</sup> .....	13,684	15,059	16,040	982
Insurance services .....	14,397	14,958	16,067	1,109
Telecommunications.....	10,911	12,851	14,009	1,158
Business, professional and technical services.....	127,393	140,974	153,093	12,119
Computer and information services.....	14,127	16,841	17,340	499
Management, consulting, and public relations services.....	32,988	35,094	37,039	1,945
Research, development, and testing services.....	22,446	25,457	26,663	1,206
Operational leasing.....	7,180	7,590	8,267	677
Other business, professional, and technical services....	50,652	55,991	63,783	7,792
Installation, maintenance and repair of equipment....	13,860	14,233	15,191	958
Architectural, engineering, and other technical services.....	6,054	7,913	10,314	2,401
Legal services.....	7,247	8,057	8,662	605
Advertising services.....	5,480	5,807	7,042	1,235
Industrial engineering services.....	5,835	6,040	6,539	499
Other services .....	12,178	13,940	16,035	2,095
Other services.....	10,002	9,796	10,231	435
Receipts by affiliation:				
Unaffiliated .....	171,678	185,291	192,061	6,770
Affiliated .....	84,311	94,354	102,466	8,112
By U.S. parents from their foreign affiliates .....	56,380	64,755	70,240	5,485
By U.S. affiliates from their foreign parents .....	27,931	29,599	32,226	2,627
Receipts by country:				
Total receipts for the five largest countries .....	86,422	94,387	98,559	4,172
United Kingdom .....	29,769	32,342	31,864	-478
Canada .....	19,809	21,103	22,705	1,602
Japan .....	14,788	14,918	15,882	964
China .....	10,423	12,868	14,138	1,270
Ireland .....	11,633	13,156	13,970	814
Other countries.....	169,567	185,258	195,968	10,710

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

Receipts for education rose 8 percent, reflecting increases in the number of foreign students studying in the United States and in their tuition payments; the number of international students increased 6 percent, and average tuition payments increased 2 percent. In 2012, China accounted for 25 percent of these students, and India, for 13 percent.

Receipts for underwriting services decreased 50 percent. Weak activity in global initial public offerings contributed to this decrease.

Insurance services increased 7 percent, reflecting an increase in reinsurance services that was due to an 18 percent increase in premiums; primary insurance decreased.

Receipts for telecommunications rose 9 percent, primarily because of an increase in receipts by U.S. parents from their foreign affiliates. Affiliated receipts increased 20 percent, and unaffiliated receipts decreased 1 percent. Affiliated transactions accounted for 64 percent of telecommunications receipts in 2012, up from 28 percent in 2006. Receipts for these services grew more rapidly than all other major types of other private services in both 2012 and 2011 (chart 9).

Receipts for other business, professional, and technical services increased 14 percent, mainly because of an increase in unaffiliated receipts.

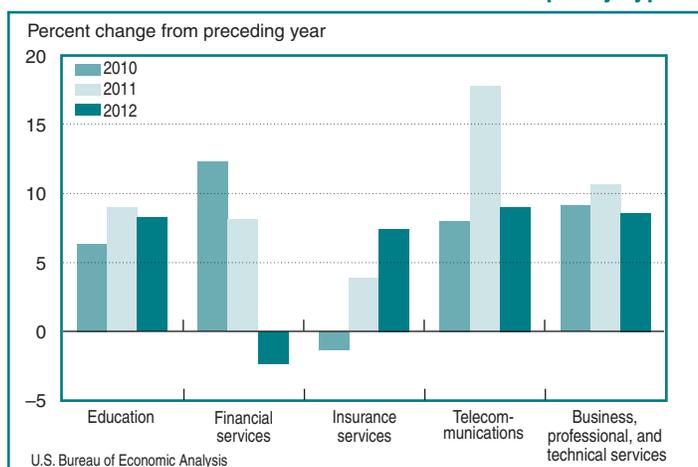
Receipts for architectural, engineering, and other technical services, the difference between revenues and foreign expenses and disbursements, rose 30 percent, reflecting an increase in revenues and a decrease in foreign expenses and disbursements.

Affiliated receipts increased 9 percent, reflecting an 8 percent increase in receipts by U.S. parents from their foreign affiliates and a 9 percent increase in receipts by U.S. affiliates from their foreign parent groups.

The United Kingdom maintained its position as the largest market for U.S. exports of other private services despite a 1 percent decrease in receipts that was mainly due to a decrease in financial services.

Receipts from China increased 10 percent, reflecting strong growth in education services.

**Chart 9. Growth in Other Private Services Receipts by Type**



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

**Table H. Other Private Services Payments**  
[Millions of dollars]

	2010	2011	2012	Change 2011–2012
<b>Other private services payments</b> .....	<b>186,423</b>	<b>199,654</b>	<b>201,227</b>	<b>1,573</b>
Education .....	5,468	5,763	6,037	274
Financial services .....	15,502	17,566	16,952	-614
Brokerage .....	3,109	3,270	2,966	-303
Underwriting .....	804	530	546	15
Management .....	2,647	2,917	2,756	-161
Advisory .....	1,459	1,451	1,610	159
Credit card and credit related .....	3,702	5,254	5,410	155
Other <sup>1</sup> .....	3,782	4,143	3,665	-478
Insurance services .....	61,478	55,794	52,563	-3,231
Telecommunications .....	7,986	7,792	8,007	215
Business, professional and technical services .....	94,657	111,332	116,217	4,885
Computer and information services .....	21,029	24,331	25,657	1,326
Management, consulting, and public relations services .....	21,367	25,311	27,207	1,896
Research, development, and testing services .....	22,170	26,595	28,765	2,170
Operational leasing .....	2,143	2,150	2,635	485
Other business, professional, and technical services .....	27,947	32,946	31,954	-992
Installation, maintenance, and repair of equipment .....	6,909	8,710	7,226	-1,484
Advertising services .....	2,413	2,968	3,137	169
Industrial engineering services .....	3,523	3,194	2,941	-253
Legal services .....	1,537	2,000	2,224	224
Accounting, auditing, and bookkeeping services .....	2,373	2,262	2,223	-39
Other services .....	11,193	13,813	14,203	390
Other services .....	1,332	1,407	1,450	43
Payments by affiliation:				
Unaffiliated .....	112,566	111,017	107,934	-3,083
Affiliated .....	73,856	88,638	93,294	4,656
By U.S. parents to their foreign affiliates .....	51,968	63,844	65,319	1,475
By U.S. affiliates to their foreign parents .....	21,888	24,794	27,975	3,181
Payments by country:				
Total payments for the five largest countries .....	95,298	99,176	97,965	-1,211
United Kingdom .....	26,683	30,238	29,021	-1,217
Bermuda .....	30,752	27,806	24,610	-3,196
Canada .....	13,872	15,392	16,467	1,075
India .....	12,004	14,628	15,608	980
Switzerland .....	11,987	11,112	12,259	1,147
Other countries .....	91,125	100,478	103,262	2,784

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

Payments for financial services decreased 3 percent in 2012 after increasing in 2010 and 2011 (chart 10). Payments for credit-related services, electronic funds transfer services, and other financial services decreased from highs in 2011.

Financial advisory services, which include services related to mergers and acquisitions, increased 11 percent after declining in 2010 and 2011.

Insurance services decreased 6 percent, the third straight annual decrease following a peak in 2009. As with prior years, the decrease was the result of a fall in reinsurance services.

Payments for operational leasing increased 23 percent, mainly reflecting strong growth in payments to Switzerland.

Payments for installation, maintenance, and repair of equipment decreased 17 percent after peaking in 2011.

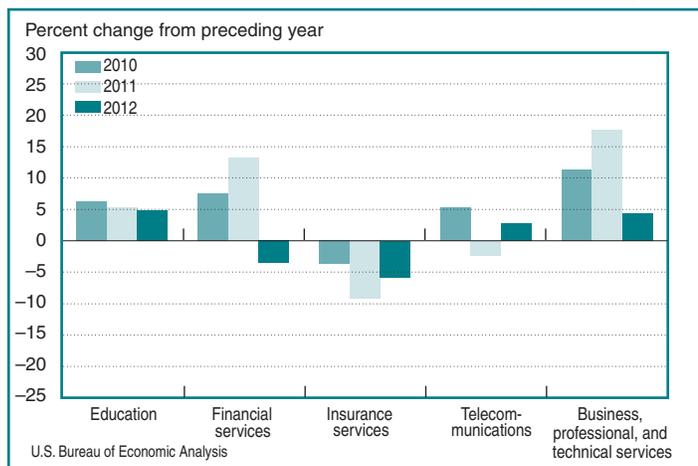
Payments for legal services increased 11 percent; the largest increases were in Europe.

In recent years, affiliated payments have increased faster than unaffiliated payments. In 2012, affiliated payments accounted for 46 percent of other private services payments, up from 37 percent in 2009.

Payments to Bermuda decreased 11 percent, mainly because of a decrease in insurance services. Payments to Bermuda for reinsurance services fell 12 percent in 2012 and have fallen more than one-fourth since 2009.

Payments to Switzerland increased 10 percent in 2012, mainly because of an 11 percent increase in insurance services and a 10 percent increase in business, professional, and technical services.

**Chart 10. Growth in 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 Selected Industry**  
[Millions of dollars]

	2010	2011	Change 2010–2011
<b>All industries</b> .....	<b>1,155,178</b>	<b>1,287,021</b>	<b>131,842</b>
Manufacturing.....	28,042	32,828	4,785
Wholesale trade .....	217,076	241,990	24,914
Professional and commercial equipment and supplies .....	82,223	89,945	7,723
Retail trade.....	82,179	90,097	7,918
Information .....	141,846	162,947	21,101
Publishing Industries .....	43,823	50,660	6,837
Telecommunications .....	31,038	34,674	3,636
Finance and insurance.....	237,335	252,173	14,838
Finance.....	178,956	190,996	12,040
Insurance carriers and related activities .....	58,379	61,177	2,798
Real estate and rental and leasing .....	42,508	46,284	3,776
Professional, scientific, and technical services .....	164,115	181,969	17,855
Architectural, engineering, and related services .....	26,324	29,515	3,191
Computer systems design and related services .....	73,620	81,162	7,543
Management, scientific, and technical consulting .....	19,326	21,282	1,956
Other industries.....	242,078	278,733	36,654
Mining.....	31,628	36,988	5,359
Utilities.....	37,559	40,903	3,345
Transportation and warehousing .....	57,173	61,987	4,814
Administration, support, and waste management.....	(D)	(D)	(D)
Accommodation and food services .....	40,410	47,114	6,704

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

The largest increase in services supplied was in wholesale trade. This increase was mostly due to larger sales volumes for durable goods, especially professional and commercial equipment and supplies. The increases in electrical and electronic goods and machinery, equipment, and supplies were also large.

In retail trade, the increase was largest for affiliates in general merchandise and nonstore retail, particularly online retailers. The increase was due to higher sales at existing affiliates and the acquisition of new affiliates and was geographically widespread.

In publishing industries, the increase was driven by higher sales of software, particularly in Ireland.

In finance and insurance, most of the increase was in finance and was partly due to a rise in fees and commissions earned on commodities trading, especially in precious metals.

In real estate and rental and leasing, the increase largely reflected growth in intellectual property licensing activities, which is included in “lessors of nonfinancial intangible assets.”

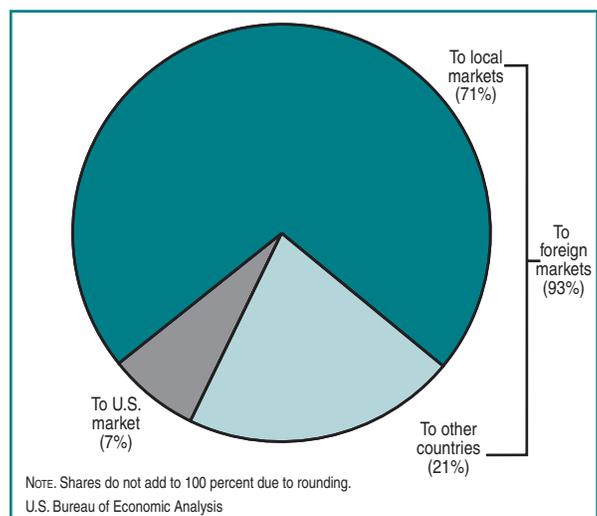
In computer systems design and related services, the increase was geographically widespread and mainly at existing affiliates.

In administration, support, and waste management, much of the increase was accounted for by growth in administrative and support services.

### 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 2011, transactions with parties in the local market accounted for 71 percent of services and 56 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 93 percent, and services supplied to the U.S. market accounted for 7 percent of affiliates’ \$1,389.0 billion in services supplied worldwide (chart 11).

**Chart 11. Services Supplied Worldwide by U.S. MNCs Through Their Majority-Owned Foreign Affiliates, 2011**



## 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 Selected Country of the Affiliate**  
[Millions of dollars]

	2010	2011	Change 2010–2011
<b>All countries</b> .....	<b>1,155,178</b>	<b>1,287,021</b>	<b>131,842</b>
Canada .....	117,466	125,616	8,150
Europe .....	590,736	644,958	54,222
France .....	44,166	48,671	4,505
Germany .....	55,435	63,346	7,911
Ireland .....	67,041	82,019	14,978
Netherlands.....	45,315	51,149	5,833
Switzerland.....	62,118	70,421	8,303
United Kingdom.....	189,332	191,254	1,992
Latin America and Other Western Hemisphere .....	131,449	147,549	16,100
South and Central America .....	96,540	111,495	14,955
Brazil.....	30,023	37,994	7,971
Mexico .....	34,638	37,636	2,998
Other Western Hemisphere .....	34,909	36,054	1,145
Africa.....	11,641	12,559	918
Middle East .....	24,282	29,004	4,722
Asia and Pacific.....	279,604	327,334	47,730
Australia .....	45,527	51,184	5,657
China.....	29,084	35,210	6,126
Hong Kong .....	31,045	34,990	3,945
India .....	14,412	16,376	1,964
Japan.....	68,892	76,826	7,934
Singapore.....	40,946	56,308	15,362
Taiwan .....	9,450	7,049	-2,401

MNCs Multinational companies

In Canada, the largest increases were in professional, scientific and technical services and in retail trade.

In France, newly acquired affiliates in administrative and support services accounted for much of the increase. Services supplied also increased in wholesale trade and in manufacturing.

In Ireland, the increase was due to a rise in information services. The increase was particularly large for affiliates that provide internet search and social networking services and that publish software.

In Switzerland, the largest increases were in finance and in professional, scientific, and technical services.

In the United Kingdom, the increase was due to increases in most major categories of services. These increases offset a large drop in finance that reflected a decrease in demand for investment banking services that resulted from the European debt crisis and resulting economic slowdown.

In Brazil, the increase was widespread across industries, but the largest increases were in information, especially in telecommunications, in finance and insurance, and in professional, scientific, and technical services.

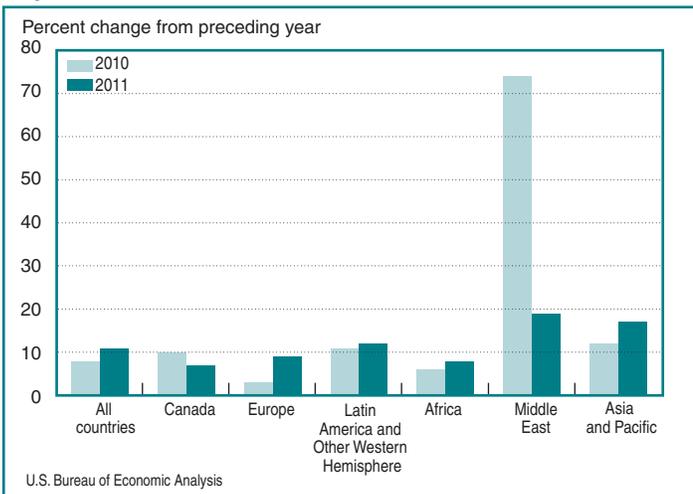
In the Middle East, growth remained strong, albeit slower than in 2010.

In Japan, the increase was largely due to an increase in sales of supplemental health insurance products. Services in wholesale trade also increased, particularly in durable goods.

In Singapore, the increase was widespread across industries, especially in wholesale trade and in finance. Services supplied by affiliates in accommodation and food services also increased notably.

In Taiwan, the decrease in services supplied was largely due to the sale of some affiliates in life insurance to foreign owners.

**Chart 12. Growth in Services Supplied to Foreign Persons by Major Area of Affiliate, 2010 and 2011**



## 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 Selected Industry**  
[Millions of dollars]

	2010	2011	Change 2010–2011
<b>All Industries</b> .....	701,185	753,964	52,778
Manufacturing.....	75,135	77,763	2,628
Transportation equipment.....	23,718	24,734	1,016
Wholesale trade.....	119,409	129,549	10,140
Motor vehicles and motor vehicle parts and supplies.....	25,402	29,574	4,172
Retail trade.....	37,432	40,174	2,742
Information.....	65,829	67,712	1,883
Finance and insurance.....	146,187	157,538	11,351
Finance.....	94,046	100,079	6,033
Insurance carriers and related activities.....	52,141	57,459	5,318
Real estate and rental and leasing.....	20,715	20,452	-263
Professional, scientific, and technical services.....	77,917	83,597	5,680
Computer systems design and related services.....	24,769	27,522	2,753
Advertising and related services.....	29,542	30,938	1,397
Other industries.....	158,563	177,179	18,617
Mining.....	17,527	32,530	15,003
Utilities.....	14,690	14,472	-218
Transportation and warehousing.....	47,550	45,277	-2,272
Administration, support, and waste management.....	33,307	36,127	2,821
Accommodations and food services.....	25,429	26,807	1,377

MNCs Multinational companies

Services supplied to the U.S. market by foreign affiliates of foreign MNCs surpassed its prerecession level. Increases were spread across many industries.

In transportation equipment manufacturing, services supplied increased in secondary activities, especially wholesaling. This increase was due to U.S. auto sales, which grew 8 percent in 2011.

In wholesale trade, increases were widespread across subindustries. The largest increase was in motor vehicles and motor vehicle parts and supplies, which reflected an increase in U.S. auto sales. Growth in electrical goods wholesalers was also strong.

In finance and insurance, the largest increase was in finance. In insurance, the increase was augmented by the growth in premiums earned by existing affiliates and by newly acquired affiliates.

In professional, scientific, and technical services, services supplied grew in all major subindustries. The increase was led by affiliates in computer systems design and related services, mainly as a result of higher sales by existing affiliates.

In mining, the near doubling of services supplied in 2011 resulted partly from acquisitions of new affiliates and from consolidations of affiliates in other industries with mining affiliates.

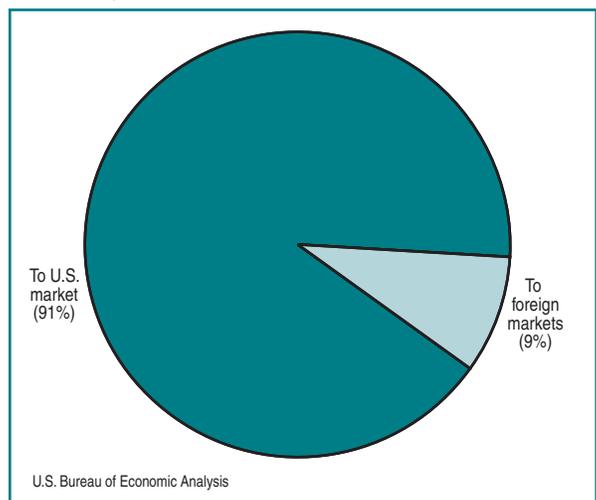
In transportation and warehousing, services supplied decreased in pipeline transportation of crude oil, refined petroleum products, and natural gas and in water transportation.

### 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 U.S. affiliates. In 2011, as in other recent years, local transactions accounted for a large share of services and goods supplied by the U.S. affiliates of foreign companies, reflecting the dominant size of the U.S. market, compared with the size of other nearby economies (chart 13). In 2011, local market transactions accounted for 91 percent of U.S. affiliates' \$831.8 billion in services supplied worldwide; local transactions accounted for 88 percent of goods supplied.<sup>1</sup>

1. The estimates of the shares of local and foreign sales of goods for U.S. affiliates of foreign companies were based on exports of goods shipped because data on U.S. affiliates' sales of goods are not collected by destination. In 2011, exports accounted for 12 percent of goods supplied by U.S. affiliates.

**Chart 13. Services Supplied Worldwide by Foreign MNCs Through Their Majority-Owned U.S. Affiliates, 2011**



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 Selected Country of UBO**  
[Millions of dollars]

	2010	2011	Change 2010–2011
<b>All countries</b> .....	<b>701,185</b>	<b>753,964</b>	<b>52,778</b>
Canada.....	70,432	74,552	4,120
Europe.....	443,100	467,495	24,396
France.....	75,820	81,258	5,438
Germany.....	103,199	107,715	4,516
Ireland.....	17,478	18,887	1,409
Netherlands.....	40,807	46,042	5,234
Switzerland.....	54,746	55,457	711
United Kingdom.....	99,829	105,075	5,246
Latin America and Other Western Hemisphere.....	29,645	37,650	8,006
South and Central America.....	6,857	7,764	908
Other Western Hemisphere.....	22,788	29,886	7,098
Bermuda.....	10,352	10,742	390
Africa.....	392	399	7
Middle East.....	8,636	10,680	2,045
Asia and Pacific.....	138,419	153,610	15,191
Australia.....	13,270	12,800	-471
China.....	1,111	1,359	247
Hong Kong.....	3,281	4,244	963
India.....	7,454	9,345	1,891
Japan.....	93,698	99,762	6,064
Korea, Republic of.....	10,215	12,743	2,529
Singapore.....	6,009	8,944	2,935
United States <sup>1</sup> .....	10,562	9,576	-986

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 Canada, the increase in 2011 was more than accounted for by growth in finance and insurance. The largest contributions were in life insurance and in banking, which increased partly because of newly acquired affiliates.

For France, the increase was led by insurance. Advertising also grew as a result of growth in sales by existing affiliates and new acquisitions.

For Other Western Hemisphere, most of the increase was accounted for by acquisitions and consolidations in mining.

For the Middle East, the increase was largely due to an increase in petroleum refiners' secondary activities in retail trade that resulted from improved profit margins and acquisitions of new affiliates. Services supplied in real estate and pipeline transportation of crude oil also increased strongly. The total increase in services supplied represented a reversal in growth from negative growth in 2010. Similar reversals also occurred for Latin America and Other Western Hemisphere and for Africa (chart 14).

For Australia, the largest decrease was in real estate, as some affiliates were sold to U.S. companies.

For Japan, nearly two-thirds of the increase was in wholesale trade. Growth in distributive services for motor vehicles and motor vehicle parts and supplies wholesaling was particularly strong as U.S. auto sales increased.

For the United States, much of the decrease was in wired telecommunications carriers and in professional and commercial equipment and supplies wholesalers. These decreases resulted in part from corporate restructuring.

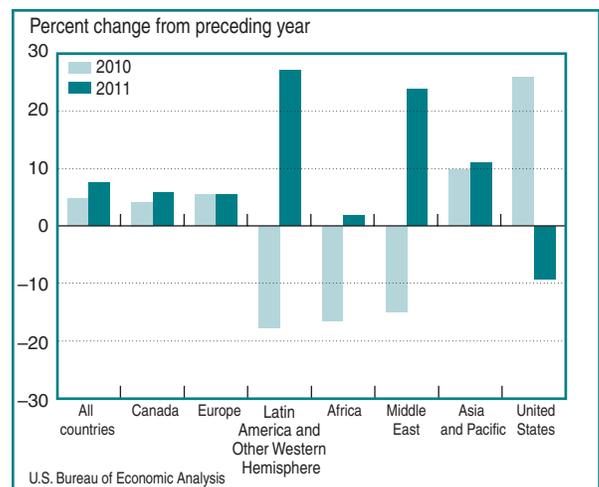
**Measuring Services Supplied Through Affiliates**

Services supplied through affiliates corresponds to sales of services reported by multinational companies for industries other than wholesale and retail trade, insurance, and banking, for which adjustments are made to sales of services to better measure services output.<sup>1</sup> Sales of services are defined as sales of intangible outputs and, therefore, generally exclude the sales by establishments in manufacturing, mining (except support activities), agriculture, forestry, fishing, and hunting (except support activities), and construction, which typically produce and sell tangible goods. In cases where a sale consists of both tangible and intangible output 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 industries, affiliates in any industry can be providers of services because the classification of an affiliate reflects the affiliate's primary industry of sales. Affiliates classified in industries that typically produce goods 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 and retail trade, insurance, and banking, see "Revisions and Improvements" in Jennifer Konz-Bruner and Anne Flatness, SURVEY OF CURRENT BUSINESS 89 (October 2009): 37.

**Chart 14. Growth in Services Supplied to U.S. Persons by Major Area of Ultimate Beneficial Owner, 2010 and 2011**



## Revisions

The revised statistics published in this article supersede those presented in the October 2012 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 that were published in the July 2013 SURVEY.<sup>1</sup>

Cross-border exports and imports for 2003–2011 were revised. The revisions for 2010 and 2011 mainly reflect newly available and revised source data (table M), some of which reflect the incorporation of the results from the Benchmark Survey of Transactions in Selected Services and Intellectual Property with Foreign Persons (BE–120). The revisions for 2003–2009 mostly reflect additional reporting from a limited number of companies. Revisions also reflect an improved methodology for capturing the expenditures of short-term workers employed abroad; for details, see the section of “Improving the International Services Statistics” on pages 40 and 41.

Exports and imports for both 2010 and 2011 were revised upward slightly. The largest revision was in exports for 2011, revised upward 1.5 percent. Imports were revised upward 1.4 percent in 2011. For 2010, exports were revised upward 0.2 percent, and imports were revised

upward 1.3 percent. For exports, the main contributor to the upward revisions in both 2010 and 2011 was other private services, particularly business, professional, and technical services and financial services. For imports, the main contributors to the upward revisions in 2010 and 2011 were other private services, particularly business, professional, and technical services and royalties and license fees.

**Services supplied through affiliates.** The statistics for services supplied through affiliates for 2011 are preliminary. The statistics for 2010 were revised to incorporate newly available and revised source data to correct errors or omissions.

For 2010, services supplied to foreign persons through their majority-owned foreign affiliates were revised upward 2.2 percent (\$24.7 billion). Services supplied to the United States through their majority-owned U.S. affiliates were revised upward 0.7 percent (\$5.2 billion).

**Table M. Revisions to Cross-Border Transactions**

[Billions of dollars]

	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Exports</b>									
Revised .....	287.6	332.1	363.4	404.5	470.3	516.3	490.5	538.6	595.7
Previously published .....	287.2	331.7	362.9	404.0	472.6	519.5	492.1	537.7	586.8
Amount of revision .....	0.4	0.4	0.5	0.5	-2.3	-3.2	-1.6	0.9	8.9
<b>Imports</b>									
Revised .....	218.8	254.0	272.9	307.6	337.3	372.5	350.4	372.9	398.4
Previously published .....	218.6	253.7	272.6	307.3	336.9	371.2	347.7	368.0	393.1
Amount of revision .....	0.2	0.3	0.3	0.4	0.4	1.3	2.6	4.9	5.3

1. For additional information see Barbara H. Berman and Jeffrey R. Bogen “Annual Revision of the U.S. International Transactions Accounts” SURVEY OF CURRENT BUSINESS 93 (July 2013): 43–54.

### 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 Intellectual Property With Foreign Persons (BE–125) and on the related benchmark survey (BE–120). 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](http://www.bea.gov) under “International,” “Sur-

vey Forms and Related Materials,” 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 Estimation 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: 2007 Benchmark Survey, Final Results* and *U.S. Direct Investment Abroad: Final Results From the 2009 Benchmark Survey*.

Both the *U.S. International Transactions Accounts: Concepts and Estimation Methods* and the methodologies for the benchmark surveys can be accessed at [www.bea.gov](http://www.bea.gov). Under “International,” click on the tab “Methodologies” at the top of the page.

## Improving the International Services Statistics

BEA continues to improve its international services statistics, with some changes now implemented and others underway.<sup>1</sup>

### Expenditures by border, seasonal, and other short-term workers employed outside their countries of residence

Beginning with statistics for 2003, BEA has implemented an improved methodology for estimating expenditures by foreign workers temporarily employed in the United States and U.S. residents employed temporarily abroad, which are recorded in other services within other private services. Previously, these expenditures were estimated as a fixed percentage of compensation based on historical studies. Now, expenditures for short-term seasonal workers and foreign professionals are derived from the U.S. Department of Labor's Consumer Expenditure Survey. This survey provides detailed statistics on expenditures that BEA uses to calculate average expenditures as a percentage of compensation by income group. BEA uses the percentages for the compensation levels of seasonal agricultural and nonagricultural workers, border workers, and foreign professionals working less than a year in the United States to calculate estimates for the expenditures of these workers. These expenditure estimates are then refined using information from the Department of Labor's National Agricultural Workers Survey (NAWS), H-4 visa statistics from the U.S. State Department, and other studies. The NAWS provides employment and migration profiles for seasonal farm workers that BEA uses to refine the estimate of expenditures by seasonal agricultural and nonagricultural workers. The H-4 visa statistics are used to refine the estimate for expenditures by foreign professionals, such as engineers, doctors, and computer programmers, who visit the United States to perform high-skilled work. Expenditures by U.S. residents employed abroad for less than 1 year are now estimated using the same expenditure share of compensation calculated for foreign professionals working in the United States. These improved estimation methodologies resulted in relatively small revisions to

other services within other private services exports and imports.

### Improvements to the BE-120 Benchmark Survey of Transactions in Selected Services and Intellectual Property with Foreign Persons

In the October 2012 article, "Cross-Border Trade in 2011 and Services Supplied Through Affiliates in 2010," the "Improving the International Services Statistics" section discussed the inclusion of two new sets of questions related to intellectual property and manufacturing services on BEA's 2011 Benchmark Survey of Transactions in Selected Services and Intellectual Property With Foreign Persons. BEA's objective in asking these questions was to use the information gained from these questions to (1) present a more complete and clear picture of trade in services and to (2) classify certain types of services in a way that more closely conforms with international guidelines as presented in the *International Monetary Fund's Balance of Payments and International Investment Position Manual (BPM6)*, thereby facilitating the comparability of BEA's data with data published by other countries.

The first set of questions will allow BEA to place the transactions for the rights to use intellectual property into separate accounts: rights to use intellectual property, such as software, should be recorded with the relevant service item, the rights to reproduce and redistribute intellectual property should be recorded under "charges for the use of intellectual property" (the new title for royalties and license fees beginning in 2014), and the outright sale or purchase of intellectual property should be recorded as a capital-account transaction or with the relevant service item depending on the type of intellectual property.

The second set of questions addresses contract manufacturing services which includes services such as processing, assembly, labeling, and packing. Examples of processes that are undertaken under arrangements for contract manufacturing services include oil refining, liquefaction of natural gas, assembly of clothing, electronics and other goods, and labeling and packing (excluding those incidental to transport). International guidelines recommend that countries publish data covering contract manufacturing services. However, these services are not currently covered in the U.S. international transactions accounts (ITAs).

BEA is assessing the information collected on the survey to determine if, and how, BEA can use the informa-

1. For a summary of changes and improvements to the international accounts, including cross-border services statistics, see the "Catalog of Major Revisions to the U.S. International Accounts, 1976-2008" on BEA's Web site at [www.bea.gov](http://www.bea.gov). For changes implemented in 2009, 2010, and 2011, see the appendixes on improvements included in each October SURVEY OF CURRENT BUSINESS article in this series. For additional information on these changes, see Barbara H. Berman and Jeffrey R. Bogen "Annual Revision of the U.S. International Transactions Accounts" SURVEY 93 (July 2013): 43-54.

## Improving the International Services Statistics

tion to improve the U.S. international transactions accounts. These changes do not impact the statistics published in this article, but may impact the statistics that will be published in future years.

### Changes to the benchmark survey of insurance transactions

BEA plans to make several changes to the Benchmark Survey of Insurance Transactions by U.S. Insurance Companies with Foreign Persons (BE-140) that will allow BEA to improve the estimates of insurance services. The 2013 Benchmark Survey will ask companies to report additional detail on unusually large insurance contracts. These large, one-time, premium transactions can result in significant variations in insurance services that may not be related to activity in the period covered by the benchmark survey and the related quarterly surveys.<sup>2</sup> This additional information on large premium transactions will allow BEA to improve the measurement of insurance services in the ITAs. The changes do not impact the statistics published in this article, but may impact the statistics that will be published in future years.

### Implementing new international standards for travel

As part of BEA's ongoing efforts to bring the international accounts into closer alignment with BPM6 guidelines, BEA will introduce changes to its standard presentation and definition of travel statistics in the 2014 annual revision of the ITAs. The new presentation will

2. For additional detail on how BEA estimates insurance, see "Insurance Services" in the "Other Private Services" section of *U.S. International Transactions Accounts: Concepts and Estimation Methods* at [www.bea.gov](http://www.bea.gov).

introduce additional detail for travel by distinguishing between business and personal travel. The definition of travel will also be expanded to encompass medical and education services—which will be renamed health-related and education-related travel, respectively—as well as "expenditures by border, seasonal, and other short-term workers," all currently classified under other private services. Under the new presentation in this annual publication, business travel will be divided into two subcategories: (1) expenditures by border, seasonal, and other short-term workers and (2) other business travel. Personal travel will be divided into three subcategories: (1) education-related travel, (2) health-related travel, and (3) other personal travel. In BEA's quarterly ITA release, only total business travel will be presented; total personal travel will be presented along with two subcategories: (1) education-related travel and (2) health-related and other personal travel.

### BPM6 prototype tables

To meet international guidelines as presented in BPM6, BEA will present tables in new formats in next year's version of this article to be published in October 2014. Detailed prototypes of these tables will be available to the public for the first time at [www.bea.gov](http://www.bea.gov) under "International Services." The changes in these tables largely reflect the reclassification and renaming of categories. For example, education and medical services will now be included in travel services (see "Implementing new international standards for travel"); royalties and license fees will be renamed "charges for the use of intellectual property."

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