

*Trade in Services: Exports and Foreign
Revenues*

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TRADE IN SERVICES
Exports and Foreign Revenues

Special Report



DEPARTMENT OF THE UNITED STATES
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Foreword

part of a larger assessment of international competition in the service industries, this special report gives a quantitative overview of U.S. international trade in services and discusses policy options for improving Federal Government data on services trade—data now subject to major sources of error. OTA's full assessment report on competition in the services, requested by the Senate Committees on Governmental Affairs and Foreign Relations and the House Committee on Small Business, will examine a broader range of issues, including:

- services trade in the world economy, and linkages between the services and manufacturing;
- competitive dynamics in international banking services, engineering and construction, technical licensing, and telecommunications, data processing, information services, and computer software;
- U.S. employment in service industries; and
- U.S. and foreign government policies toward services and the new round of multilateral trade negotiations.

The special report in this volume was prepared after the Senate Committee on Governmental Affairs requested separate publication of OTA's estimates of the impacts of services trade on the Nation's balance of payments. The Governmental Affairs Committee has expressed particular interest in the procedures used by Federal agencies for compiling such data, and the adequacy of the results for analyzing international competition in the services. The latter question is especially important given U.S. preparations for the next round of multilateral trade negotiations, scheduled to begin shortly under the auspices of the General Agreement on Tariffs and Trade.

In this special report, OTA examines alternative methods of defining and measuring international services trade—distinguishing, in particular, between direct exports (or imports) and the revenues of foreign affiliates of U.S. companies. The report estimates the level of U.S. international trade in services over the period 1982 to 1984, and compares these estimates with the official figures reported in the U.S. balance of payments.

OTA is grateful for the assistance provided by many individuals, inside and outside the Federal Government, during the preparation of this special report. Full responsibility for the contents rests with OTA.

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NOTE: OTA appreciates and is grateful for the valuable assistance and thoughtful critiques provided by the advisory panel members. The panel does not, however, necessarily approve, disapprove, or endorse this report. OTA assumes full responsibility for the report and the accuracy of its contents.

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