

# BILATERAL GATS DATA

Data addressing *TRADE in SERVICES, FDI and FATS operations* between  
**NORWAY and the UNITED STATES**

PRESENTED ON PART OF

# ISTIA



INTERNATIONAL SERVICES TRADE INFORMATION AGENCY

EMPOWERING DEVELOPING COUNTRIES INCREASING WTO PARTICIPATION AND VIA STATISTICAL CAPACITY BUILDING

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<sup>1</sup> This is a feature of the publicly-available data, i.e. majority-only outward FATS data for Norway is not accessible in published data; this is an example of what would require special access by the BEA; similar cases can be demonstrated for small countries, i.e. LDCs.

## i. INTRODUCTION

**This document is intended to depict ‘what can be done’ in the immediate sense, to help developing countries**, most of which are utterly lacking in such statistical information. Whereas data is lacking on a multilateral basis, **bilateral data of presentation-quality can be created, for use in the Cancun negotiations**. This has been done in this document, using Norway as a “test-case”, to show what can be done for any country, using U.S. data. The same presentation materials could be presented for most of the WTO Members. In this light, this document serves to provide evidence of what can be provided by a first-pass ‘reverse engineering’ effort, using publicly-available data which has not been previously exploited for such a purpose. The objective is to provide a sample of what could be provided for one or many cases of existing data from developed country databases, or from private sector databases, to provide statistics to developing countries with data for upcoming services negotiations.

This dataset uses U.S. data, which is, at present, the most comprehensive services data collector among WTO Members. Service data collection activities of the U.S. These activities (collection, collation and publication) operate under the *aegis* of the Bureau of Economic Analysis, which is a part of the U.S. Department of Commerce. The reasons for this are historical: the United States has pioneered data collection on foreign direct investment, and FDI enterprise activities, commencing with work during 1929; Reporting became mandatory for U.S.-related enterprises in 1979, with the under the *International Investment and Services Act*; these mandatory guidelines have been updated several times in the interim period. One of the most significant of these updates was a result of an effort coordinated by the U.S. Trade Representative in 1986; at that point, the U.S.T.R. spearheaded a domestic inter-agency group (together with the National Science Foundation) to improve U.S. services data, to prepare for services negotiations under the Uruguay Round.

In the following years, most OECD governments have undertaken similar processes, orientated towards updating their service-data collection procedures. One common practice was to move the collection of service data from the Central Bank towards a national statistical office; the use of enterprise surveys was found to be useful means of collecting data that was more information-rich, in terms of services data. **Data contained in this report was collected using enterprise surveys.**

The U.S. data does not ‘perfectly’ depict the GATS agreements. For example, it does not report data at the sectoral level of the GATS “W120 list”. Yet it is the most detailed data available, on a sectoral basis, of any of the WTO Members. There are other aspects of U.S. data that differ from the GATS framework; For example, in the U.S. framework, Modes 1, 2 & 4 are not disaggregated, i.e. they are presented together as ‘cross-border data’. As such, inferences must be drawn, with respect to the differentiation of these modes, by sectoral data, or other sources. There is also a small bit of overlap between cross-border trade under Mode 1, and sales made by commercial presence enterprises, under Mode 3, which would require further clarification. *One of the strongest aspects of U.S. data* is that it details cross-border services trade at the product-level, which is exactly the same as does the GATS juridical framework; this is rare among WTO member statistical collection practice. *The principle drawback to U.S. data* is, of course, that it exclusively concerns U.S. enterprise activities, U.S. commercial presence or non-U.S. commercial presence based on U.S. territory.

Should the GATS Data Project be undertaken, the following specific steps would be taken. **Firstly, all data that is easily accessible from national and regional sources will be accessed and analyzed for presentation purposes**, such as has been done in this document. Secondly, **statistical agencies will be contacted to ask for their cooperation in providing unpublished data for reverse-engineering purposes**. One of the potential bottlenecks to this process is the need for these agencies to protect the confidentiality of their business enterprise reporters. The need to protect this confidentiality could be met if the national offices take the time to review data, prior to release, for need to ‘mask’ or conceal, certain of the figures. This may come to involve resources of these agencies. For this reason, the involvement of some of the national trade ministries may come to be helpful, in order to make clear the importance of such contributions.

**Thirdly, private sector databases, such as those that are in common use international banks and financial analysts**, such as the IFR Securities *Platinum* database, or Dun-and-Bradstreet’s *Who Owns Whom* database, may come to be useful, most particularly in the case of small countries, particularly LDCs, that currently are not in practice of maintaining a business register for local establishments, and for whom the most prodigious collectors of outward-foreign establishment data, i.e. the U.S., Canada and Australia, are not comprehensive or relevant.

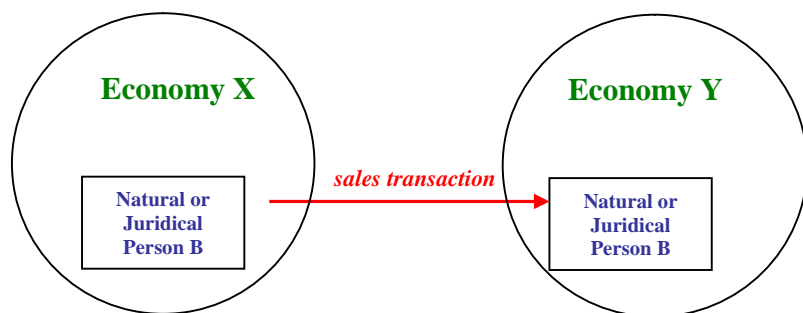
Ultimately, **the most important work that will be undertaken by the GATS Data Project will be to provide, in the medium-to-long term, improvements in capacity for data collection, such that data of similar such nature that is presented herewith** is possible to be more closely approximated by in developing countries and LDCs.

## ii. GLOSSARY

**Four Modes of Supply.** The four means through which services may be delivered internationally to consumers, which comprise

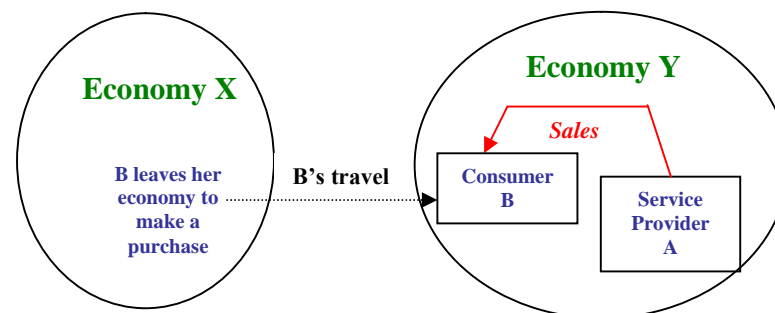
- 1) **Cross-border supply;**
- 2) **Consumption abroad;**
- 3) **Commercial presence: Majority foreign direct investment (FDI) stocks and foreign affiliate trade statistics (FATS)**
- 4) **Movement of natural persons.**

### GATS MODE 1: Cross Border Trade in Services



When **Natural or Juridical Person “A”** (i.e. an Individual or an Enterprise) in **Economy X** makes a **sales** transaction to **Natural or Juridical Person “B”** in **Economy Y**, it is an **EXPORT** from **Economy X** to **Economy Y**.

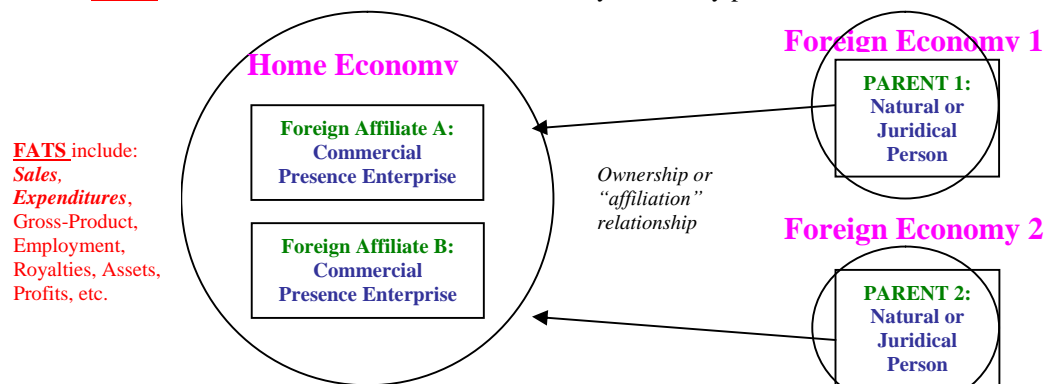
### GATS MODE 2: Consumption Abroad



When **Service Provider “A”** in **Economy X** makes a **sales** transaction to **Consumer “B”** in **Economy Y**, it is an **EXPORT** from **Economy X** to **Economy Y**.

### GATS MODE 3: (Part 1) Inward Foreign Affiliate Trade Statistics (FATS)

**FATS** from entities located in our home economy, owned by parents based abroad

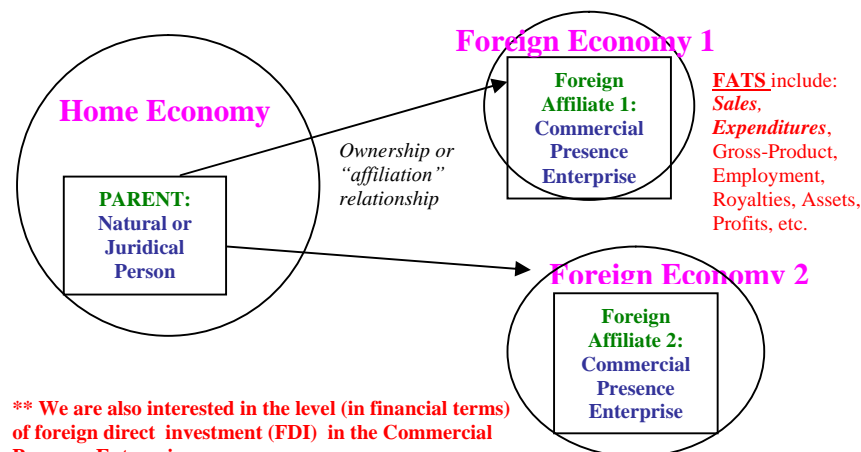


**FATS** include:  
*Sales, Expenditures, Gross-Product, Employment, Royalties, Assets, Profits, etc.*

\*\* We are also interested in the level (in financial terms) of foreign direct investment (FDI) in the Commercial Presence Enterprise

### GATS MODE 3: (Part 2) Outward Foreign Affiliate Trade Statistics

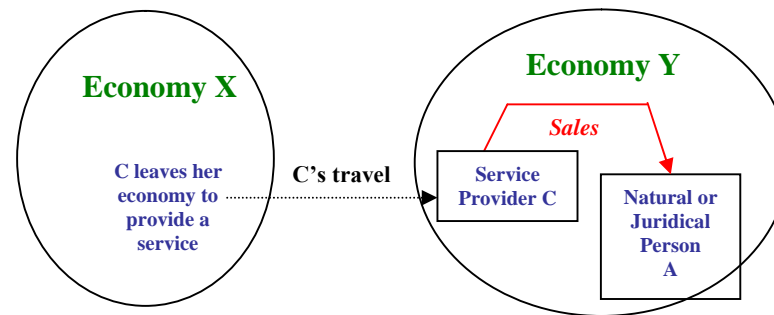
**FATS** from entities located abroad, owned by parents based in our home economy



**FATS** include:  
*Sales, Expenditures, Gross-Product, Employment, Royalties, Assets, Profits, etc.*

\*\* We are also interested in the level (in financial terms) of foreign direct investment (FDI) in the Commercial Presence Enterprise

## GATS MODE 4: Movement of Natural Persons



When **Natural Person “C”** resident in **Economy X** travels to **Economy Y** to perform a service for **Natural or Juridical Person “A”** it is recorded as a **sales transaction**, hence an **EXPORT** from **Economy X** to **Economy Y**.

**Juridical Person.** A legal term for a corporate, business or enterprise entity; commonly used in the context of the WTO.

**Natural Person.** A legal term for human being; commonly used in the context of the WTO.

**Person.** A legal term for an entity, human being, or corporate.

**GATS.** General Agreement on Trade in Services, the international trade agreement relevant to trade-in-services, administrated within the WTO.

**WTO.** World Trade Organization. The international agency under which various trade agreements are negotiated and administrated. Located in Geneva, Switzerland.

**GATT.** General Agreement on Tariffs and Trade, the international trade agreement relevant to trade-in-goods, administrated within the WTO.

**TRIPs.** Trade Related Intellectual Property Rights Agreement, the international trade agreement relevant to trade-in-intellectual property; this is administrated within the WTO.

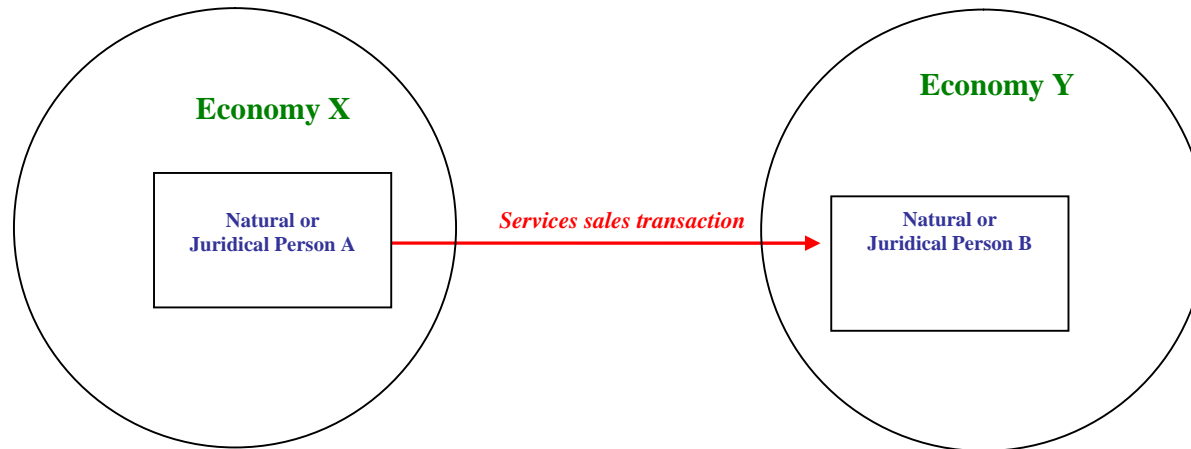
**OTHER, MORE SPECIFIC ‘GLOSSARIES’** are located in the various appropriate sections of this volume, *including*:

- I. **GLOSSARY: Sectoral categories addressed in the Cross-border Services Section** (page 7)
- I. **GLOSSARY: Foreign Direct Investment (FDI) and Commercial Presence Terms** (page 21)
- II. **GLOSSARY: Foreign Affiliate Trade Statistics (FATS) Terms** (page 27)

**Note:** The FATs glossary and the sectoral glossary each draw heavily from the U.S. Bureau of Economic Analysis publication, *Survey of Current Business*, which can be found at: <http://www.bea.doc.gov> . All of the graphics in this document are taken from the website: <http://www.gatsdataproject.org>, and are protected by copyright.

# I. CROSS-BORDER TRADE IN SERVICES

*(INTER ALIA: MODES 1, 2 & 4, PLUS CROSS-BORDER SALES & PURCHASES FROM MODE 3, AGGREGATED  
NOTE THAT THIS U.S. DEFINITION OF CROSS-BORDER SERVICES IS NOT EQUAL TO GATS MODE 1)*



These statistics of cross-border sales of services are made using U.S data collection services, and include transactions made by natural or juridical persons that may be related by a commercial presence relationship. In this manner, there is potentially some overlap with those presented in the section addressing foreign affiliate trade statistics, or FATS, i.e. these should not be used on an additive basis in conjunction with these statistics.

#### **i. SOME NOTES ABOUT THE U.S. DEFINITION OF CROSS-BORDER SERVICES**

The U.S. Definition of “Cross-border Services” is not equal to the GATS Mode 1 definition of “cross-border supply”. For a sense of approximation, one could consider them more-or-less equal to an aggregation of Modes 1, 2 and 4, adding sales and purchases made by commercial presence enterprises.

Specifically, U.S. estimates of “cross-border transactions” cover both commercial-presence-related and non-commercial-presence-related (called ‘unaffiliated’) transactions between U.S. residents and foreign residents<sup>2</sup>. Affiliated transactions consist of intrafirm trade within multinational companies— specifically, the trade between U.S. parent companies and their foreign affiliates and 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.

The U.S. defines “cross-border trade in private services” within 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.”

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<sup>2</sup> For this reason, it is important to note that there is a certain level of ‘double-counting’ with respect to correlating cross-border (in the U.S. sense) with Mode 1, 2 and 4 aggregated. This is because cross-border sales and expenditures (such as capital or property-related expenditures) made by commercial-presence enterprises, which would be normally be called “foreign affiliate trade statistics” or FATS, which are a part of Mode 3, are a part of the U.S. definition of cross-border trade.

## ii. SECTORAL CATEGORIES ADDRESSED IN THE CROSS-BORDER SERVICES SECTION

As was noted in the introduction, the U.S. data collection standard does not perfectly diagram the GATS “W120” list, which details services covered by the Agreement on a Sectoral level. It is, however, rather comprehensive. The scope of information addressed on a sectoral level is as follows:

**Freight charges** cover the receipts of Norwegian carriers for transporting Norwegian goods exports and for transporting goods between two foreign points and the payments to foreign carriers for transporting Norwegian goods imports (freight insurance on exports and imports is covered in the “other private services” accounts).

**Port services** receipts consist of the value of the goods and services purchased by foreign carriers in Norwegian ports. Port services payments consist of the value of goods and services purchased by Norwegian carriers in foreign ports.

**Travel.** The travel accounts cover purchases of *goods and service*<sup>3</sup>s 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, and other items incidental to a foreign visit. Expenditures for local transportation in the country of travel are also covered. 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. Students’ educational expenditures and living expenses and medical patients’ expenditures are included in “other private services.”

**Passenger fares.** The passenger fare accounts cover fares paid by residents of one country to airline and vessel operators (carriers) that reside in another country. Imports to Norway consist of fares received by Norwegian air carriers from foreign residents for travel between the Norway and the U.S., and between two foreign points and by Norwegian vessel operators for travel on Norwegian cruise vessels. Exports from Norway consist of fares paid by Norwegian residents to U.S. air carriers for travel between Norway and foreign countries and to U.S. vessel operators for travel on U.S. cruise vessels.

**Royalties and license fees.** The royalties and license fees accounts cover transactions with nonresidents that involve patented and unpatented techniques, processes, formulas, and other intangible proprietary rights used in the production of goods; transactions involving trademarks, copyrights, franchises, broadcast rights, and other intangible rights; and the rights to distribute, use, and reproduce general-use computer software.

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<sup>3</sup> This was included, despite the fact that it included goods information.



**Financial services** cover a variety of services that include funds management, credit card services, explicit fees and commissions on transactions in securities, fees on credit-related activities, and other miscellaneous financial services. Implicit fees paid and received on bond trading are also covered.

**Telecommunications** consists 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; 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** cover a wide variety of services, such as **legal services, accounting services, and advertising services** (all of these sub-sets of the business, professional and technical services are presented on a separate basis in this document).

**Insurance** consists of premiums earned and paid for primary insurance and for reinsurance; losses paid by U.S. insurers and losses recovered from foreign insurers are netted against the premiums.

**Primary insurance** mainly consists of life insurance and property and casualty insurance. Each type of primary insurance may be reinsured.

**Reinsurance** is the ceding of a portion of a premium to another insurer who then assumes a corresponding portion of the risk.

**Note: Sectors presented by U.S. documentation, not presented in this document**

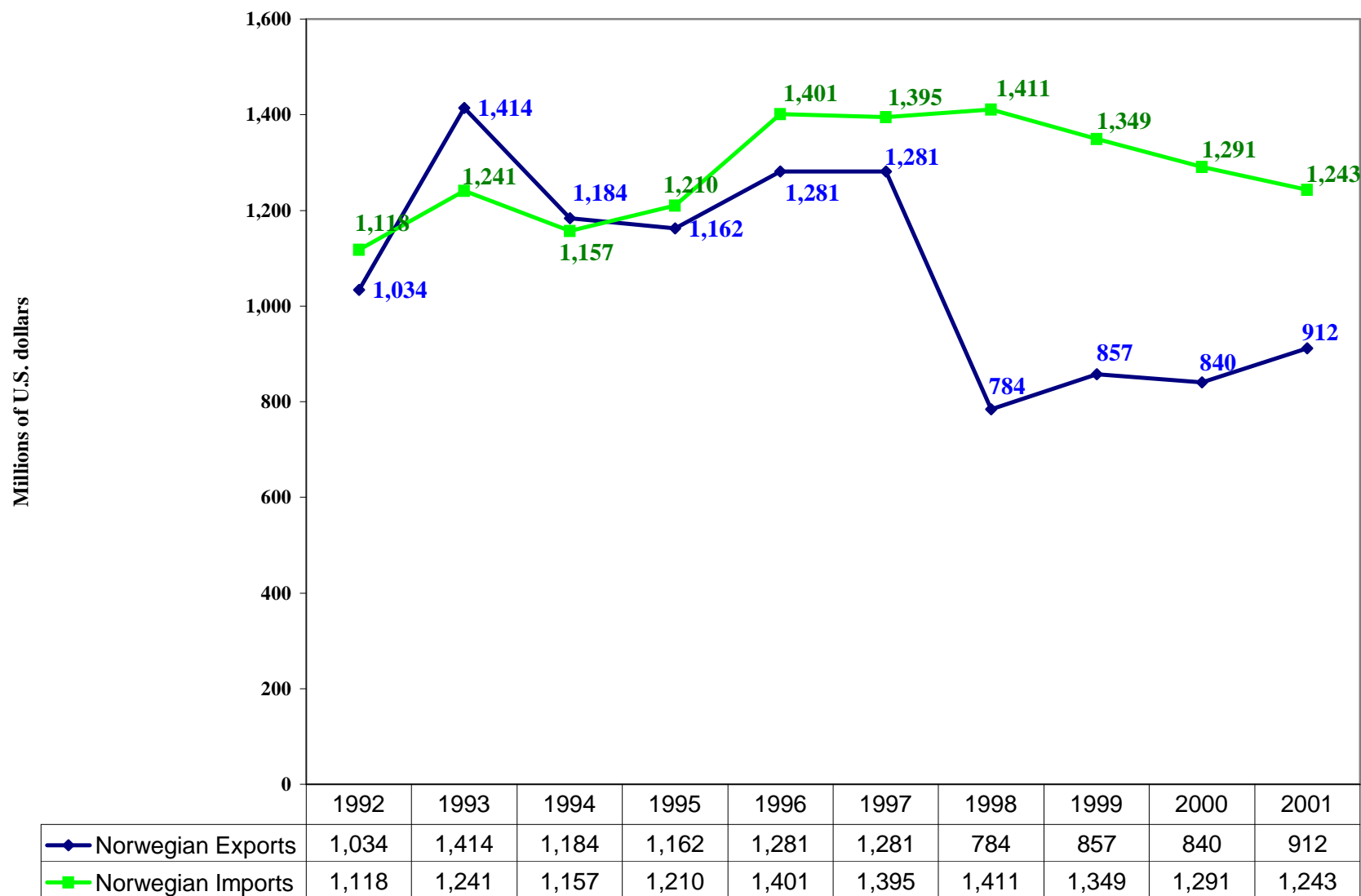
**“Other private services.”** These accounts consist of other affiliated and unaffiliated services. The unaffiliated services consist of six major categories: Education; financial services; insurance; telecommunications; business, professional, and technical services; and “other unaffiliated services.”

**Education** receipts consist of expenditures for tuition and living expenses by foreign students enrolled in U.S. colleges and universities. Payments consist of tuition and living expenses of U.S. students for study abroad.

**“Other unaffiliated services”** receipts consist mainly of expenditures (other than employee compensation) by foreign governments in the United States for services such as maintaining their embassies and consulates; noncompensation-related expenditures by international organizations—such as the United Nations, the International Monetary Fund, and the World Bank—that are headquartered in the United States; expenditures of foreign residents employed temporarily in the a country; and receipts from unaffiliated foreigners for the display, reproduction, or distribution of U.S. motion picture and television films and tapes. Payments consist primarily of payments by national. film distributors to unaffiliated foreign residents for the display, reproduction, or distribution of motion picture and television films and tapes.

## Cross-border trade-in-services between U.S. and NORWAY, all services

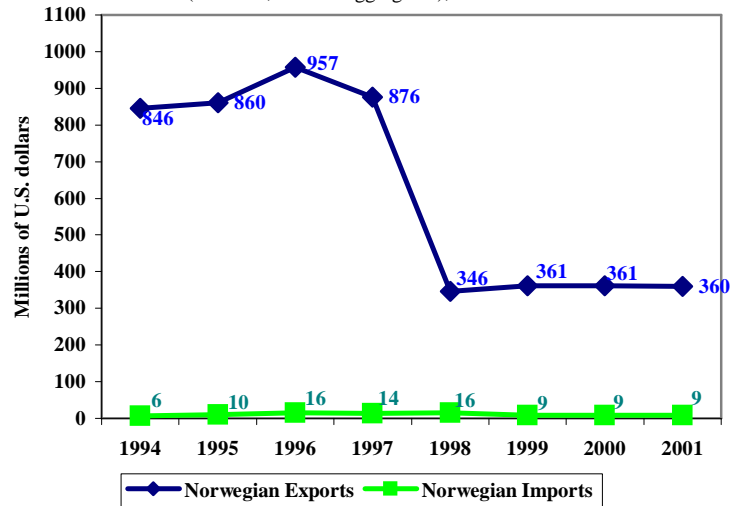
(Modes 1, 2 and 4 aggregated), 1992-2001



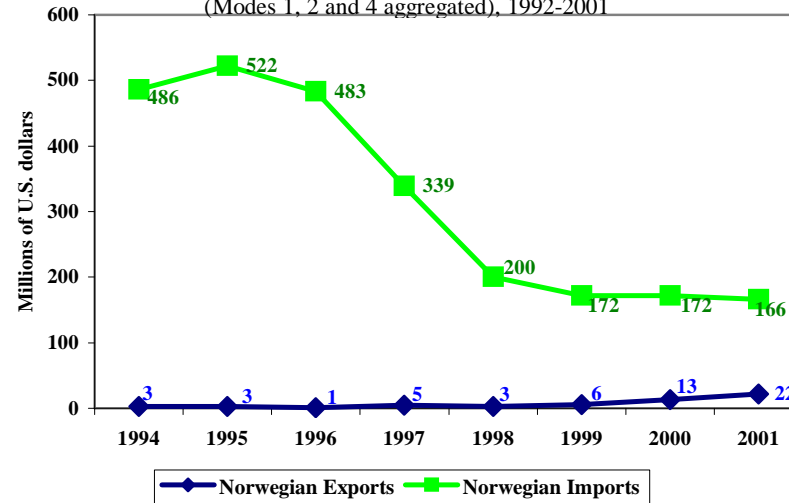
◆ Norwegian Exports    ■ Norwegian Imports

**B. AIR AND OCEAN SERVICES (Port & Freight)**

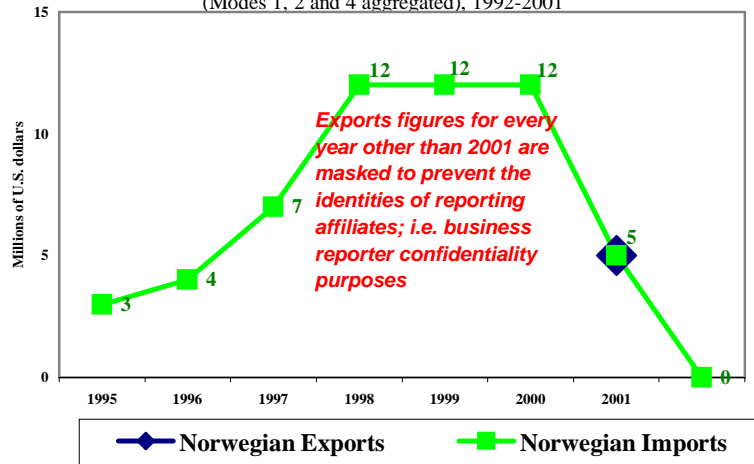
**OCEAN FREIGHT SERVICES**  
Trade between U.S. and NORWAY  
(Modes 1, 2 and 4 aggregated), 1992-2001



**OCEAN PORT SERVICES**  
Trade between U.S. and NORWAY  
(Modes 1, 2 and 4 aggregated), 1992-2001



**AIR FREIGHT SERVICES**  
Cross-border trade between U.S. and NORWAY  
(Modes 1, 2 and 4 aggregated), 1992-2001

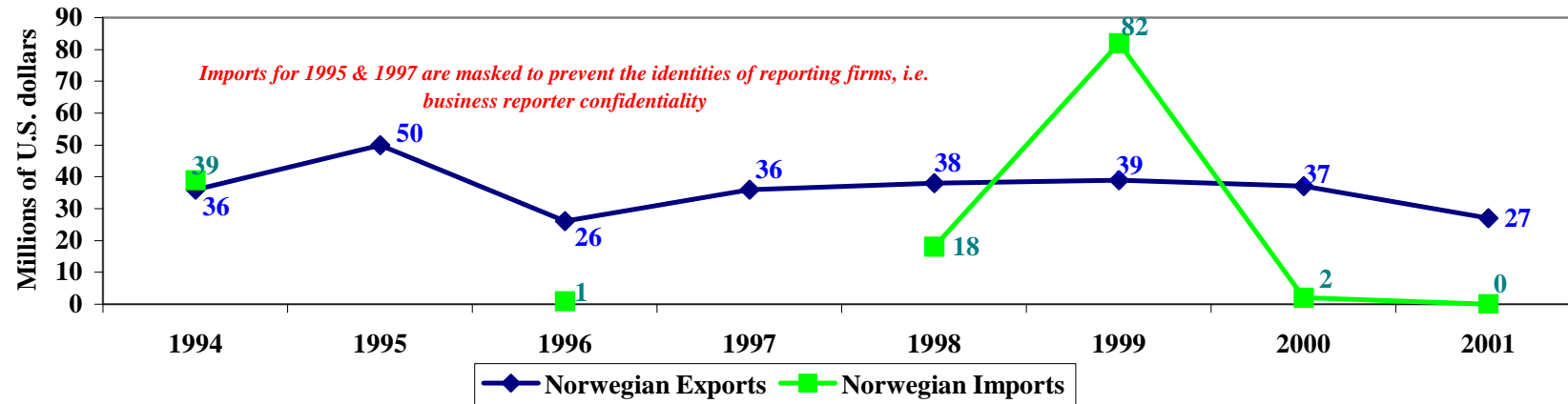


**AIR PORT SERVICES**  
Trade between U.S. and NORWAY  
(Modes 1, 2 and 4 aggregated), 1992-2001

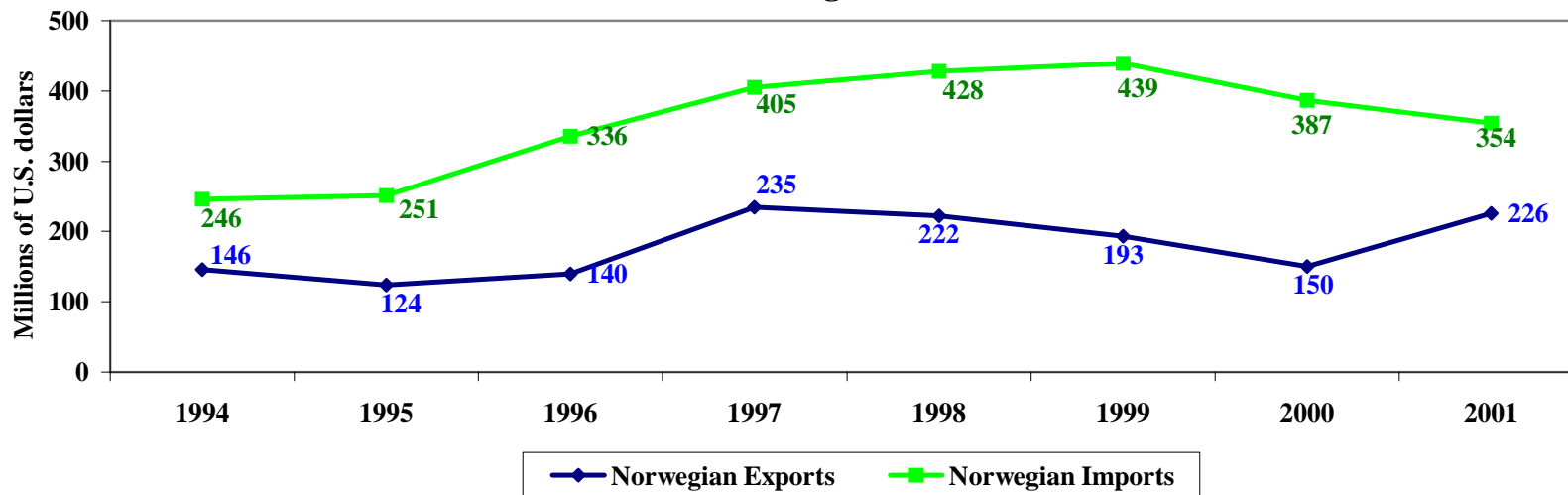


### PASSENGER FARE SERVICES, Cross-border trade between U.S. and NORWAY

(Modes 1, 2 and 4 aggregated), 1992-2001

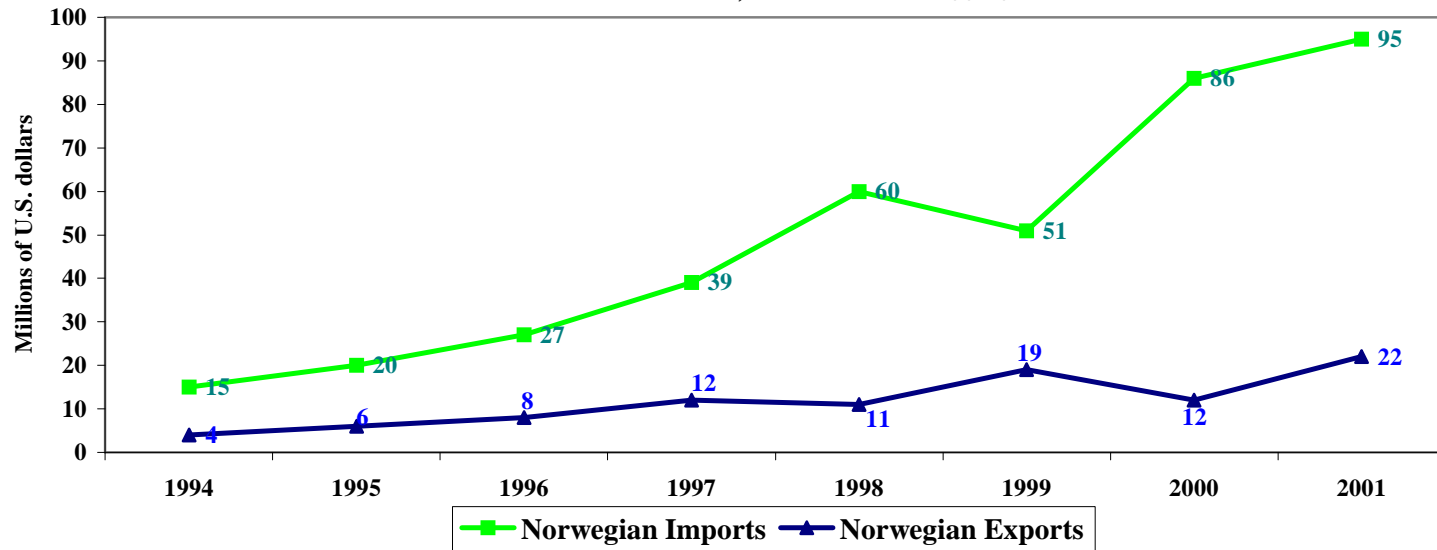


### TRAVEL Expenditures trade between Norway and the U.S. (business and tourism goods and services)

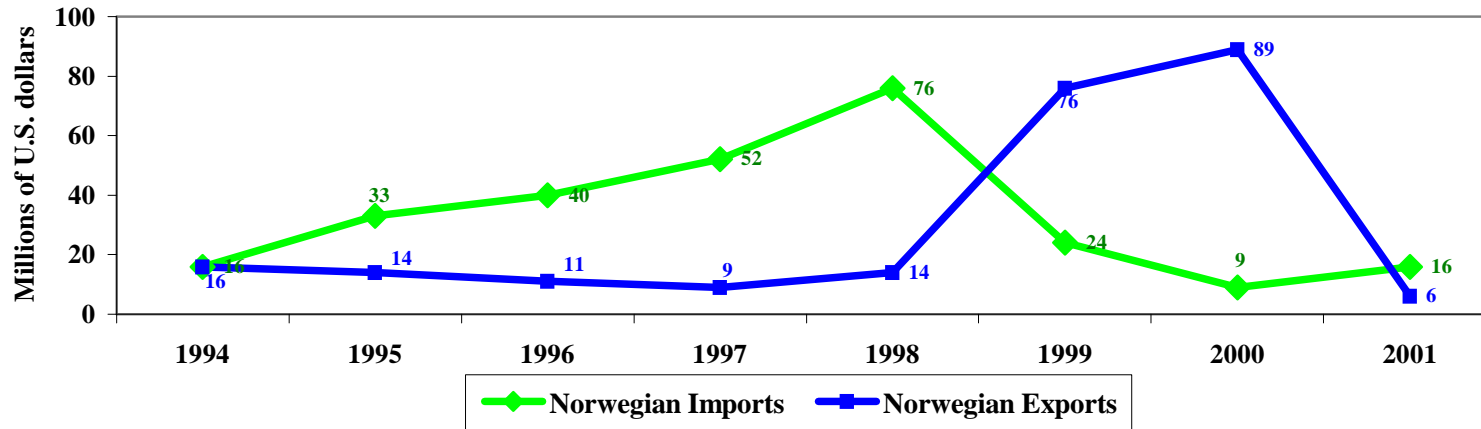


**C. FINANCIAL SERVICES (NON-BANKING) & TELECOMMUNICATIONS SERVICES**

**FINANCIAL SERVICES (non-banking), Cross-Border Trade  
between NORWAY & the U.S., Modes 1, 2 & 4 aggregated, 1994-2001**



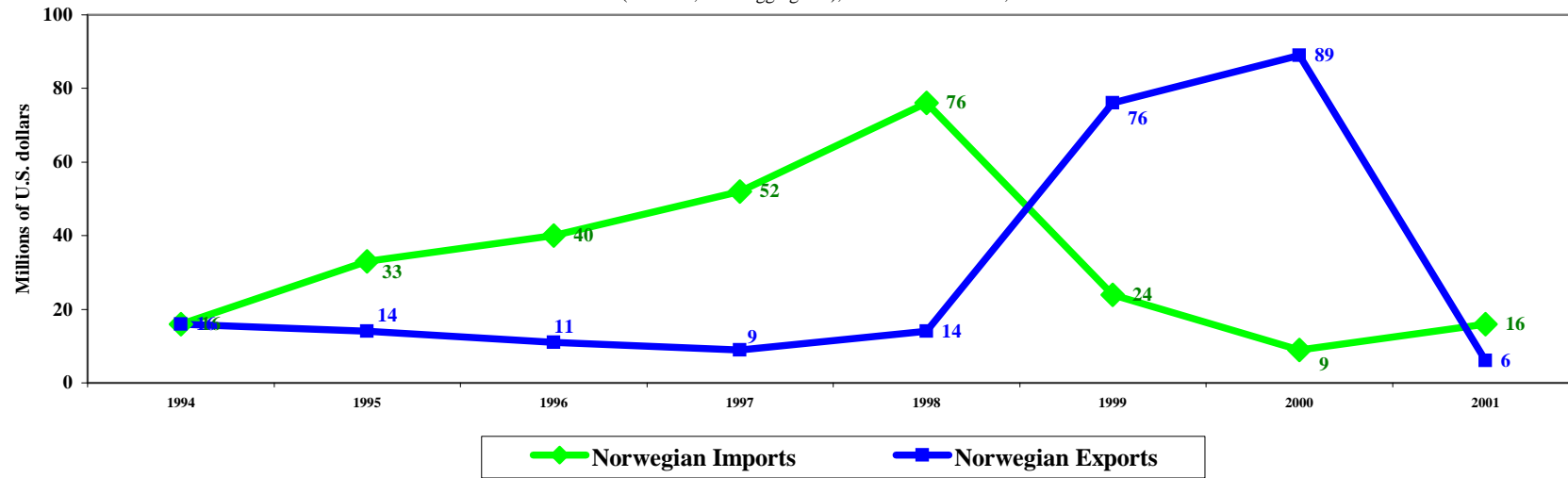
**TELECOMMUNICATIONS services, Cross-border Trade  
between NORWAY and U.S., (Modes 1,2 & 4 aggregated), 1994-2001**



## D. BUSINESS, PROFESSIONAL AND TECHNICAL SERVICES

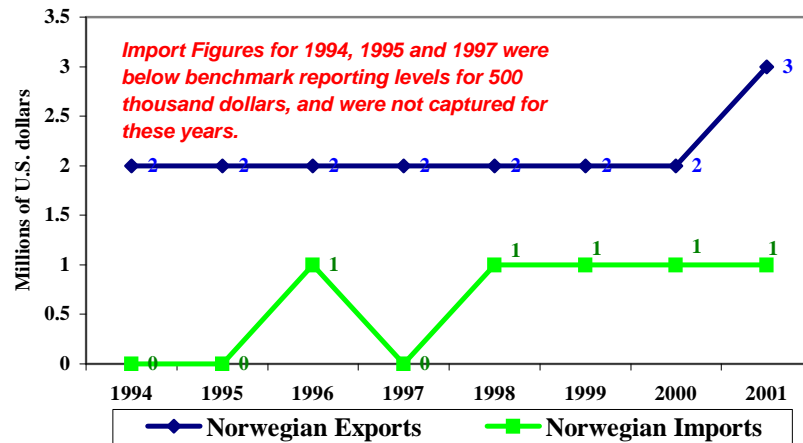
### Business, Professional and Technical Services, Cross-border trade

(Modes 1,2 & 4 aggregated), NORWAY and U.S., 1994-2001



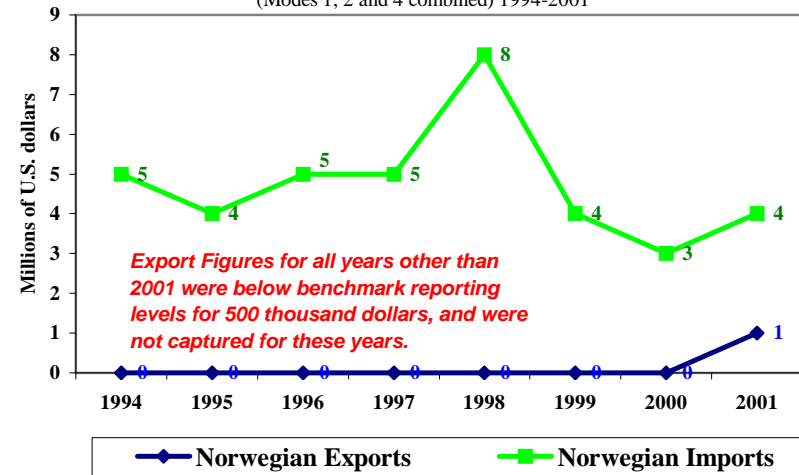
### ADVERTISING Services Cross-border trade between U.S. and NORWAY

(Modes 1, 2 and 4 combined) 1994-2001

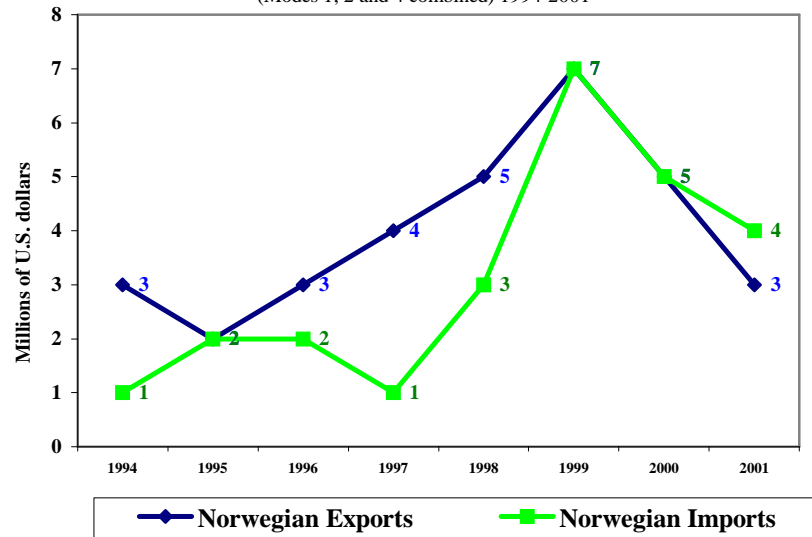


### DATABASE AND OTHER INFORMATION Services, Cross-border trade between U.S. and NORWAY,

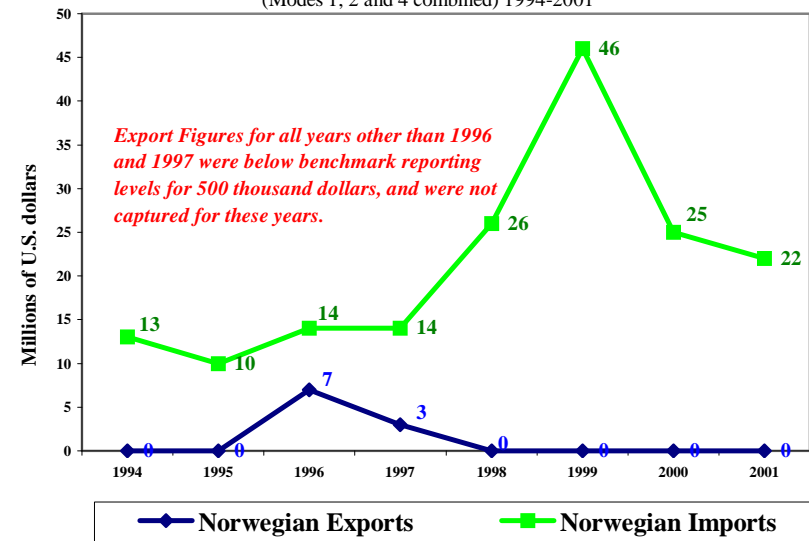
(Modes 1, 2 and 4 combined) 1994-2001



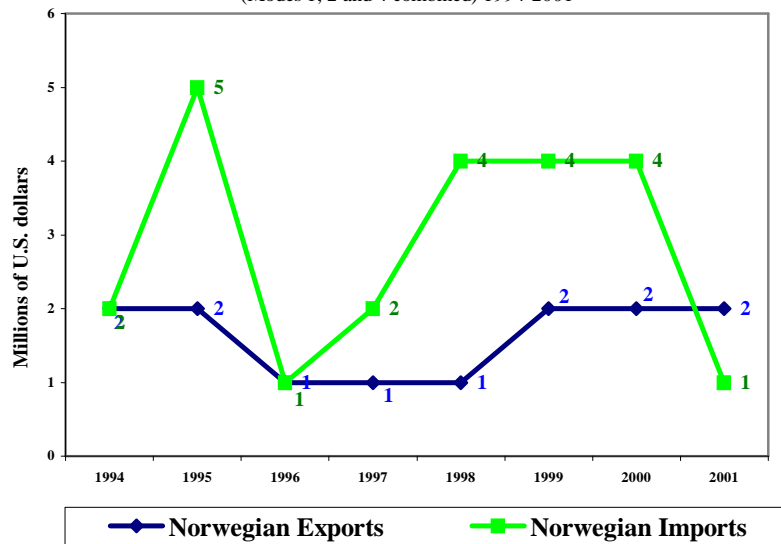
**RESEARCH, DEVELOPMENT & TESTING Services,**  
**Cross-border trade between U.S. and NORWAY,**  
 (Modes 1, 2 and 4 combined) 1994-2001



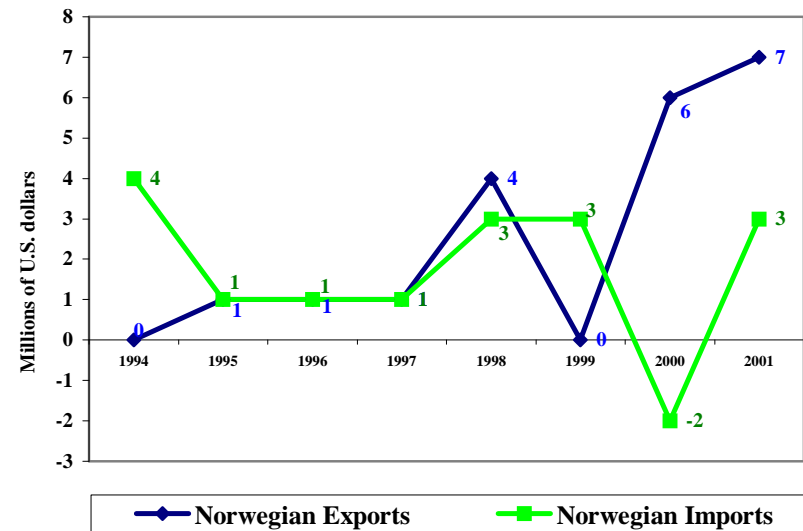
**COMPUTER AND DATA PROCESSING Services,**  
**Cross-border trade between U.S. and NORWAY,**  
 (Modes 1, 2 and 4 combined) 1994-2001



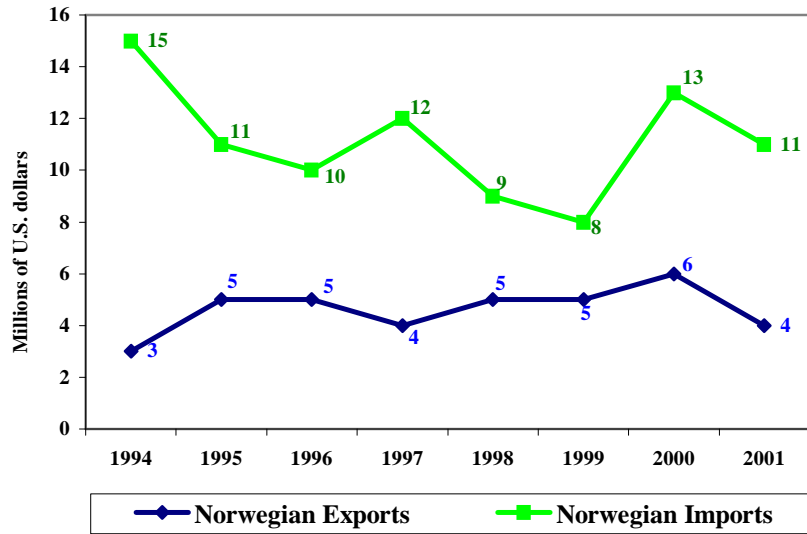
**MANAGEMENT CONSULTING AND PUBLIC RELATIONS Services,**  
**Cross-border trade between U.S. and NORWAY,**  
 (Modes 1, 2 and 4 combined) 1994-2001



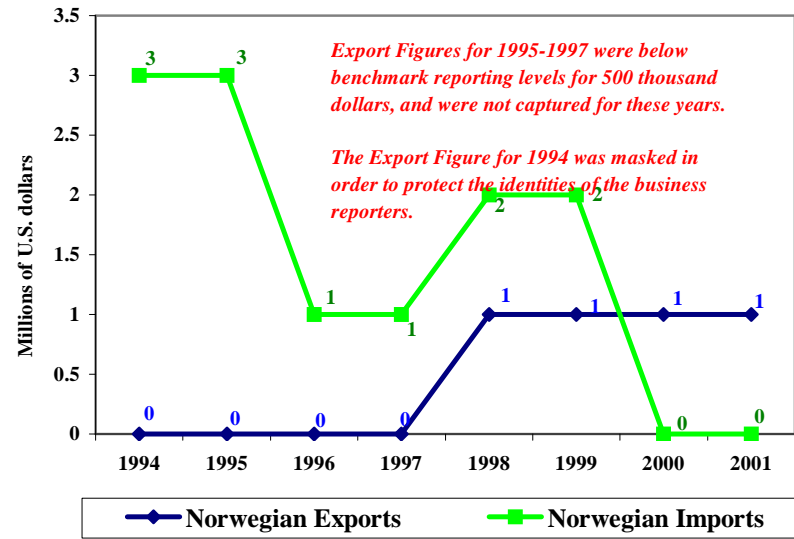
**CONSTRUCTION, ENGINEERING, ARCHITECTURAL AND MINING Services**  
**Cross-border trade between U.S. and NORWAY**  
 (Modes 1, 2 and 4 combined) 1994-2001



**LEGAL Services**  
**Cross-border trade between U.S. and NORWAY**  
 (Modes 1, 2 and 4 combined) 1994-2001

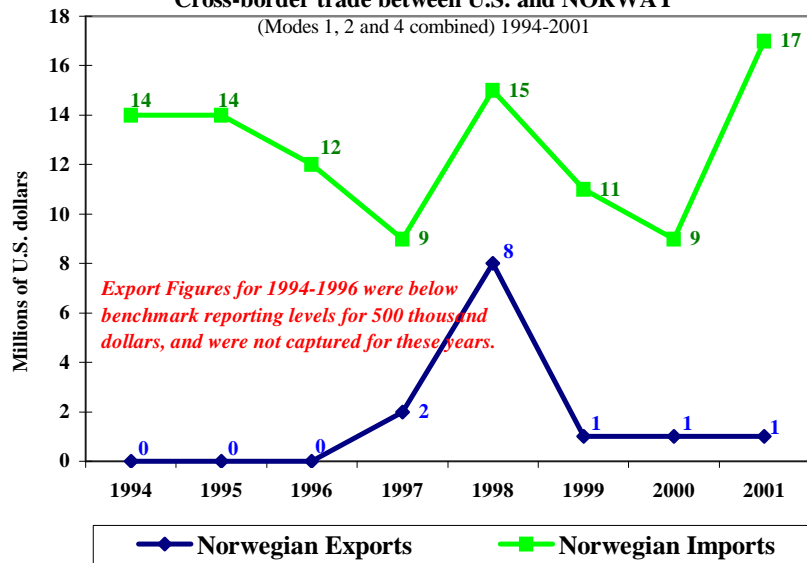


**INDUSTRIAL ENGINEERING Services**  
**Cross-border trade between U.S. and NORWAY**  
 (Modes 1, 2 and 4 combined) 1994-2001



**INSTALLATION, MAINTENANCE & REPAIR OF EQUIPMENT Services**

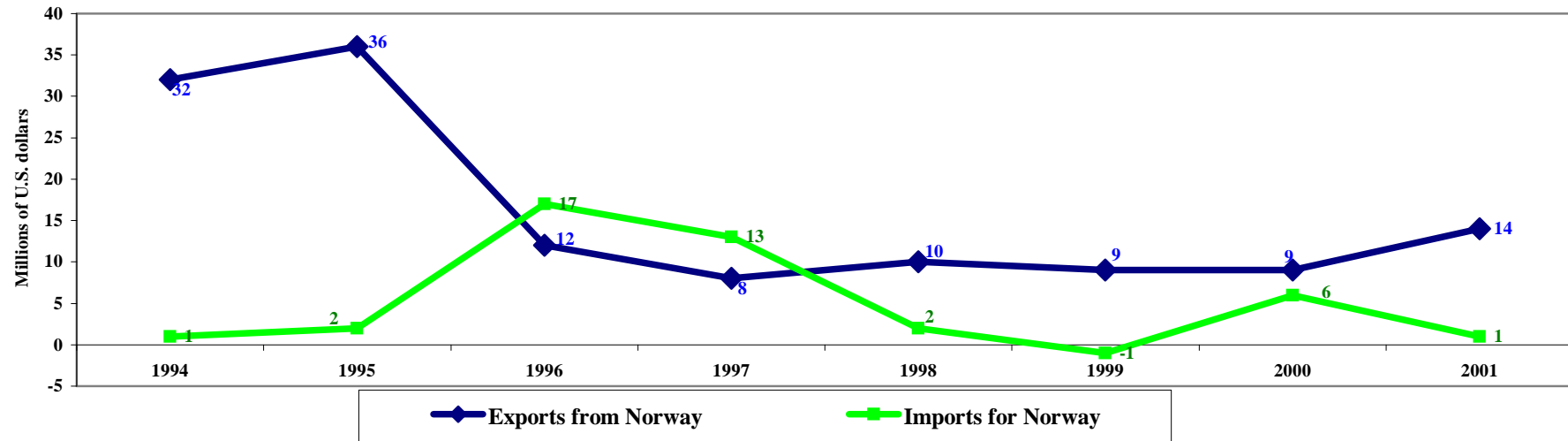
**Cross-border trade between U.S. and NORWAY**  
 (Modes 1, 2 and 4 combined) 1994-2001



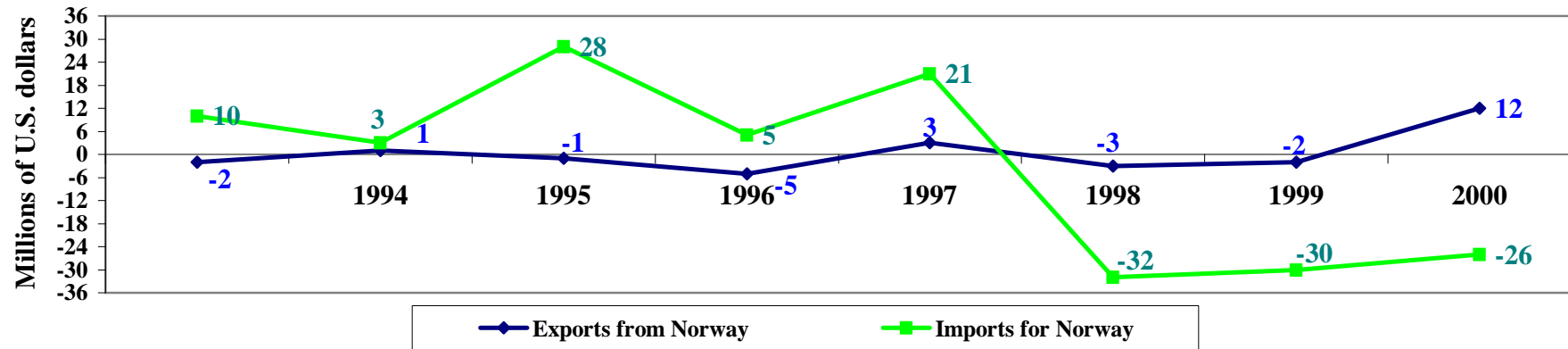


## D. INSURANCE

### Cross-border trade (Modes 1, 2 & 4) in PRIMARY INSURANCE services between NORWAY and the U.S., 1994-2001



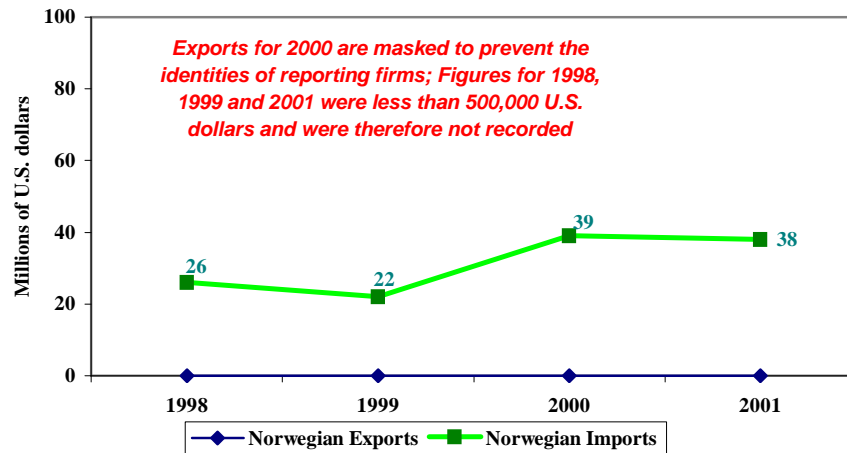
### Cross-border trade (Modes 1, 2 & 4) in REINSURANCE services between NORWAY and the U.S., 1994-2001



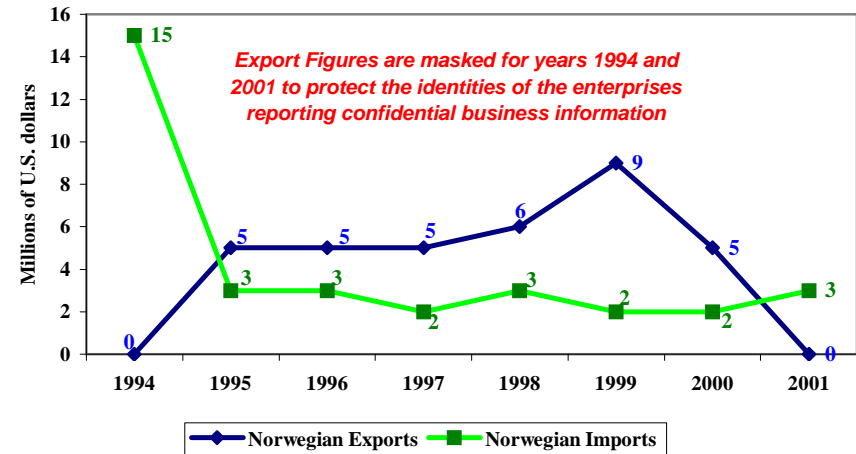
## E. ROYALTIES AND LICENSE FEES

In the statistical world, these are collected as 'services data', whereas within the WTO framework, these data are relevant to the TRIPs (Trade-Related Intellectual Property Rights) Agreement. The U.S. BEA differentiates between license fees related to software licenses, as opposed to services rendered using computers and software. Not all statistical agencies do this.

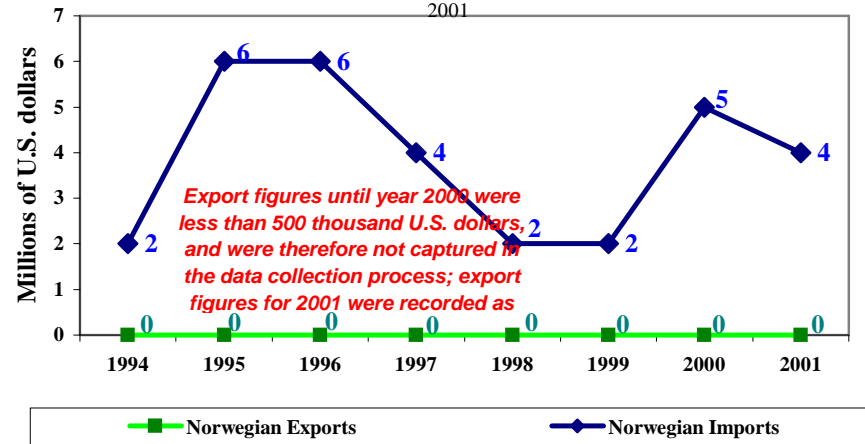
**General COMPUTER SOFTWARE Licences**  
Cross-border trade between U.S. and NORWAY, 1998-2001



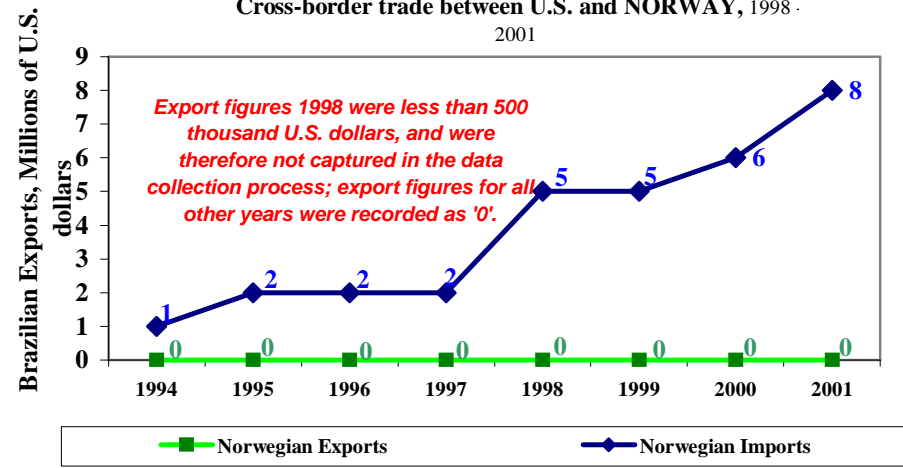
**INDUSTRIAL PROCESSES royalties**  
Cross-border trade between U.S. and NORWAY, 1994-2001



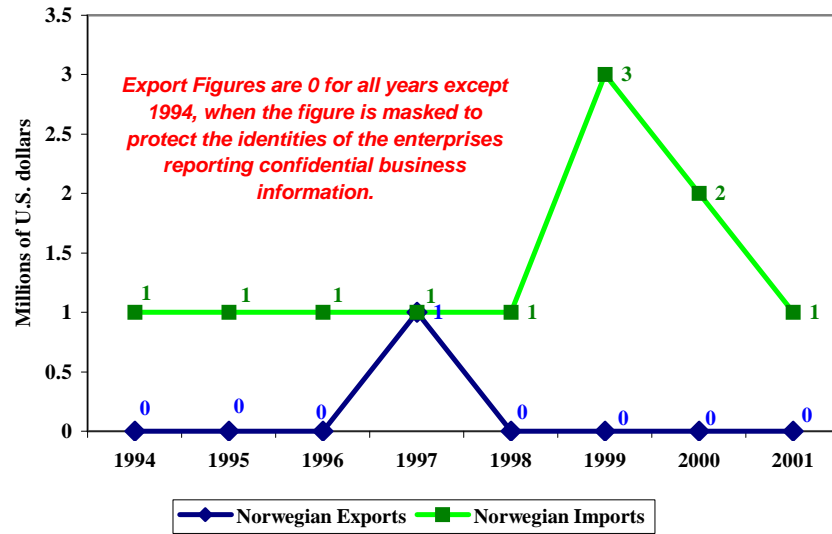
**TRADEMARK Fees**  
Cross-border trade between U.S. and NORWAY, 1998-2001



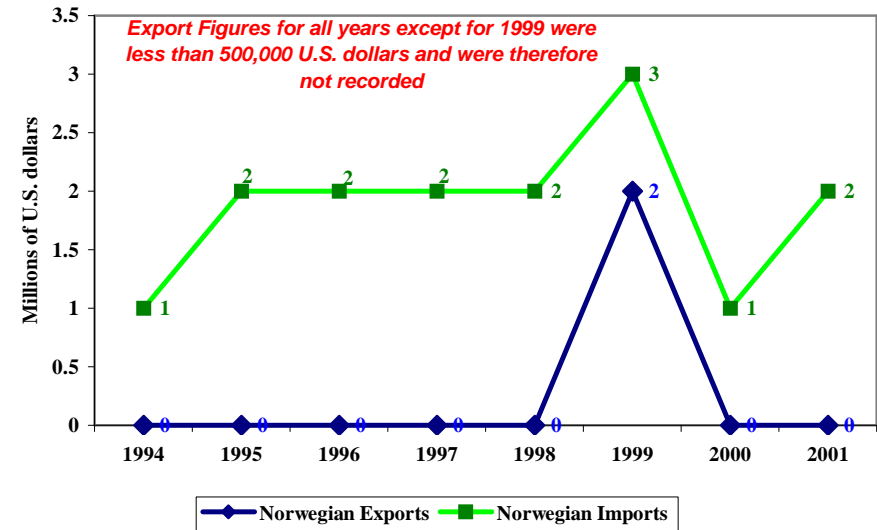
**FRANCHISE Fees**  
Cross-border trade between U.S. and NORWAY, 1998-2001



**BROADCAST and LIVE RECORDING OF EVENTS royalties**  
 Cross-border trade between U.S. and NORWAY, 1994-2001



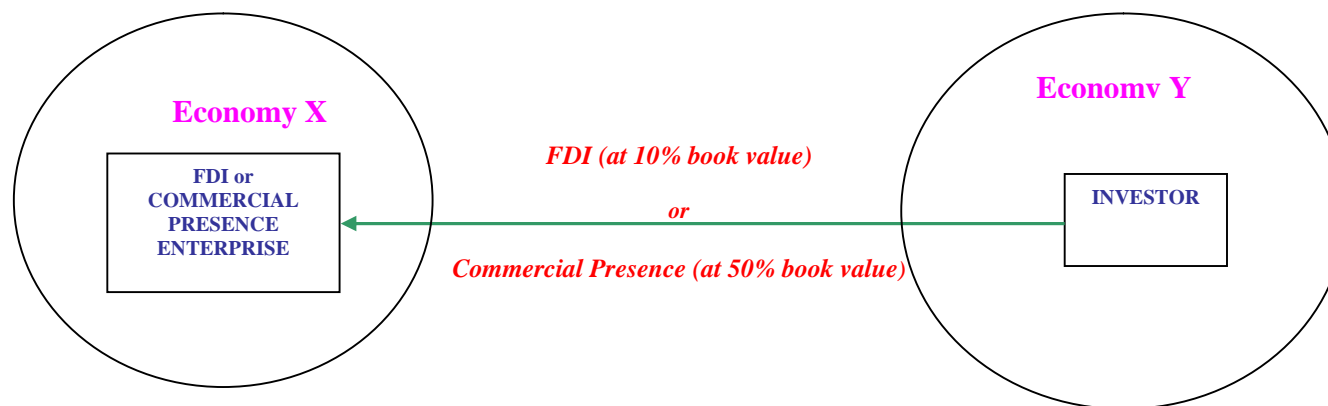
**Royalties for BOOKS, RECORDS and TAPES**  
 Cross-border trade between U.S. and NORWAY, 1994-2001



## II. COMMERCIAL PRESENCE

*(inter alia: GATS Mode 3)*

### Foreign Direct Investment (FDI) or Commercial Presence



- If the investment that the investor makes in A is greater than 10% of the book value of the investment enterprise, the flow of funds is termed **FDI**.
- If the investment that the investor makes in A is greater than 50% of the book value of the investment enterprise, the flow of funds is termed **Commercial Presence**.
- For an explanation as to 'why' the level of 10% or 50% are used, see 'determination of control' under the glossary.

## **i. GLOSSARY: FOREIGN DIRECT INVESTMENT (FDI) AND COMMERCIAL PRESENCE TERMS**

**Acquisition.** An *acquisition* is when an investor undertakes FDI, vis-à-vis the purchase of a determined level of the voting shares of an enterprise. The data used to describe cross-border majority or minority-level acquisitions is often called merger-and-acquisition data, or M&A data.

**Commercial Presence.** Defined as a part of the WTO-GATS, as a long term (cross-border) investment, made by a natural or juridical person, with the intention of exerting *lasting management influence* (i.e. management control) on a service-related enterprise; the benchmark level for determining ownership and control in the context of GATS is 50 per cent of book value of the target enterprise. **Note:** The definition for *commercial presence* is fundamentally the same as for FDI, yet the benchmark for *commercial presence* is 50 per cent (i.e. majority-owned) rather than 10 per cent.

**Determination of control.** In principle, FDI is a long-term investment, made with the intention to exert management control. Both the OECD and the IMF consider that 50 per cent of book value is indicative of management control. Yet both advocate the use of 10 per cent as a benchmark, such as to compensate for other, intangible means of control, such as the ability to influence the board of directors, or family membership. In the context of the GATS, the Agreement suggests a 50 percent benchmark. As such, 50 per cent is used in relation to the GATS, to determine ownership and control over commercial presence enterprises.

**FDI.** See *foreign direct investment*.

**Foreign Direct Investment (FDI).** A long term investment, made by a foreign ‘person’ or entity, with the intention of exerting lasting management influence (or control) on the (target) investment enterprise. The OECD benchmark definition for FDI is 10 per cent of the book value of the enterprise, being the recipient of the investment. FDI of greater than 50 per cent, made in the context of a service-producing enterprise, is considered to be ‘commercial presence’ in the context of the GATS. FDI is made either in existing enterprises, via acquisition, or via the creation of a new enterprise, called ‘greenfield’ FDI.

**Foreign Direct Investment flows.** FDI flows are the country-level aggregate value of all FDIs that have been made over a period of time, usually determined on an annual basis.

**Foreign Direct Investment Stocks.** FDI Stocks represent the valuation of all foreign direct investment flows, made over time in a given region, country or economy. FDI stocks can be ‘valued’ using ‘current’, ‘historical’ or ‘market-value’ means.

**Greenfield FDI.** FDI is made that involves the creation of a new enterprise, called ‘greenfield’ FDI.

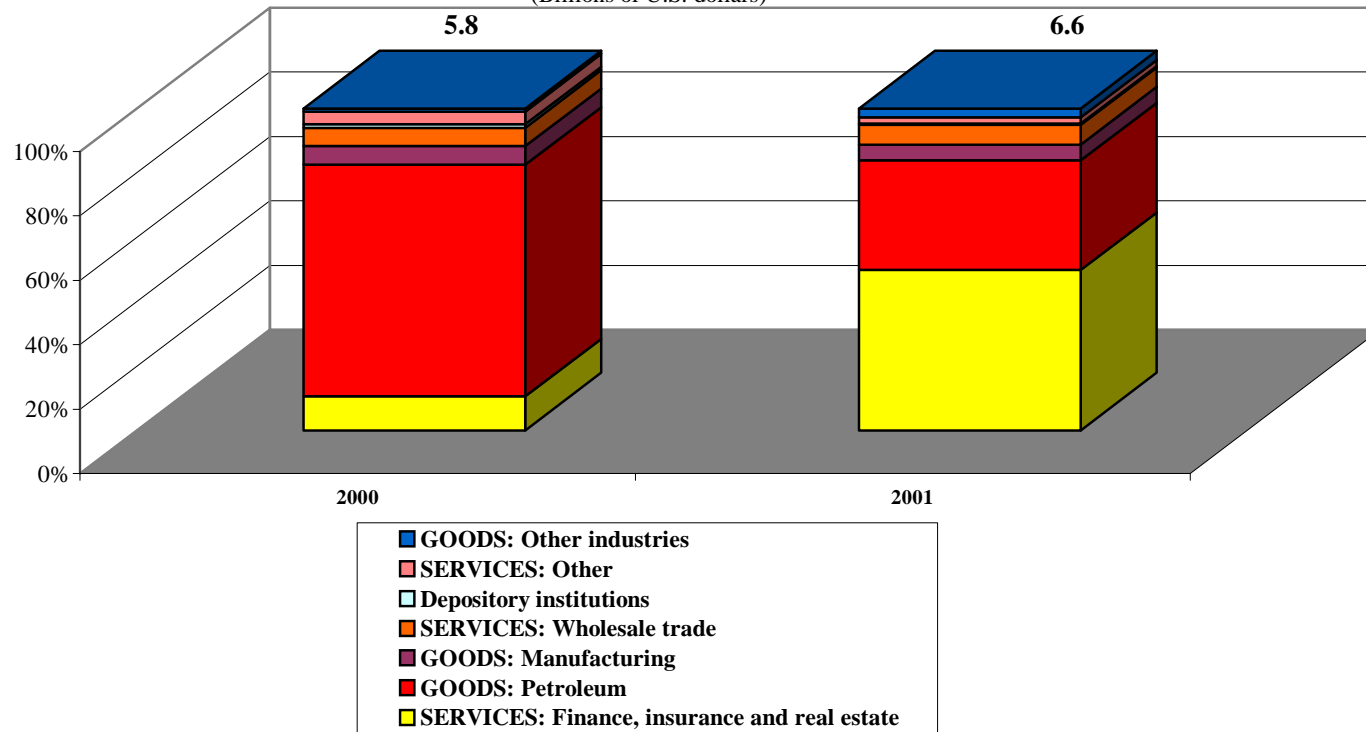
**M&A.** See *acquisitions*.

**Mergers and acquisitions (M&A).** See *acquisitions*.

**Ownership and control.** See *determination of control*.

## U.S. FDI in NORWAY, 2000-2001

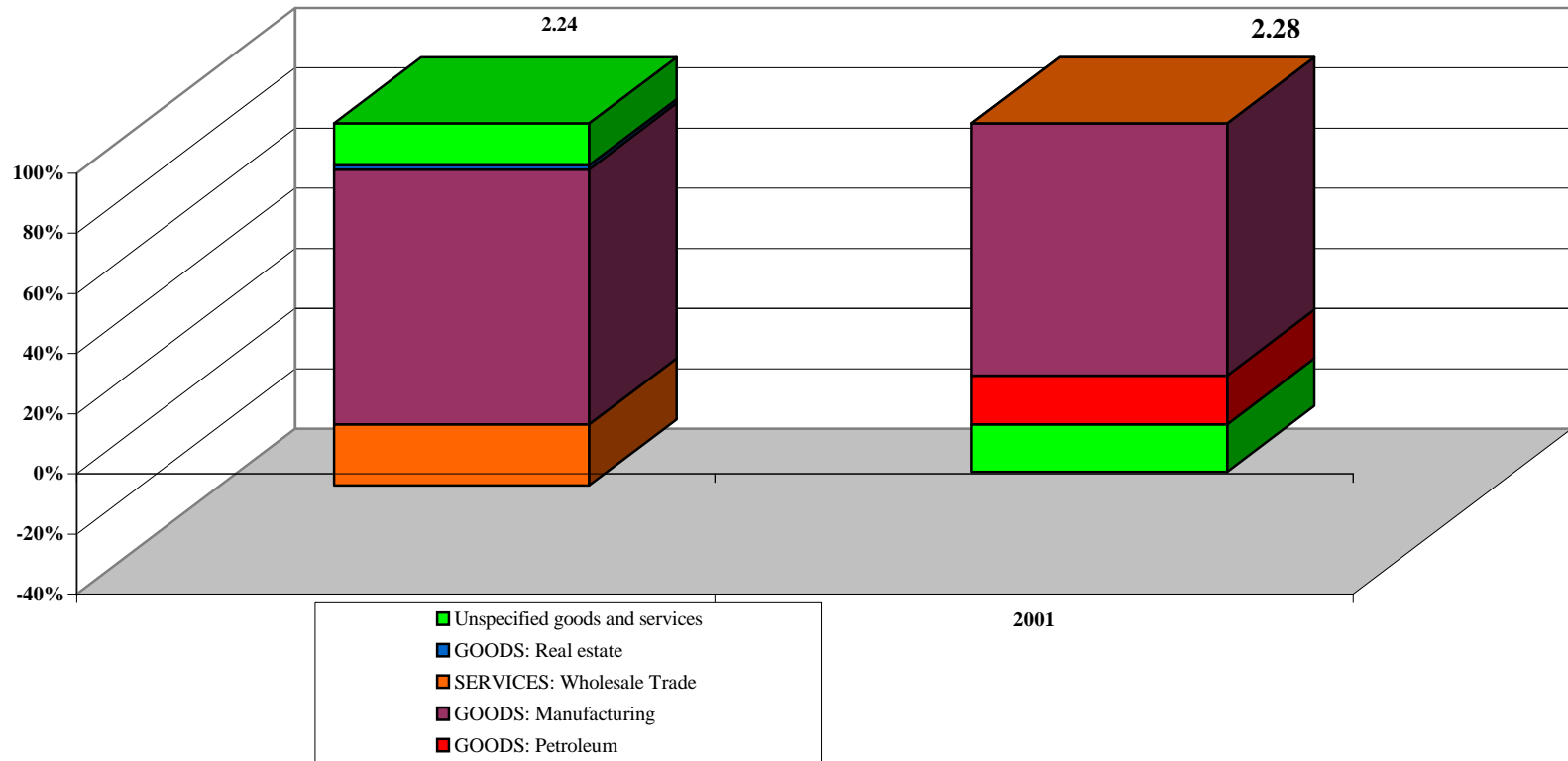
U.S. 'Foreign Direct Investment Stocks' in NORWAY,  
i.e. Commercial Presence at 10% level of ownership, rather than 50%,  
(Billions of U.S. dollars)



	All industries	GOODS			SERVICES			
		Petroleum	Manufacturing	Other industries	Depository institutions (Banking)	Wholesale trade	Finance (except depository institutions), insurance and real estate	Other services
1999	5,833	4,195	338	Masked	Masked	337	613	234
2000	5,645	3,980	375	Masked	Masked	290	519	253
2001	6,660	2,265	325	184	25	407	3,320	132

Source: Survey of Current Business, various issues; U.S. Department of Commerce, Bureau of Economic Analysis (BEA) website. <http://www.bea.doc.gov>

**NORWEGIAN FDI in the US, 2000-2001**  
 Norway's 'Foreign Direct Investment Stocks' in the U.S.,  
 i.e. Commercial Presence at 10% level of ownership, rather than 50%,  
 (Billions of U.S. dollars)



	All industries	GOODS		SERVICES				Goods & Services	
		Petroleum	Manufacturing	Depository institutions (Banking)	Wholesale trade	Finance (except depository institutions)	Insurance	Real Estate	Other industries
2000	2,241	Masked	1,900	Masked	-456	Masked	Less than 500k	31	Masked
2001	2,277	370	2,068	Masked	87	Masked	Less than 500k	Masked	-360

Source: Survey of Current Business, various issues; U.S. Department of Commerce, Bureau of Economic Analysis (BEA) website. <http://www.bea.doc.gov>

### III. FOREIGN AFFILIATE TRADE STATISTICS

*(inter alia: GATS Mode 3)*



## GLOSSARY: FOREIGN AFFILIATE TRADE STATISTICS (FATS) TERMS

**Foreign affiliate trade statistics terms.** The financial and operating data provide a picture of the overall activities of foreign affiliates and U.S. parent companies using a variety of indicators of their financial structure and operations. The data on foreign affiliates cover the entire operations of the affiliate, irrespective of the percentage of U.S. ownership. These data cover items that are needed in analyzing the characteristics, performance, and economic impact of multinational companies, such as sales, gross product (value added), employment and compensation of employees, capital expenditures, exports and imports, and research and development expenditures. Separate tabulations are available for all affiliates and for affiliates that are majority-owned by their U.S. parent(s). In U.S. terminology, this is called: *Financial and operating data*.

**Activity-level.** See *industrial-activity-level*.

**Capital expenditures.** Expenditures made to acquire, add to, or improve property, plant, and equipment (PP&E). PP&E includes land, timber, mineral and likerights owned; structures, machinery, equipment, special tools, and other depreciable property; construction in progress; and tangible and intangible exploration and development costs. Changes in PP&E due to changes in entity-such as mergers, acquisitions, and divestitures-or to changes in accounting methods are excluded. Capital expenditures are measured on a gross basis; sales and other dispositions of fixed assets are not netted against them.

**Employment.** The number of full-time and part-time employees on the payroll at yearend.

**Industrial-activity-level.** See *sectoral activity-level*.

**Sectoral-activity-level.** The means of measuring (and/or presenting) FATS, on the basis of the sector-classification of the enterprise involved. This is in opposition to the *product-level of measurement*, which is more compliant with the GATS juridical framework, with respect to sales figures;

*Note 1 :* Many FATS are not easily amenable to the product-level measurement, and therefore the sectoral-level is more appropriate.

*Note 2:* The U.S. collection-and-presentation system allows for the presentation by the sectoral-activity-level, from either the **sector of the parent**, or the **sector of the foreign affiliate**. This is important to differentiate, as one or the other may be entirely different: example, Hewlett Packard (an electrical equipment manufacturer) could be the parent of a foreign affiliate which is a software-services firm.

*Note 3:* It is important to note that many service ‘products’ are provided, or delivered, vis-à-vis goods-related enterprises. It is for this reason that goods-related enterprises are surveyed, within the U.S. system, to measure cross-border trade in services.

**Product-level.** The means of measuring (and/or presenting) FATS, on the basis of the product (a product being either a good or a service) of the enterprise involved. This is in opposition to the *product-level of measurement*.

*Note 1 :* Many FATS are not easily amenable to the product-level measurement, and therefore the sectoral-level is more appropriate.

**Note 2:** It is important to note that many service ‘products’ are provided, or delivered, vis-à-vis goods-related enterprises. It is for this reason that goods-related enterprises are surveyed, within the U.S. system, to measure cross-border trade in services.

**Sales.** The sales made by FDI-related-enterprises (10% FDI minimum), or commercial presence enterprises (50% FDI minimum) can be considered as quasi-imports into the host-economy of the enterprise. In a similar manner, expenditures made by these enterprises can be considered to be quasi-exports by the country for which the enterprise (the juridical person) has ‘residence’, whereas residence is usually defined as the national where the parent enterprise is incorporated. Many economist feel that gross-product is a more important indicator of the impact that the FDI-or-commercial-presence-enterprise has on the host-economy.

**Gross product.** The contribution to gross domestic product, which is the market value of the goods and services produced by labor and property located in the United States. Gross product, often referred to as “value added,” can be measured as gross output (sales or receipts and other operating income plus inventory change) minus intermediate inputs (purchased goods and services). Alternatively, it can be measured as the sum of the costs incurred (except for intermediate inputs) and the profits earned in production. The gross product estimates presented in this article were prepared by summing cost and profit data collected in the annual and benchmark surveys of foreign direct investment in the United States. The estimates of gross product of U.S. affiliates are conceptually consistent with BEA’s estimates of U.S. GDP by industry; both sets of estimates are measured as the sum of the costs incurred (except for intermediate inputs) and the profits earned in production. However, there are some minor differences in measurement. For example, in the profits measure used to estimate U.S.- affiliate gross product, the amortization of intangible assets is treated as an expense, but it is not treated as an expense in the profits measure used to estimate U.S. GDP by industry. This difference and others are small relative to total affiliate gross product and thus have a negligible effect on the affiliate shares of private-industry GDP in tables 1 and 2.

**Value-added.** See Gross Product.

**Note:** Definitions in this section draw heavily from the *Survey of Current Business*, of the Bureau of Economic Analysis.

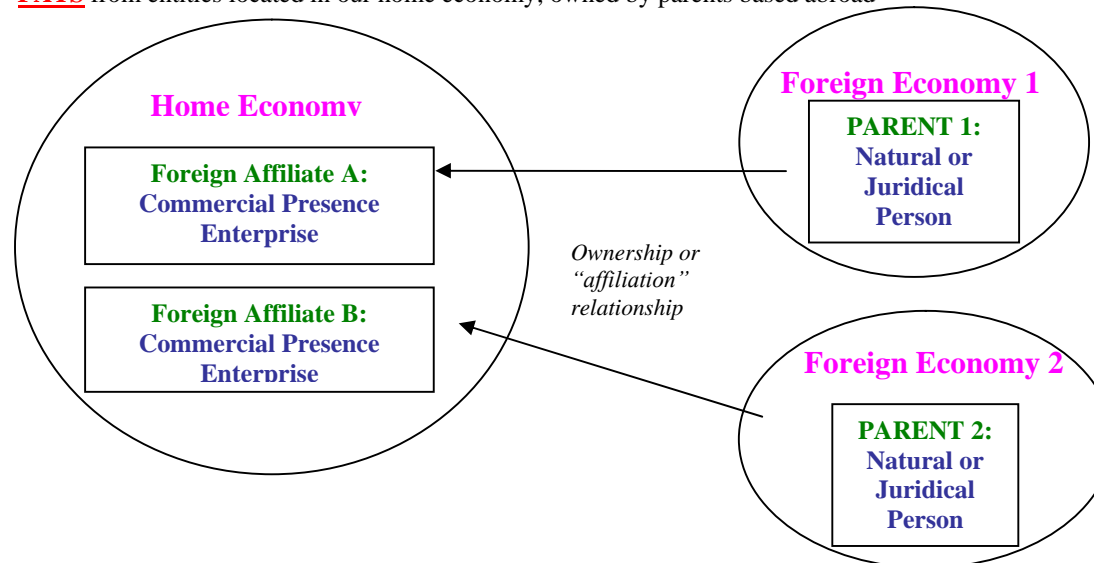
### IIIa. FOREIGN AFFILIATE TRADE STATISTICS, INWARD

(inter alia: GATS Mode 3)

#### GATS MODE 3: (Part 1) Inward Foreign Affiliate Trade Statistics (FATS)

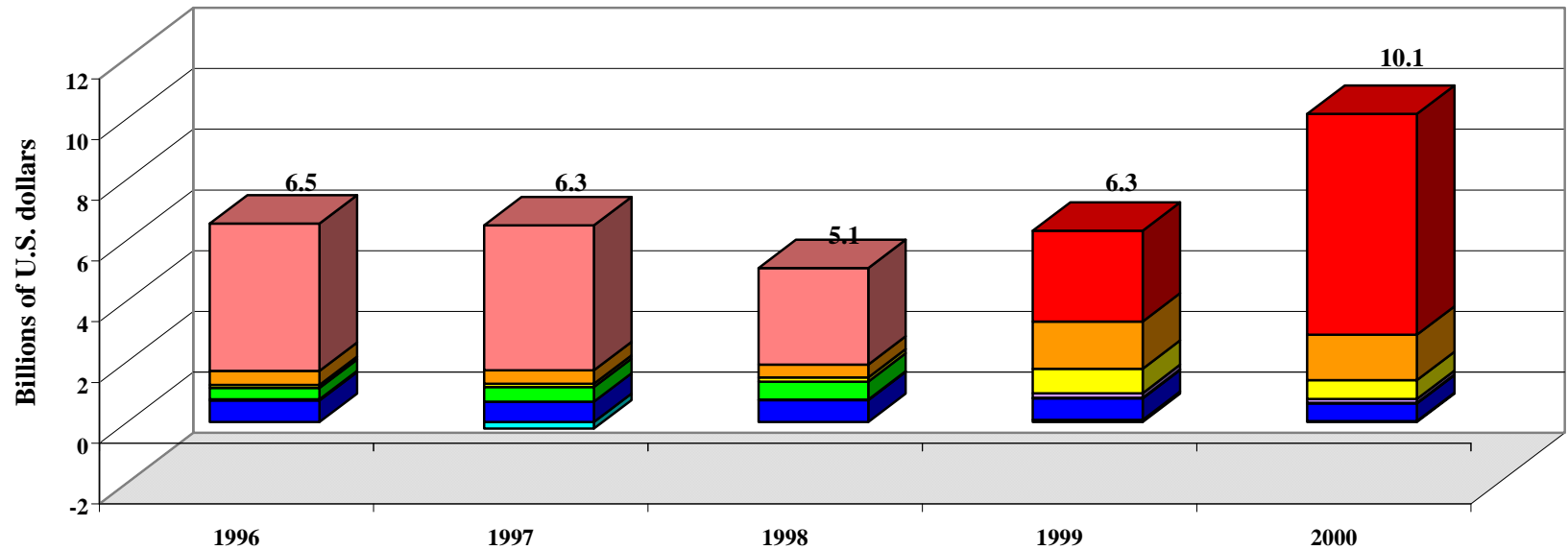
**FATS** from entities located in our home economy, owned by parents based abroad

**FATS** include:  
*Sales,*  
*Expenditures,*  
Gross-Product,  
Employment,  
Royalties, Assets,  
Profits, etc.



## GROSS PRODUCT (Value Added) in NORWAY

related to Majority-owned U.S. foreign direct investment, COMMERCIAL PRESENCE (GATS Mode 3), 1996 - 2000



**1996 - 1998**

- Petroleum
- Manufacturing
- Other industries
- SERVICES: Other
- SERVICES: Wholesale Trading

**1999 - 2000**

- Mining
- Manufacturing
- Other industries
- SERVICES: Wholesale Trading
- SERVICES: Professional, technical and scientific
- SERVICES: Finance (non depository) and insurance
- SERVICES: Information

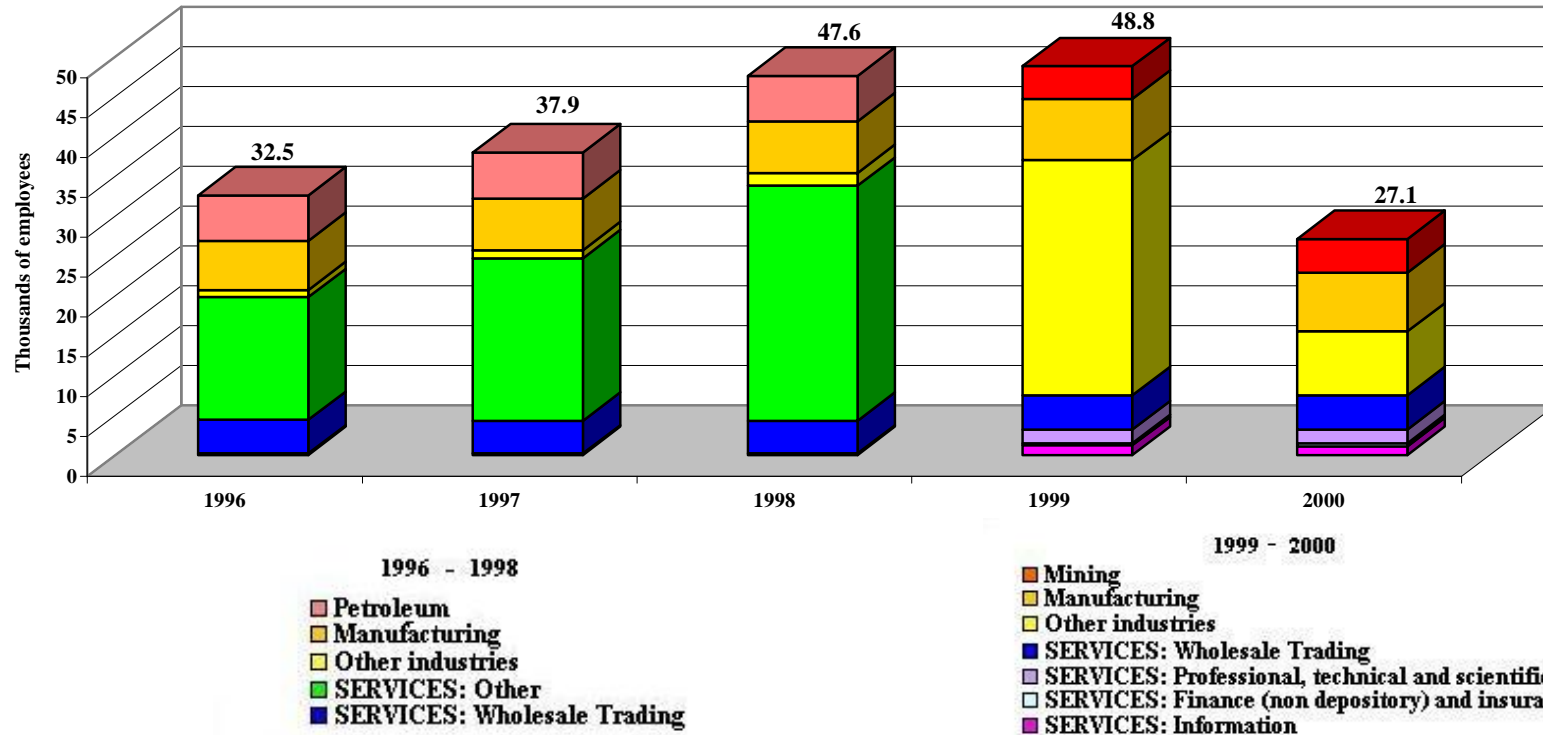
	All industries	GOODS			SERVICES					Goods & Services
		Mining	Petroleum	Manufacturing	Information	Wholesale trade	Finance (except depositories insurance and real estate)	Professional, technical and scientific	Other services	Other industries
1996	6,527		4,850	462		707	35		372	100
1997	6,248		4,772	443		666	-223		478	112
1998	5,067		3,181	425		718	17		589	137
1999	6,296	2,993		1,555	60	710	24	151		803
2000	10,140	7,270		1,499	23	582	24	122		621

Source: Survey of Current Business, various issues; U.S. Department of Commerce, Bureau of Economic Analysis (BEA) website. <http://www.bea.doc.gov>

Note: figures are in Millions of U.S. dollars.

## EMPLOYMENT in NORWAY

related to Majority-owned U.S. foreign direct investment, COMMERCIAL PRESENCE (GATS Mode 3), 1999 - 2000  
(Thousands of persons)

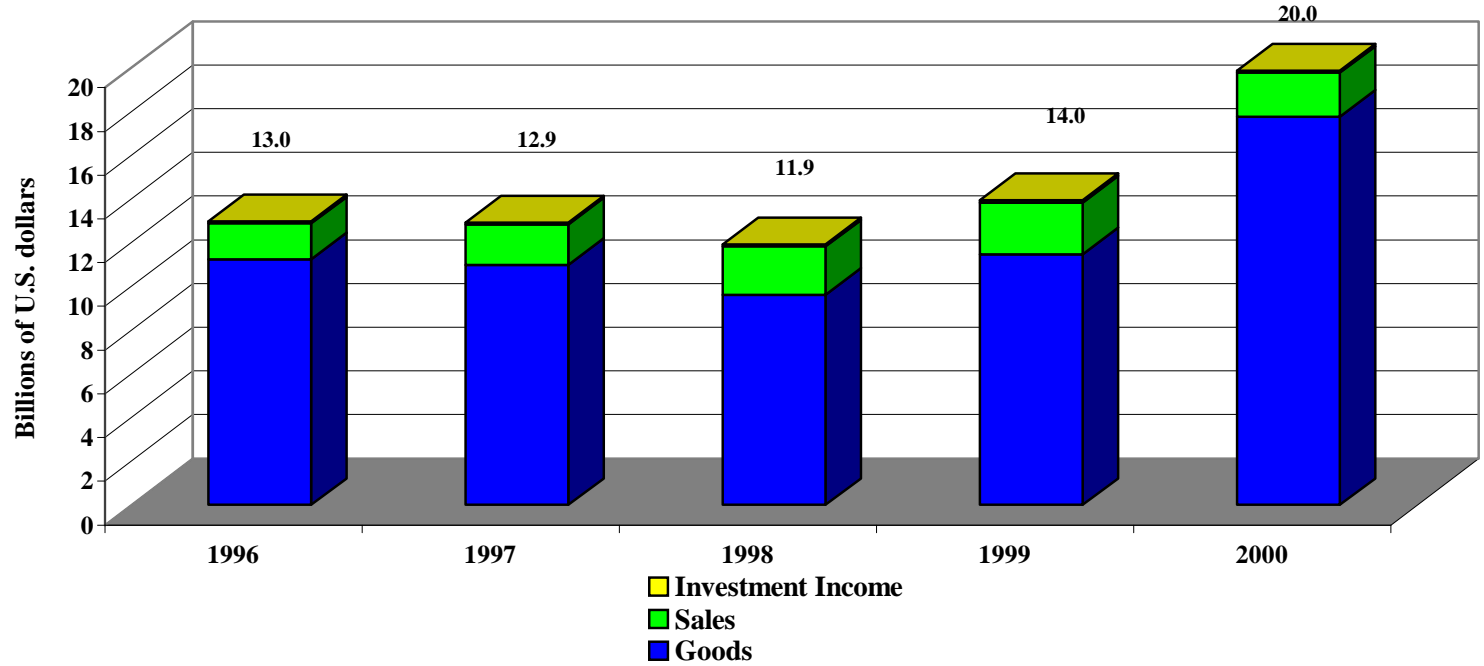


	GOODS			SERVICES					Goods & Services	
	All industries	Mining	Petroleum	Manufacturing	Information	Wholesale trade	Finance (except depository institutions) insurance and real estate	Professional, technical and scientific	Other services	Other industries
1996	32.5		5.7	6.2		4.2	0.2		15.4	0.9
1997	37.9		5.8	6.5		4.1	0.2		20.4	1.0
1998	47.6		5.8	6.5		4.1	0.2		29.5	1.6
1999	48.8	4.1		7.7	1.2	4.3	0.3	1.7		29.5
2000	27.1	4.2		7.4	1.1	4.3	0.4	1.7		8.0

Source: Survey of Current Business, various issues; U.S. Department of Commerce, Bureau of Economic Analysis (BEA) website. <http://www.bea.doc.gov>

Notes: figures are in **Thousands of persons**; Sectoral definitions changed between the 1998-to-1999 period, partly to allow for greater specificity in relation to service industries.

**NORWAY: TOTAL SALES related to U.S.-owned Majority FDI ownership**  
 (GATS COMMERCIAL PRESENCE under MODE 3), 1996-1999

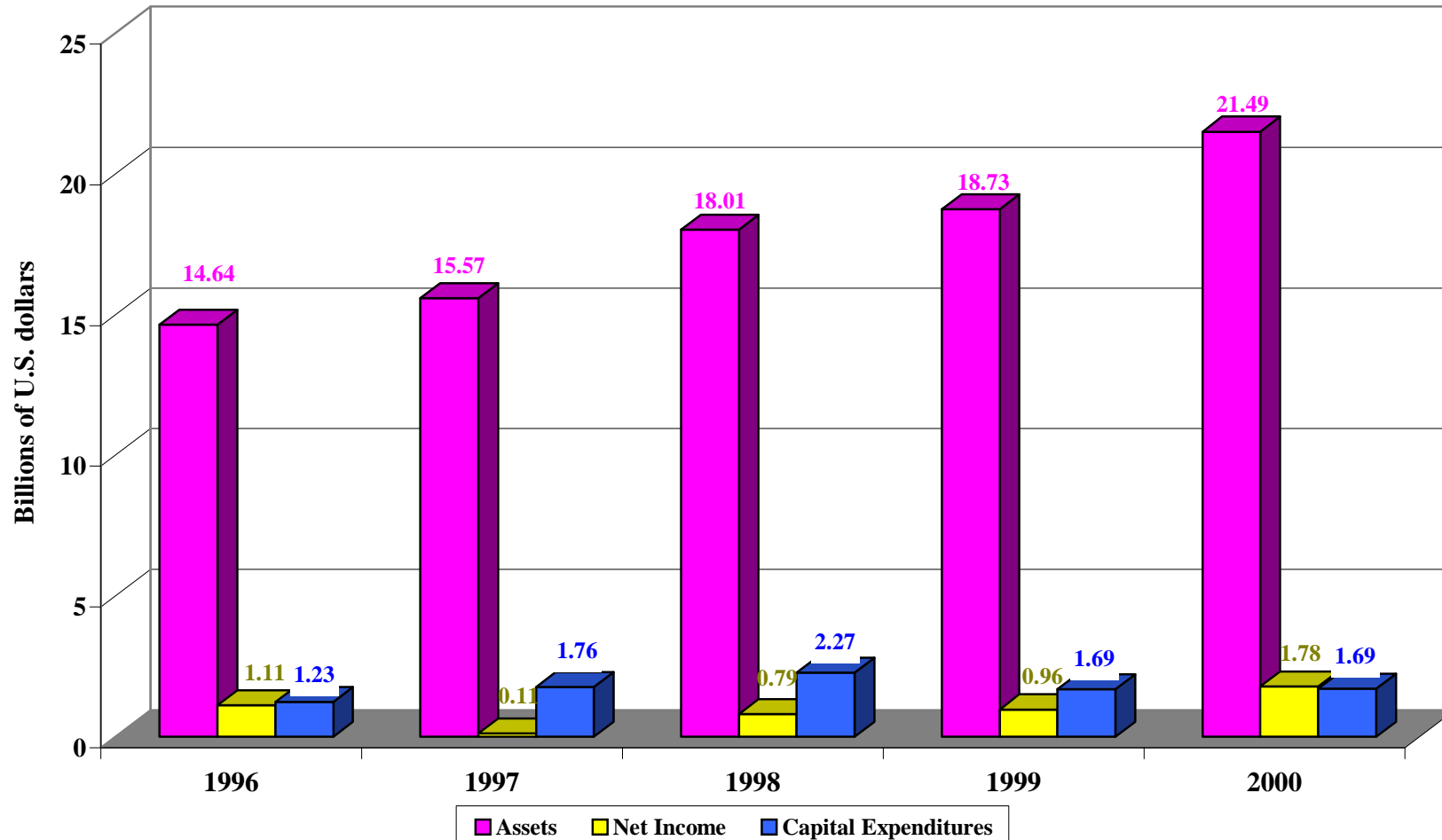


*Note: TOTAL SALES equals sales of GOODS plus SERVICES plus Investment Income*

	TOTAL Sales	GOODS Sales	SERVICES Sales	Investment Income
1996	13.0	11.2	1.6	0.1
1997	12.9	11.0	1.8	0.1
1998	11.9	9.6	2.2	0.1
1999	13.9	11.5	2.4	0.1
2000	19.9	17.8	2.0	0.1

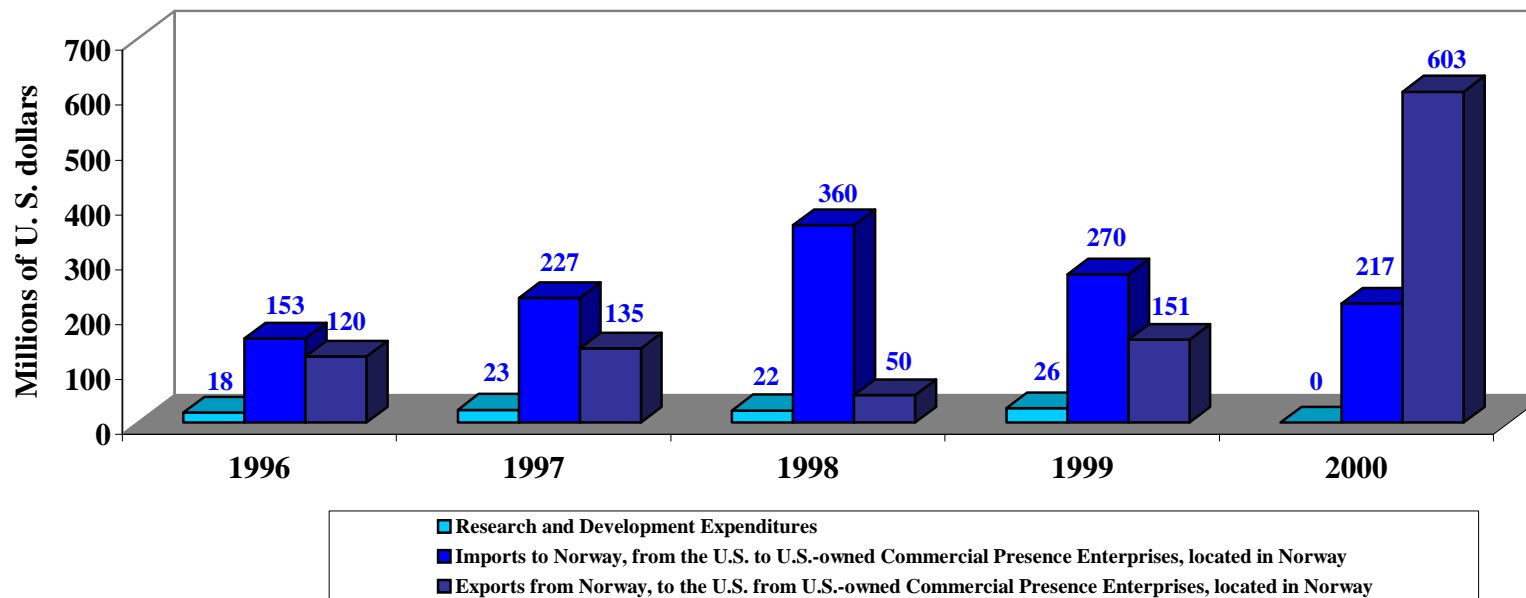
*Source:* Survey of Current Business, various issues; U.S. Department of Commerce, Bureau of Economic Analysis. BEA website: <http://www.bea.doc.gov>

**NORWAY: ASSETS, NET INCOME and CAPITAL EXPENDITURES**  
**related to U.S.-owned Majority FDI ownership**  
**(GATS COMMERCIAL PRESENCE under MODE 3), 1996-1999**



Source: Survey of Current Business, various issues; U.S. Department of Commerce, Bureau of Economic Analysis. BEA website: <http://www.bea.doc.gov>

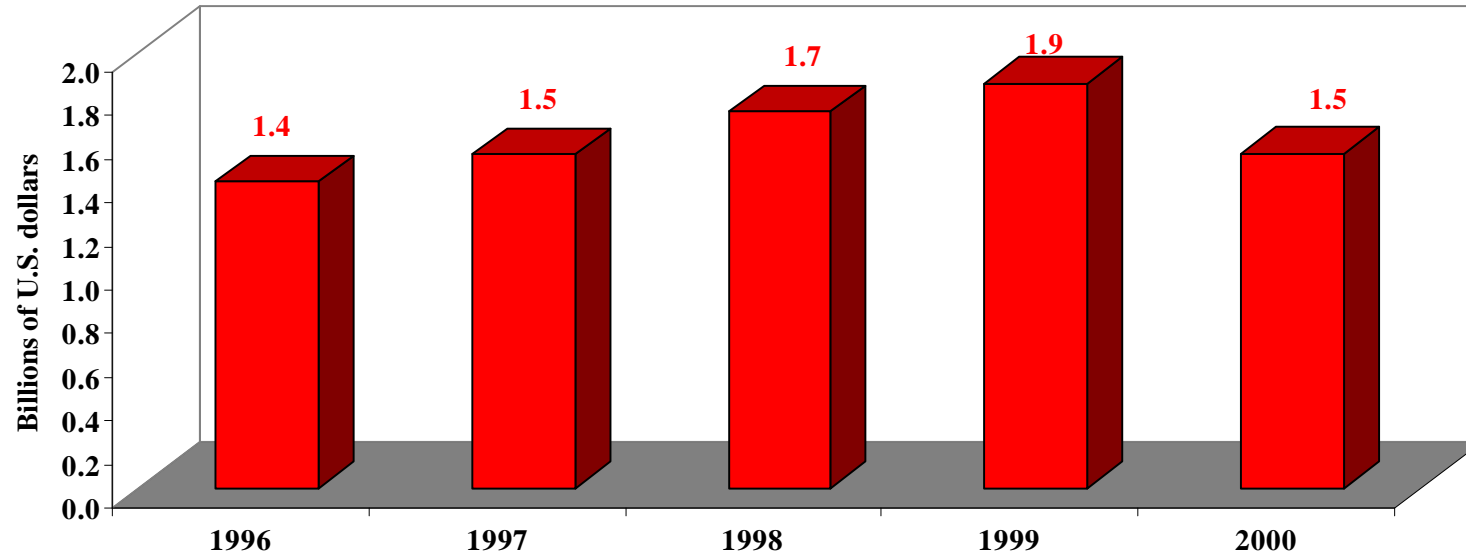
**NORWAY: R&D EXPENDITURES, IMPORTS TO NORWAY, from the U.S. to U.S.-owned Commercial Presence Enterprises (located in Norway), EXPORTS FROM NORWAY, to the U.S. from U.S.-owned Commercial Presence Enterprises (located in Norway)**  
 (GATS COMMERCIAL PRESENCE under MODE 3), 1996-1999



Source: Survey of Current Business, various issues; U.S. Department of Commerce, Bureau of Economic Analysis. BEA website: <http://www.bea.doc.gov>

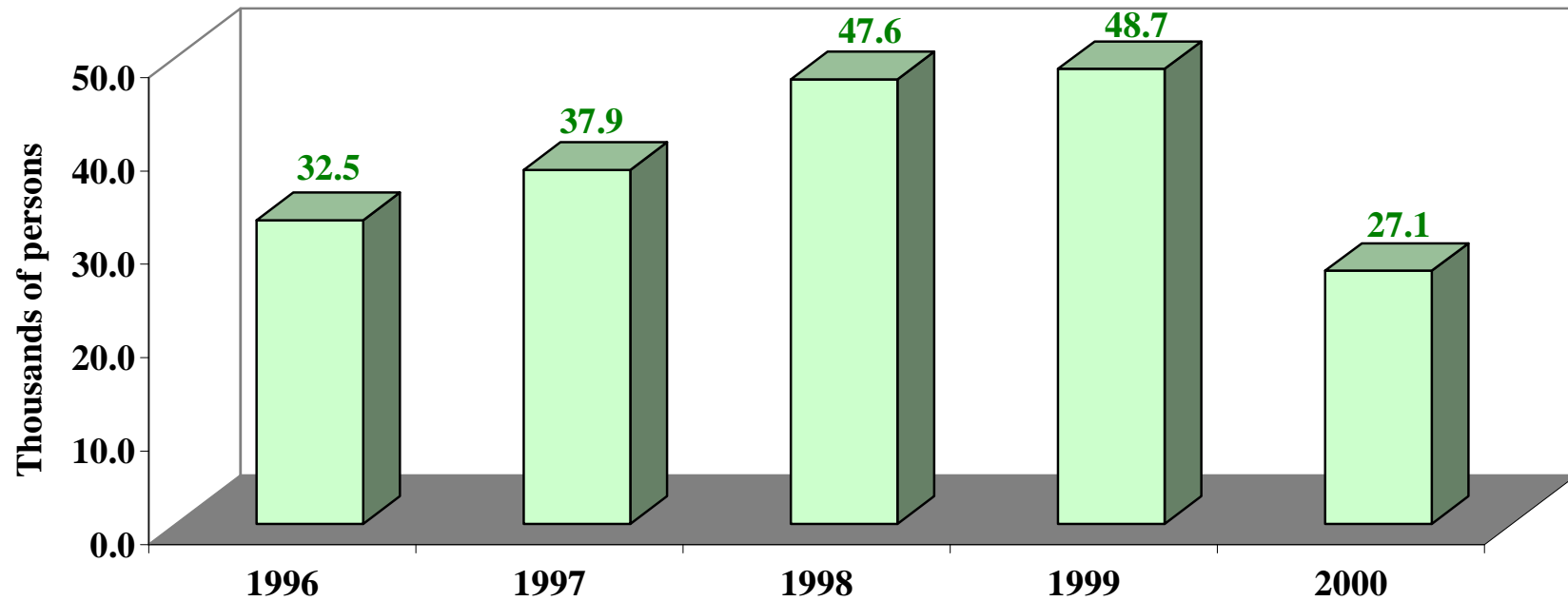


**NORWAY: EMPLOYEE COMPENSATION**  
**related to U.S.-owned Majority FDI ownership**  
**(GATS COMMERCIAL PRESENCE under MODE 3), 1996-1999**



*Source:* Survey of Current Business, various issues; U.S. Department of Commerce, Bureau of Economic Analysis. BEA website: <http://www.bea.doc.gov>

**NORWAY: NUMBER OF EMPLOYEES related to U.S.-owned Majority FDI ownership  
(GATS COMMERCIAL PRESENCE under MODE 3), 1996-1999**



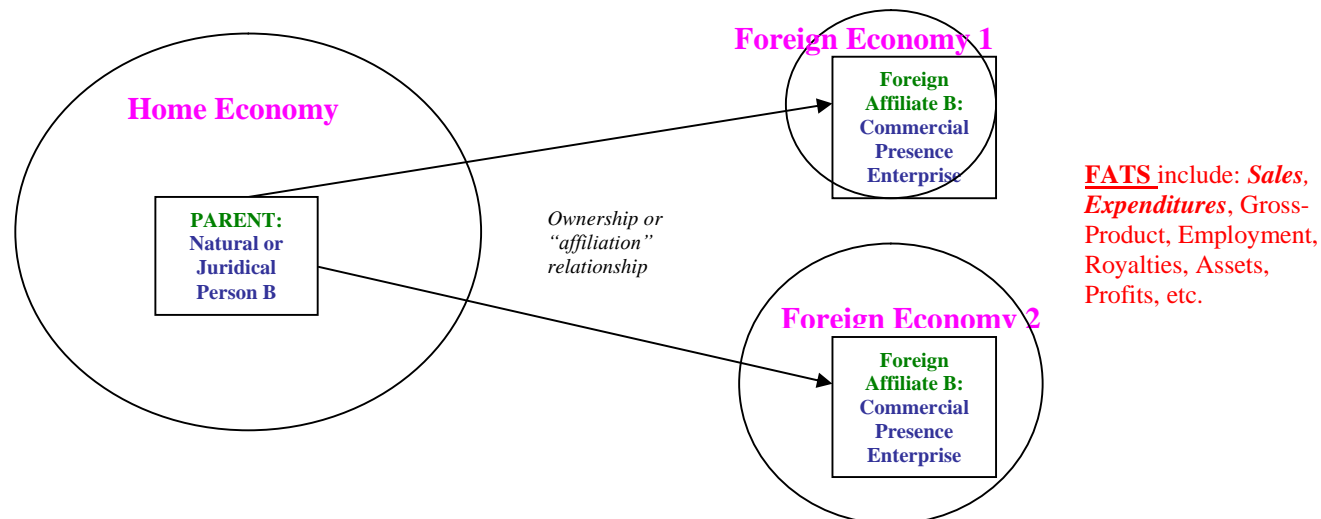
*Source:* Survey of Current Business, various issues; U.S. Department of Commerce, Bureau of Economic Analysis. BEA website: <http://www.bea.doc.gov>

## IIIb. FOREIGN AFFILIATE TRADE STATISTICS, OUTWARD

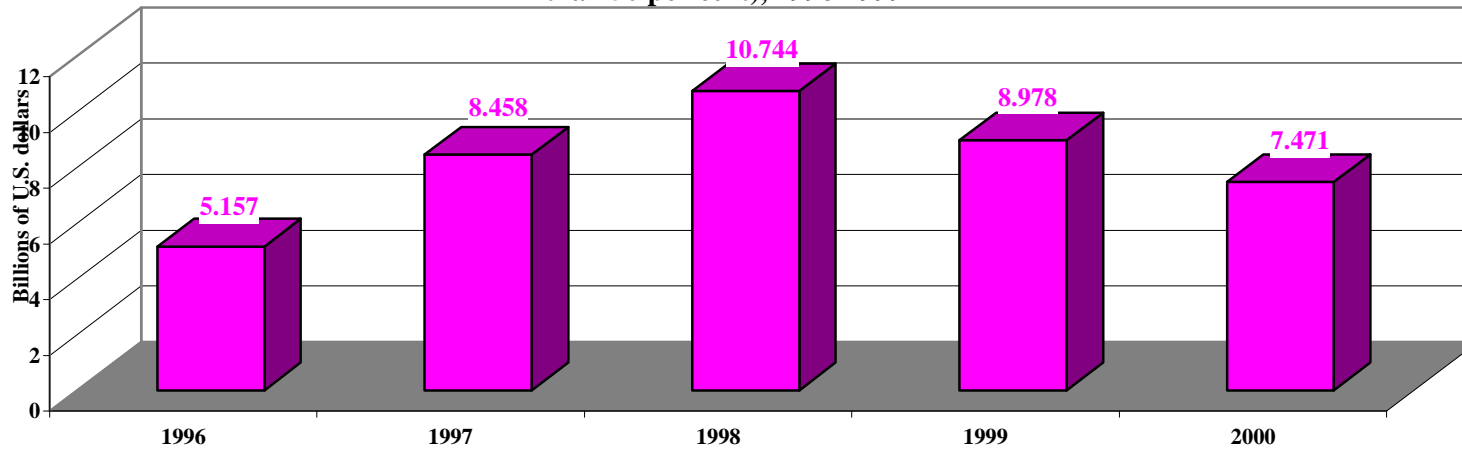
(*inter alia*: GATS Mode 3)

### GATS MODE 3: (Part 2) Outward Foreign Affiliate Trade Statistics (FATS)

**FATS** from entities located abroad, owned by parents based in our home economy

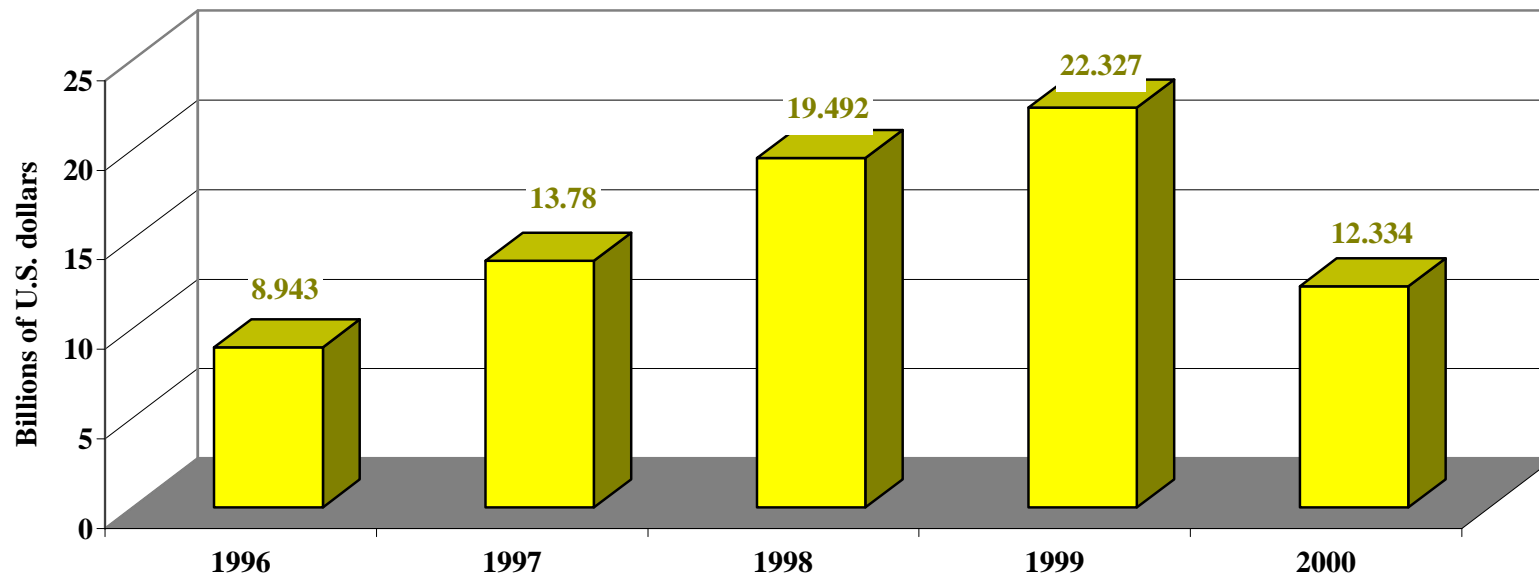


**NORWAY: TOTAL ASSETS of Norwegian (Non-banking) Commercial Presence<sup>1</sup> in the United States (includes minority ownership, less than 50 per cent), 1996-1999**



<sup>1</sup>"Commercial Presence" includes commercial presence enterprises that are both goods-and-services-specific by definition based on basic industrial activity.

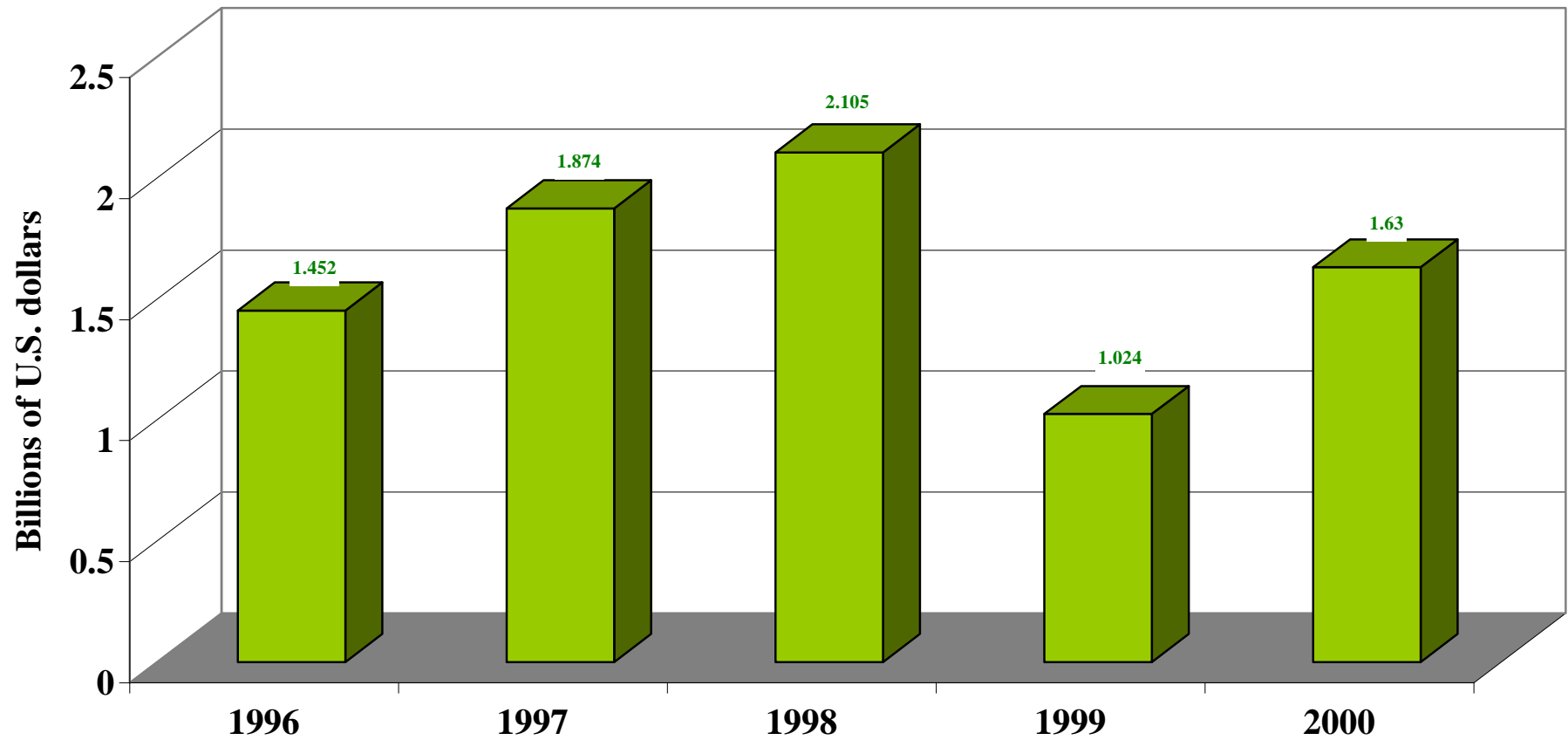
**NORWAY: SALES<sup>1</sup> of Norwegian (Non-banking) Commercial Presence<sup>2</sup> in the United States (includes minority ownership, less than 50 per cent), 1996-1999**



<sup>1</sup> Includes sales of both goods and services "products".

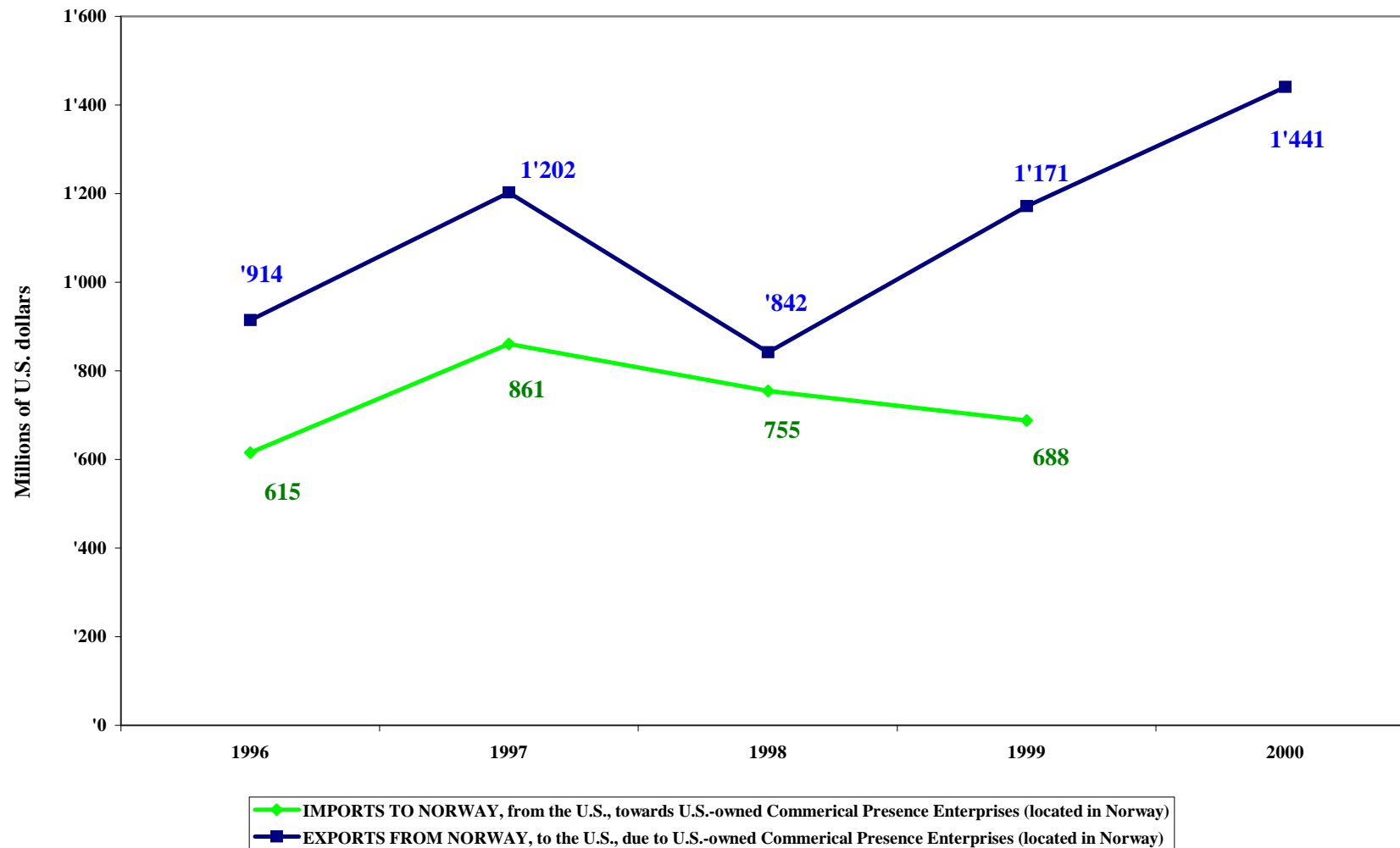
<sup>2</sup> Includes commercial presence enterprises that are both goods-and-services-specific by definition based on basic industrial activity.

**NORWAY: GROSS PRODUCT of Norwegian (Non-banking) Commercial Presence<sup>1</sup> in the United States (includes minority ownership, less than 50 per cent), 1996-1999**



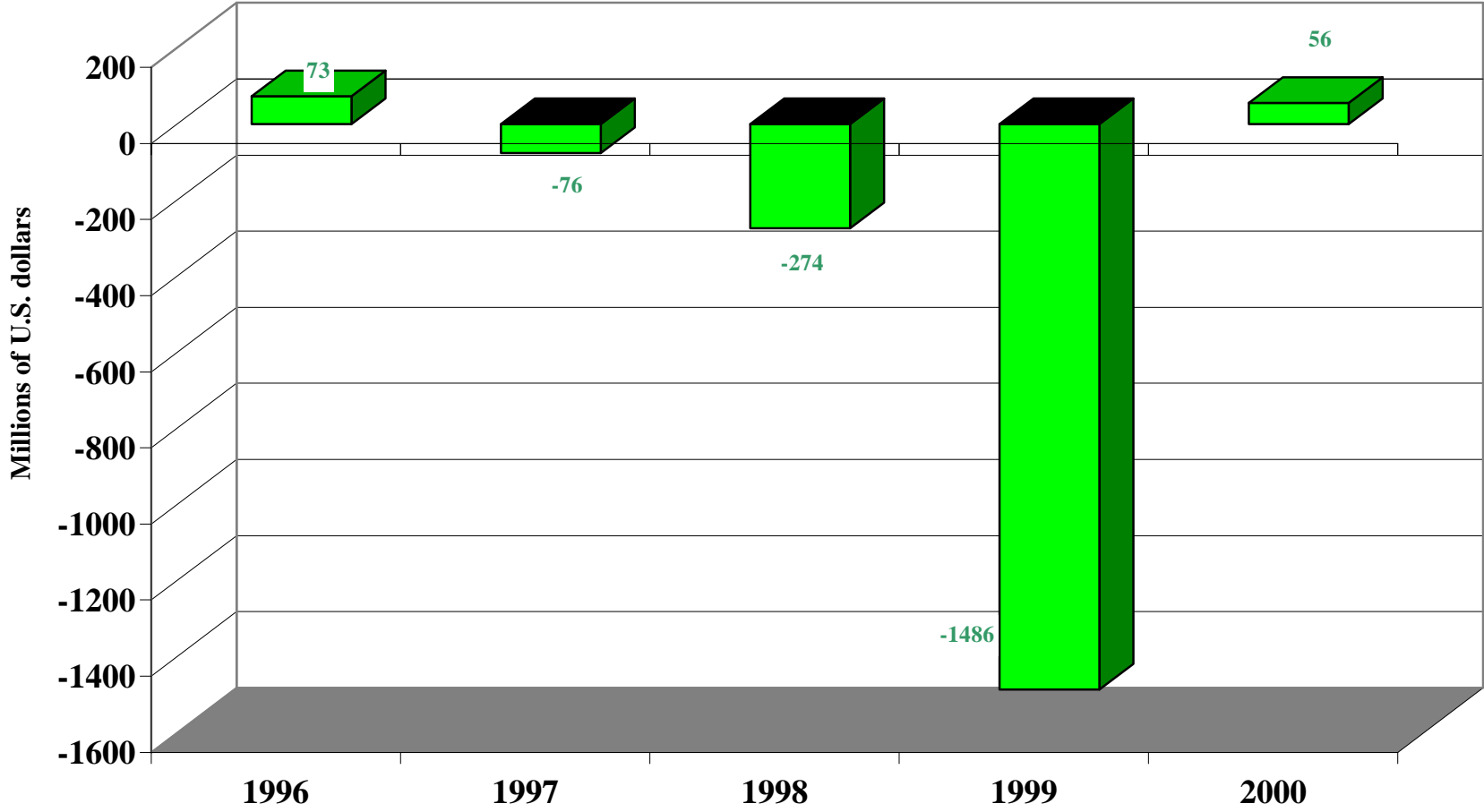
<sup>1</sup>"Commercial Presence" includes commercial presence enterprises that are both goods-and-services-specific by definition based on basic industrial activity.

**IMPORTS & EXPORTS (both goods and services) related to Commercial Presence<sup>1</sup> of Norwegian firms based in the U.S. and U.S. firms (defined as both goods and services) based in Norway, 1996 - 2000**



<sup>1</sup> Includes both minority, as well as majority, ownership, i.e. all FDI over 10 percent, rather only FDI ownership exceeding a book value of 50 percent. "*Commercial Presence*" includes commercial presence enterprises that are both goods-and-services-specific by definition based on basic industrial activity.

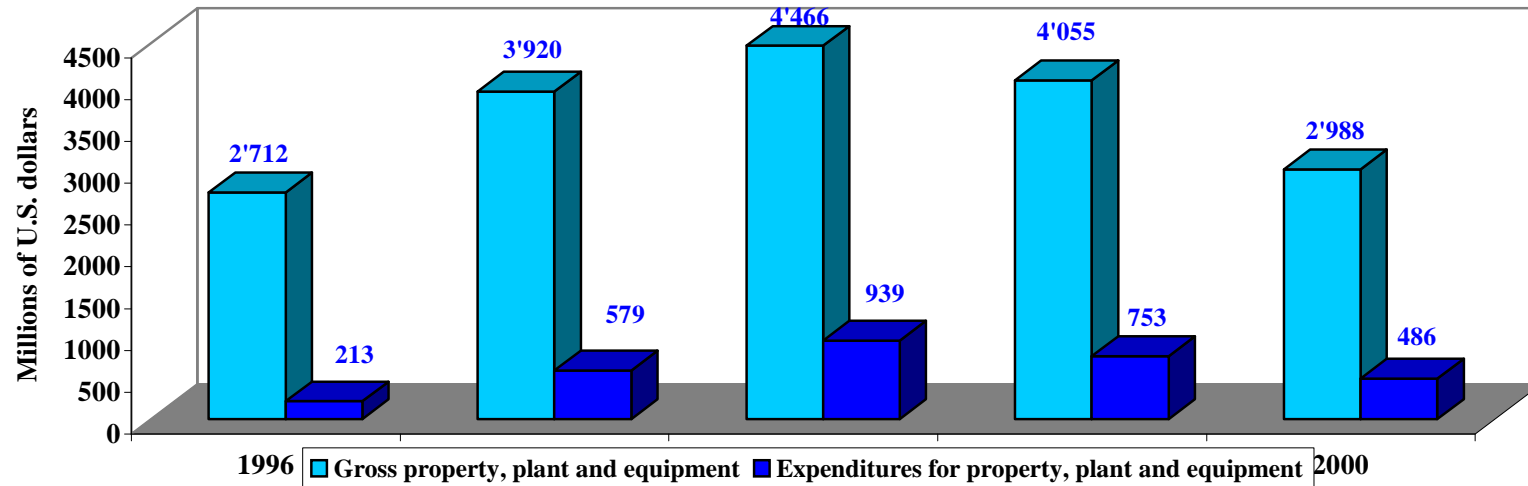
**NORWAY: NET INCOME of Norwegian (Non-banking) Commercial Presence<sup>1</sup> in the United States (includes minority ownership, less than 50 per cent), 1996-1999**



<sup>1</sup>"Commercial Presence" includes commercial presence enterprises that are both goods-and-services-specific by definition based on basic industrial activity.

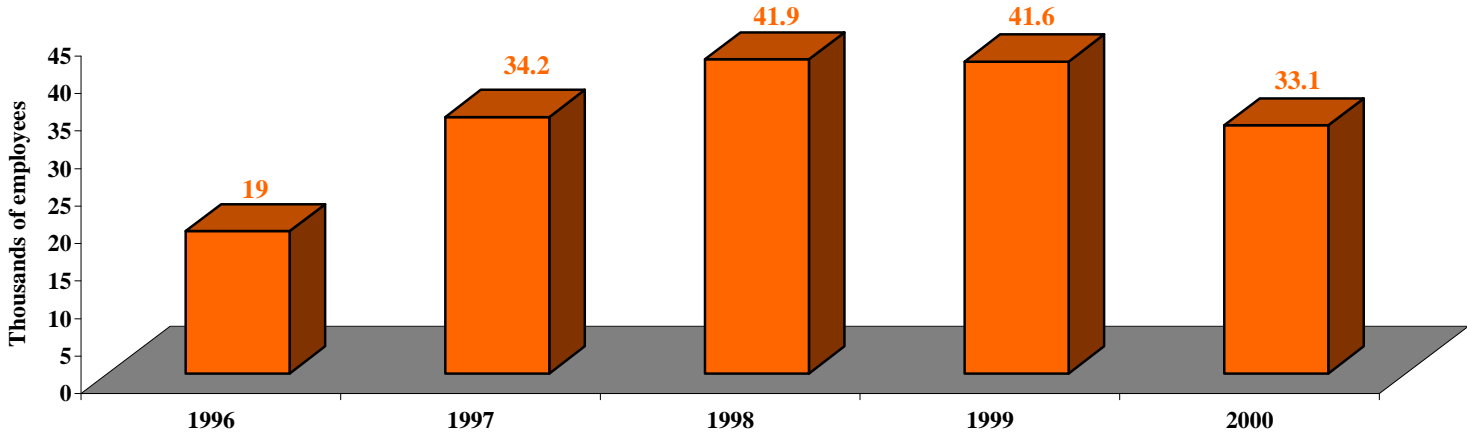


**NORWAY: GROSS PROPERTY, PLANT AND EQUIPMENT & EXPENDITURES for PROPERTY, PLANT and EQUIPMENT of Norwegian (Non-banking) Commercial Presence<sup>1</sup> in the United States (includes minority ownership, less than 50 per cent), 1996-1999**



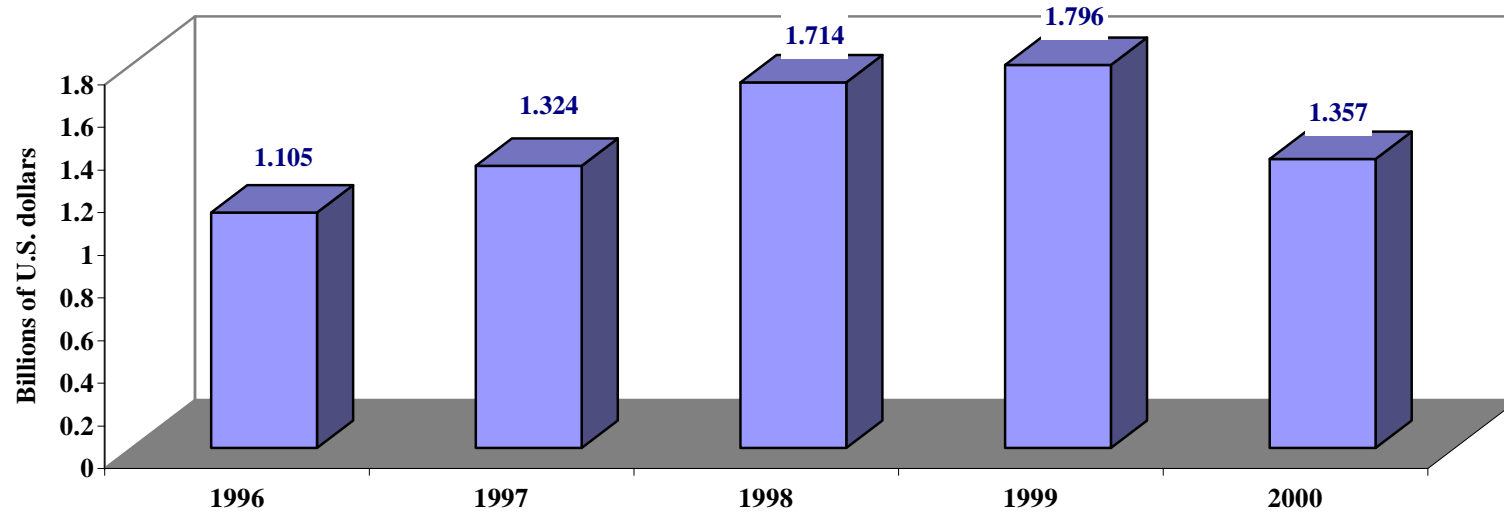
<sup>1</sup>"Commercial Presence" includes commercial presence enterprises that are both goods-and-services-specific by definition based on basic industrial activity.

NORWAY: NUMBER OF EMPLOYEES of Norwegian (Non-banking) Commercial Presence<sup>1</sup> in the United States (includes minority ownership, less than 50 per cent), 1996-1999



<sup>1</sup>"Commercial Presence" includes commercial presence enterprises that are both goods-and-services-specific by definition based on basic industrial activity.

**NORWAY: EMPLOYEE COMPENSATION of Norwegian (Non-banking) Commercial Presence<sup>1</sup> in the United States (includes minority ownership, less than 50 per cent), 1996-1999**



<sup>1</sup>"Commercial Presence" includes commercial presence enterprises that are both goods-and-services-specific by definition based on basic industrial activity.