

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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The following communication is circulated at the request of the delegation of Brazil to the members of the Group of Negotiations on Services.

INFORMATION ON THE COLLECTION OF DATA ON SERVICES
AND TRADE IN SERVICES IN BRAZIL

A. Trade in services - the services account in the balance of payments

1. The primary source of data on international trade and foreign investments in the services sector in Brazil is the Central Bank (Economic Department, Balance-of-Payments Division - DIBAP). The concept of transactions in the services area used by the Bank is defined as "operations between residents and non-residents or any transaction giving rise to exchange operations by the official banking system (accredited for exchange operations by the Central Bank)". Data are collected from records relating to foreign-exchange contracts which must be established for:

- (a) operations for the export or import of merchandise;
- (b) financial transfers from abroad involving contracts relating to the entry and outflow of foreign exchange;
- (c) operations between banks authorized to carry out exchange operations within the country, and between authorized departments of the same bank within the country, and arbitrage operations, including such operations with foreign bankers.

* Central Bank, Exchange Department (undated) - ENOC Manual - National Statistics of Exchange Operations.

2. The classification of services used in the Central Bank's services accounts follows the concepts and standard components set out in the International Monetary Fund's Balance of Payments Manual. It covers the following items:

- International travel: includes the goods and services acquired abroad by travellers (i.e. persons who leave the country for less than one year) for their own use. Travellers are classified as students, business travellers, tourists, government employees and persons undergoing medical treatment.
- Transportation: distributive services performed or received by residents vis-à-vis non-residents in the transport of merchandise, as well as other receipts and expenditures relating to transport. The sources used are SUNAMAN and transport companies, as well as the ENOC. This item comprises the following operations:
 - Freight: carriage of merchandise by sea, air and land;
 - Other: includes fares, port services (goods acquired by means of transport, such as fuel, food, etc.), charters (lease of carriers) and others.
- Insurance: insurance on carriage of merchandise and other insurance. Every three months, the IRB (Reinsurance Institute of Brazil) transmits a report on operations carried out abroad for which the foreign exchange remains in foreign banks.
- Income from capital: includes the following:
 - Interest: payable on account of loan and finance operations and debt securities. Also includes discounts and credit opening commissions.
 - Profits and dividends: distribution of earnings in respect of the various forms of participation in the equity of incorporated private enterprises, co-operatives and public corporations.
 - Reinvested profits: profits earned during the year and invested in the country.
- Official transactions: operations carried out by official entities (general government and Central Bank). Since it is impossible to know the expenditures of government bodies abroad, the following methods are used to verify the data on official transactions: on the receipts side, remittances received abroad (ENOC); on the expenditures side, remittances and expenditures made abroad. This category consists of the following:

- Embassies and consulates abroad: considered as residents of the country they are representing and not of the country where they are located. The following operations are carried out abroad:
 - wage and salary payments representing labour income;
 - personal expenditures by diplomatic and consular staff and of their dependants in the country where they are stationed;
 - other expenditures by embassies and consulates for goods and services such as office supplies and furnishings, fuel and utilities, rent or purchases and sales of embassy and other buildings, official cars and their operation and maintenance.
- Military units and agencies abroad: treated in the same way as embassies and consulates abroad.
- Other official entities located abroad: aid missions, government tourist, development and immigration offices, government information offices and libraries.
- Joint military arrangements.
- Other non-military goods and services provided to or obtained by government: where the government engages in transactions generally carried out by private entities.
- Military services provided or obtained: receipts from the United Nations for peace-keeping troops.
- Other services: all services not classified elsewhere. These are:
 - Personal wages and salaries (excluding government): remuneration which individuals earn in an economy other than the one in which they reside by working.
 - Leasing of buildings: income accruing to owners of financial assets from the use of such assets by non-residents.
 - Administrative expenses: for installing and maintaining offices abroad or in the country, and other expenses.
 - Technical and industrial co-operation: transfers for the payment of technology under contract, governed by Normative Act No. 15 of the INPI (National Institute for Industrial Property).
 - Supply of industrial technology: as in the previous sub-paragraph.

- Courses and congresses: correspondence courses and registration and enrolment fees for courses and congresses;
 - Leasing of equipment;
 - Leasing of cinematographic films;
 - Leasing of tapes and records;
 - Brokerage;
 - Bank fees: commissions on the negotiation of letters of credit, travellers cheques, etc.;
 - Copyright;
 - Licences for the use of trademarks and advertising;
 - Licences for the exploitation of patents (royalties);
 - Profits and losses on merchandise transactions with foreign countries: preparation and packing of goods in transit and guarantee of weight of merchandise;
 - Commodity-exchange operations abroad: guarantee hedge (10 to 12 per cent for the conclusion of contracts in the case of cereals) and brokerage, commissions and expenses;
 - Advertising: fees relating to advertisements and advertising;
 - Press and financial information services;
 - Handling services and expenses: relating to packing expenses;
 - Specialized technical services: technical assistance.
- Unrequited transfers: the provision of real or financial resources to an economy requires a counterpart; if there is none, it is designated as an unrequited transfer. The main transactions of this kind are:
- migrants' transfers: household and personal effects; capital goods transferred from the previous country of residence to the new one and considered as merchandise;
 - workers' remittances: transfers by migrants employed in another country for more than one year;

- grants: aid provided by government bodies and official institutions to philanthropical bodies and charities, as well as aid provided by private institutions and individuals.

B. Foreign investment and reinvestment in Brazil

The Central Bank publishes information on foreign investment and reinvestment in Brazil, and classifies the enterprises in the services category. The categories of services are:

Public utility services:

- water supply
- gas production and distribution
- health services
- air transport
- maritime and river transport.

Other services:

- commercial banks
- investment banks
- real-estate trading
- trading in general, import and export
- insurance companies
- representation, participation and management services
- other financial institutions
- technical and consultation services
- tourism.

C. National accounts

Data on services in the national accounts and employment statistics are prepared by the IBGE (Brazilian Institute of Geography and Statistics) and are fundamentally based on the commercial and services censuses, as well as on special surveys on trade and administration of real estate and negotiable instruments, the building industry, electricity generation and distribution, transport, financial institutions, insurance, communications,

water supply and sewerage, public cleaning and rubbish collection services. The censuses are carried out every five years, and recently (1986) it was decided that the information on electricity, insurance, banking and financial institutions and communications will be the responsibility of the competent government agencies, namely ELETROBRAS, the Reinsurance Institute of Brazil, the Central Bank and TELEBRAS, respectively, under the co-ordination of the IBGE. The forms used for these censuses in the services sector do not cover their international dimension, either through data concerning activities (receipts) or through data relating to inputs used by enterprises in the sector.