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Highlights

Highlights of [GAO-06-116](#), a report to congressional committees

Why GAO Did This Study

Trade in business, professional, and technical (BPT) services associated with offshoring needs to be accurately tracked, but a gap exists between U.S. and Indian data. The extent of and reasons for this gap are important to understand in order to address questions about the magnitude of offshoring and to analyze its future development. Under the authority of the Comptroller General of the United States, and as part of a body of GAO work on the issue of offshoring of services, this report (1) describes the extent of the gap between U.S. and Indian data, (2) identifies factors that contribute to the difference between the two countries' data, and (3) examines the challenges the United States has faced in collecting services trade data. GAO has addressed this report to the congressional committees of jurisdiction.

What GAO Recommends

To improve the overall quality of services trade data, GAO recommends that the Secretary of Commerce direct BEA to improve its coverage of importers and its administration of surveys in order to collect needed information on services imports. BEA should also pursue additional company information from the Census Bureau. The Department of Commerce reviewed a draft copy of this report and concurred with GAO's recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-06-116.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Loren Yager at (202) 512-4128 or yagerl@gao.gov.

INTERNATIONAL TRADE

U.S. and India Data on Offshoring Show Significant Differences

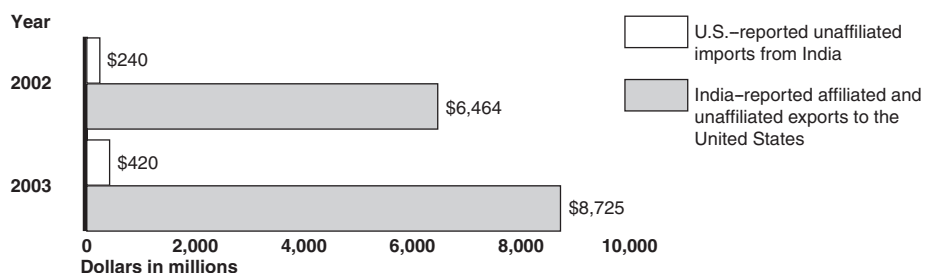
What GAO Found

The gap between U.S. and Indian data on trade in BPT services is significant. For example, data show that for 2003, the United States reported \$420 million in unaffiliated imports of BPT services from India, while India reported approximately \$8.7 billion in exports of affiliated and unaffiliated BPT services to the United States.

At least five definitional and methodological factors contribute to the difference between U.S. and Indian data on BPT services. First, India and the United States follow different practices in accounting for the earnings of temporary Indian workers residing in the United States. Second, India defines certain services, such as software embedded on computer hardware, differently than the United States. Third, India and the United States follow different practices for counting sales by India to U.S.-owned firms located outside of the United States. The United States follows International Monetary Fund standards for each of these factors. Fourth, BEA does not report country-specific data for particular types of services due to concerns about the quality of responses it receives from firms when they allocate their affiliated imports to detailed types of services. As a result, U.S. data on BPT services include only unaffiliated imports from India, while Indian data include both affiliated and unaffiliated exports. Fifth, other differences, such as identifying all services importers, may also contribute to the data gap.

The U.S. Bureau of Economic Analysis (BEA) has experienced challenges in identifying all U.S. services importers and obtaining quality survey data from importers. To test BEA's survey coverage, GAO provided BEA with lists of firms identified from public sources as likely importers of BPT services from India. The results of this test showed that some services importers were not included in BEA's mailing lists. However, BEA has taken action to address these challenges, including collaborating with other federal agencies, such as the U.S. Census Bureau and the Internal Revenue Service, to better identify firms to survey. However, data-sharing restrictions hamper BEA's efforts.

U.S. and Indian Data on Trade in BPT Services, 2002 and 2003



Source: GAO analysis of data from BEA's October 2004 Survey of Current Business and NASSCOM's 2005 Strategic Review.