

2. Guidelines for reporting data

2.1 Scope and guiding principles for reporting

The data should include all foreign transactions regarding exports and import of services (payable or receivable entries where the counterpart is an entity of a foreign country, including foreign units within the same group of companies). Furthermore, the survey should include the purchase and sale of goods outside of Norway.

Services

- All services that are exported/imported where the counterpart is an entity of a foreign country.
- These services should not be reported - financial services, business trips abroad and insurance premiums and claims.

Goods

- Goods purchased and sold abroad without the goods are crossing the Norwegian border (intermediate trade).
- The purchase of goods for processing abroad and resale abroad after processing.
- Goods and materials purchased abroad and are included in a building project abroad. This also relates to repair services, installation and maintenance services

Country of origin / country of destination

- This should be stated by giving the home country for the foreign counterpart receiving or delivering the service, regardless if the service is delivered in Norway or abroad.

2.2 Goods that should be included in this survey

In this section we will give examples on some trade activities and forms of production where the value of goods should be included.

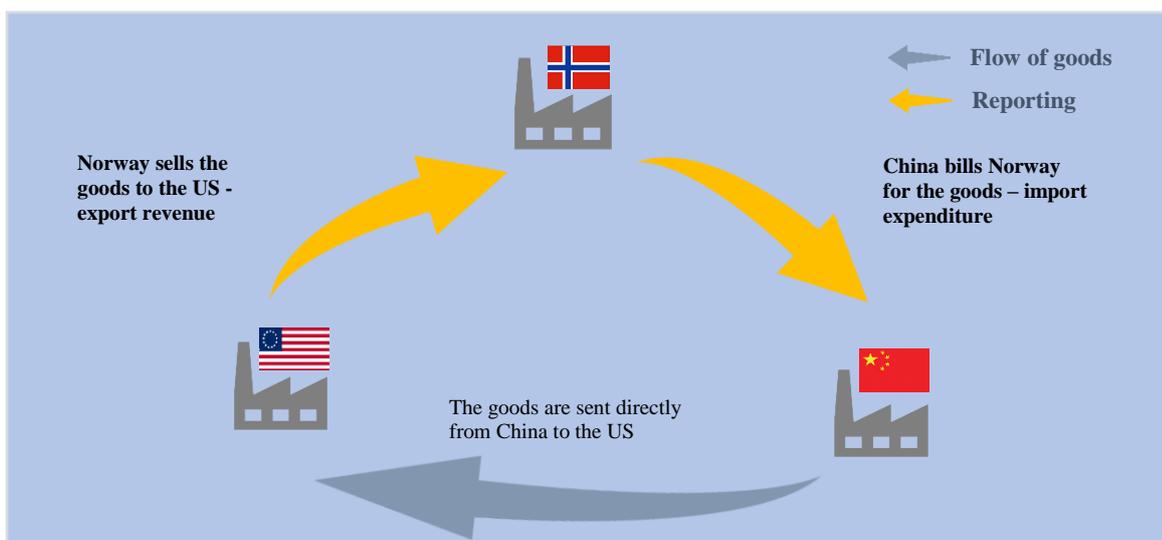
2.2.1 Purchase and resale of goods outside of Norway (merchanting)

Merchanting means that goods are purchased and resold outside of Norway without any form of processing and without any change in the character of the goods.

- Income by resale of the goods abroad are included in the operating revenue of the reporting unit. This should be reported as exports under **CPA-code 519000 «Purchase and resale of goods abroad – Merchanting»**.
- Expenditures for purchase of goods abroad are included in the operating expenses of the reporting unit. This should be reported as imports under **CPA-code 519000 «Purchase and resale of goods abroad – Merchanting»**.

Factoryless production is a special case of merchanting and should be reported as such. The business model is characterized by the fact that the Norwegian unit owns all rights to the finished product but does not itself contribute with input goods to the production. The purchase of these goods from the factory should be entered as an import of intermediary goods, while the sale should be entered as exports under the same category.

Example merchanting:



A Norwegian company buys goods in China for TNOK 1 000 and resells the goods directly to the US or within China for TNOK 1 200, without the goods crossing the Norwegian border. The profit (export income - import expense) is included in the Norwegian foreign accounts.

<i>Reporting in the form RA-0692</i>		
<i>Type of service</i>	<i>Exports</i>	<i>Imports</i>
CPA 519000 - Purchase and resale of goods abroad – Merchanting	1200 TNOK – country USA	1000 TNOK – country China

2.2.2 Processing of goods abroad

Processing of goods abroad means that Norwegian companies (Norwegian legal entities) account for sales revenues from the sale of goods in the company accounts, even though the goods are produced on behalf of the company abroad. The Norwegian company has *ownership* of the goods while they are being processed, which entails, among other things, an economic risk in relation to the possibility of loss / deterioration of the goods during the production process. The factory abroad that has been commissioned to process the goods can be a legal entity in the same group as the Norwegian company, or an independent company, but will receive a processing fee (manufacturing fee) as income from the Norwegian company for the service provided (and in the accounts of the Norwegian company, this is recorded as an operating expense).

The costs associated with purchasing the goods being processed are also included in the Norwegian accounts. In some cases, all or part of the input goods / goods processed from Norway are sent to the destination for processing abroad. In other cases, all goods that are to be processed abroad are purchased (the goods do not cross the Norwegian customs border).

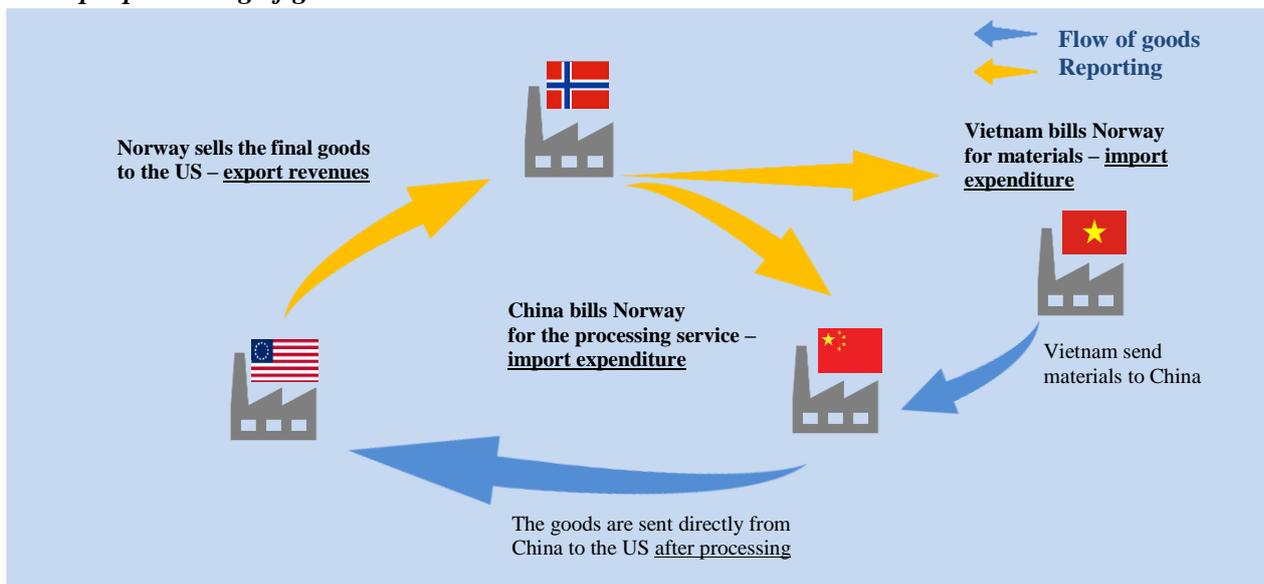
After processing, in some cases (some of) the goods are returned to Norway for sale in Norway, but often all goods are sold further abroad, within the same country as the goods are processed or to a third country.

- Revenues from the resale of the goods after processing abroad is included as operating revenues for the reporting unit. This should be exported under **CPA-code 000098 "Purchase of goods / materials for processing abroad and sale of goods after processing abroad"**. Note that the goods have not crossed the Norwegian customs border.

- Expenses for the purchase of goods / materials abroad for processing abroad are included as operating expenses for the reporting unit. This must be entered as imports under **CPA-code 000098 "Purchase of goods / materials for processing abroad and sale of goods after processing abroad"**. Note that the goods / materials have not crossed the Norwegian border.

Note that the payment / invoicing of the processing fee (manufacturing fee) is not to be included in this item but is to be entered under **CPA-code 000099 "Processing goods on a contract basis and other industrial services"**.

Example processing of goods abroad



Reporting in the form RA-0692		
Type of service	Exports	Imports
CPA-code 000098 "Purchase of goods / materials for processing abroad and sale of goods after processing abroad".	Revenue from the resale of the finished products to USA.	Expenditure for the materials bought in Vietnam.
CPA-code 000099 "Processing goods on a contract basis and other industrial services".	X	Expenditure paid to the goods producing factory (manufacturing fee) payable to China.

2.2.3 Building and construction services

Building and construction services include construction of *fixed assets* in the form of buildings and *fixed infrastructure* such as roads, bridges, ponds, etc. Materials and goods included in the project

Extract from the guidelines on the reporting of External trade in services and purchase and sale of goods outside of Norway (RA-0692)

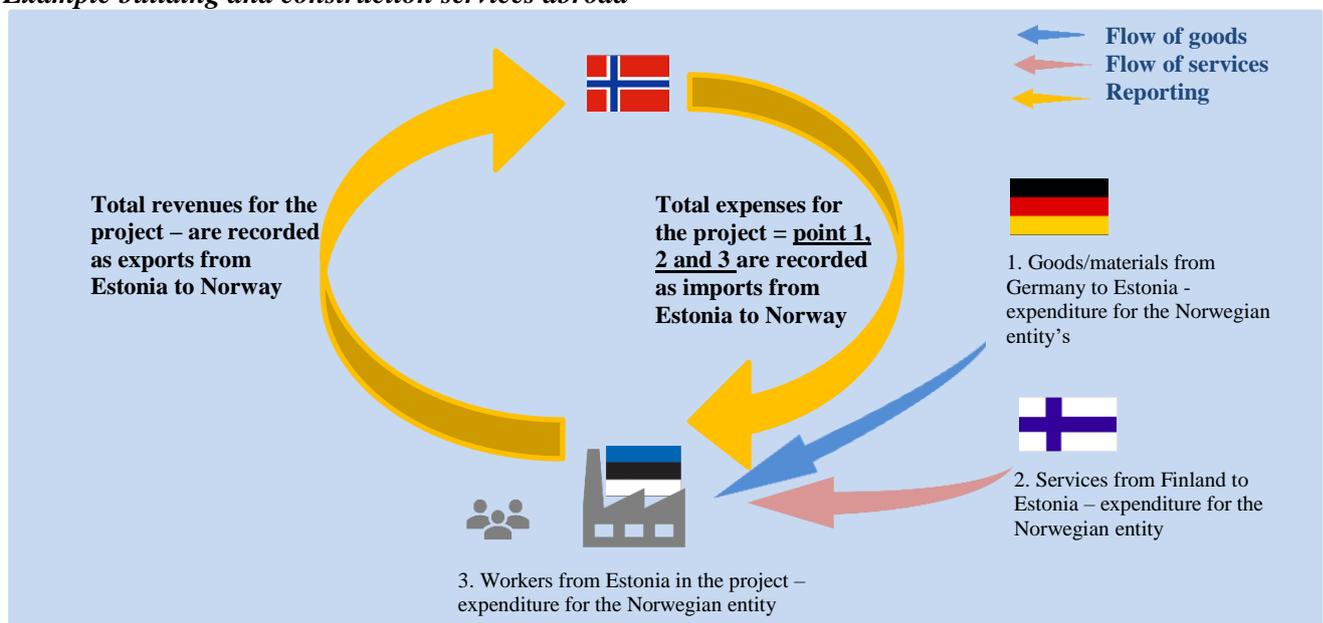
should be included, rental / rental of construction machinery and equipment with crew should also be included. Payroll costs are also included.

Building and construction services abroad

- Income related to building and construction services abroad which is included as operating revenues for the reporting unit. This should be entered as exports **under CPA-code 450001 «Construction and construction related to the construction of fixed installations abroad»**.
- Expenses related to building and construction services abroad that are included as operating expenses of the reporting unit. This should be entered as imports under **CPA-code 450001 «Construction and construction related to the construction of fixed installations abroad»**.

Note that if the Norwegian unit establishes a branch abroad, the branch is considered foreign. See more about transactions with branches abroad under point 2.4.5.

Example building and construction services abroad



A Norwegian company is contracted to construct a factory in Estonia. The Norwegian company buys materials in Germany in connection with the project. Furthermore, the Norwegian company uses a Finnish subcontractor in the work that provides services to the project, and they also use workers from Estonia on the project. Although goods / materials and services can come from several countries, all export revenues and import expenses must be entered between the Norwegian unit *responsible for the project* and Estonia where the project is carried out.

<i>Reporting in the form RA-0692</i>		
<i>Activity</i>	<i>Exports</i>	<i>Imports</i>
All revenues from the entire project in Estonia are exported	CPA 450001, country Estonia (EE)	
Goods purchased in Germany for use in the project in Estonia (EE)		CPA 450001, country Estonia (EE)
Services purchased from Finnish subcontractor for use in the project in Estonia (EE)		CPA 450001, country Estonia (EE)
Salary for local labor in Estonia (EE)		CPA 450001, country Estonia (EE)

2.2.4 Other types of services where used materials must be included in the reporting

- CPA-code 000091 «Installation and assembly»
- CPA-code 000092 «Repair and maintenance»
- CPA-code 000093 «Rebuilding and outfitting performed by / for others»
- CPA-code 000099 «Processing of goods by contract and other industrial services»
- CPA-code 450002 «Building and construction related to the construction of fixed installations in Norway»