STATISTICAL CAPACITY BUILDING (STATCAB) PROGRAMME
ONLINE TRAINING COURSE ON INTERNATIONAL TRADE
STATISTICS AND BALANCE OF PAYMENTS

BALANCE OF PAYMENTS

June 2023
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Goods
Services
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BOP Statistics Division at a glance

- Established in 1993
- Prior to that, the Division was a unit under Foreign Trade Division

Three sections:
- International Investment
- Goods, Services and Income Account
- Services and FATS
This division is responsible for the compilation, analysing and producing statistics:

1. Balance of Payments (BOP)
2. Foreign Direct Investment (FDI) & Direct Investment Abroad (DIA)
3. International Investment Position (IIP)
4. International Trade in Services (ITS)
5. Inward and Outward Foreign Affiliates (FATS) Statistics
1. Quarterly

i. Statistics of International Trade in Services (SITS)
ii. Statistics of Foreign Direct Investment in Malaysia (FDI)
iii. Statistics on Malaysia’s Direct Investment Abroad (DIA)

2. Annually

i. Balance of Payments (BOP)
ii. International Investment Position (IIP)

3. Biennially

i. Statistics on Malaysian Affiliates Abroad (Outwards FATS)
ii. Statistics On Foreign Affiliates in Malaysia (Inwards FATS)
Use of Balance of Payments (BOP)

1. To see movement of our trading between resident and non-resident

2. To gauge investment in the country

3. To understand the movements in the exchange rate

4. To understand the trend and link between a change in interest rate condition and the amount, direction, and structure of external financial flows
Definition and Concept

BALANCE OF PAYMENTS

The balance of payments is a statistical statement in double entry format;

- that summarizes transactions
- in goods, services, primary and secondary income, capital account, and financial items
- between residents and nonresidents
- during a specific time period

DOUBLE-ENTRY ACCOUNTING

- The basic accounting convention for an economy’s BOP statement is that every recorded transaction is represented by two entries with exactly equal values.
- Each transaction is reflected as a credit and a debit entry.

CONCEPT OF RESIDENCE

- Economic connections of a unit to an economic territory
  - Not based on nationality, legal criteria, or currency used
- Expressed as an economic unit’s center of predominant economic interest

EXCEPTIONAL a period of 1 year:
- Diplomatic representatives
- Military personal
- Students
- Medical patients
- Ship’s crew
- Seasonal/Cross-worker
- Refugees, guest workers, expatriate experts
- International Bodies

RESIDENT

Enterprises

Households & Individuals

Residence of Malaysia includes:
- a. Foreign workers (> 1 year in Malaysia)
- b. Foreign MNCs operate in Malaysia
- c. Malaysian working in Singapore that commute daily

Intention to be present for a period of 1 year or more
BALANCE OF PAYMENTS FRAMEWORK

01 CURRENT ACCOUNT
1 Goods
2 Services
3 Primary Income
4 Secondary Income

02 CAPITAL ACCOUNT
1 Acquisitions/ disposals of non produced non financial assets
2 Capital Transfers

03 FINANCIAL ACCOUNT
1 Direct Investment
   01 Direct Investment Abroad (DIA)
   02 Foreign Direct Investment (FDI)
2 Portfolio Investment
3 Other Investment
4 Financial Derivative

04 RESERVE ASSET

12 COMPONENTS OF SERVICES:
01 Manufacturing Services on Physical Inputs Owned by Others
02 Maintenance and Repair Services
03 Transport
04 Travel
05 Construction
06 Insurance and Pension Services
07 Financial Services
08 Changes for the intellectual property n.i.e
09 Telecommunication, Computer & Information Services
10 Other Business Services
11 Personal, Cultural and Recreational Services
12 Government Goods and Services n.i.e

GOODS:
- Merchandise
- Merchanting
- Non Monetary Goods

PRIMARY INCOME:
01 Compensation of Employees
02 Investment Income:
   - Dividend
   - Reinvested Earning
   - Interest

ERRORS AND OMISSIONS
MAIN DATA SOURCES

CURRENT ACCOUNT

- External trade statistics
- International Trade in Services Survey
- International Transaction Reporting System
- Administrative Data
- Other economic indicators

FINANCIAL AND CAPITAL ACCOUNT

- Joint-survey IIP - DOSM & BNM
- International Transaction Reporting System
- Administrative Data
- Other economic indicators
Indicators for Compilation of BOP

- GDP
- Foreign Exchange
- Commodity Prices Crude Oil
- Commodity Prices LNG
- Commodity Prices Palm Oil
- Commodity Prices Rubber
- Equity Market FBMKLCI
- CPI
- PPI
- Price Index (SPPI)
- Volume Index of Services

- Revenue (Current prices)
- Volume Index IPI
- Value of Sales - Manufacturing Industries
- Exports Volume Index
- Import Volume Index
- Goods (Trade)
- Transport
- Travel
- Money Supply (M1, M2, M3)
- Approved Investment MIDA
“In 2022, Current Account Balance recorded a surplus of RM55.1 billion mainly contributed by net exports of Goods”

“Financial account recorded a net outflow of RM12.4 billion in 2022 mainly owing to net outflow in Other Investment and Direct Investment”
BALANCE OF PAYMENTS - at a glance cont’d.

### Highlights

“Current Account Balance recorded a surplus of RM4.3 billion mainly contributed by net exports of Goods”

<table>
<thead>
<tr>
<th>Component</th>
<th>RM billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT ACCOUNT</td>
<td></td>
</tr>
<tr>
<td>Goods &amp; Services</td>
<td>112.0</td>
</tr>
<tr>
<td>Goods</td>
<td>177.6</td>
</tr>
<tr>
<td>Services</td>
<td>-65.7</td>
</tr>
<tr>
<td>Primary Income</td>
<td>-42.2</td>
</tr>
<tr>
<td>Secondary Income</td>
<td>-9.6</td>
</tr>
<tr>
<td>CAPITAL ACCOUNT</td>
<td>-0.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>2021</th>
<th>2022</th>
<th>Q1-22</th>
<th>Q2-22</th>
<th>Q3-22</th>
<th>Q4-22</th>
<th>Q1-23</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT ACCOUNT</td>
<td>60.2</td>
<td>55.1</td>
<td>5.7</td>
<td>2.9</td>
<td>19.0</td>
<td>27.5</td>
<td>4.3</td>
</tr>
<tr>
<td>Goods</td>
<td>177.6</td>
<td>186.0</td>
<td>44.2</td>
<td>36.9</td>
<td>47.3</td>
<td>57.7</td>
<td>39.9</td>
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<tr>
<td>Services</td>
<td>-65.7</td>
<td>-56.4</td>
<td>-18.3</td>
<td>-14.8</td>
<td>-11.2</td>
<td>-12.1</td>
<td>-12.8</td>
</tr>
<tr>
<td>Primary Income</td>
<td>-42.2</td>
<td>-59.4</td>
<td>-17.3</td>
<td>-16.2</td>
<td>-14.3</td>
<td>-11.6</td>
<td>-16.9</td>
</tr>
<tr>
<td>Secondary Income</td>
<td>-9.6</td>
<td>-15.1</td>
<td>-2.9</td>
<td>-2.9</td>
<td>-2.8</td>
<td>-6.5</td>
<td>-5.9</td>
</tr>
<tr>
<td>CAPITAL ACCOUNT</td>
<td>-0.5</td>
<td>-0.5</td>
<td>-0.1</td>
<td>-0.1</td>
<td>-0.2</td>
<td>-0.1</td>
<td>-0.1</td>
</tr>
</tbody>
</table>

Note: * Less than RM50 million
**BALANCE OF PAYMENTS - at a glance cont’d.**

<table>
<thead>
<tr>
<th>Component</th>
<th>RM billion</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FINANCIAL ACCOUNT</strong></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>16.2</td>
</tr>
<tr>
<td>2022</td>
<td>12.4</td>
</tr>
<tr>
<td>Q1-22</td>
<td>31.8</td>
</tr>
<tr>
<td>Q2-22</td>
<td>-0.8</td>
</tr>
<tr>
<td>Q3-22</td>
<td>-17.5</td>
</tr>
<tr>
<td>Q4-22</td>
<td>-1.1</td>
</tr>
<tr>
<td>Q1-23</td>
<td>-2.4</td>
</tr>
<tr>
<td>Direct Investment</td>
<td>31.1</td>
</tr>
<tr>
<td>Portfolio Investment</td>
<td>18.8</td>
</tr>
<tr>
<td>Financial Derivative</td>
<td>-2.3</td>
</tr>
<tr>
<td>Other Investment</td>
<td>-31.4</td>
</tr>
<tr>
<td><strong>RESERVE ASSETS</strong></td>
<td></td>
</tr>
<tr>
<td>-45.7</td>
<td>-53.4</td>
</tr>
<tr>
<td><strong>ERRORS &amp; OMISSIONS</strong></td>
<td></td>
</tr>
<tr>
<td>-30.3</td>
<td>-13.6</td>
</tr>
</tbody>
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<th>RM billion</th>
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<td></td>
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<tr>
<td>-30.3</td>
<td>-13.6</td>
</tr>
</tbody>
</table>

“Financial account recorded a net outflow of **RM2.4 billion** mainly owing to net outflow in Portfolio Investment”

Note: * Less than RM50 million
GOODS
OUTLINES

01 Definition

02 Transactions

03 Goods – General Merchandise, Merchanting & Nonmonetary Gold

04 Summary of Conceptual Differences SNA/ BPM6 vs. IMTS

05 Data Sources
In SNA and BOP:
Goods are physical, produced items over which ownership rights can be established and whose economic ownership can be passed from one institutional unit to another by engaging in transactions.

The production of goods can be separated from its subsequent sale or resale.

- IMTS: records cross border movement of goods...
- Customs procedures ... inclusions/exclusions
Definition

Exchange or transfer of value between two institutional units by mutual agreement (or by application of law)

Particularities:

- In BOP, transactions are between residents and non-residents
- Illegal transactions are treated the same way as legal transactions
- Transactions arranged by an agent are allocated to the countries of the parties, not to the country of the agent (the latter receives a fee, recorded as a service)
- Rearrangement of transactions (Rerouting (insurance); Partitioning (CIF/FOB adjustment)
ECONOMIC TERRITORY VS. STATISTICAL AND CUSTOMS TERRITORY

**Economic Territory**
- Area under the effective **economic control of a single government**
- **Included**: special zones (e.g., free trade zones, offshore financial centers), even though different regulatory and tax regimes may apply
- **Excluded**: embassies, foreign military bases

**Statistical Territory**
- Territory of a country with respect to which **trade data** are being compiled, that is goods which enter or leave the statistical territory.
- May differ from the economic territory in data coverage

**Customs Territory**
- Territory in which the **customs law** of a country applies, but...
  
  For **Customs Unions**, cross-country flows of goods need of additional non-customs information
  
  **Free trade zones or other special zones** may have different laws & tax policies, but national totals still needed, inclusions for bilateral comparisons
TIME OF RECORDING

BOP TRADE STATISTICS
- Recorded when a change of ownership occurs
- When parties enter the goods in their books as a real asset, and
- Make a corresponding change to their financial assets and liabilities

CUSTOMS STATISTICS
- When goods enter or leave the economic territory of the compiling country
- Approximated by the date of lodgment of the customs declaration

TRANSACTION IN SERVICES
- when services are rendered
- when service are rendered: accrual accounting
- services supplied on the continuous basis such as construction
  - progressive payments
  - advances payments and late settlements
  - when services are rendered
A uniform point of valuation for goods is recommended

The point of uniform valuation is at the customs frontier of the economy from which the goods are first exported, i.e. free on board (FOB) which equals invoice (factory) price plus cost of freight and insurance to the frontier of the exporter.
The **FOB valuation point** means:

- Export taxes are treated as payable by the exporter
- Import duties and other taxes of the importing economy are payable by the importer

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of commodities at place of production in the exporting country A</td>
<td>2,000</td>
</tr>
<tr>
<td>(factory gate price)</td>
<td></td>
</tr>
<tr>
<td>Cost of transportation to border of country A (domestic services provided</td>
<td>100</td>
</tr>
<tr>
<td>by resident of country A)</td>
<td></td>
</tr>
<tr>
<td>Cost of transportation from border of country A to border of country B</td>
<td>200</td>
</tr>
<tr>
<td>(services provided by resident of country C)</td>
<td></td>
</tr>
<tr>
<td>Value of commodities at place of delivery at border of country B (CIF</td>
<td>2,300</td>
</tr>
<tr>
<td>value)</td>
<td></td>
</tr>
<tr>
<td><strong>FOB Value</strong></td>
<td>2,100</td>
</tr>
</tbody>
</table>
Goods

- Covers exports and imports of goods which economic ownership is change between resident and non-resident.
- Both exports and imports are valued at f.o.b.

GENERAL MERCHANDISE

SPECIAL CASES...

a) GOODS FOR PROCESSING

Malaysia as PROCESSOR

INWARD PROCESSING

- Goods received from abroad for processing (GFP imports) and sent back to the owner (GFP export)
- Fees received consider MS credit (exports)

Malaysia as PRINCIPAL

OUTWARD PROCESSING

- Goods sent abroad for processing (GFP exports) and return to Malaysia (GFP imports)
- Fees paid consider MS debit (imports)

Goods temporarily exported or imported without a change of ownership.

"Because there is no change of ownership of goods between a resident and non-resident, or because the goods have no value, the following cases are excluded from general merchandise:

...(f) Goods for assembly, packing, labeling, or processing by an entity that does not own the goods concerned."
GOODS FOR PROCESSING

part of activity involves in goods for processing

Include
- oil refining
- liquefaction of natural gas
- assembly of clothing and electronics, cars
- labeling
- packing

Exclude
- assembly of prefabricated constructions = construction services; and
- labelling and packing incidental to transport = transport services.
Specific cases for inclusion in goods

- Banknotes and coins not in current circulation
- Cross-border supply of electricity, gas, and water (however, charges invoiced separately for the transmission, transport, or distribution of these products are included in services).
- Goods procured in resident ports by nonresident carriers and by resident carriers in nonresident ports
- Goods for the lessee under financial leases
- Equipment sold while outside the territory of residence of its original owner
- Ships, aircraft
- Trade between free trade zones and nonresidents
Specific cases for exclusion from goods.. *e.g*

- Transit trade
- Migrants’ personal effects
- Goods consigned to embassies, military bases etc. from their home authorities, and vice versa
- Goods temporarily exported or imported without a change of ownership, *e.g.* goods for repair, animals or artifacts for participation in exhibitions or competitions
- Returned goods
- Trade in goods between free trade zones and residents of the same economy
Owners and operators of transport equipment may enter into a number of leasing or chartering arrangements. But for BOP purposes,

<table>
<thead>
<tr>
<th>Aircraft Arrangements</th>
<th>Goods</th>
<th>Transport</th>
<th>Operational Lease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial leasing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goods for the lessee under financial leases</td>
<td>Classified under goods</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operational leasing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chartering or hiring of a ship or boat, whereby no crew or provisions are included as part of the agreement.</td>
<td></td>
<td></td>
<td>The operator is responsible for equipping the vessel and supplying the crew. A lease without crew and if the lessee does not assume the risks and rewards of ownership.</td>
</tr>
</tbody>
</table>
Merchanting is defined as the purchase of goods by a resident (of the compiling economy) from a non-resident combined with the subsequent resale of the goods to another non-resident without the goods being present in the compiling country.

- The acquisition of goods by merchants is shown under goods as a negative export of the economy of the merchant.
- The sale of the good is shown under merchanting as a positive export of the economy of the merchant.
Merchanting arrangements:
- used for wholesaling and retailing; and
- also in commodity dealing and for the management and financing of global manufacturing processes

*If* the form of the goods does not change
- goods are included under merchanting
- selling price reflects minor processing costs and wholesale margins

BOP requires information on value of:
- acquisition of goods by merchants
- sale of the goods by merchant

**Difference** = *“net exports” of goods under merchanting*
*it includes merchants’ margins, holding gains/losses, and changes in inventories of goods under merchanting*
Example: Merchanting

Because the books did not change their physical form, the transactions are recorded as merchanting.

Balance of payments entries for country A are as follows:

<table>
<thead>
<tr>
<th>Net exports of goods under merchanting</th>
<th>8 (credit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods acquired under merchanting (from country B)</td>
<td>-12 (credit) (negative exports)</td>
</tr>
<tr>
<td>Goods sold under merchanting (to country D)</td>
<td>20 (credit)</td>
</tr>
</tbody>
</table>

Countries B and D will register in their balance of payments, export (12) and import (20) of general merchandise, respectively.
a Treatment in IMTS:

Goods under merchanting are excluded from international merchandise trade statistics.

b Treatment in BOP (BPM6):

BPM6 records goods under merchanting separately (in addition to general merchandise) as a negative export when acquired by a resident from a non-resident, and as an export when sold by a resident to a non-resident.
Nonmonetary gold cover all gold other than monetary gold. Nonmonetary gold can be in the form of:

- **bullion** (that is, gold bullion takes the form of coins, ingots, or bars with a purity of at least 995 parts per thousand),
- **gold powder**, and
- gold in **other unwrought or semi manufactured forms**.

**Excluded**: jewellery, watches, and so forth that contain gold, which are included under general merchandise.
### SUMMARY OF CONCEPTUAL DIFFERENCES SNA / BPM6 VS. IMTS

<table>
<thead>
<tr>
<th></th>
<th>SNA / BPM6</th>
<th>IMTS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Principle of recording</strong></td>
<td>Change of ownership</td>
<td>Cross border movement of goods</td>
</tr>
<tr>
<td><strong>Definition of territory</strong></td>
<td>Economic territory</td>
<td>Customs territory</td>
</tr>
<tr>
<td><strong>Time of recording</strong></td>
<td>When the change of ownership occurs</td>
<td>When goods enter/leave the customs territory</td>
</tr>
<tr>
<td><strong>Valuation</strong></td>
<td>FOB / invoice price</td>
<td>Different measures… <em>WTO Customs Valuation Agreement</em>; FOB, CIF, etc</td>
</tr>
<tr>
<td><strong>Classification</strong></td>
<td>CPC, ISIC, etc., …bridging</td>
<td>HS, SITC</td>
</tr>
</tbody>
</table>
External Trade Statistics
- Royal Malaysian Customs Department

Enterprise Surveys – e.g Merchanting
Airlines companies
Government/other agencies

- Most countries use IMTS as the main data sources for compiling the goods account
- However IMTS normally based on customs forms are designed with view to administrative requirements and may need adjusting for Trade/SNA/Bop statistics purposes)
"In 2022, Goods account recorded a surplus of RM186.0 billion"
SERVICES
Definition of Services

• Services – intangible products and activities;
• Often difficult to separate from goods;
• Results of the production process that:
  • change the condition of the consuming units
    • Changes in the condition of the consumer’s goods: the producer works directly on goods owned by the consumer by transporting, cleaning, repairing or otherwise transforming them
    • Changes in the physical condition of persons: the producer transports the persons, provides them with accommodation, provides them with medical or surgical treatments, improves their appearance, etc.
    • Changes in the mental condition of persons: the producer provides education, information, advice, entertainment or similar services in a face to face manner.
  • facilitate the exchange of products or financial assets
  • not generally separate items over which ownership rights can be established
  • Cannot generally be separated from their production

MSITS 2010: Box I.1, pg.8
Classification of International Trade in Services

1. Manufacturing Services on Physical Inputs Owned by Others
2. Maintenance and Repair Services
3. Transport
   3.1 Sea Transport
      3.1.1 Freight
      3.1.2 Passenger and others
   3.2 Air Transport
      3.2.1 Freight
      3.2.2 Passenger and others
   3.3 Other Transport
      3.3.1 Postal and Courier Services
      3.3.2 Others
4. Travel
   4.1 Business
   4.2 Personal
      4.2.1 Health-related
      4.2.2 Education-related
      4.2.3 Others
5. Construction
6. Insurance and Pension Services
7. Financial Services
8. Charges for the Use of Intellectual Property
9. Telecommunication, Computer & Information Services
   9.1 Telecommunications
   9.2 Computer
   9.3 Information
10. Other Business Services
    10.1 Research and Development Services
    10.2 Professional and Management Consulting Services
       10.2.1 Legal
       10.2.2 Accounting
       10.2.3 Business and Management Consulting
    10.3 Technical, Trade-Related and Other Business Services
       10.3.1 Architectural, Engineering and Other Technical
       10.3.2 Operating Leasing
       10.3.3 Trade-Related and Other Business Services
11. Personal, Cultural and Recreational Services
12. Government Goods and Services n.i.e.

Notes: The classification are based on Balance of Payments and International Investment Position Manual (BPM6) and Extended Balance of Payments Classification (EBOPS 2010)
**Mode of supply**

1. **Cross-border supply**
   ..take place as when a service is supplied when both the supplier and the consumer remain in their respective territories. **Example:** a service is supplied by telephone or the internet.

2. **Consumption abroad**
   ..take place as when a service is supplied when the consumer consumes the services outside his/her home territory. **Example:** Amusement parks abroad & international tourist activities.

3. **Commercial Presence**
   ..take place as when a service is supplied when services suppliers establish (or acquire) an affiliate, branch or representative office in another territory through which they provide their services. **Example:** Foreign bank investing in a host economy creates a subsidiary – to supply banking services.

4. **Presence of natural persons**
   ..take place when an individual (either the service supplier himself if he/she is a self-employed/employee) is temporarily present abroad in order to supply a service. **Example:** computer specialist is sent abroad to supply an IT service, or - foreign independent architect for a construction project abroad.

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**Modes of Supply (MOS)**
Concept & Definition

Manufacturing services by an entity, processor, that does not own the goods and that is paid a fee by the owner.

Ownership of the goods “processed” does not change.

• Thus, no general merchandise transaction is recorded between the processor and the owner.

Cover:
• processing, assembly, labeling, packing....undertaken by enterprises, processor

Manufacturing services on physical inputs owned by others.
Owner and Processor Relationship

Also, called contract manufacturing, toll manufacturing, or toll services.

The unit that enters in a contractual agreement with another unit, nonresident processor, to carry out some/whole part of production

Processor

- The unit that has the contractual relationship with the Owner.
- The activities performed by the processor are determined on a ‘fee or contract basis’

Owner of the goods

Offshoring of Production
Concept & Definition

Goods For Processing (GFP) : BPM6 para 10.22, Page 153:

“Because there is no change of ownership of goods between a resident and nonresident, or because the goods have no value, the following cases are excluded from general merchandise:

(f) Goods for assembly, packing, labeling, or processing by an entity that does not own the goods concerned..

Manufacturing Services (MS) : BPM6 Para 10.62, Page 161:

“Manufacturing services owned by others cover processing, assembly, labeling, packing, and so forth undertaken by enterprises that do not own the goods concerned.

The manufacturing is undertaken by an entity that does not own the goods and that is paid a fee by the owner.

In this case, the ownership of the goods does not change, so no general merchandise transaction is recorded between the processor and the owner.”
MANUFACTURING SERVICES ON PHYSICAL INPUTS OWNED BY OTHERS

Concept & Definition

Services Under Manufacturing Services on Physical Inputs Owned by Others

Include
- oil refining
- liquefaction of natural gas
- assembly of clothing and electronics, cars
- labeling
- packing

Exclude
- assembly of prefabricated constructions = construction services ; and
- labelling and packing incidental to transport = transport services.
Step to identify the companies involved

1. **Frame:**
   Monthly and Annual Manufacturing; Economic Census
   + Check the company with customs data

2. **Reported fee received**
   - included both international and domestic

3. **Confirmation**
   Manufacturing services cross border/ international

Visit/discussion and consultation with selected major companies

Quarterly Survey of International Trade in Services and Goods for Processing
Methodology and Data Sources

Question related to manufacturing services
Different Cases

Case 1: Goods return to the country of origin after processing (Country A in example)
Case 2: Processed goods stay in the domestic economy of processor (Country B in example)
Case 3: Processed goods are shipped to third country (Country C in example)
Case 4: Mixed combinations
CASE STUDY: GFP in Malaysia

e.g INWARDS PROCESSING

Principal
Country A

Processor
Country B

Third Country

Raw materials

Export goods

Processing fees (credits)

Malaysia as PRINCIPAL
OUTWARD PROCESSING

• Goods sent abroad (export) for processing and return to Malaysia (import)
• Fees paid consider MS debit (import)

Malaysia as PROCESSOR
INWARD PROCESSING

• Goods received from abroad (import) for processing and sent back to the owner (export)
• Fees received consider MS credit (export)
Concept and Definition

- Covers maintenance and repair work undertaken by residents on goods owned by nonresident
- May be performed at the site of repairer or elsewhere
- Includes value of repair work (including parts and materials supplied by repairer)
- Does not include the value of goods for repair
<table>
<thead>
<tr>
<th>Include in Maintenance and Repair</th>
<th>Not Include in Maintenance and Repair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance and repair of</td>
<td>✓ Cleaning of transport</td>
</tr>
<tr>
<td>✓ Aircraft</td>
<td>(should be included in transport)</td>
</tr>
<tr>
<td>✓ Other transport equipment</td>
<td>✓ Construction repair and maintenance</td>
</tr>
<tr>
<td></td>
<td>(construction)</td>
</tr>
<tr>
<td></td>
<td>✓ Maintenance and repair of computers</td>
</tr>
<tr>
<td></td>
<td>(computer)</td>
</tr>
</tbody>
</table>
Methodology and Data Sources

DATA SOURCES

✓ Quarterly Survey of International Trade in Services. It consists of breakdown by sea, air and other mode
✓ Cross-checked with ITRS data/companies

✓ This MRS compilation also take into account the repairing machines/other factory equipment apart of aircraft and shipping.

✓ List of companies for licensed MRS operators of aircraft in Malaysia is gathered from Department of Civil Aviation (DCA), while for maritime is gathered from Ships Repair & Ship Building publication from Malaysian Industry-Government Group for High Technology (MIGHT)

EXPORTS

Resident companies that undertaken maintenance and repair services of nonresident aircraft, vessel

IMPORTS

Airlines, vessel & machinery equipment to nonresidents
**Concept and Definition**

Services provided by **all modes of transport** performed by residents of economy for those of another where includes of:

- Carriage of **passengers** and the movement of goods (**freight**) as well as rentals (charters) of carriers with crew

- **Supporting and auxiliary services**: cargo handling, navigation fees and maintenance and cleaning of carriers

- **Storage and warehousing** activities, also includes in this components.

- **Postal and courier services** cover the pick-up, transport, and delivery of letters, newspapers etc., including post office counter and mailbox rental services

Source: BPM6 and MSITS 2010
Passenger Transport Services: Definition and Coverage

All international transport services of passenger provided between the compiling economy and abroad or between two foreign economies:

Recording in the Compiling Economy

<table>
<thead>
<tr>
<th>Passengers (Service Recipient)</th>
<th>Service Provider (carriers)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Non-Resident</td>
</tr>
<tr>
<td>Non-Residents</td>
<td></td>
</tr>
<tr>
<td>Residents</td>
<td>Debit</td>
</tr>
</tbody>
</table>

Exclude

passenger services provided to nonresidents by resident carriers within the compiling economy (included under travel services).

▶ Carriers do not ask the residence of internal ticket buyers.

Include

passenger services performed within an economy by nonresident carriers.
Passenger Transport Services: Additional Coverage

- Fees payable by carriers to travel agencies and other providers of reservation services.
- On-board carriers’ food, gifts, souvenirs.
- Excess baggage charges.
- Accompanying personal effects, including automobiles.
- Taxes levied on passenger services.
- Package tours fares (exclude cruise included in travel).
- Rental of transport equipment with crew to transport persons.
- Rentals or operational leases (OL) of vessels, aircraft, freight cars, or other commercial vehicles with crews for limited periods for the carriage of passengers.
## Passenger Transport Services: Methods of Compilation

<table>
<thead>
<tr>
<th>Description</th>
<th>Source and Method of Compilation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Passenger</strong></td>
<td><strong>Services Provided by Resident Transport Operators (credit)</strong>&lt;br&gt;- Enterprise Survey or ITRS from resident operators.&lt;br&gt;- Data model based upon the number of nonresident passengers carried by resident operators, passengers' economies of origin, and average fare rates could be used.</td>
</tr>
<tr>
<td></td>
<td><strong>Services Provided by Nonresident Transport Operators (debit)</strong>&lt;br&gt;- Enterprise survey or an ITRS from branches of nonresident operators or ticket selling agents. Ideally, data should be collected on earnings, rather than a ticket sales basis.&lt;br&gt;- Data model on numbers of resident passengers carried by nonresident operators and classified by destination and data on average fares could be used.</td>
</tr>
</tbody>
</table>
Transport Services: Some Transport Arrangements

Owners and operators of transport equipment may enter into a number of leasing or chartering arrangements.

But for BOP purposes, ONLY LEASES WITH CREW are included in TRANSPORT.

<table>
<thead>
<tr>
<th>Vessels Arrangements</th>
<th>Transport</th>
<th>Operational Lease</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bare boat or bare bottom charter</strong></td>
<td></td>
<td>The operator is responsible for equipping the vessel and supplying the crew.</td>
</tr>
<tr>
<td>Chartering or hiring of a ship or boat, whereby no crew or provisions are included as part of the agreement.</td>
<td></td>
<td>A lease without crew and if the lessee does not assume the risks and rewards of ownership.</td>
</tr>
<tr>
<td><strong>Time charter</strong></td>
<td></td>
<td>The operator is responsible to provide the crew.</td>
</tr>
<tr>
<td>Chartering or hiring of a vessel for a specific period of time.</td>
<td></td>
<td>As above.</td>
</tr>
<tr>
<td><strong>Voyage charter</strong></td>
<td></td>
<td>An exporter/importer hires, for a single voyage, a vessel to ship a bulk commodity.</td>
</tr>
<tr>
<td>Hiring of a vessel and crew for a voyage between a load port and a discharge port.</td>
<td></td>
<td>Payment for these charters are classified as freight, transport.</td>
</tr>
<tr>
<td>Space charter, or slot charter are arrangement in which space on the vessel, rather than the whole vessel, is hired.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Transport Services: Some Transport Arrangements (cont.)

<table>
<thead>
<tr>
<th>Aircraft Arrangements</th>
<th>Transport</th>
<th>Operational Lease</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Wet leasing</strong> Covers provision of an aircraft, complete crew, maintenance, and insurance for which payment is by the number of hours operated.</td>
<td>Normally used for short-term leasing and recorded under transport service.</td>
<td></td>
</tr>
<tr>
<td><strong>Dry leasing</strong> Covers provision of an aircraft without insurance, crew, ground staff, supporting equipment, maintenance, etc.)</td>
<td>Normally used for long-term leasing and recorded under operational leasing services.</td>
<td></td>
</tr>
</tbody>
</table>
Standard components breakdown transport by

MODE OF TRANSPORTATION
- Sea
- Air
- Other Transport
- Postal and Courier

TYPE OF CARRIER
- Passenger
- Freight
- Other

OTHER TRANSPORT
- Space transport
- Rail transport
- Road transport
- Inland waterway transport
Freight Services: Definition

The treatment of freight services is a consequence of adopting FOB uniform valuation principle for goods.

Goods exports are usually valued FOB
- **Excludes** freight services

Goods imports usually valued CIF
- **Includes** insurance and freight charges

**FOB valuation:**
- all freight costs up to the customs frontier are shown as incurred by the exporter;
- all freight costs beyond the customs frontier (of exporter) are shown as incurred by the importer.

Transport services of objects other than people.
Freight Services: Recording

**For Credits**
- Total receipts by resident carriers for transportation of exported goods outside the compiling economy
- Total receipts by resident carriers for transportation of imported goods within the exporting economy border
- Total receipts by resident carriers for transportation of goods owned by non-residents and transported for non-residents economies.

**For Debits**
- Total payments to non-resident carriers for transportation of exported goods within the compiling economy
- Total payments to non-resident carriers for transportation of imported goods outside the exporting economy

Concept and Definition
Freight Services: Some Issues

FOB basis

- But...the delivery terms of contract between the exporter and importer may not be on FOB basis, but ULTIMATELY the importer pays for the goods and all transport (and insurance) costs whatever the delivery terms.

Types of Freight Services

- Compilers should distinguish among:
  - Freight on imports
  - Freight on exports
  - Other freight
  - Relates to the carriage of goods where there is no change of ownership

Routing

- When, the arrangements for paying freight costs differ from the FOB terms of delivery, rerouting is needed.
- Rerouting of freight services may mean that a transaction that is actually between two residents is treated as a transaction between a resident and a nonresident and vice versa.
## Freight Services: Some Issues

| Distance | • The economy of origin of the imports—if the customs points of two territories are the contiguous, the c.i.f. and f.o.b. valuations are the same, so no adjustment is necessary.  
  • The distance that the good has to travel—the longer the distance, generally the greater the freight cost and usually the greater the insurance charge. |
| CIF/FOB | • The relationship CIF/FOB varies according to type of good, weight, scale (bulk or not), special needs (such as refrigeration or careful handling), mode of transport, and distance travelled.  
  • CIF to FOB ratios changes over time, due to factors such as fuel prices, competition and technology. |
## Freight Services: Methods of Compilation

<table>
<thead>
<tr>
<th>Description</th>
<th>Source and Method of Compilation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freight on exports and imports of the compiling economy</td>
<td><strong>Export Freight Services Provided by Residents (credit)</strong>&lt;br&gt;-Enterprise survey or an ITRS from resident operators. If an ITRS is used, freight paid on exports by exporters to resident operators should be measured and added to freight on exports.&lt;br&gt;-A data model could be used.</td>
</tr>
<tr>
<td>Import Freight Services Provided by Nonresidents (debit)</td>
<td>-An ITRS, if it provides a breakdown of import costs and if the amounts paid to resident operators by nonresident exporters are deducted.&lt;br&gt;-Via an enterprise survey, branch offices and agents for nonresident operators or to estimate total freight on imports and to deduct from this estimate the income earned by resident transport operators from freight on imports. The latter item could be collected through an enterprise survey.</td>
</tr>
</tbody>
</table>
Other Transport Services: Definition and Coverage

Covers transport services that are auxiliary to transport and not directly provided for the movement of goods and persons.

<table>
<thead>
<tr>
<th>Inclusions</th>
<th>Exclusions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Cargo handling billed separately from freight</td>
<td>• Freight insurance (included in insurance services)</td>
</tr>
<tr>
<td>• Storage and warehousing</td>
<td>• Goods procured in ports by nonresident carriers (included in goods)</td>
</tr>
<tr>
<td>• Packing and repacking</td>
<td>• Maintenance and repairs on transport equipment (included in maintenance and repair services n.i.e.)</td>
</tr>
<tr>
<td>• Towing not included in freight services</td>
<td>• Repair of railways facilities, harbors, and airfield facilities (included in construction).</td>
</tr>
<tr>
<td>• Pilotage and navigational aid for carriers</td>
<td></td>
</tr>
<tr>
<td>• Air traffic control</td>
<td></td>
</tr>
<tr>
<td>• Cleaning performed in ports and airports on transport equipment</td>
<td></td>
</tr>
<tr>
<td>• Salvage operations</td>
<td></td>
</tr>
<tr>
<td>• Agent’s fees associated with passengers and freight transport</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Data Sources**

Several data sources (survey and administrative sources) used to capture the diversity of trade in services.

<table>
<thead>
<tr>
<th>International Trade in Services (ITS)</th>
<th>Administrative data</th>
<th>ITRS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Passenger</strong></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Freight</strong></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

- ✓ exports
- ✓ imports

---

**Quarterly survey of ITS** contains of International Trade in Services Generic (ITS Generic) and Transport (ITS 1) exporters and importers resident companies.

Transport by carrier are easily can be obtained from the ITS, however, the compilation for freight services will be different especially for imports.
Compilation of Partner Country

Data sources:
- International Trade in Services
- ITRS
- Custom Data

Spreadsheet data based on mode of transportation

Data published on SITS publication by mode of transport
Concept and Definition

Travel includes goods and services acquired by persons undertaking study or medical care while outside the territory of residence. It also includes acquisitions of goods and services by seasonal, border and short term workers.

Travel Breakdown

1. Business traveler covers travelers going abroad for business, include:
   - Carrier crews stopping over
   - Government employees on official travel
   - Employees of international organizations on official business
   - Employees travelling on behalf of their employer
   - Self-employed nonresidents travelling for business purposes
   - Seasonal, border, and other short term workers

2. Personal travelers are travelers going abroad for purposes other than business
   - Health-related
   - Education-related
   - Other personal
Concepts and definitions: Classification of inbound travellers

- Business and professional
- Holidays, leisure and recreation
- Visiting friends and relatives
- Education and training
- Health and medical care
- Main purpose of tourism trips
- Religion/pilgrimages
- Shopping
- Transit
- Other

Inbound travellers

- Inbound visitors
  - Tourist (Overnight visitors)
  - Same-day visitors (Excursionists)
- Nationals residing abroad
- Other non-residents (foreigners)

Other inbound travellers

- Border workers
- Seasonal workers
- Other short-term workers
- Long-term workers
- Nomads and refugees
- Transit passengers not entering the economic and legal territory
- Crews on public modes of transport
- Persons entering the country to establish there their country of residences
- Long-terms students and patients and their family joining them
- Other travellers deemed not to enter the economy territory:
  - Diplomats, consular staff, military personnel and their dependents
  - Armed forces on maneuver

Source: IRTS 2008
## Data Source – Travel Exports

<table>
<thead>
<tr>
<th>Sub-component</th>
<th>Data Source</th>
<th>Data Provider</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Business</td>
<td>1) Administrative Records 2) Departure Visitor Survey (DVS)</td>
<td>1) Immigration Department of Malaysia 2) Tourism Malaysia</td>
<td>1) Monthly 2) Annually</td>
</tr>
<tr>
<td>2. Personal</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health-related</td>
<td>Administrative Records</td>
<td>Malaysia Healthcare Travel Council</td>
<td>Quarterly</td>
</tr>
<tr>
<td>Education-related</td>
<td>International Transaction Information System (ITIS)</td>
<td>Bank Negara Malaysia (Central Bank)</td>
<td>Quarterly</td>
</tr>
<tr>
<td>Others</td>
<td>1) Administrative Records 2) DVS</td>
<td>1) Immigration Department of Malaysia 2) Tourism Malaysia</td>
<td>1) Monthly 2) Annually</td>
</tr>
</tbody>
</table>
## Data Source – Travel Imports

<table>
<thead>
<tr>
<th>Sub-component</th>
<th>Data Source</th>
<th>Data Provider</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business</strong></td>
<td>1) Border Town Survey (PRM)</td>
<td>1)Department of Statistics, Malaysia</td>
<td>1)Quinquennial</td>
</tr>
<tr>
<td></td>
<td>2) International Transaction Information System</td>
<td>2)Bank Negara Malaysia (Central Bank)</td>
<td>2)Quarterly</td>
</tr>
<tr>
<td></td>
<td>(ITIS)</td>
<td>3)Department of Statistics, Malaysia</td>
<td>3)Quarterly</td>
</tr>
<tr>
<td></td>
<td>3) International Trade in Services Survey (ITS)</td>
<td>4)Tourism Malaysia</td>
<td>4)Annually</td>
</tr>
<tr>
<td></td>
<td>4) Malaysia Outbound Survey (MOS)</td>
<td>5)Immigration Department of Malaysia</td>
<td>5)Monthly</td>
</tr>
<tr>
<td></td>
<td>5) Administrative records</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Personal</strong></td>
<td>1) Border Town Survey (PRM)</td>
<td>1)Department of Statistics, Malaysia</td>
<td>1)Quinquennial</td>
</tr>
<tr>
<td></td>
<td>2) International Transaction Information System</td>
<td>2)Bank Negara Malaysia (Central Bank)</td>
<td>2)Quarterly</td>
</tr>
<tr>
<td></td>
<td>(ITIS)</td>
<td>3)Department of Statistics, Malaysia</td>
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<tr>
<td></td>
<td>3) International Trade in Services Survey (ITS)</td>
<td>4)Tourism Malaysia</td>
<td>4)Annually</td>
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<tr>
<td></td>
<td>4) Malaysia Outbound Survey (MOS)</td>
<td>5)Immigration Department of Malaysia</td>
<td>5)Monthly</td>
</tr>
<tr>
<td></td>
<td>5) Administrative records</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Health-related</strong></td>
<td>ITIS</td>
<td>Bank Negara Malaysia (Central Bank)</td>
<td>Quarterly</td>
</tr>
<tr>
<td><strong>Education-related</strong></td>
<td>ITIS</td>
<td>Bank Negara Malaysia (Central Bank)</td>
<td>Quarterly</td>
</tr>
<tr>
<td><strong>Others</strong></td>
<td>1) PRM</td>
<td>1)Department of Statistics, Malaysia</td>
<td>1)Quinquennial</td>
</tr>
<tr>
<td></td>
<td>2) ITIS</td>
<td>2)Bank Negara Malaysia (Central Bank)</td>
<td>2)Quarterly</td>
</tr>
<tr>
<td></td>
<td>3) ITS</td>
<td>3)Department of Statistics, Malaysia</td>
<td>3)Quarterly</td>
</tr>
<tr>
<td></td>
<td>4) MOS</td>
<td>4)Tourism Malaysia</td>
<td>4)Annually</td>
</tr>
<tr>
<td></td>
<td>5) Administrative records</td>
<td>5)Immigration Department of Malaysia</td>
<td>5)Monthly</td>
</tr>
</tbody>
</table>
BORDER TOWN SURVEY (PRM)

**METHODOLOGY**
- Face to face interview
- Conducted on Arrival Area (on Returning Malaysian)
- Quota sampling based on flow in the entries point.
- Conducted once in 5 years

**COVERAGE**
- Total sample through out the year is up to 21,000 respondents
- Covers the mode of road and sea
- The objective of the survey is to obtain the average spending of Malaysian residents in borders towns of neighboring countries (Indonesia, Singapore and Thailand).

MALAYSIA OUTBOUND SURVEY (MOS)

**METHODOLOGY**
- Face to face interview
- Conducted on Arrival Area (on Returning Malaysian)
- Quota: 6,000 respondent by per year
- Reports was circulated on annual basis

**OBJECTIVE**
- The objective:
  - to analyse the Malaysians outbound travelling pattern.
  - Country/ies Visited
  - Average Length of Stay (ALOS)
  - Main Purpose of Visit
Indicators of Travel

- Number of Hajj Performers (Tabung Haji)
- Number of Umrah Performers (Tourism Malaysia)
- Tourism Event (Tourism Malaysia)
- Outbound movement (JIM)
- Number of Foreign Student (MOHE)
- Number of Malaysian student in overseas (MOHE)

Currency exchange

Consumer Price Index

Index of Distributive Trade
- Retail

Index of Services
- Accommodation
- Food and Beverages
Covers both new and repair work which valued on a gross basis inclusive all goods and services used and cost of production.

Construction component is closely related with Direct Investment (DI), depending on period of the projects. If the construction works extends over a period of at least one year, it is classified as DI-related.

Most important to identify ‘to whom the project been awarded’. Other pertinent criteria which also had been taken into consideration are:

i. Duration of the project (if extend 1 year, strong indication of establishing branch)
ii. The maintenance of complete and separate set of account
iii. The activity being subjected to tax-system in the host-economy
iv. Existence of substantial physical presence such as site office
v. Receipt of funds for its work for its own account
Methodology and Data Sources

01 International Trade In Services Survey (ITS)
02 International Transaction Information System (ITIS)
03 Quarterly Construction Survey (QCS)

Details breakdown according to EBOPS recommendation

1. Number of new projects abroad undertaken by resident establishment
2. Number of completed projects abroad
3. Number of on-going projects in Malaysia
4. Number of completed project in Malaysia taken by foreign contractor
INSURANCE AND PENSION SERVICES

INSURANCE AND PENSION BREAKDOWN

1. Direct insurance
   - Life insurance
   - Freight insurance
   - Other direct insurance

2. Reinsurance

3. Auxiliary insurance

4. Pension and standardised guarantee insurance

Concept and Definition

01 LIFE INSURANCE

- Policyholder makes regular payments in return for an agreed sum, or an annuity, at a given date
- Form of saving throughout entire life of the contract

02 FREIGHT INSURANCE

- Insurance provided on goods that are in the process of being exported or imported
- Coverage against theft of, damage or other loss of freight
- Excluded: insurance of vehicle used for transport of goods

03 OTHER DIRECT INSURANCE

Covers all other forms of casualty:
- Accident and health insurance
- Marine, aviation and other transport insurance
- Fire and other property damage insurance
- Pecuniary loss insurance
- General liability insurance
- Other insurance (travel, loans and credit card)

Source: BPM6 and MSITS 2010
<table>
<thead>
<tr>
<th>04</th>
<th>REINSURANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ allows insurance risk to be transferred from one insurance provider to another</td>
<td></td>
</tr>
<tr>
<td>✓ direct insurers become policy holders and may pass on the entire risk / a proportion of risk / a risk above a given threshold (e.g. due to a catastrophic loss)</td>
<td></td>
</tr>
<tr>
<td>✓ undertaken by few companies and usually cross-border in nature</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>05</th>
<th>AUXILIARY INSURANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Include</td>
<td></td>
</tr>
<tr>
<td>✓ Agent commission</td>
<td></td>
</tr>
<tr>
<td>✓ Insurance brokering and agency services</td>
<td></td>
</tr>
<tr>
<td>✓ Insurance and pension consultancy services</td>
<td></td>
</tr>
<tr>
<td>✓ Evaluation and adjustment</td>
<td></td>
</tr>
<tr>
<td>✓ Actuarial services etc</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>06</th>
<th>PENSION SERVICES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services provided by funds established to provide income on retirement and benefits for death or disability, for specific groups of employees</td>
<td></td>
</tr>
</tbody>
</table>

Source: BPM6 and MSITS 2010
Data Sources

01. Custom Data – estimation of freight insurance payments

02. International Transaction Reporting System (ITRS)

03. International Trade In Services Survey (ITS)

ITRS to determine the amount of the premium and claims for each of the component

Detailed of the information is gathered through data collection using ITS Survey from targeting insurance companies as a provider of these services (exports), and payments of these services from non-resident supplier (imports)

The estimation of percentage insurance over merchandise c.i.f. is derived from custom declaration

This calculation is complimented with the information gathered from freight forwarders/logistics/shipping agents. Mode of transport (air or sea or land) may lead to differs rate of insurance
Concept & Definition

- Covers financial intermediation and auxiliary services, except those of insurance enterprises and pension schemes. These services include those usually provided by banks and other financial intermediaries and auxiliaries.

- Financial services may be charged for by: **explicit charges; margins on buying and selling transactions; asset management** costs deducted from property income receivable, in the case of asset-holding entities; or margins between the interest rate and the reference rate on loans and deposits (referred to as **financial intermediation services indirectly measured (FISIM)**). EBOPS 2010 identifies FISIM separately from all other financial services.

Variable

- **Explicit charges**
  - Charges associated with deposits and lending, commissions and brokerage fees, fees related to letters of credit, financial leasing, money transfer, foreign exchange transactions, etc.
  - Margins on buying and selling transactions

- **Financial intermediation services indirectly measured (FISIM)**
Data Sources

Data sources recommended by IMF are ITRS or bank statements; surveys on external stocks of assets and liabilities may also collect the explicit fees on financial transactions.

In Malaysia, the data sources used are:

- ITRS
  - Data on explicit charges receive from abroad and paid to abroad

- Joint-survey IIP – DOSM&BNM
  - Primary Income subcomponents on:
    - Loan interest receipt & payment for loan provided to overseas and acquire from overseas, and
    - Deposit interest receipt & payment for deposit placed in abroad and deposit-taking in Malaysia
  - International Investment Position (IIP) subcomponents on:
    - Loan assets and liabilities
    - Deposits assets and liabilities
Thus, in Malaysia…..

The exports and imports of financial Services are compiled based on:

Financial Services = Explicit Charges + Financial intermediation services indirectly measured (FISIM)
# Charges for the Use of Intellectual Properties n.i.e

## Concept and Definition

<table>
<thead>
<tr>
<th>Licensing fees for franchises and trademarks</th>
<th>Royalty / licensing fee for using R&amp;D results</th>
<th>License to reproduce and / or distribute computer software</th>
<th>License to reproduce and / or distribute audio visuals and related products</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Covers fees or charges for the use of franchises and trademarks paid by the franchisee to the franchisor</td>
<td>• Includes charges for the use of R&amp;D results for companies producing products using patents, copyrights, industrial designs of overseas companies</td>
<td>• Includes licensing fees or fees by computer software owners who license dealers to reproduce the original computer software</td>
<td>• Covers fees charged by audio-visual owners and related products that give the dealer a license to reproduce the original audio visual or prototype</td>
</tr>
</tbody>
</table>

### Exports:
- 80% share: Royalties for usage of IP
- 20% share: License fees to reproduce and distribute IP

### Imports:
- foreign companies operating in Malaysia used patents, copyrights, industrial designs and so forth which owned by companies abroad. Hence, those companies are required to pay royalties to the patent owner
Charges for the Use of Intellectual Properties n.i.e

**Challenges**

To distinguish the exact classification during the data collection stage:

i) License fee to display content of television program (eg: Fox Movies, AXN, ESPN, HBO)
   - owner – distributor – end user
   - Transaction involve: Charges for the Use of Intellectual Property n.i.e

ii) Content of the television program (encrypted television channel or downloaded content)
    - owner – end user
    - Transaction involve: Personal, Cultural & Recreational

**Data Sources**

Data Sources SITS & Partner Country

1) ITS Survey
2) ITIS (BNM)
## Concept and Definition

<table>
<thead>
<tr>
<th><strong>Telecommunication</strong></th>
<th><strong>Computer</strong></th>
<th><strong>Information</strong></th>
</tr>
</thead>
</table>
| *Covers the broadcast of sound, images, data or other information etc., by telephone, telex, radio and television cable transmission, radio and television satellite, electronic mail, facsimile, cellular telephone services, Internet backbone services and also including business network services, teleconferencing, and support services.* | *hardware and software related services and data processing services.*  
  **Excluded:**  
  - Charges for licenses to reproduce or distribute software  
  - Leasing of computers without an operator  
  - Computer training courses not designed for a specific user  
  - Non customised packaged software | *News agency services such as the provision of news, photographs, and articles to the media*  
  *Database services - database conception, data storage, and data dissemination*  
  *Non bulk subscriptions to newspapers, periodicals, etc.*  
  *Library and archive services* |
Telecommunication, Computer & Information

**Telecommunication**

usually based on the number of minutes used by end-users to make calls, send orders and so forth.
- In terms of transmission mode, it involves a combination of wired mode (fiber optic), non-wired or satellite.
- The charges also involve payments / receipts from hubbing activities which are transmission services from one country to another country calls.

**Computer**

Exports of computer services are also contributed by shared services or business services centers where the company is a regional hub to provide services to entities in a group of companies.

**Data Sources**
- ITS Survey & ITIS (BNM)

**Indicator**
- Quarterly Services Survey

Computer and telecommunications services defined in terms of the nature of the services, not the method of delivery.

Eg: accounting services- although it is delivered by computers or the Internet, only amount payable for transmission should be included under telecommunication services.
Other Business Services

Research and development services (R&D)
Covers services associated with basic research, applied research and experimental development of new products and processes and covers activities in the physical sciences, social sciences, and humanities.
- Provision of customised and non-customised R&D
- Sale of proprietary rights from R&D (patent, copy right arising from R&D, industrial process and others)

Professional and management
- Legal services, accounting, management consulting, managerial services, and public relations services; and
- Advertising, market research, and public opinion polling services
  Also: services for the general management of a branch, subsidiary, or associate provided by a parent enterprise or other affiliated enterprise

Technical, trade related, and other business
- Includes agricultural, engineering, architectural and other technical, waste treatment and de-pollution, operational leasing
- Trade-related services cover commissions on goods and service transactions payable to merchants, commodity brokers, dealers, auctioneers, and commission agents.
Other Business Services

Data Sources

1. International Trade in Services Survey (ITS)
   - Receipts were mainly coming from R&D in electric and electronic product.
   - Meanwhile, payments mainly for R&D in vehicle, pharmaceutical and electric & electronic product.

2. International Transaction Information System (ITIS)
   - The presence of FDI companies in Malaysia and also DIA companies led to managerial services within the group.
   - Starting 2012, payments recorded a significant increase due to oil and gas related projects which involved the use of advanced technology and technical from overseas.

Main sub-component contribute for receipt and payment were architectural, engineering and other technical and trade-related services.

Technical, trade related, and other business services.

Receipts were mainly coming from R&D in electric and electronic product.

Professional and management services

Shared services within the global network for corporate groups in Asia.

Research and development services (R&D)
**Other Business Services**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong> Services Producer Price Index (SPPI)</td>
<td>1) Operational lease: record as goods or leasing (aircraft)</td>
</tr>
<tr>
<td><strong>2</strong> SPPI Professional</td>
<td></td>
</tr>
<tr>
<td><strong>3</strong> Index of Services - Professional - Wholesale and retail</td>
<td>2) Architectural &amp; engineering: In the aspect of contract award, basically the main contract is to design and build. Therefore, in designing and constructing cases it will involve the services of architects, engineering &amp; other technical as well as construction which should recorded under construction services and not as architectural &amp; engineering</td>
</tr>
</tbody>
</table>
Concept and Definition

**Audiovisual and related services**

- Services and associated fees related to the production of motion pictures (film or videotape), radio and television programs (live or on tape), and musical recordings
- Rentals of films, videotapes, etc
- Fees received by actors, directors, producers etc for productions abroad (if they are employees of the entity making payments =compensation of employees)
- Fees for distribution rights for a limited number of shows in specified areas
- Charges for access to encrypted television channels (such as cable and satellite services)

**Excludes:**

- Mass-produced recordings and manuscripts on CD-ROM, disk, paper are included in general merchandise
- Charges or licenses to reproduce or distribute radio, television, film, music are included in charges for the use of intellectual property n.i.e.
Other cultural and recreational services

- Other types of services such as those associated with museums, libraries, archives
- Other cultural, sporting and recreational activities
- Education services (such as the provision of correspondence courses)
- Health services (services provided in other economic territories)

Excludes:

- Education and health services provided to nonresidents *who are present in the territory of the service provider* are included in *travel*
- Acquisition of other personal, cultural, and recreational services (museums, gambling) by persons while outside their territory of residence is included in *travel*
**Government, Goods & Services n.i.e**

**Concept and Definition**

1. G&S supplied by and to enclaves, such as embassies, military bases and international organisation. e.g., office supplies, vehicles, repairs, electricity and rental of premises exclude construction of new or existing structures covers under construction

2. G&S acquired from the host economy by diplomats, consular staff and military personnel located abroad and their dependents

3. Services supplied by and to governments and not included in other categories of services e.g., Technical assistance on public administration is included in government services, Payments for police-type services (such as keeping order), supply of government licenses and permits

**Excludes:** Transactions of public enterprises

**In the Case of Malaysia**

**Credit:** include the supply of goods and services to embassies, consulates, international organisation and other official entities of foreign governments located in Malaysia

**Debit:** covers operating and capital expenditure of Malaysia’s embassies, high commissions, trade missions and students’ department abroad.
## Data Sources

<table>
<thead>
<tr>
<th>Items</th>
<th>Data Source</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Credit</strong></td>
<td></td>
</tr>
<tr>
<td>Foreign Embassies/consulate</td>
<td>ITRS by country</td>
</tr>
<tr>
<td>Trade Commissions/Missions</td>
<td>ITRS by country</td>
</tr>
<tr>
<td>International Organisations in Malaysia</td>
<td>26 Intl. organisations &amp; ITRS by country</td>
</tr>
<tr>
<td><strong>Debit</strong></td>
<td></td>
</tr>
<tr>
<td>Malaysia's embassies expenditure abroad</td>
<td>Ministry of Foreign Affairs, Malaysia</td>
</tr>
<tr>
<td>Trade commissions/missions</td>
<td>ITRS by country</td>
</tr>
<tr>
<td>Students' Departments' expenditure abroad</td>
<td>Education Department, Malaysia</td>
</tr>
<tr>
<td>Statutory bodies' expenditure abroad</td>
<td>37 governments agencies</td>
</tr>
</tbody>
</table>
Exports, Imports and Net of Trade in Services, 2015-2022

In 2022, exports of services recorded RM 140.3 billion, while imports registered RM196.7 billion.
### SERVICES

#### Highlights

<table>
<thead>
<tr>
<th>Components</th>
<th>Value (RM billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Export</td>
</tr>
<tr>
<td></td>
<td>2021</td>
</tr>
<tr>
<td>SERVICES</td>
<td>88.1</td>
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<tr>
<td>Manufacturing services</td>
<td>15.7</td>
</tr>
<tr>
<td>Maintenance &amp; Repair services n.i.e.</td>
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</tr>
<tr>
<td>Transport</td>
<td>16.5</td>
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<tr>
<td>Travel</td>
<td>0.3</td>
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<tr>
<td>Construction</td>
<td>3.9</td>
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<tr>
<td>Insurance &amp; Pension services</td>
<td>2.0</td>
</tr>
<tr>
<td>Financial services</td>
<td>2.4</td>
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</table>

Note: * Less than RM50 million
## SERVICES – cont’d.

<table>
<thead>
<tr>
<th>Components</th>
<th>Value (RM billion)</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Export</td>
<td>2021</td>
<td>2022</td>
<td>Q1-22</td>
<td>Q2-22</td>
<td>Q3-22</td>
<td>Q4-22</td>
<td>Q1-23</td>
<td>2021</td>
<td>2022</td>
<td>Q1-22</td>
<td>Q2-22</td>
<td>Q3-22</td>
<td>Q4-22</td>
<td>Q1-23</td>
<td>2021</td>
<td>2022</td>
<td>Q1-22</td>
</tr>
<tr>
<td></td>
<td>Import</td>
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<td>Net</td>
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</tr>
<tr>
<td>Charges for the Use of Intellectual Property n.i.e</td>
<td></td>
<td>1.2</td>
<td>1.2</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
<td>10.7</td>
<td>11.8</td>
<td>2.7</td>
<td>3.3</td>
<td>2.8</td>
<td>3.0</td>
<td>3.2</td>
<td></td>
<td>-9.5</td>
<td>-10.5</td>
</tr>
<tr>
<td>Telecommunications, Computer &amp; Info services</td>
<td></td>
<td>14.0</td>
<td>15.9</td>
<td>3.7</td>
<td>4.0</td>
<td>4.1</td>
<td>4.1</td>
<td>4.2</td>
<td>17.8</td>
<td>18.3</td>
<td>4.6</td>
<td>4.3</td>
<td>4.6</td>
<td>4.8</td>
<td>5.0</td>
<td></td>
<td>-3.8</td>
<td>-2.3</td>
</tr>
<tr>
<td>Other Business Services</td>
<td></td>
<td>27.0</td>
<td>31.4</td>
<td>7.3</td>
<td>7.3</td>
<td>7.6</td>
<td>9.2</td>
<td>8.5</td>
<td>35.2</td>
<td>46.0</td>
<td>10.4</td>
<td>10.2</td>
<td>11.1</td>
<td>14.3</td>
<td>12.0</td>
<td></td>
<td>-8.2</td>
<td>-14.6</td>
</tr>
<tr>
<td>Personal, Cultural &amp; Recreational services</td>
<td></td>
<td>2.9</td>
<td>3.5</td>
<td>0.8</td>
<td>0.8</td>
<td>0.9</td>
<td>0.9</td>
<td>0.9</td>
<td>3.4</td>
<td>3.9</td>
<td>0.9</td>
<td>0.9</td>
<td>1.1</td>
<td>1.0</td>
<td>1.1</td>
<td></td>
<td>-0.5</td>
<td>-0.4</td>
</tr>
<tr>
<td>Govt. Goods &amp; services n.i.e.</td>
<td></td>
<td>0.3</td>
<td>0.4</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>1.2</td>
<td>1.0</td>
<td>0.2</td>
<td>0.2</td>
<td>0.3</td>
<td>0.3</td>
<td>0.2</td>
<td></td>
<td>-0.9</td>
<td>-0.7</td>
</tr>
</tbody>
</table>

**Note:** *Less than RM50 million*
ITS SURVEY
Overview

- Introduction
- Evolution in Compilation
- Background
- Chronology
- Sample
- Frame Updating
- Framework/Operational
- Compilation
  - Transport & Construction
- Questionnaire
- Challenges
Evolution of SITS Compilation

Breakdown of Services:

- **6 components:**
  - Freight and Insurance
  - Other Transportation
  - Travel and Education
  - Investment Income
  - Government Transactions n.i.e
  - Other Services

- **4 components:**
  - Transportation
  - Travel
  - Other Services
  - Government Transactions n.i.e

- **11 components:**
  - Maintenance and repair services n.i.e.
  - Transport
  - Travel
  - Construction
  - Insurance and pension services
  - Financial services
  - Charges for the use of intellectual property n.i.e.
  - Telecommunications, computer and information services
  - Other business services
  - Personal, cultural and recreational services
  - Government goods and services n.i.e.

- **12 components:**
  - Manufacturing services on physical inputs owned by others
  - Maintenance and repair services n.i.e.
  - Transport
  - Travel
  - Construction
  - Insurance and pension services
  - Financial services
  - Charges for the use of intellectual property n.i.e.
  - Telecommunications, computer and information services
  - Other business services
  - Personal, cultural and recreational services
  - Government goods and services n.i.e.

Year adoption of latest International Manual:
- **Prior 2000**
- **Year 2000**
- **Year 2013**
- **Year 2015**
Background ITS Survey

Objectives

• To measure Malaysia’s international trade in services transactions
• Data sources for BOP statistics

Legal Provision

• Statistics Act 1965 (Revised 1989)
• Contents of the individual data are CONFIDENTIAL and cannot be divulged to any parties.

Variables

• Value of exports (Receipts) of Services by components
• Value of import (Payments) of Services by components
• Partner Country

Reference Manual

• Balance of Payments Sixth Edition (BPM6), IMF
• Manual on Statistics of International Trade in Services (MSITS), UN
ITS Survey and How it was Evolved

prior to

2007

Data request to get information on exports & imports of services from companies

2008-2012

Structured method in collecting data by having ITS survey:

- 2008: ITS Transport
- 2009: ITS TCI

2013 onwards

Comprehensive ITS survey

- 2013: ITS Generic
Q1 2008
ITS Survey for Transport was launched

Q1 2009
ITS Survey for Telecommunication, Computer & Information (TCI) was launched

Q1 2013
Generic questionnaire for other services components was launched

2015
- Enhancement on Generic questionnaire to obtain more detailed information
- Consolidation of question: ITS for TCI was consolidated under Generic Questionnaire

2016
Enhancement on Generic questionnaire to obtain more detailed information on Mode of Supply (MOS) and e-commerce

2019
Improvement of system

2023: Ongoing upgrade and integrate questionnaires and system
SITS: Framework

- 1,000++ enterprises
- Canvas main players of exports & imports of services

Frequency
- Quarterly Basis
  - Q1: Jan - Mar
  - Q2: Apr - Jun
  - Q3: July - Sept
  - Q4: Oct - Dec

Mode of Submission
- E-survey
- Softcopy

Coverage

Deadline
- 3 weeks after end of quarter
SITS: Sample Design

1. Source of Frame Updating
2. Sample Selection
3. Company Profiling
4. Survey Sample

<table>
<thead>
<tr>
<th>ITRS</th>
<th>IIP</th>
<th>Economic Census</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services value 2% and above</td>
<td>Services company reported Trade Credit</td>
<td>Services company reported International Transactions</td>
</tr>
</tbody>
</table>

Mapped with Malaysia Statistical Business Register to get establishment’s information

Selected companies for ITS Survey more than 1,000 companies
Frame Updating

✓ From IIP frame, those services company reported trade credit, may have transactions in services. Those companies will be cross-checked with Economic Census as well.

✓ From Economic Census, exporters and importers are filtered if they report the variables of exports and imports of services.

Note: Example of question in Economic Census

<table>
<thead>
<tr>
<th>Section</th>
<th>IMPORT DAN EKSPORT</th>
<th>IMPORTS AND EXPORTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>E1</td>
<td>Sila laporan jumlah import dan ekspor bagi: Please report the total imports and exports of:</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Barang</td>
<td>RM</td>
</tr>
<tr>
<td>2</td>
<td>Perkhidmatan</td>
<td>RM</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>E2</th>
<th>Adakah pertubuhan tuan pernah mengeksport barangan / perkhidmatan dari tahun 2010 hingga 2014? Does your establishment exporting goods / services from 2010 to 2014?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ya / Yes</td>
</tr>
<tr>
<td>2</td>
<td>Tidak / No</td>
</tr>
</tbody>
</table>
Data Collection

Mode of submission is e-Survey and variables comprises of all type of services (except for Travel & Govt. Goods and services n.i.e.), as follows:

12 Components of services
1. Manufacturing Services on Physical Inputs Owned by Others
2. Maintenance and Repair Services
3. Transport
4. Travel
5. Construction
6. Insurance and Pension Services
7. Financial Services
8. Charges for the use of intellectual property n.i.e
9. Telecommunication, Computer & Information Services
10. Other Business Services
11. Personal, Cultural And Recreational Services
12. Government Goods and Services n.i.e.

The frame selection covers exporters & importers for all type of services, which involve cross-sectors. For examples:

Manufacturing company provides shared services (accounting, billing, database mgmt.) to sister company within the group.

Airlines company provides air passenger transport as well as computer services to subsidiary abroad.

Computer services provider also provides back-end banking operation (financial services) within the banking group.
Operational of Survey ITS

Sending questionnaires through e-mail on 1st week after reference quarter by BOP Division.

Data submission through e-survey/e-mail by respondents from 15th – 17th after reference quarter.

Follow up through telephone/field work for non-response cases.

Consistency check of data/query.

Follow up through telephone/field work for non-response cases.
SURVEY OF INTERNATIONAL TRADE IN SERVICES

APRIL - JUN

15 JULAI 2019

For any enquiries, please contact:
Tel. No./Tel. No.:
Sebelum:
Before:

(List No. Pendaftaran/ Nama Syarikat/ Alamat di atas berbeza, sila pinda)

Name and address of company

1. The Department of Statistics, Malaysia is responsible to conduct the Survey of International Trade in Services. The main objective of the survey is to measure Malaysia’s service transactions with other countries and is used in the compilation of services’ national accounts statistics.

2. The information is gathered under the provisions of the Statistics Act, 1968 (Revised 1989). Section 5 of this Act requires all establishments operating in Malaysia to provide such information as is specified in the returns. All information is regarded as confidential and will not be divulged to any person or institution outside this Department. Meanwhile, Section 7 under the same Act provides the penalty to the respondent that could not comply to the survey undertakings.

3. You are requested to provide information related to your company as stated above and return the completed questionnaire to the Department.

4. Your co-operation in ensuring the accuracy of this survey is very greatly appreciated.

Name:
Jawatan/Designation:
No. Telefon/Telephone No.:
E-mail/Email:
Tanda tangan/
Signature:

Undang-undang Pemegang Jawatan/ For Office Use Only:
Petikan/Tenggat
Rekod
Tanda tangan/Datetime:

Confidential when filled with data
1. Sila nyatakan aktiviti utama syarikat ini
   Please state the principal activity of this company
   ____________________________________________________________
   (Untuk kegunaan pejabat sahaja/ For office use only)

2. TARIKH PERMULAIAN PERNIAGAAN BAGI AKTIVITI INI
   Commencement date of this business activity
   ________________________________

3. Sila berikan peratus pemilikan ekuiti kasar:
   Please provide the percentage of equity ownership
   % Hak milik/ % Ownership

   3.1 Dipegang oleh Residen
      Held by Residents
      (i) Swasta/ Private
      (ii) Kerajaan/ Government

   3.2 Dipegang oleh Bukan Residen
      Held by Non-Residents
      Nama negara Bukan Residen (sila sertakan lampiran berasingan sekiranya ruangan tidak mencukupi)
      Names of Non-Resident countries (please provide separate attachment if space is not sufficient)
      (i) 
      (ii) 
      (iii) 

   3.3 Jumlah/ Total
      ____________________________

4. Jumlah perolehan/ Total turnover
   ____________________________

5. Jumlah perbelanjaan/ Total expenditure
   ____________________________

PERHATIAN : Sila rujuk Nota Penjelasan yang dikepilkan untuk penjelasan lanjut
ATTENTION : Please refer to the Explanatory Notes attached for further clarification

- Perdagangan Perkhidmatan Antarabangsa meliputi perdagangan perkhidmatan (ekspor dan impor) antara residen dan bukan residen.
- Perkhidmatan menunjuk kepada produk yang dibekalkan/ diterima selain daripada barang.
- Resident ialah individu, enterprise atau organisasi lain yang lazimnya terletak di Malaysia untuk jangka masa sekurang-kurangnya satu tahun atau kepentingan ekonominya tertumpu di wilayah ekonomi Malaysia. Cawangan dan anak syarikat asing yang didaftarkan dan diperbadankan di Malaysia juga dianggap sebagai residen Malaysia.
- Bukan Resident ialah individu, enterprise atau organisasi lain yang lazimnya terletak di negara lain selain Malaysia atau tumpuan kepentingan ekonominya bukan di Malaysia. Cawangan dan anak syarikat milik residen Malaysia di luar negeri ialah bukan Residen Malaysia.
- Assas akruan: lapor pendapatan perkhidmatan yang diperoleh dan dibelanjakan dalam tempoh penyiasatan tidak kira sama ada amaun tersebut telah diterima atau dibayar, seperti dalam Akaun Untung & Rugi syarikat (kecuali perbelanjaan modal pembinaan).
- Konsep pelaporan nilai kasar: lapor transaksi pada asas kasar; iaitu jumlah nilai perkhidmatan yang diberikan (ekspor/ kredit) dan diterima (import/ debit) walaupun ianya dilangsungkan secara asas bersih. Ini termasuklah transaksi perkhidmatan antara syarikat.
- Negara rakan dagang: lapor mengikut negara dagangan terbesar.
- Mata wang pelaporan: lapor dalam Ringgit Malaysia (RM).
- Nilai pelaporan: RM ribu.

- International Trade in Services cover services transaction (exports and imports) between residents and non residents.
- Services refer to products deliver/ receive other than goods.
- A Resident is any individual, enterprise or other organization ordinarily domiciled in Malaysia for a period of at least one year or has a centre of economic interest in economic territory of Malaysia. Malaysian registered branches and incorporated subsidiaries of foreign enterprises are also regarded as Malaysian residents.
- A Non-Resident is any individual, enterprise or other organization ordinarily domiciled in a country other than Malaysia or which centre of economic interest is other than Malaysia. Foreign branches and/or subsidiaries of Malaysian companies are regarded as non Malaysian residents.
- Accrual basis: report income of services earned and expenses incurred during the period whether or not the amount had been received or paid, as recognised in company's Profit & Loss Account (except contraction capital expenditure).
- Gross reporting concept: report transactions on a gross basis; that is, the total value of services provided (export/ credit) and received (import/ debit) should be recorded even if they are settled on a net basis. This includes inter company services transactions.
- Trading partner countries: report according to the largest partner country.
- Reporting currency: report in Malaysian Ringgit (RM).
- Reporting figures: RM thousand.
### Part A: Services Provided To/Received From Non-residents

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>010</td>
<td>Electrical and electronic-related items</td>
</tr>
<tr>
<td>020</td>
<td>Others (please specify)</td>
</tr>
<tr>
<td>110</td>
<td>Sea transport services and facilities</td>
</tr>
<tr>
<td>120</td>
<td>Air transport services and facilities</td>
</tr>
<tr>
<td>205</td>
<td>Passenger handling services and facilities</td>
</tr>
<tr>
<td>210</td>
<td>Freight services and facilities</td>
</tr>
<tr>
<td>215</td>
<td>Others (please specify)</td>
</tr>
<tr>
<td>220</td>
<td>Sea transport services and facilities (other than passenger handling and freight)</td>
</tr>
<tr>
<td>225</td>
<td>Air transport services and facilities (other than passenger handling and freight)</td>
</tr>
<tr>
<td>230</td>
<td>Others (please specify)</td>
</tr>
<tr>
<td>235</td>
<td>Other modes of transport services and facilities</td>
</tr>
<tr>
<td>240</td>
<td>Other services and facilities</td>
</tr>
<tr>
<td>245</td>
<td>Warehouse and storage services</td>
</tr>
<tr>
<td>250</td>
<td>Postal and courier services</td>
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<tr>
<td>255</td>
<td>Other services and facilities</td>
</tr>
<tr>
<td>310</td>
<td>Construction-related services (including project management and covering new work and repair)</td>
</tr>
<tr>
<td>320</td>
<td>Construction-related services (other than oil and gas-related)</td>
</tr>
<tr>
<td>330</td>
<td>Construction-related services in Malaysia</td>
</tr>
<tr>
<td>340</td>
<td>Other construction-related services (other than oil and gas-related)</td>
</tr>
</tbody>
</table>
### Part B: Services Provided To (Exports)/ Received From (Imports) Non-residents By Trading Partner Countries

#### Mode of Services Supplied (approximate in %)

<table>
<thead>
<tr>
<th>Negara Country</th>
<th>Amanah Amount (RM'000)</th>
<th>Mode of Services Supplied</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>No cross border by individual (supplier and consumer)</td>
</tr>
<tr>
<td>Negara Country</td>
<td>Amanah Amount (RM'000)</td>
<td></td>
</tr>
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<td></td>
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<tr>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Lain-lain/ Others</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Jumlah/ Total</td>
<td></td>
<td>0</td>
</tr>
</tbody>
</table>

#### Mode of Services Consumed (approximate in %)

<table>
<thead>
<tr>
<th>Negara Country</th>
<th>Amanah Amount (RM'000)</th>
<th>Mode of Services Consumed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>No cross border by individual (supplier and consumer)</td>
</tr>
<tr>
<td>Negara Country</td>
<td>Amanah Amount (RM'000)</td>
<td></td>
</tr>
<tr>
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<td></td>
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<tr>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Lain-lain/ Others</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Jumlah/ Total</td>
<td></td>
<td>0</td>
</tr>
</tbody>
</table>

Percentage of above total services receipts through e-commerce: 

Percentage of above total services payments through e-commerce: 

---

**TERIMAAN/ RECEIPTS**

<table>
<thead>
<tr>
<th>Kod/ Code:</th>
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</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
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</tr>
<tr>
<td></td>
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</tbody>
</table>

**BAYARAN/ PAYMENTS**

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<tbody>
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<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Sila laporan penerimaan dan pembayaran pada atas akuan! Please report receipts and payments on accrual basis.
## Generic Questionnaire (cont’d)

<table>
<thead>
<tr>
<th>No</th>
<th>Type of Services</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Manufacturing services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Electrical and electronics related</td>
<td>010</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>020</td>
</tr>
<tr>
<td>2</td>
<td>Maintenance and repair services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sea transport</td>
<td>110</td>
</tr>
<tr>
<td></td>
<td>Air transport</td>
<td>120</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>130</td>
</tr>
<tr>
<td>3</td>
<td>Transport services and other supporting activities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sea transport (Passenger, Freight, Others)</td>
<td>205, 210, 215</td>
</tr>
<tr>
<td></td>
<td>Air transport (Passenger, Freight, Others)</td>
<td>220, 225, 230</td>
</tr>
<tr>
<td></td>
<td>Other modes of transport (Passenger, Freight, Others)</td>
<td>235, 240, 245</td>
</tr>
<tr>
<td></td>
<td>Warehouse and storage</td>
<td>250</td>
</tr>
<tr>
<td></td>
<td>Postal and courier services</td>
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</table>
### Generic Questionnaire (cont’d)

<table>
<thead>
<tr>
<th>No</th>
<th>Type of Services</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Construction</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Construction located abroad (Oil and gas related, Other construction activities (non oil and gas related))</td>
<td>310, 320</td>
</tr>
<tr>
<td></td>
<td>Construction in Malaysia (abroad (Oil and gas related, Other construction activities (non oil and gas related))</td>
<td>330, 340</td>
</tr>
<tr>
<td>5</td>
<td>Insurance and pension services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Direct insurance: Life (Premiums/Claims)</td>
<td>405, 410</td>
</tr>
<tr>
<td></td>
<td>Direct Insurance: Freight (Premiums/Claims)</td>
<td>415, 420</td>
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<tr>
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<td>Other direct insurance (Premiums/Claims)</td>
<td>425, 430</td>
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<td></td>
<td>Reinsurance</td>
<td>435, 440</td>
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<td>Auxiliary insurance services (including commissions and brokerage)</td>
<td>445</td>
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<tr>
<td></td>
<td>Pension and standardised guarantee services</td>
<td>450</td>
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<tr>
<td>No</td>
<td>Type of Services</td>
<td>Code</td>
</tr>
<tr>
<td>----</td>
<td>-------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>6</td>
<td>Financial services (excluding interest)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Banking services</td>
<td>510</td>
</tr>
<tr>
<td></td>
<td>Underwritings and transactions in securities</td>
<td>520</td>
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<tr>
<td></td>
<td>Financial advisory services</td>
<td>530</td>
</tr>
<tr>
<td></td>
<td>Investment/Asset management</td>
<td>540</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>550</td>
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<tr>
<td>7</td>
<td>Charges for the use of intellectual property</td>
<td></td>
</tr>
<tr>
<td></td>
<td>License fees for franchise and trademark</td>
<td>610</td>
</tr>
<tr>
<td></td>
<td>Royalty/license fees for the use of outcomes of R&amp;D</td>
<td>620</td>
</tr>
<tr>
<td></td>
<td>(e.g: patents, copyrights, industrial designs)</td>
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</tr>
<tr>
<td>8</td>
<td>Telecommunications services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Wired telecommunications services</td>
<td>705</td>
</tr>
<tr>
<td></td>
<td>Wireless telecommunications services</td>
<td>710</td>
</tr>
<tr>
<td></td>
<td>Satellite telecommunications services</td>
<td>715</td>
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<tr>
<td></td>
<td>Other telecommunications services</td>
<td>720</td>
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**Type of Services**

<table>
<thead>
<tr>
<th>No</th>
<th>Type of Services</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>Computer services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Computer software</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Development of customised software and related licences</td>
<td>725</td>
</tr>
<tr>
<td></td>
<td>Non-customised software and related licences</td>
<td>730</td>
</tr>
<tr>
<td></td>
<td>Sales and purchases of ownership rights for software systems and applications</td>
<td>735</td>
</tr>
<tr>
<td></td>
<td>Development of computer game software</td>
<td>740</td>
</tr>
<tr>
<td></td>
<td>Licence to use computer software</td>
<td>745</td>
</tr>
<tr>
<td></td>
<td>Other computer services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Computer consultancy</td>
<td>750</td>
</tr>
<tr>
<td></td>
<td>Installation and maintenance of hardware and software</td>
<td>755</td>
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<tr>
<td></td>
<td>Data-processing and hosting services</td>
<td>760</td>
</tr>
<tr>
<td></td>
<td>Web page hosting services</td>
<td>765</td>
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<tr>
<td></td>
<td>Other computer services activities</td>
<td>770</td>
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</table>
### Generic Questionnaire (cont’d)

<table>
<thead>
<tr>
<th>No</th>
<th>Type of Services</th>
<th>Code</th>
</tr>
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<tbody>
<tr>
<td>10</td>
<td><strong>Information services</strong></td>
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<tr>
<td></td>
<td>News agency</td>
<td>775</td>
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<tr>
<td></td>
<td>Downloaded contents, excluding software (e.g. e-book)</td>
<td>780</td>
</tr>
<tr>
<td></td>
<td>Other information services (e.g.: database services, web search portals)</td>
<td>785</td>
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<tr>
<td>11</td>
<td><strong>Research and development (R&amp;D) services</strong></td>
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<td></td>
<td>Provision of customized R&amp;D</td>
<td>803</td>
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<tr>
<td></td>
<td>Provision of non-customized R&amp;D</td>
<td>806</td>
</tr>
<tr>
<td></td>
<td>Sale or purchase of proprietary rights arising from R&amp;D (e.g.: patents, copyrights)</td>
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<tr>
<td>12</td>
<td><strong>Professional services and management consulting</strong></td>
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<td></td>
<td>Legal services</td>
<td>812</td>
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<td></td>
<td>Accounting, auditing &amp; tax services</td>
<td>815</td>
</tr>
<tr>
<td></td>
<td>Business and management consulting and public relations services</td>
<td>818</td>
</tr>
<tr>
<td></td>
<td>Advertising, market research and public opinion polling services</td>
<td>821</td>
</tr>
<tr>
<td></td>
<td>Management fees not included elsewhere</td>
<td>824</td>
</tr>
<tr>
<td>No</td>
<td>Type of Services</td>
<td>Code</td>
</tr>
<tr>
<td>----</td>
<td>--------------------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>13</td>
<td>Technical, trade-related and other business services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Architectural, engineering, scientific and other technical services (including</td>
<td></td>
</tr>
<tr>
<td></td>
<td>consultancy)</td>
<td></td>
</tr>
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<td>Architectural services</td>
<td>827</td>
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<td>Engineering services</td>
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<tr>
<td></td>
<td>Scientific and other technical services</td>
<td>833</td>
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<tr>
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<td>Waste treatment and de-pollution services</td>
<td>836</td>
</tr>
<tr>
<td></td>
<td>Services incidental to agricultural, forestry and fishing</td>
<td>839</td>
</tr>
<tr>
<td></td>
<td>Services incidental to oil and gas extraction</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Geological, geophysical and other exploratory stage services</td>
<td>842</td>
</tr>
<tr>
<td></td>
<td>Consultancy services (including design and engineering)</td>
<td>845</td>
</tr>
<tr>
<td></td>
<td>Drilling services</td>
<td>848</td>
</tr>
<tr>
<td></td>
<td>Operations &amp; maintenance services</td>
<td>851</td>
</tr>
<tr>
<td></td>
<td>Other related services</td>
<td>854</td>
</tr>
<tr>
<td></td>
<td>Services incidental to mining (non oil and gas related)</td>
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</tbody>
</table>
### Generic Questionnaire (cont’d)

<table>
<thead>
<tr>
<th>No</th>
<th>Type of Services</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>Technical, trade-related and other business services</td>
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</tr>
<tr>
<td></td>
<td>Operating leasing services (without crew)</td>
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<td>Sea transport</td>
<td>860</td>
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<tr>
<td></td>
<td>Air transport</td>
<td>863</td>
</tr>
<tr>
<td></td>
<td>Others (e.g: building, computer equipment)</td>
<td>866</td>
</tr>
<tr>
<td></td>
<td>Trade-related services (e.g: commissions)</td>
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</tr>
<tr>
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<td>Goods</td>
<td>869</td>
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<tr>
<td></td>
<td>Services</td>
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<tr>
<td></td>
<td>Other business services not included elsewhere</td>
<td>875</td>
</tr>
<tr>
<td>14</td>
<td>Personal, cultural and recreational services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Audio-visual and related services</td>
<td></td>
</tr>
<tr>
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<td>Audio-visual services (including contents of television programme)</td>
<td>905</td>
</tr>
<tr>
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<td>Artistic related services</td>
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<tr>
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<td>Type of Services</td>
<td>Code</td>
</tr>
<tr>
<td>----</td>
<td>----------------------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>14</td>
<td>Personal, cultural and recreational services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other personal, cultural and recreational services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Health services</td>
<td>915</td>
</tr>
<tr>
<td></td>
<td>Education services</td>
<td>920</td>
</tr>
<tr>
<td></td>
<td>Heritage and recreational services (including sponsorship for sports events)</td>
<td>925</td>
</tr>
<tr>
<td></td>
<td>Other personal services</td>
<td>930</td>
</tr>
<tr>
<td></td>
<td>Licenses to reproduce and/or distribute audio visual and related products</td>
<td>640</td>
</tr>
</tbody>
</table>
Part B: Services Provided To (Exports)/ Received From (Imports) Non-residents By Trading Partner Countries

- **Mode 1**: No cross border by individual (supplier and consumer). Delivered /consumed via eg. internet, phone, mail

- **Mode 2**: - Delivered to non resident or their properties temporarily in Malaysia
  - Consumed by Malaysia's employees/properties temporarily abroad

- **Mode 4**: - Delivered by Malaysian temporarily working abroad
  - Consumed from foreigners temporarily working in Malaysia
<table>
<thead>
<tr>
<th>No</th>
<th>Services Component</th>
<th>Possibility Mode of Supply</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Manufacturing Services</td>
<td>Consumption abroad</td>
</tr>
<tr>
<td>2</td>
<td>Maintenance and repair services</td>
<td>Consumption abroad/presence of natural person</td>
</tr>
<tr>
<td>3</td>
<td>Transport</td>
<td>Cross border supply/commercial presence</td>
</tr>
<tr>
<td>4</td>
<td>Travel</td>
<td>Consumption abroad</td>
</tr>
<tr>
<td>5</td>
<td>Construction</td>
<td>Commercial presence/presence of natural person</td>
</tr>
<tr>
<td>6</td>
<td>Insurance and pension services</td>
<td>Cross border supply</td>
</tr>
<tr>
<td>7</td>
<td>Financial services</td>
<td>Cross border supply</td>
</tr>
<tr>
<td>8</td>
<td>Telecommunications, computer and information services</td>
<td>Cross border supply/presence of natural person</td>
</tr>
<tr>
<td>9</td>
<td>Charges for the use of intellectual property</td>
<td>Cross border supply</td>
</tr>
<tr>
<td>10</td>
<td>Other business services</td>
<td>Cross border supply/presence of natural person</td>
</tr>
<tr>
<td>11</td>
<td>Personal, cultural and recreational services</td>
<td>Cross border supply/presence of natural person</td>
</tr>
<tr>
<td>12</td>
<td>Government goods and services</td>
<td>Cross border supply/presence of natural person</td>
</tr>
</tbody>
</table>
## Compilation

### REQUEST INFORMATION
- International Trade in Services (ITS) Survey
- Quarterly Survey of Services (QSS)
- International Transactions Information System (ITIS)
- External trade & tourism data
- Annual Economic Survey (AES)

### DATA COMPILATION
- Acceptance of ITS, QSS and ITIS
- Data extraction from respondents through ITS web
- Data query for validation/verification

### DATA ANALYSIS
- Review indicators of external trade data, tourism data, QSS, AES and ITIS
- Frequency of foreign flights landing in Malaysia
- Frequency of local flights for international boarding
- Payments for Port charges
- Value of freight trade data declared by agent
- No. of international pax movement, Malaysian sea ports/ international airports & aircraft for departure & arrival

### DISSEMINATION
- Website DOSM
- Social media (Facebook, Twitter, Instagram)
- Blog BOP (bopstatsmy.wixsite.com)
- Infographics
- Personal sharing by Chief Statistician to 4000 contacts (Head of agencies)
“STATISTICS BLOOM IN HARMONY”

Doesn’t matter far or near
Strength in numbers
we don’t live in fear

Birds of feather flock together
Statistics our form of adour
We, will always live it up

So let us live in solidarity
And in the world arena we’ll succeed
It is statistics that will come to be
The reason we will bloom in harmony

Everybody undivided
Data’s where our hearts reside in
There will always be a bind

Just like fire that ignites
That’s how brightly lit our dreams are
We’ll reach higher than the stars

Sending love to one another
Leaving no one in a slumber
We will stand with unity

Mustering our courage while
Embracing our disparities
We’ll achieve our victory

One dream with unity
One love with harmony

“STATISTICS BLOOM IN HARMONY”