
SESRIC PROGRAMME
TRAINING ON INTERNATIONAL TRADE STATISTICS
BADAN PUSAT STATISTIK, INDONESIA

Overview

- Background IMTS
- Difference of treatment/recognition between Goods in BOP and Merchandise in IMTS
- Compilation of Manufacturing Services (MS) and Goods for Processing (GFP)
- Background of SITS
- Compilation of SITS: Concept, DOS Malaysia's practices and issues & challenges
 - Construction
 - Other business services
 - Financial
 - Transport
 - Other services
- SITS by Mode of Supply (MOS)

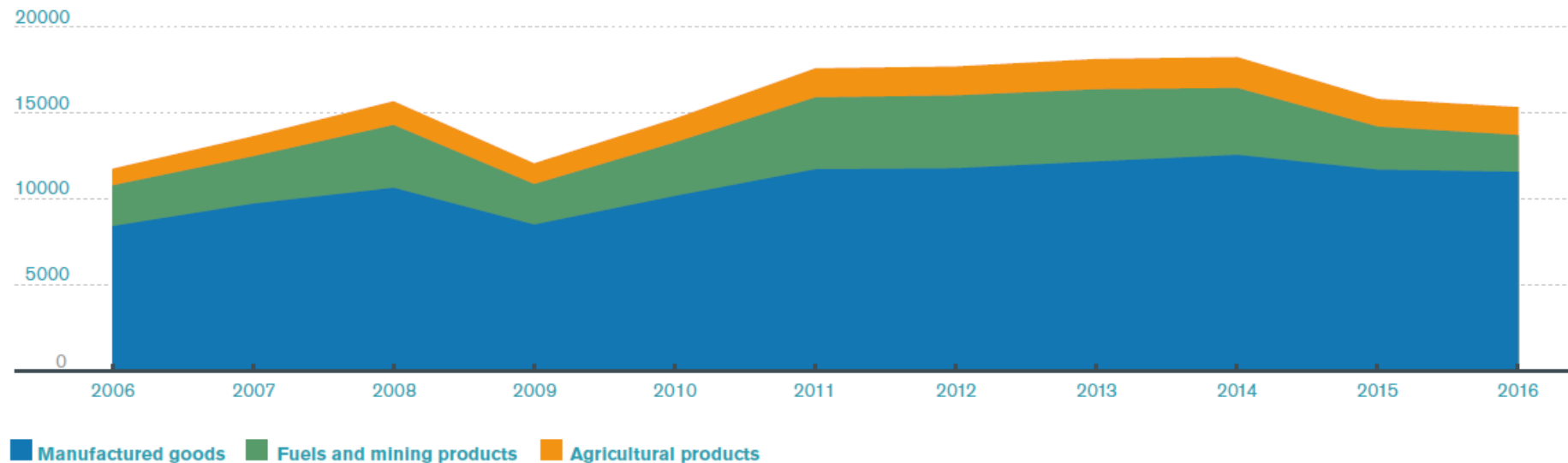
Merchandise trade

World exports of manufactured goods increased from US\$ 8 trillion in 2006 to US\$ 11 trillion in 2016.

World exports of agricultural products increased by an average of

5%
per year.

World merchandise trade by major product grouping, 2006-2016 (US\$ billion)

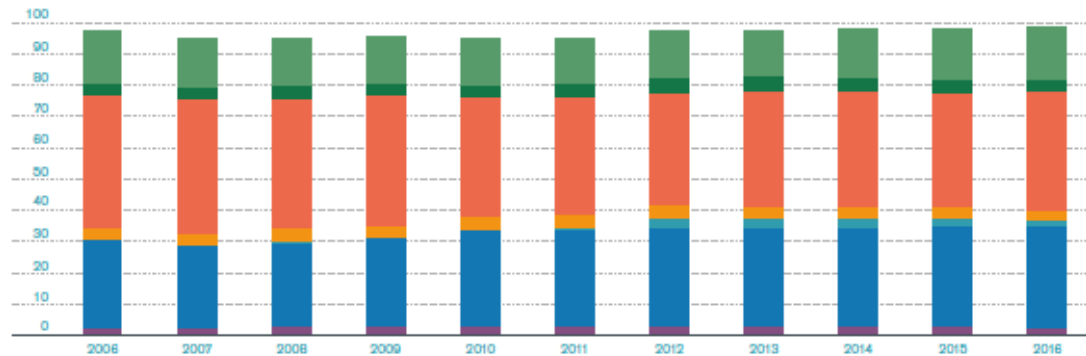


source : World Trade Statistical Review 2017, WTO

WTO membership

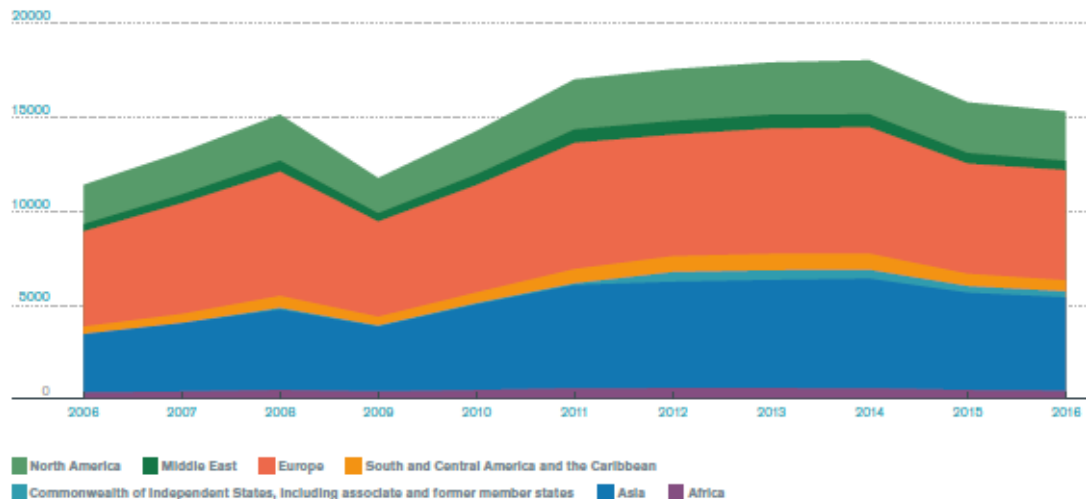
WTO members account for 98.2% of world merchandise trade. Asia, Europe and North America account for 88% of this total.

Share in world merchandise trade of WTO members, 2006-2016 (Percentage, %)



Merchandise trade of WTO members has increased to US\$ 15.4 trillion, up from US\$ 11.7 trillion in 2006.

World merchandise trade of WTO members, 2006-2016 (US\$ billion)



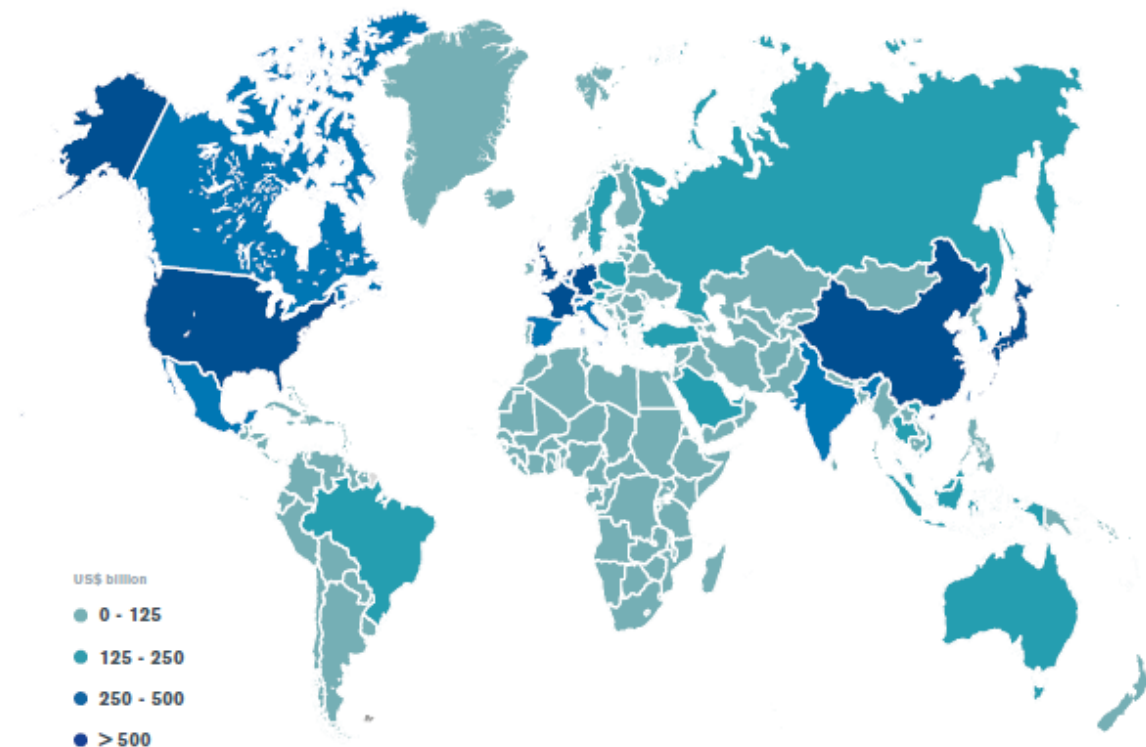
A1. Growth in the volume of world merchandise exports and production, 2010-2016

(Annual percentage change)

	2010-16	2014	2015	2016
World merchandise exports	2.8	2.7	2.4	1.3
Agricultural products	...	2.3	1.3	...
Fuels and mining products	...	0.0	1.8	...
Manufactures	...	4.1	2.6	...
World GDP	2.5	2.7	2.7	2.3

Note : See the Metadata for the estimation of world aggregates of merchandise exports, production and GDP.

Economies by size of merchandise trade, 2016



53%

The top 10 traders in merchandise trade account for a little over half of the world's total trade in 2016.

41%

Developing economies had a 41% share in world merchandise trade in 2016.

US\$ 15.71 tn

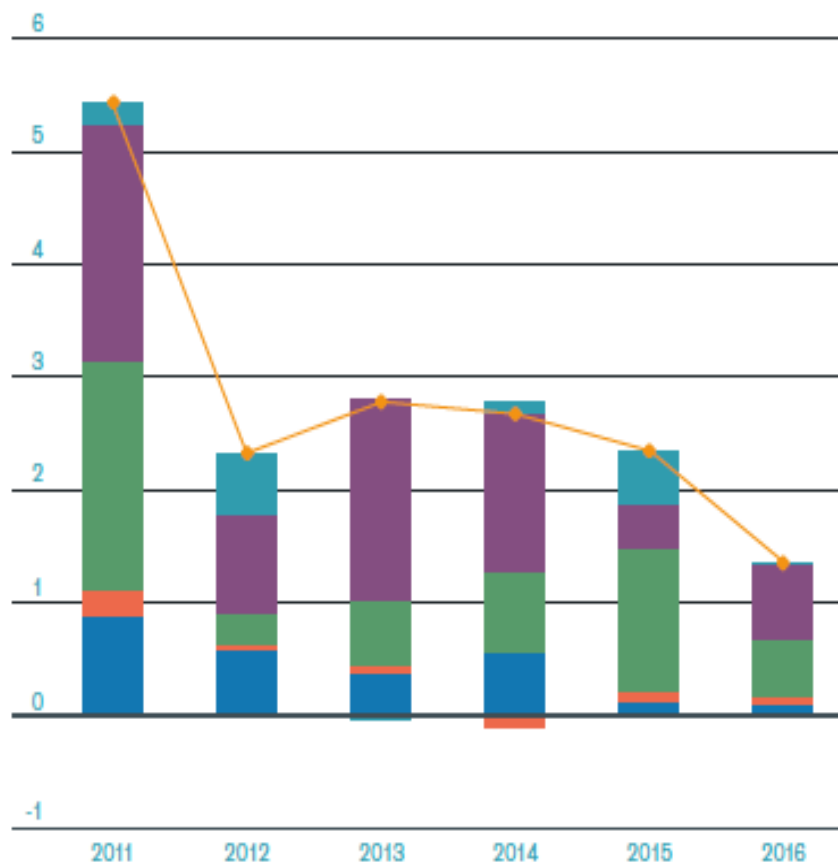
Merchandise exports of WTO members totalled US\$ 15.71 trillion in 2016.

Chart 3.7:

Contributions to world merchandise trade volume growth by region, 2011-2016

(Annual percentage change, %)

Exports



Imports

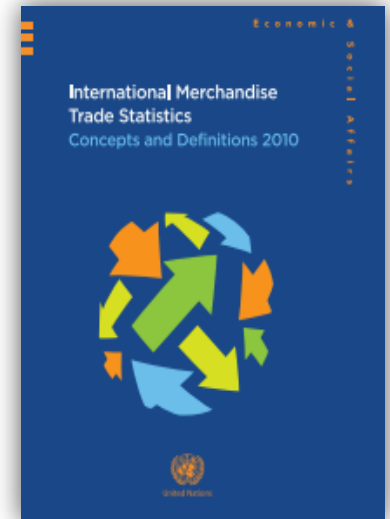


North America Europe South and Central America Asia Other regions World

Source: WTO Secretariat.

International Merchandise Trade Statistics (IMTS) Background

- Concepts and definitions are based on **International Merchandise Trade Statistics: Concepts and Definitions 2010 (IMTS, 2010)** published by the United Nations New York, 2011.
- **The general system of recording** is adopted in compiling Malaysia's external trade statistics where the national boundary of the country is used as the statistical frontier. All goods entering or leaving the country (except specific exclusions) are recorded, whether or not such goods are subject to clearance. Accordingly, goods entering or leaving customs bonded warehouses, Free Trade Zones and Free Zones are recorded in the statistics.



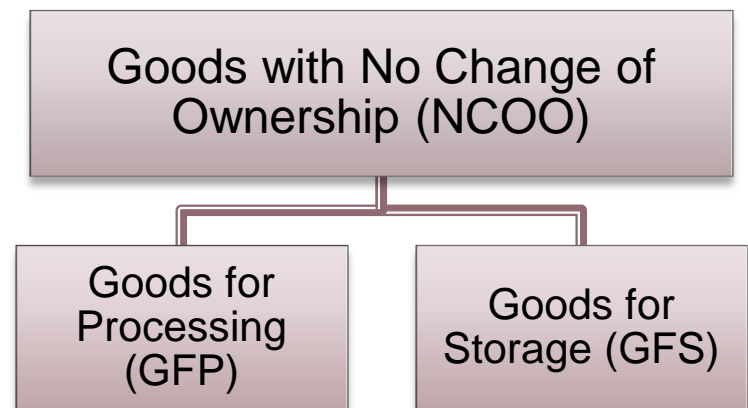
Different between Merchandise Trade vs Goods BoP

External Trade Statistics

- Is compile according to International Merchandise Trade Statistics : Compilers Manual (IMTS 2010) based on **physical movement of the goods**.

Balance of payments statistics

- Exports and Imports of goods are compiled based on **change of ownership** (recommended in BPM6).
- Goods for processing (GFP) and goods for storage (GFS) with no change of ownership should be **excluded** from the compilation of exports and imports of goods under BoP.



Main Changes in BPM6 compared BPM5 for Goods and Services Account

- (1) Goods for processing (GFP) with no change of ownership to be excluded from general merchandise on a BOP basis.

Goods For Processing : BPM6 para 10.22, Page 153: Items to be **excluded** from general merchandise because there is no international transaction.

“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..”

BPM5, Para 197, Page 54

*Goods for processing covers goods that are exported or imported for processing..... The inclusion, on a **gross basis**, of these transactions under goods is an **exception to the change of ownership principle**.*

- (2) Recognition of **Manufacturing Services (MS)** on physical inputs owned by others as one of services item.

Manufacturing Services : 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....”

Manufacturing Services also known as outsourcing and contract manufacturing.

Inward and Outward GFP and MS

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)



Malaysia as PRINCIPAL

OUTWARD PROCESSING

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

Malaysia method in measuring GFP & MS

In order to adopt the ownership principle, Malaysia has conducted initial study and further strategizes to recognise those establishments with this business method. The strategies taken by Malaysia are listed as follows:

1. Information from Economic census and Annual Manufacturing Survey

- In order to have sufficient information and greater picture, Malaysia had based on economic census and survey to gather information on GFP and MS.
- Questions related to MS were introduced in economic census 2011 by asking 'percentage of income received from abroad for processing work done for other establishment' to indicate those manufacturers which involved in MS internationally.
- This information is important as a first layer segregation between domestic and international MS.
- Information on services rendered, processing fees and sales value for that particular year was compiled to know the capacity of GFP and MS by establishments.

2. Comparing with Secondary Sources

- With the availability of those information in hand, it was been compared with other secondary data such as exports and imports of goods gathered from customs declaration which further used in international merchandise trade statistics (IMTS) and information from international transaction reporting system.

3. Consultation with Selected Major Companies

- The discussion also had been held with major players (with the contribution more than 80% of total fees received) from those identified manufacturers to further understand the activity comprehensively.
- The objectives of discussion is mainly to look at business model whether the manufacturer **directly purchase raw materials** (indicate normal manufacturing model) or been **send by principle** (indicate no change of ownership involve).
- Other than that, the discussion is to confirm that the fees received are from principle in overseas, and no invoice been issued to end customer (normally principle will issue the invoice to end customer).

4. Implementation of Special Surveys

- By having this information and knowledge, special survey of International Goods for Processing is conducted to gather information on goods received from and sent abroad for processing and manufacturing fees received/paid.
- This survey covers manufacturers which process the product for the principle/owner in overseas.

Cases related to GFP (NCOO) : How it works at company level

Case	From Company total Exports:	From Company total Imports:	Remarks
1.	100% GFP	100% GFP	GFP Exports = GFP Imports + Fees + Holding Gain + Overheads
2.	100% GFP	< 100% GFP	<ul style="list-style-type: none"> Partially GFP imports Part of raw material are purchased by processors
3.	0% GFP	100% GFP	<ul style="list-style-type: none"> NCOO when the goods first enter the country (GFP Import) Finished products are purchased by local
4.	< 100% GFP	100% GFP	Partially GFP exports & partially for domestic consumption

Finding from visitation to US Based Company – Two business models in mfg (buy & sell and outsourcing)

	Case 1	Case 2	Case 3
1. Main manufacturing product	Processor for automotive, network and consumer products	Printed circuit board	Processor for PC/notebook/tablet
2. Concept of business model	Buy (components), manufacture and sell	Buy (components), manufacture and sell	Receive component from parent abroad and return back (GFP without change of ownership)
3. Change of ownership of goods	Yes	Yes	No
4. Recognition as ‘Sell’ in company P&L	Yes	Yes	No
5. Manufacturing fee	No	No	Yes
6. Distribution activities	No	No	No
7. Deposit abroad	No	No	No
8. Inter company loans (asset)	Yes	Yes	No
9. Dividend distribution	No fixed policy	No fixed policy	No fixed policy

Annual Survey Of Manufacturing

Soalan / Question : **8**

PEROLEHAN / PENDAPATAN TURNOVER / INCOME

Nilai / Value
RM

20

8.1 Jualan daripada produk yang dibuat / proses / pemasangan:

Sales of manufactured / processed / assembled products:

01

KEGUNAAN PEJABAT / OFFICE USE

Nilai di medan 2001 mesti sama dengan medan 2542 (Soalan 14)

Value in field 2001 must be equal to field 2542 (Question 14)

8.2 Pendapatan daripada perkhidmatan perindustrian yang diberikan:

Income from industrial services rendered:

8.2.1 Bayaran diterima bagi kerja memproses yang dibuat untuk pertubuhan lain yang menggunakan bahan mereka sendiri

Fee received for processing work done for other establishments' on their materials

02

8.2.2 Pendapatan daripada kerja membaiki dan menyelenggarakan jentera dan kelengkapan pertubuhan lain

Income from repairs and maintenance work done on other establishments' machinery and equipment

03

Annual Survey Of Manufacturing

Soalan / Question :

16a

NILAI PRODUK BUATAN SENDIRI YANG DIEKSPORT VALUE OF OWN MANUFACTURED PRODUCTS EXPORTED

- 16.a1 Jika Soalan 8.1 dilaporkan, sila nyatakan peratus (%) eksport berdasarkan jumlah nilai jualan pada tahun rujukan
If Question 8.1 is reported, please state the percentage (%) of export based on total value of sales during the year

71

15

Soalan / Question :

16b

EKSPORT BAGI KERJA MEMPROSES DAN MEMBAIKI & MENYELENGGARA UNTUK PERTUBUHAN LAIN EXPORT FROM PROCESSING WORK DONE AND REPAIR MAINTENANCE FOR OTHER ESTABLISHMENT

- 16.b2 Jika Soalan 8.2.1 dilaporkan, sila nyatakan peratus (%) pendapatan yang diterima dari luar negara bagi kerja memproses yang dibuat untuk pertubuhan lain
If Question 8.2.1 is reported, please state the percentage (%) of income received from abroad for processing work done for other establishment

74

15

- 16.b3 Jika Soalan 8.2.2 dilaporkan, sila nyatakan peratus (%) pendapatan yang diterima dari luar negara bagi kerja membaiki dan menyelenggara jentera dan kelengkapan untuk pertubuhan lain
If Question 8.2.2 is reported, please state the percentage (%) of income received from abroad for repairs and maintenance work done for other establishment

75

15

Survey Of International Goods For Processing

Lampiran 1

Name of Company :

Reference Quarter/ Year: **Q12013**

Question 1 : Please describe the principal activity of your company

.....
.....

For office use

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GOODS RECEIVED FROM ABROAD FOR PROCESSING IN MALAYSIA

Question 2 : Do your company involve in manufacturing services/ outsource processing/ contract manufacturing/ goods for processing (physical input owned by companies abroad)

Yes ☐ (Go to Next Question) No ☐ (If No, end here)

Question 2A : Import of raw material owned by others (no change of ownership)

Description of raw material	Import (RM 000)
Total	

Question 2B :Export of processed goods/ finished goods owned by others to owner or third country

Description of processed goods	Types of workdone *	Export (RM 000)	Processing Fees Received (RM 000)
Total			

Survey Of International Goods For Processing

GOODS SENT ABROAD FOR PROCESSING

Question 3 : Do your company SEND goods for processing abroad

Yes ☐ (Go to Next Question) No ☐ (If No, end here)

Question 3A : Export of raw material owned by your companies

Description of raw material	Export (RM 000)
Total	

Question 3B : Import of processed goods/ finished goods owned by your company

Description of processed goods	Types of workdone *	Import (RM 000)	Processing Fees Paid (RM 000)
Total			

* (1) Processing (2) Assembly (3) Labelling (4) Packaging (5) Testing (6) Oil Refining

Data impact on Goods & Services

Inward processing (in general):

GFP Import	
+ MS (fees)	} recognise in BOP services
+ Holding gains	
+ Overheads	} exclude from BOP together with <u>GFP</u>
<u>= GFP Export</u>	

Impact to goods and services ?

BPM6, Para 10.70, Page 163:

Other issues relating to processing.

“The value of manufacturing services on physical inputs owned by others is not necessary the same as the difference between the value of goods sent for processing and the value of goods after processing. Possible causes include holding gains or losses, the inclusion of overheads (such as financing, marketing and know-how included in the finished good price), and measurement errors associated with the valuation of goods movements where there is no sale.”

Evaluation on the impact of new Treatment of GFP and MS to Net Goods, Net Services and Current Account Balance

% Impact Goods Cr (after excl GFP Cr)
% Impact Goods Dr (after excl GFP Dr)
% Impact on Net Goods (BPM6-BPM5)
% MS Cr / GFP Cr
% MS Dr / GFP Dr
% Impact on Net Services (BPM6-BPM5)
% Impact on CAB (BPM6-BPM5)

Exercise 1 on Goods for Processing & Manufacturing Services

Exercise 1

The international transactions of goods and selected services for Country A are as follows:

Goods	<u>units</u>
Exports	720
<i>of which: GFP (NCOO)</i>	65
Imports	610
<i>of which: GFP (NCOO)</i>	42
Services	
Exports manufacturing services	10
Exports of travel	22
Exports of Telecommunications	15
Imports of transport	18
Imports of travel	7
Imports of other business services	16

Please compile for goods and services accounts according to BPM5 and BPM6 classification for BOP in Country A

Answer 1

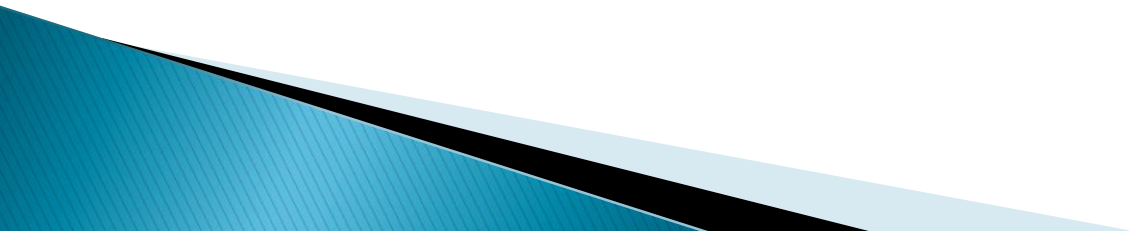
BOP for Country A

			<u>units</u>
		BPM5	BPM6 Different (BPM6-BPM5)
Goods & services (net)			
Goods (net)			
Exports			
Imports			
Services (net)			
Total Exports Services			
Manufacturing services			
Travel			
Telecommunications			
Total Imports Services			
Transport			
Travel			
Other business services			

Recognising Mfg Svcs in Selected Countries in BOP

COUNTRY	IMPLEMENTATION	BACKSERIES
MALAYSIA	May 2015	Q12010
THAILAND	2013	Q12005
INDONESIA	Aug. 2014	Q12014
PHILIPPINES	2012	Q12012
AUSTRALIA	Sept. 2009	1960
KOREA	March 2014	1980
HONG KONG	Q12013	1999
EU COUNTRIES	Oct 2014	Q12008
SINGAPORE	-	-
CHINA	-	-
UNITED STATE	-	-

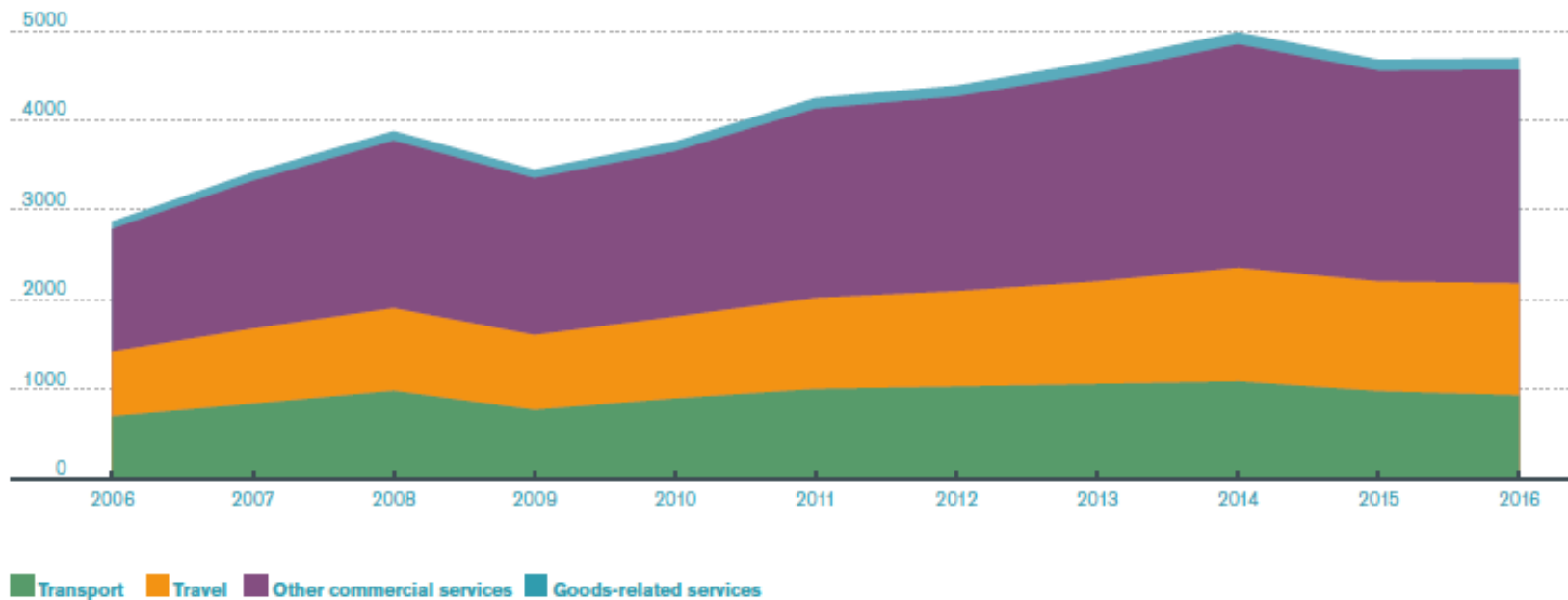
Statistics of International Trade in Services (SITS)



Trade in commercial services

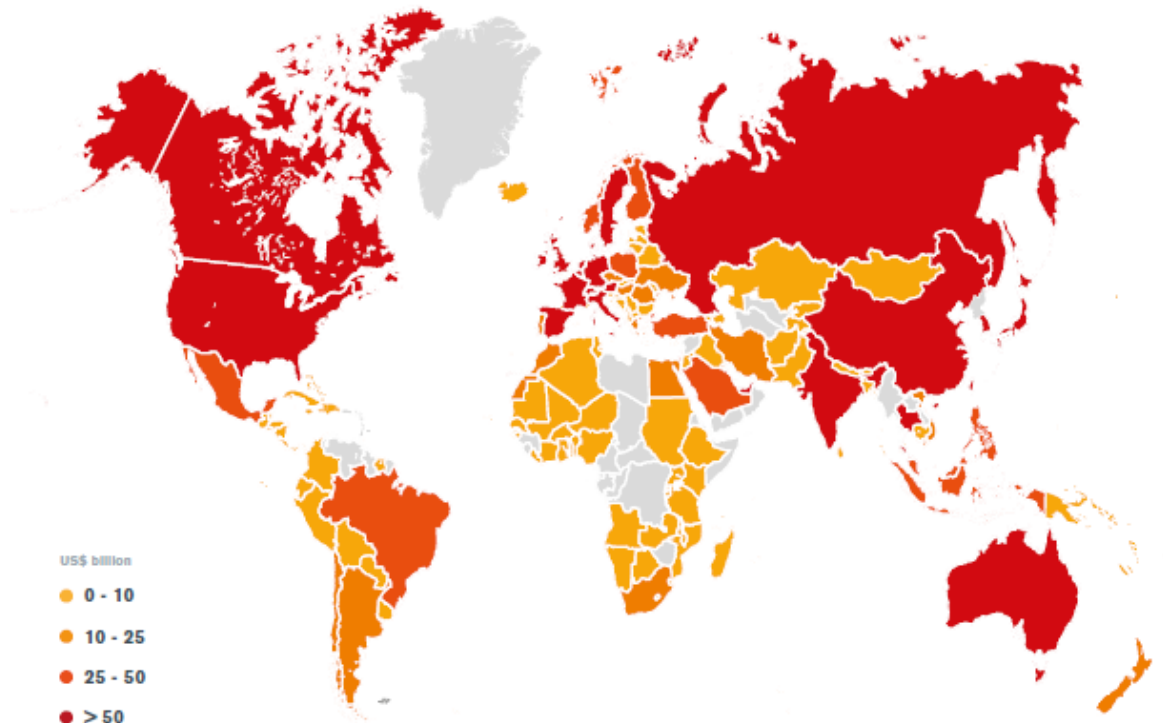
World exports of commercial services totalled US\$ 4.8 trillion in 2016, up from US\$ 2.9 trillion in 2006.

World trade in commercial services by category, 2006-2016 (US\$ billion)



source : World Trade Statistical Review 2017, WTO

Economies by size of trade in commercial services, 2016



53%

The top 10 traders in world commercial services represent more than half of the world's total trade in commercial services in 2016.

34%

Developing economies accounted for 34% of total trade in commercial services in 2016.

US\$ 4.73 tn

Exports of commercial services by WTO members totalled US\$ 4.73 trillion in 2016.

SITS Framework

BPM6

Standard
Components

MSITS

Extended Balance of Payments
in Services (EBOPS)
Classification

Partner Country

Mode of Supply (MOS)

Foreign Affiliate Statistics
(FATS)

Extended Balance of Payments Services Classification (EBOPS)

Annex I

2010 Extended Balance of Payments Services Classification (EBOPS 2010)

The present annex sets out the components of EBOPS 2010. Supplementary items are presented in *italics* and complementary groupings appear at the end of the EBOPS 2010 classification.

- 1 Manufacturing services on physical inputs owned by others
 - 1.1 *Goods for processing in reporting economy* — Goods returned (credits), Goods received (debits) (see para. 3.71)
 - 1.2 *Goods for processing abroad* — Goods sent (credits), Goods returned (debits) (see para. 3.71)
- 2 Maintenance and repair services n.l.e.
- 3 Transport

Alternative 1: Mode of transport

- 3.1 Sea transport
 - 3.1.1 Passenger
 - Of which: 3.1.1.a Payable by border, seasonal, and other short-term workers
 - 3.1.2 Freight
 - 3.1.3 Other
- 3.2 Air transport
 - 3.2.1 Passenger
 - Of which: 3.2.1.a Payable by border, seasonal, and other short-term workers
 - 3.2.2 Freight
 - 3.2.3 Other
- 3.3 Other modes of transport
 - 3.3.1 Passenger
 - Of which: 3.3.1.a Payable by border, seasonal, and other short-term workers
 - 3.3.2 Freight
 - 3.3.3 Other
- 3.4 Postal and courier services

Extended classification of other modes of transport

- 3.5 Space transport
- 3.6 Rail transport
 - 3.6.1 Passenger
 - 3.6.2 Freight
 - 3.6.3 Other
- 3.7 Road transport
 - 3.7.1 Passenger
 - 3.7.2 Freight
 - 3.7.3 Other
- 3.8 Inland waterway transport
 - 3.8.1 Passenger
 - 3.8.2 Freight
 - 3.8.3 Other
- 3.9 Pipeline transport
- 3.10 Electricity transmission

Extended Balance of Payments Services Classification (EBOPS)

3.11 Other supporting and auxiliary transport services

For all modes of transport

Alternative 2: What is carried

- 3a.1 Passenger
 - Of which: 3a.1.1 Payable by border, seasonal, and other short-term workers
- 3a.2 Freight
- 3a.3 Other
 - 3a.31 Postal and courier services
 - 3a.32 Other

4 Travel

- 4.1 Business
 - 4.1.1 Acquisition of goods and services by border, seasonal, and other short-term workers
 - 4.1.2 Other
- 4.2 Personal
 - 4.2.1 Health-related
 - 4.2.2 Education-related
 - 4.2.3 Other

Alternative presentation for travel (for both business and personal travel)

- 4a.1 Goods
- 4a.2 Local transport services
- 4a.3 Accommodation services
- 4a.4 Food-serving services
- 4a.5 Other services
 - Of which:
 - 4a.5.1 Health services
 - 4a.5.2 Education services

5 Construction

- 5.1 Construction abroad
- 5.2 Construction in the reporting economy

6 Insurance and pension services

- 6.1 Direct insurance
 - 6.1.1 Life insurance
 - 6.1.1 a Gross life insurance premiums receivable (credits) and payable (debits)
 - 6.1.1 b Gross life insurance claims receivable (credits) and payable (debits) (see para. 3.189)
 - 6.1.2 Freight insurance
 - 6.1.2 a Gross freight insurance premiums receivable (credits) and payable (debits)
 - 6.1.2 b Gross freight insurance claims receivable (credits) and payable (debits) (see para. 3.189)
 - 6.1.3 Other direct insurance
 - 6.1.3 a Gross other direct insurance premiums receivable (credits) and payable (debits)
 - 6.1.3 b Gross other direct insurance claims receivable (credits) and payable (debits) (see para. 3.189)
- 6.2 Reinsurance
- 6.3 Auxiliary insurance services
- 6.4 Pension and standardized guarantee services
 - 6.4.1 Pension services
 - 6.4.2 Standardized guarantee services

7 Financial services

- 7.1 Explicitly charged and other financial services

Extended Balance of Payments Services Classification (EBOPS)

- 7.2 Financial intermediation services indirectly measured (FISIM)
- 8 Charges for the use of intellectual property n.l.e.
 - 8.1 Franchises and trademarks licensing fees
 - 8.2 Licences for the use of outcomes of research and development
 - 8.3 Licences to reproduce and/or distribute computer software
 - 8.4 Licences to reproduce and/or distribute audio-visual and related products
 - 8.4.1 Licences to reproduce and/or distribute audio-visual products
 - 8.4.2 Licences to reproduce and/or distribute other products
- 9 Telecommunications, computer, and information services
 - 9.1 Telecommunications services
 - 9.2 Computer services
 - 9.2.1 Computer software
 - Of which: 9.2.1.a Software originals*
 - 9.2.2 Other computer services
 - 9.3 Information services
 - 9.3.1 News agency services
 - 9.3.2 Other information services
- 10 Other business services
 - 10.1 Research and development services
 - 10.1.1 Work undertaken on a systematic basis to increase the stock of knowledge
 - 10.1.1.1 Provision of customized and non-customized research and development services
 - 10.1.1.2 Sale of proprietary rights arising from research and development
 - 10.1.1.2.1 Patents
 - 10.1.1.2.2 Copyrights arising from research and development
 - 10.1.1.2.3 Industrial processes and designs
 - 10.1.1.2.4 Other
 - 10.1.2 Other
 - 10.2 Professional and management consulting services
 - 10.2.1 Legal, accounting, management consulting, and public relations services
 - 10.2.1.1 Legal services
 - 10.2.1.2 Accounting, auditing, bookkeeping, and tax consulting services
 - 10.2.1.3 Business and management consulting and public relations services
 - 10.2.2 Advertising, market research, and public opinion polling services
 - Of which: 10.2.2.1 Convention, trade-fair and exhibition organization services*
 - 10.3 Technical, trade-related and other business services
 - 10.3.1 Architectural, engineering, scientific, and other technical services
 - 10.3.1.1 Architectural services
 - 10.3.1.2 Engineering services
 - 10.3.1.3 Scientific and other technical services
 - 10.3.2 Waste treatment and de-pollution, agricultural and mining services
 - 10.3.2.1 Waste treatment and de-pollution
 - 10.3.2.2 Services incidental to agriculture, forestry and fishing
 - 10.3.2.3 Services incidental to mining, and oil and gas extraction
 - 10.3.3 Operating leasing services
 - 10.3.4 Trade-related services
 - 10.3.5 Other business services n.l.e.
 - Of which: 10.3.5.1 Employment services, i.e., search, placement and supply services of personnel*
- 11 Personal, cultural, and recreational services
 - 11.1 Audio-visual and related services
 - 11.1.1 Audio-visual services
 - Of which: 11.1.1.a Audio-visual originals*

Extended Balance of Payments Services Classification (EBOPS)

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Manual on Statistics of International Trade in Services 2010

- 11.1.2 Artistic related services
- 11.2 Other personal, cultural, and recreational services
 - 11.2.1 Health services
 - 11.2.2 Education services
 - 11.2.3 Heritage and recreational services
 - 11.2.4 Other personal services
- 12 Government goods and services n.i.e.
 - 12.1 Embassies and consulates
 - 12.2 Military units and agencies
 - 12.3 Other government goods and services n.i.e.

4.0 Tourism-related services in travel and passenger transport

EBOPS 2010 complementary groupings

- C.1 Audio-visual transactions
 - Of which: C.1.1 Licences to use audio-visual products*
- C.2 Cultural transactions
- C.3 Computer software transactions
 - Of which: C.3.1 Licences to use computer software products*
- C.4 Call-centre services
- C.5 Total services transactions between related enterprises
- C.6 Total trade-related transactions
- C.7 Environmental transactions
- C.8 Total health services
- C.9 Total education services

Statistics of International Trade in Services (ITS): Malaysia's Data Sources

SERVICES	Exports	Imports
Transport	ITS Survey	External Trade data ITS Survey ITRS (BNM)
Travel	Administrative data (Tourism, Immigration Department & MHTC) ITRS (BNM)	ITRS (BNM) ITS Survey Border Town Expenditure Survey Administrative data
TCI	ITS Survey ITRS (BNM)	ITRS (BNM)
Other business services	ITS Survey ITRS (BNM)	ITS Survey ITRS (BNM)
Others	ITS Survey Administrative data (International Organizations) ITRS (BNM)	ITS Survey Administrative data (MOFA & other agencies) ITRS (BNM)

Survey of International Trade in Services (ITS): Background

Objective

- 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 outside the Department

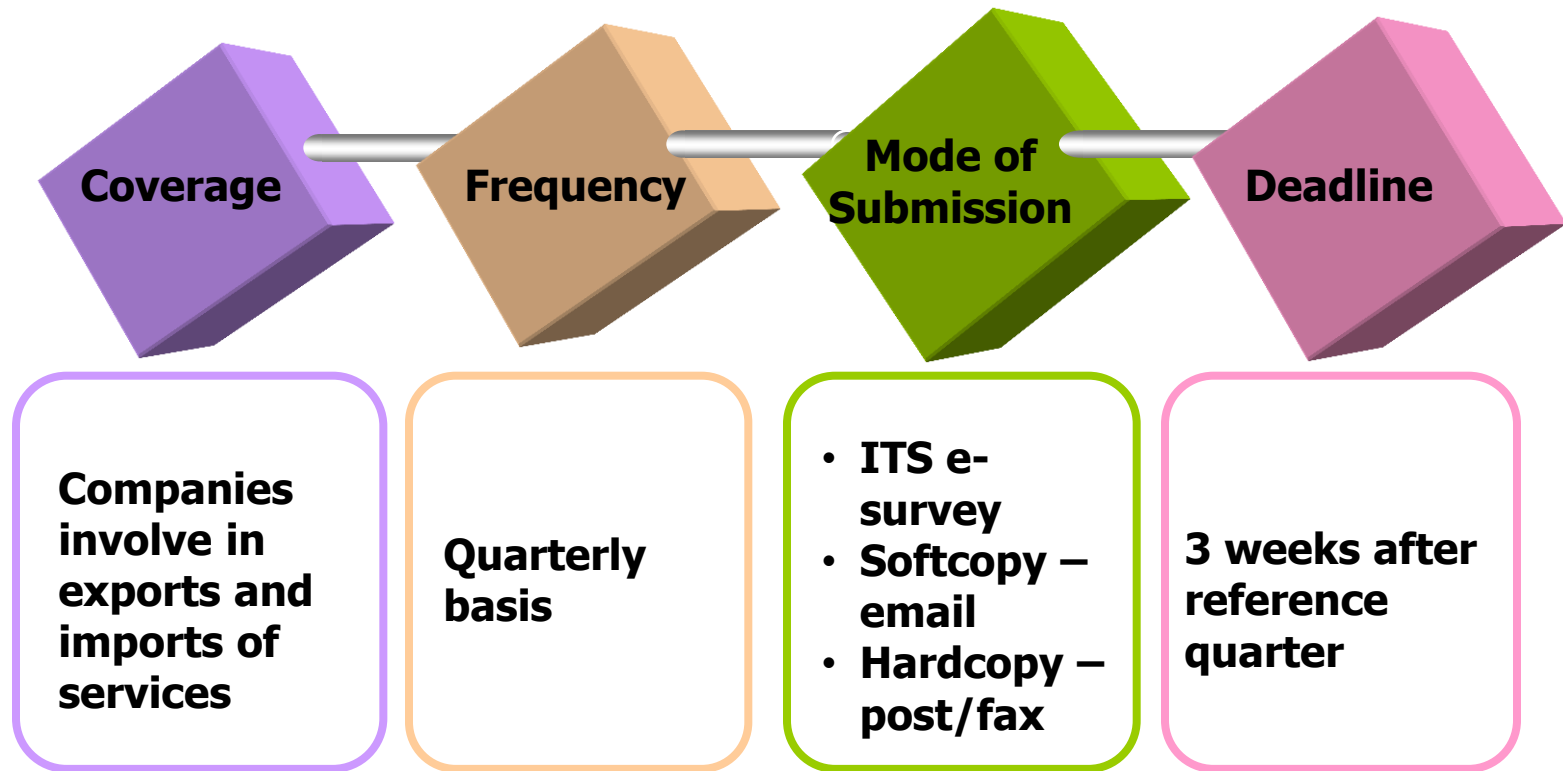
Variable

- 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

Survey of International Trade in Services (ITS): Operational



Survey of International Trade in Services (ITS): Questionnaire

Construction

- Comprises work performed on construction projects by an enterprise or site office that is nonresident in the host country.
- Generally the work is of a short-term nature (note the one-year guideline for residence). No special treatment is adopted for the residence of short-term workers.
- The value of the construction service should equal the full value of the construction project.
- It is necessary to distinguish between international construction services and direct investment.
- Export of construction services must be done by resident enterprises to other countries.
- If they are done by subsidiaries/branches in oversea, it does not include under construction services.
- The value of investment (shares, loans, advances) from Malaysian parent company to subsidiaries in overseas are included in direct investment abroad (under Financial Account).
- Construction should also look together related services to construction (architectural, engineering and other technical services).

Data & Data Sources



Credit



Debit

ITRS (BNM)
ITS Survey (DOSM)

ITRS (BNM)
ITS Survey (DOSM)

RM Mil	2015	2016
CREDIT		
Construction	4,038	4,086
<i>Architectural, engineering and other technical services</i>	<i>7,173</i>	<i>7,181</i>
DEBIT		
Construction	10,549	12,219
<i>Architectural, engineering and other technical services</i>	<i>10,550</i>	<i>14,235</i>

Construction : Highlights

No.	Construction : Highlights
1	<p>Criteria to identify a project whether exports of construction or direct investment enterprises :</p> <ul style="list-style-type: none">i. Duration of the project. If it extends over one year period, then it is a strong indication of establishing a branch;ii. The maintenance of a complete and separate set of accounts for the activity (i.e., income statement, balance sheet, transactions with the parent company, etc.);iii. The activity being subject to tax in the host country;iv. The existence of a substantial physical presence; andv. The receipt of funds for its work for its own account, etc. <p><i>Note:</i></p> <p><i>The entity (whether locally incorporated or foreign entity) that the projects been awarded may taken into consideration in determining whether it should be under services or direct investment enterprises.</i></p>
2	<p>Analysis on construction should also be look together with technical services (architectural & engineering) as both services are complement each other</p>

Construction : Indicator and Analysis

	Indicators and analysis for upward performance	Indicators and analysis for downward performance
Construction Exports	<ul style="list-style-type: none">• Started new project overseas• Local subcontractors get local projects from main foreign contractors	<ul style="list-style-type: none">• Completed project in overseas• Completed/lower progress payments for local projects that receipt by local subcontractors from main foreign contractors
Construction Imports	<ul style="list-style-type: none">• Started new/continuous project in Malaysia• Malaysian main contractor paid to foreign subcontractors for overseas project	<ul style="list-style-type: none">• Completed project in Malaysia by foreign contractors• Completed/lower progress payments for overseas projects to foreign subcontractors by Malaysian main contractors

Financial Services

- Include services provided by financial intermediaries and auxiliaries (except those of insurance and pension funds)
- Usually provided by banks and other financial corporations
- These services may be charged
 - by explicit charges
 - as margins on buying/selling transactions
 - as deductibles from property income for asset-management costs
 - indirectly, as FISIM

Data & Data Sources



Credit



Debit

ITRS (BNM)
Joint IIP Survey
(DOSM & BNM)

ITRS (BNM)
Joint IIP Survey
(DOSM & BNM)

RM Mil	2015	2016
CREDIT	1,332	2,038
DEBIT	1,681	2,194

Financial services: Indicators and Analysis

	Indicators and analysis for upward performance	Indicators and analysis for downward performance
Financial services Exports	<ul style="list-style-type: none">• Higher business volume by foreign operator doing GBS in financial/banking based in Malaysia• More income especially from sisters bank in global group• No of licensed Bank• No of banks have exports• No of fund manager• No of member (source: Association of Trust Company)• % of FISIM over total exports	<ul style="list-style-type: none">• Lower business volume by foreign banks doing GBS that based in Malaysia. More income especially from sisters bank in global group
Financial services Imports	<ul style="list-style-type: none">• Higher payments for banking, security brokerage and investment fees to subsidiaries/ agents in overseas• Higher payments for security brokerage for management of bond issuance• No. of banks have imports• % of FISIM over total exports	<ul style="list-style-type: none">• Lower payments for banking, securities brokerage and investment fees to subsidiaries/agents in overseas

Other Business Services

➤ R&D Services

- Includes: Outright purchases/sales of results of R&D (in *BPM5* considered non-produced and thus included in capital account) such as patents, copyrights, and sale of information about industrial processes
- Excludes: Charges for the use of the outcomes of R&D

➤ Professional and management services

- 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 services

- Includes agricultural, engineering, waste treatment and depollution, operational leasing
- Trade-related services cover commissions on goods and service transactions payable to merchants, commodity brokers, dealers, auctioneers, and commission agents.
- Operational lease - renting of produced assets (buildings, machinery, equipment, etc.). covers leasing (rental) and charters, without crew, of ships, aircraft, and transport equipment (railway cars, containers, and rigs, without crew)

Data & Data Sources



Credit



Debit

ITRS (BNM)
ITS Survey (DOSM)

ITRS (BNM)
ITS Survey (DOSM)

	RM Mil	2015	2016
CREDIT		21,760	23,770
1 Research and development services		1,379	1,391
2 Professional and management consulting services		5,521	7,687
3 Technical, trade-related and other business services		14,860	14,692
i Architectural, engineering and other technical services		7,173	7,181
ii Operating leasing, trade-related and others		7,688	7,511
DEBIT		28,979	33,392
1 Research and development services		1,060	790
2 Professional and management consulting services		5,796	6,408
3 Technical, trade-related and other business services		22,123	26,194
i Architectural, engineering and other technical services		10,550	14,235
ii Operating leasing, trade-related and others		11,573	11,959

Other Business Services : Indicators

Other Business Services		Indicators	
		Credits	Debits
Research and development services		Number of companies doing R&D	-
Professional and management consulting services		Indices for Professional Services <ul style="list-style-type: none"> • Price Index (SPPI) • Volume Index (IOS) 	-
Technical, trade-related and other business services		-	-
	Architectural, engineering and other technical	Indices for Professional Services <ul style="list-style-type: none"> • Price Index (SPPI) • Volume Index (IOS) 	
	Operating leasing	Number of aircrafts and ships owned by parent /local airlines which sublease to subsidiaries abroad	Number of lease aircrafts and ships owned by local airlines/ shipping company
	Trade-related and other business services	-	Indices for Distributive Trade Sector <ul style="list-style-type: none"> • Price Index (SPPI) • Volume Index (IOS)

Other Business Services : Analysis/reasoning of the performance (Credits)

CR	Other business services			Common reason up	Common reason down
			R&D		
			Profesional & Management Consulting		
			Legal	<ul style="list-style-type: none"> • Higher charges by Malaysia parent company to subsidiary abroad on their legal expenses • Higher charges by Malaysia legal firm which serve to Malaysian group of companies in oversea 	<ul style="list-style-type: none"> • Lower charges by Malaysia parent company to subsidiary abroad on their legal expenses • Lower charges by Malaysia legal firm which serve to Malaysian group of companies in oversea
			Accounting	<ul style="list-style-type: none"> • Higher charges by Malaysia parent company to subsidiary abroad on their accounting expenses • Higher charges by Malaysia accounting/audit firm which serve to Malaysian group of companies in oversea 	<ul style="list-style-type: none"> • Lower charges by Malaysia parent company to subsidiary abroad on their accounting expenses • Lower charges by Malaysia accounting/audit firm which serve to Malaysian group of companies in oversea
			Management Consulting	<ul style="list-style-type: none"> • Higher charges/income reported by Malaysian company on general management consulting 	<ul style="list-style-type: none"> • Lower charges/income reported by Malaysian company on general management consulting
			Management Services	<ul style="list-style-type: none"> • Higher charges by Malaysia parent company to subsidiary abroad on management fees 	<ul style="list-style-type: none"> • Lower charges by Malaysia parent company to subsidiary abroad on management fees

Other Business Services : Analysis/reasoning of the performance (Credits)

CR	Other business services	Common reason up	Common reason down
	Technical, Trade Related & Other busi svcs		
	Architec, Engineering & other technical	<ul style="list-style-type: none"> • Higher income reported in oil & gas engineering works • Started new civil project overseas • Local subcontractors get local projects from main foreign contractors for civil works 	<ul style="list-style-type: none"> • Lower income reported in oil & gas engineering works • Completed civil project in overseas • Completed local projects by local subcontractors from main foreign contractors for civil works
	Trade related & Other busi services	<ul style="list-style-type: none"> • Higher commission received • Higher income from outsourcing and GBS 	<ul style="list-style-type: none"> • Lower commission received • Lower income from outsourcing and GBS

Other Business Services : Analysis/reasoning of the performance (Debits)

DR	Other business services			Common reason up	Common reason down
	Profesional & Management Consulting				
			Legal	<ul style="list-style-type: none"> • Higher charges by foreign parent company to subsidiary in Malaysia (FDI) on their legal expenses • Higher payments by Malaysia parent companies to register patent in oversea 	<ul style="list-style-type: none"> • Lower charges by foreign parent company to subsidiary in Malaysia (FDI) on their legal expenses • Lower/No payments by Malaysia parent companies to register patent in oversea
			Accounting	<ul style="list-style-type: none"> • Higher charges by foreign parent company to subsidiary in Malaysia (FDI) on their legal expenses 	<ul style="list-style-type: none"> • Lower charges by foreign parent company to subsidiary in Malaysia (FDI) on their legal expenses
			Management Consulting	<ul style="list-style-type: none"> • Higher charges/payments reported by Malaysian company on general management consulting 	<ul style="list-style-type: none"> • Lower charges/payments reported by Malaysian company on general management consulting
			Managerial Services	<ul style="list-style-type: none"> • Higher charges by Foreign parent company to subsidiary in Malaysia on management fees • Up in GBS earnings 	<ul style="list-style-type: none"> • Lower charges by Foreign parent company to subsidiary in Malaysia on management fees • Down in GBS earnings

Other Business Services : Analysis/reasoning of the performance (Debits)

DR	Other business services	Common reason up	Common reason down
	Technical, Trade Related & Other busi svcs		
	Architechture, Engineering & other technical	<ul style="list-style-type: none"> • Higher payments reported in oil & gas engineering works in Malaysia • Started new civil project in Malaysia • Foreign subcontractors get oversea projects from Malaysia main contractors for civil works. 	<ul style="list-style-type: none"> • Lower payments reported in oil & gas engineering works in Malaysia • Completed civil project in Malaysia • Completed foreign projects by foreign subcontractors from Malaysia main contractors for civil works in

Other Business Services : Highlights

1. Lease aircrafts

- ❑ Criteria to determine whether operational or financial lease:
 - Who bear the risk, ie insurance
 - Who bear for the maintenance
- ❑ Some cases differ between business point of view with the economics statistics classification.

Transport

Transport includes:

- carriage of passengers
- movement of goods (freight)
- rentals (charters) of carriers with crew
- supporting and auxiliary services: cargo handling, navigation fees and cleaning of carriers

Standard components breakdown transport by both dimensions:

- By type of carrier
 - Sea Transport
 - Air Transport
 - Other Transport
 - Postal and Courier Services
- By functional category
 - Passenger
 - Freight
 - Other

Data & Data Sources



Credit



Debit

ITS Survey (DOSM)

ITS Survey (DOSM)
ITRS (BNM)
Administrative Data

RM Mil	2015	2016
CREDIT	16,365	16,792
Passenger	5,963	6,192
Freight	4,138	4,133
Others	6,264	6,467
DEBIT	40,930	40,305
Passenger	3,471	3,224
Freight	35,572	35,417
Others	1,887	1,664

Transport Exports : Indicators and Analysis

Transport Exports		Indicators and analysis for upward performance
Sea	Freight	<ul style="list-style-type: none"> • Higher income reported for local LNG and Petroleum vessels due to higher exports volume of this commodities (Value of goods exported by sea) • New ships acquire/operate by local shipping • IoS Transport shows up • No. of ships/vessels owned by local shipping liners
	Others (incl seaport)	<ul style="list-style-type: none"> • Higher income and volume from seaport operation due to higher trade activities • No. of incoming foreign vessels in Malaysia ports
Air	Passenger	<ul style="list-style-type: none"> • No. of foreign tourists arrival in Malaysia by air • Frequency of foreign flights landing in Malaysia • Launch new route by local airlines • No of local aircraft fly abroad
	Freight	<ul style="list-style-type: none"> • Higher income and volume from local air carriers operation that is parallel with higher merchandise trade activities (Value of goods exported by air)
	Others (incl airport)	<ul style="list-style-type: none"> • Higher income and volume from airport operation • Frequency of foreign flights landing in Malaysia • No. of International airport
Other mode of transport (incl storage)		<ul style="list-style-type: none"> • Higher income and volume from storage operation for certain commodities (eg. petroleum, metal, garments, others)

Transport Exports : Indicators and Analysis

Transport Exports		Indicators and analysis for downward performance
Sea	Freight	<ul style="list-style-type: none"> • Lower income reported for local LNG and Petroleum vessels due to lower exports volume of this commodities • Stop operation of ships by local shipping • Stop business operation/segments for shipping by local carriers
	Others (incl seaport)	<ul style="list-style-type: none"> • Lower income and volume from seaport operation • Oil spill near local seaport
Air	Passenger	<ul style="list-style-type: none"> • Stop international route by local airlines
	Freight	<ul style="list-style-type: none"> • Lower income and volume from local air carriers operation that is parallel with lower merchandise trade activities
	Others (incl airport)	<ul style="list-style-type: none"> • Lower income and volume from airport operation • Cheaper price (promotion)
Other mode of transport (incl storage)		<ul style="list-style-type: none"> • Lower income and volume from storage operation for certain commodities (eg. petroleum, metal, garments, others)

Transport Imports : Indicators and Analysis

Transport Imports		Indicators and analysis for upward performance
Sea	Freight	<ul style="list-style-type: none">• Higher payments in freight is in line with higher import value on merchandise.
	Others (incl seaport)	<ul style="list-style-type: none">• Higher merchandise export activities activities• No. of Malaysian vessels going overseas
Air	Passenger	<ul style="list-style-type: none">• Higher number Malaysian travel abroad by air
	Freight	<ul style="list-style-type: none">• Higher payments in freight was in line with higher import value on merchandise.
	Others (incl airport)	<ul style="list-style-type: none">• Frequency of Local flights for international boarding• Higher merchandise export activities by air

Transport Imports : Indicators and Analysis

Transport Imports		Indicators and analysis for downward performance
Sea	Freight	• Lower payments in freight was is line with higher import value on merchandise.
	Others (incl seaport)	• Lower merchandise export activities activities
Air	Passenger	• Lower number Malaysian travel abroad by air
	Freight	• Lower payments in freight was in line with higher import value on merchandise.
	Others (incl airport charges)	• Lower merchandise export activities activities

Travel

Cover goods and services for own use or to give away, acquired from an economy by nonresidents during visits to that economy of less than one year in the economy.

The standard component breakdown of travel is between

- Business
 - border, seasonal, and other short-term workers
- Personal travel
 - health-related and education-related

Included are:

- Government employees on official travel
- Employees of international organizations on official business
- Employees doing work for enterprises that are not resident in the economies in which the work occurs
- Individual temporarily engaged in a productive activity directly for an entity resident in the compiling economy
 - their expenditures on goods and services in the host economy is included in travel
- Carrier crews stopping over

Excluded are:

- Personnel stationed on a military base
- Diplomats and embassy personnel

Data & Data Sources



Credit



Debit

**Administrative Data
(Tourism,
Immigration
Department &
MHTC)
ITRS (BNM)**

**ITRS (BNM)
Border Town
Expenditure Survey
(DOSM)
Administrative Data**



RM Mil	2015	2016
CREDIT	68,675	74,975
4.1 Business	9,915	10,561
4.2 Personal	58,760	64,414
4.2.1 Health-related	914	1,120
4.2.2 Education-related	768	847
4.2.3 Others	57,078	62,447
DEBIT	41,734	43,449
4.1 Business	7,384	7,361
4.2 Personal	34,350	36,088
4.2.1 Health-related	73	68
4.2.2 Education-related	7,836	7,414
4.2.3 Others	26,441	28,606

Other services: Indicators and Analysis

No.	Services	Indicators and analysis
1	MR Cr	MIGHT no of members - Annually
	MR Cr	NAICO no of members - Annually
2	Travel Cr	No of Inbound Tourist
	Travel Cr	No of Inbound Tourist (%YoY)
	Travel Cr	No of Inbound Tourist (%QoQ)
	Travel Cr	Expenditure Rate Tourist
	Travel Cr	No of Inbound Tourist by Air Only
	Travel Cr	No of Excursionist
	Travel Cr	Expenditure Rate Excursionist
	Travel Cr	No of healthcare traveller (foreign) in Msia
	Travel Cr	No of Foreign Student in Malaysia (from MOHE)-Annually
	Travel Cr	Credit Card Spending by foreigners in Malaysia (%YoY)
	Travel Cr	Credit Card Spending by foreigners in Malaysia (%QoQ)
	Travel Cr	Main events in Malaysia
	Travel Dr	No of Resident Tourist by air
	Travel Dr	No of Resident Tourist by land (PRM)
	Travel Dr	Total No of Resident Travel Abroad
	Travel Dr	Total Avg Expenditure Abroad (RM)
	Travel Dr	No of Malaysia Student Abroad (from MOHE)-Annually
	Travel Dr	No of Malaysian do Haj
	Travel Dr	No of Malaysian do Umrah (source: Jauhar)
	Travel Dr	Credit Card Spending by Malaysian in oversea (%YoY)
	Travel Dr	Credit Card Spending by Malaysian in oversea (%QoQ)
	Travel Dr	Main events in overseas

Insurance Services

- Includes: Life insurance and annuities, nonlife insurance, reinsurance, freight insurance, pensions, standardized guarantees, auxiliary services
- Nonlife insurances
 - are designed primarily to spread risks across all policy-holders
 - typically, number of claimants much smaller than number of policyholders; no relationship for individual policy-holder between premiums paid (“price”) and claims received
 - pay claim only if an insured event occurs
- Life insurances
 - policyholder makes regular payments in return for an agreed sum, or an annuity, at a given date
 - form of saving
- Freight insurance
 - raises particular issues for the valuation of goods
 - provides coverage against theft, damage, and lost of freight
 - the FOB concept determines who pays the insurance, and whether it is included in the price of the good (insurance is included in FOB price up to the border of exporter; beyond exporters border, premiums are payable by importer)

Data & Data Sources		
 Credit	 Debit	
ITRS (BNM)	ITRS (BNM) Administrative Data	
RM Mil	2015	2016
CREDIT	1,463	1,399
DEBIT	9,222	9,368
Freight	6,800	6,809
Others	2,423	2,560

Charges for Use of Intellectual Property

- Includes:
 - Charges for the use of
 - (i) franchise and trademarks, like in BPM5; and
 - (ii) outcomes of R&D
 - (iii) Licenses to reproduce, or distribute intellectual property embodied in
 - ✓ Produced originals and prototypes (copyrights on books, manuscripts)
 - ✓ Computer software
 - ✓ Audiovisual and related services (cinematographic works, and sound recordings)
 - ✓ Related rights (for live performances)
- But excludes:
 - outright purchases/sales of franchises and trademarks are recorded in the capital account
 - Licenses to use software and outright purchases/sales of software (included in computer services)
 - Outright purchases/sales of results of R&D are recorded under R&D services

Data & Data Sources



RM Mil	2015	2016
CREDIT	351	461
DEBIT	5,033	5,572

Other services: Indicators and Analysis

No.	Services	Indicators and analysis
3	Insurance Cr	No of licensed Insurance and Takaful operator - Annually
	Insurance Cr	No of insurance comp have exports
	Insurance Cr	No of licensed insurance broker
	Insurance Cr	Higher premium earned for merchandise or non merchandise
	Insurance Cr	Lower claims accrued for merchandise or non merchandise
	Insurance Dr	No of insurance comp have imports
4	CUIP Dr	Sales Industry/ Passenger Vehicles (Number)
	CUIP Dr	Sales Industry/ Passenger Vehicles (Number) (% YoY)
	CUIP Dr	Sales Industry/ Passenger Vehicles (Number) (% QoQ)
	CUIP Dr	No of MacDonald branch in Malaysia
	CUIP Dr	No of foreign service television content providers
	CUIP Dr	No of foreign tv channel
	CUIP Dr	Higher payments reported for royalty by companies operate in Malaysia especially manufacturing like automobiles, e&e
	CUIP Dr	Higher payments on license fees for foreign TV Programmes (CNN, HBO, Fox, ESPN)

Telecommunications, Computer and Information Services

Defined in terms of the nature of the service, not the method of delivery

➤ Telecommunications

- Excludes
 - ✓ value of the content being transmitted
 - ✓ installation services for networks and database services

➤ Information Services

- Excludes
 - ✓ bulk newspapers
 - ✓ downloaded software

➤ Computer Services

- Excludes
 - ✓ Charges for licenses to reproduce or distribute software
 - ✓ Leasing of computers without an operator
 - ✓ Computer training courses not designed for a specific user
 - ✓ Noncustomized packaged software
- An example concerns the treatment of computer software:
 - ✓ a blank CD is a good;
 - ✓ a CD containing off-the-shelf software has elements of goods and services, but is classified as a good;
 - ✓ a CD containing customized software is a service;
 - ✓ a master copy CD, which earns royalties, is a service – it may be classified under computer services because its predominant value is as specialized software rather than the potential to generate future license fees.

Data & Data Sources



Credit



Debit

ITRS (BNM)
ITS Survey (DOSM)

ITRS (BNM)

RM Mil	2015	2016
CREDIT		
Telecommunications, computer and information services	10,372	9,964
Telecommunications services	2,228	2,650
Computer & information services	8,145	7,314
DEBIT		
Telecommunications, computer and information services	12,757	12,730
Telecommunications services	5,044	5,317
Computer & information services	7,713	7,413

Other services: Indicators and Analysis

No.	Services	Indicators and analysis
5	TCI Cr (Telecommunication : reason higher performance)	<ul style="list-style-type: none"> • Higher volume for incoming call from overseas • Higher value for bilateral business • Higher value for hubbing business • Higher value for other related services to telecommunication
	TCI Cr (Computer & Information : reason higher performance)	<ul style="list-style-type: none"> • Higher payments to foreign company started big computer project in Malaysia • Higher payments on FDI intercompany transactions on information (eg. Google Msia pay Google Inc)
	TCI Cr (Telecommunications: reason lower performance)	<ul style="list-style-type: none"> • Lower volume for outcoming call from overseas • Drop due users more prefer to use internet based call like (Wassup, skype) • Telco charge lower rate and fixed rate to compete • Drop due to cheaper price (promotion) • Lower price / air time charges due to competition • Lower value for bilateral business • Lower value for hubbing business • Lower value for other related services to telecommunication
	TCI Cr (Computer & Information : reason lower performance)	<ul style="list-style-type: none"> • Lower payments to foreign company started big computer project in Malaysia • Lower/No payments on FDI intercompany transactions on information (eg. Google Msia pay Google Inc)

Personal, Cultural and Recreational Services

Refers to services associated to audio-visual and related services; and other personal, cultural and recreational services. This includes charges for access to encrypted televisions channels, rental of audio-visual and related products, fees to actors, directors and producers, education services, health services, sports, recreational and entertainment services.

Government Goods and Services

- These are transactions by the public sector with non-residents, which are not recorded elsewhere in the BOP components.
- The transactions include expenditures (goods and services) of Malaysia’s diplomatic and military representative abroad and of foreign governments’ diplomatic and military representative in Malaysia.

Data & Data Sources



Credit



Debit

ITRS (BNM)

ITRS (BNM)
ITS Survey (DOSM)

RM Mil	2015	2016
CREDIT	1,509	1,525
DEBIT	3,183	3,182

Administrative data
(International
Organizations)
ITRS (BNM)

Administrative data
(MOFA & Other
Agencies)
ITRS (BNM)

RM Mil	2015	2016
CREDIT	369	361
DEBIT	971	1,050

Other services: Indicators and Analysis

No.	Services	Indicators and analysis
6	PCR Cr	Main event in Malaysia
	PCR Dr	Main event in overseas
7	Gov. Cr	No of Foreign Embassy in Malaysia
	Gov. Dr	No of Malaysian embassy abroad
8	TOTAL NO OF SITS COMPANIES	TOTAL NO OF SITS COMPANIES
	TOTAL SITS EXPORTERS	TOTAL SITS EXPORTERS
	TOTAL SITS IMPORTERS	TOTAL SITS IMPORTERS

General Indicators and Analysis

Bil	Item	Indicator
1	General	Forex USD (RM)- Flow average
		Forex USD (%YoY)
		Forex USD (%QoQ)
2	General	Forex SGD (RM)- Flow average
		Forex SGD (%YoY)
		Forex SGD (%QoQ)
3	General	Crude Oil Price (USD/Barrel)
		Crude Oil Price (%YoY)
		Crude Oil Price (%QoQ)
4	General	LNG AUP from Trade (RM/Tonne)
		LNG AUP from Trade (%YoY)
		LNG AUP from Trade (%QoQ)
5	General	Palm Oil Price -RM/Tonne
		Palm Oil Price (%YoY)
		Palm Oil Price (%QoQ)
6	General	Natural Rubber (SMR 20) - sen/kg
		Natural Rubber (SMR 20) - sen/kg (%YoY)
		Natural Rubber (SMR 20) - sen/kg (%QoQ)
7	General	FBMKLCI
		FBMKLCI (%YoY)
		FBMKLCI (%QoQ)
8	Price Index	CPI (%YoY)
		CPI (%QoQ)
9	Price Index	PPI (%YoY) Local Production
		PPI (%QoQ) Local Production

General Indicators and Analysis

Bil	Item	Indicator
10	Price Index	SPPI (%YoY) & (%QoQ):
		SPPI Transportation
		SPPI Acco, F&B & Svcs Act
		SPPI Info & Communication
		SPPI Real Estate Act
		SPPI Professional
		SPPI Education
		SPPI Health
		SPPI Art, Entertainment & Recreational

General Indicators and Analysis

Bil	Item	Indicator
	Volume Index	IoS (%YoY) & (%QoQ):
		Wholesale & Retail Trade,
		Food & Beverages and Accommodation
		Wholesale & Retail Trade
		Wholesale trade
		Retail trade
		Motor vehicle
		Food & Beverages
		Accommodation
		Finance, Real Estate and Professional
		Finance & Insurance
		Real Estate
		Professional
		Information & Communication and
		Transportation & Storage
		Information and Communication
		Transportation and Storage
		Other Services
		Private Health
		Private Education
		Arts, Entertainment and Recreation

General Indicators and Analysis

Bil	Item	Indicator
12	Revenue RM'000 (Current prices)	Retail trade (RM'000)
		Food & Beverages (RM'000)
		Accommodation (RM'000)
	Revenue (% YoY)	Retail trade
		Food & Beverages
		Accommodation
	Revenue (% QoQ)	Retail trade
		Food & Beverages
		Accommodation
13	Volume Index	IoDT (%YoY)
		IoDT (%QoQ)
		Index of Motor Vehicles (%YoY)
		Index of Motor Vehicles (%QoQ)
		Index of Wholesale Trade (%YoY)
		Index of Wholesale Trade (%QoQ)
		Index of Retail Trade (%YoY)
		Index of Retail Trade (%QoQ)
14	Volume Index	IPP (%YoY)
		IPP (%QoQ)

Other services: Highlights

No.	Highlights/Issues	Explanation
1.	<p>To classify transactions whether under PCR or CUIP:</p> <ul style="list-style-type: none">• Payments by paid TV stations to content providers/owners.• Payments by subscriber to paid TV stations	<ul style="list-style-type: none">• The payments for television programmes associated with encrypted television channel or downloaded content, which is the material only for subscribers (without further channelled out to third party) is classified under personal, cultural and recreational (PCR) services. This transaction only involving two parties (owner and subscribers).• However, payments for license by local broadcaster to broadcast television programme which owned by foreign countries (e.g Fox Movies, AXN, ESPN, HBO, KBS) to local subscribers are included in charges for the use of intellectual properties (CUIP). This transaction involving three parties (owners, broadcasters and subscribers).

Other services: Highlights

No.	Highlights/Issues	Explanation
2.	<p>To classify transactions whether under Computer Services or CUIP:</p> <ul style="list-style-type: none">• License payments by end user of computer to software owners.• Payments by computer distributor to software owners.	<ul style="list-style-type: none">• For computer services that involve payments for license, there are two types of licenses for two different services.• Firstly, license to use the computer software where end user (personal or business) pays directly to the owner of the software (eg. electronically downloaded). This payments should be under computer services (overall transaction just involve 2 parties that are the owner and the end user).• Secondly, the payments made by the distributor of the hardware/software/mobile phones to the owner before the end user can use it. This transactions should be recorded under Charges for the Use of Intellectual Properties (CUIP). In overall transaction involve 3 parties that are the owner, the distributor and the end users (eg. Android, Samsung and Users).

Other services: Highlights

No.	Highlights/Issues	Explanation
3.	To classify transactions related to franchise under sub categories of CUIP:	<ul style="list-style-type: none">• The upfront payments for setting up new franchise outlet and annual payments should classify under <i>Franchise and trademark license fees.</i>• The royalty payments that based on sales should be classified under <i>Licenses for the use of outcomes of research and development.</i>

Trade in Services by mode of supply (MOS)

eg. Statistics New Zealand Questionnaire



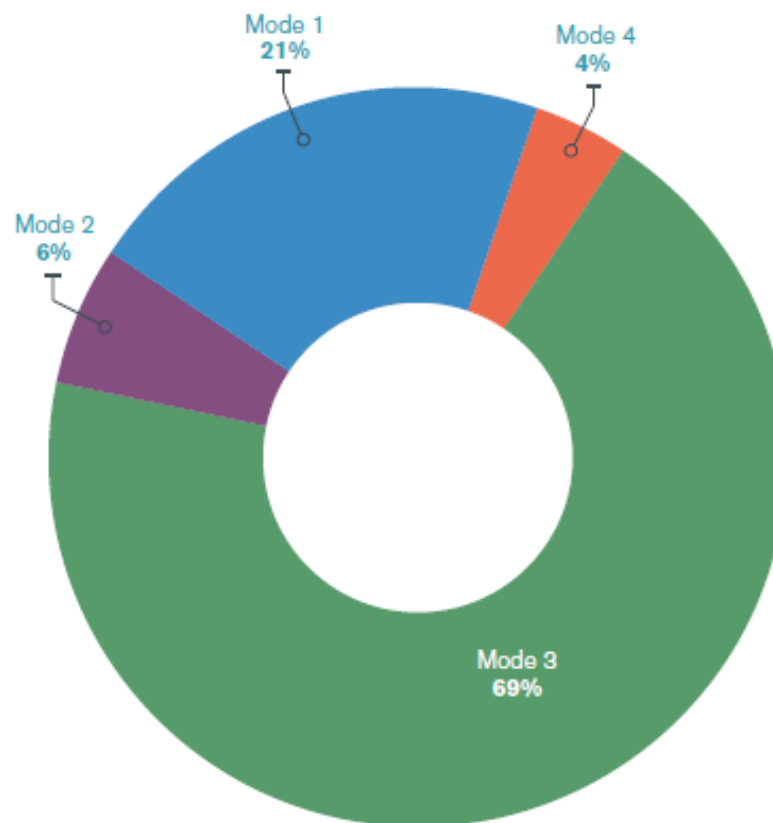
EU services exports by MOS, 2013

European Union for exports of services outside the EU, according to a recent estimate by Eurostat for 2013 (see Chart 5.9).

With a share of 69 per cent, the value of services supplied through the establishment of a commercial presence abroad was higher than the combined shares of mode 1 (services supplied from one country to another, officially known as cross-border supply), mode 2 (consumers or firms making use of a service in another country, officially consumption abroad) and mode 4 (individuals travelling from their own country to supply services in another, known as the presence of natural persons). A similar pattern was also evident for services imports. Mode 4 was estimated at only 4 per cent of total services supplied to partners outside the EU. However, the distribution of modes of supply by individual EU member countries may vary.

Chart 5.9:

European Union: Total services exports to partners outside the EU, by mode of supply, 2013
(Percentage, %)



Source: Eurostat estimates.

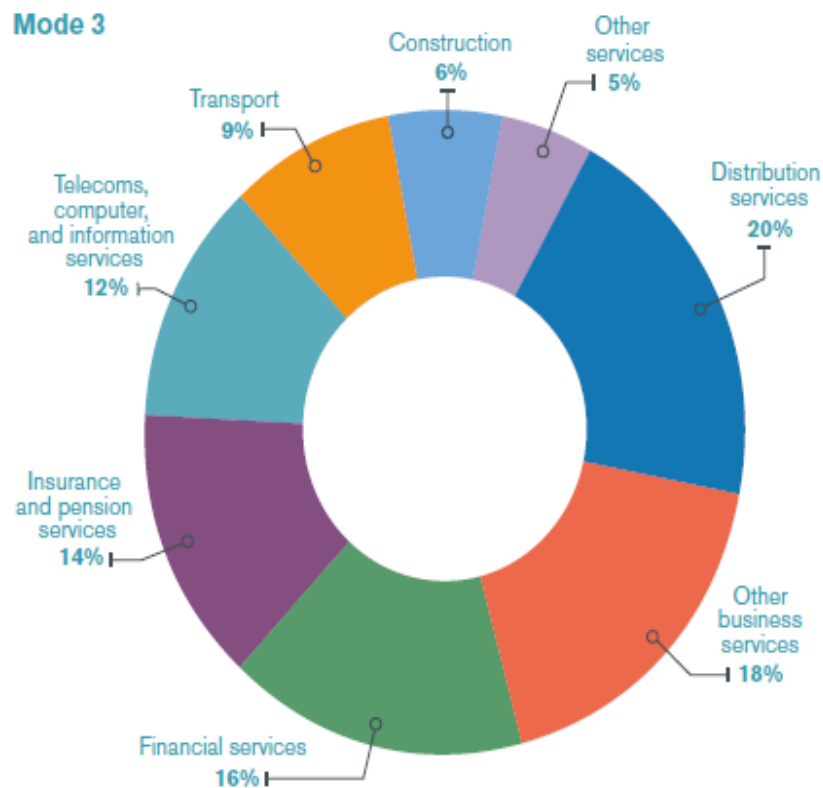
EU services exports for Mode 3 and 1, 2013

Chart 5.10:

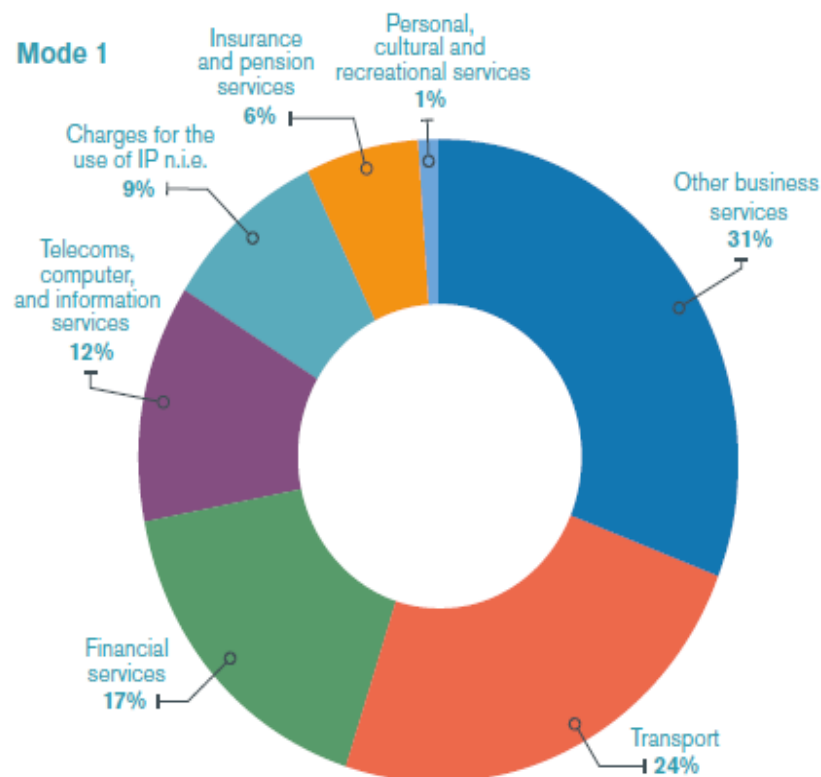
European Union: Services exports through mode 3 and mode 1 to partners outside the EU, 2013

(Percentage, %)

Mode 3



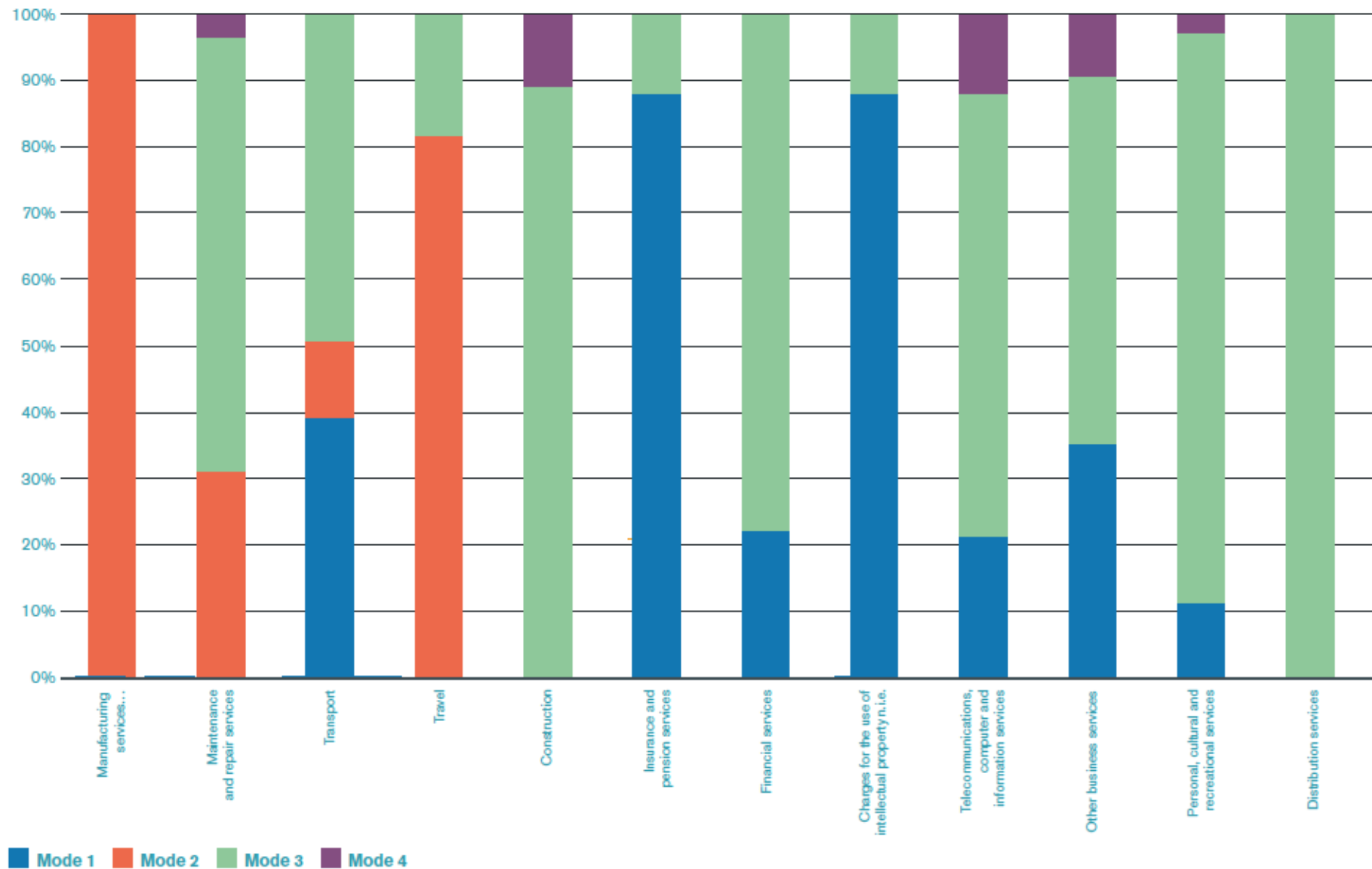
Mode 1



Source: Eurostat estimates.

Chart 5.11:

European Union: Estimated total services exports outside the EU by main service sectors and modes of supply, 2013
(Percentage, %)



Note: Travel excludes the value of goods purchased by non-EU travellers.

Source: Eurostat estimates.

Table 8

Exports of services by mode of supply and broad service type

Year ended 30 June 2011

NZ\$(million)

Broad service type	Mode of supply ⁽¹⁾		
	Cross-border supply ⁽²⁾	Presence of natural persons ⁽³⁾	Consumption abroad ⁽⁴⁾
Information and communication technology services	642	69	14
Financial services	189	2	1
Trade and sales services	551	34	20
Business services	831	66	25
Technical and professional services	343	137	9
Intellectual property	469
Miscellaneous services	136	84	12
Entertainment and recreational services	219	71	24
Services not elsewhere classified	43	--	1
Total	3,424	463	105

1. Data may not add to stated totals due to rounding.

2. Cross border supply is when the work is performed in New Zealand and delivered to a customer overseas (eg by Internet, phone, or mail).

3. Presence of natural persons means the work is performed by a New Zealand employee working in a foreign country.

4. Consumption abroad is when the customer travels to New Zealand to take delivery of the service.

Source: Statistics New Zealand

GATS Mode Of Supply (MOS):

4 Modes Of International Trade In Services

MODE 1 –

**CROSS
BORDER
SUPPLY**

MODE 2 –

**CONSUMPTION
ABROAD**

MODE 3 –

**COMMERCIAL
PRESENCE**

MODE 4 –

**PRESENCE
OF NATURAL
PERSONS**

Malaysia's method in developing MOS statistics

Mode 1,2 and 4 : source: ITS Survey

Mode 3 :

1. Inward - source : Economic census and annual surveys
2. Outward FATS – source : Survey of Outward Foreign Affiliate (SOFA)

Highlights on Measuring MOS

	Highlights				
1	Measuring MOS:				
	• Simple allocation method				
	• ITS Survey				
2	Determine mode of selected component	<u>Mode 1</u>	<u>Mode 2</u>	<u>Mode 4</u>	
	Manufacturing Services		√		
	Maintenance & Repair		√		
	Transport				
	supporting & auxiliary services (eg. port svcs)		√		
	Other business services				
	operating lease	√			
	trade-related	√			
3	How MOS differ with e-commerce ?				
	• MOS : mode of delivering the services				
	• e-commerce : mode of ordering goods and services				
4	Measuring Distribution services (wholesale & retail trade)				
	eg. experimental estimates by US BEA of distribution services associated with cross-border trade. Refer Box V.4 MSITS 2010, pg 123				

How GATS MOS are differ with BOP services

	<u>GATS MOS</u>	<u>BOP Services</u>
1. Travel Goods purchased abroad	Exclude	Include
2. Distribution (wholesale, retail trade) Trade margin of wholesalers & retailers (merchanting trade)	Include	Exclude (because its included in goods)
3. Self employed (mode 4) : less than 1 year : more than 1 year	Include Include	Include Exclude

Experimental estimates by US BEA of distribution services associated with cross-border trade. Box V.4 MSITS 2010, pg 123

Box V.4

Experimental estimates, by the United States Bureau of Economic Analysis, of distribution services associated with cross-border trade

The inclusion of these distribution services in the value of merchandise trade follows the treatment recommended in BPM6 and reflects the fact that data on cross-border trade are collected by product. In this case, the product is an exported or imported good, and its value includes the distribution services used to arrange for its export or import. As a consequence, statistics on cross-border trade in services do not include estimates of distribution services provided by exporters because those services are included in the value of trade in goods.

Nevertheless, services provided by wholesalers and retailers could be important as shown by the estimates of the United States Bureau of Economic Analysis (BEA). BEA constructed these estimates of distribution services associated with merchandise trade by using exports of goods of wholesalers and retailers and the average percentage of distribution services per dollar of sales of goods. For imports, it assumed that the share of United States imports accounted for by foreign wholesalers was the same as the share of United States exports accounted for by United States wholesalers. These 2002 experimental results show that considering these figures for GATS purposes would increase United States exports and imports of services (resident/non-resident trade) by more than 10 and 20 per cent, respectively.

Highlight: Measuring e-commerce / digital transactions

The Digital Disruption Has Already Happened ?

- *World largest taxi company owns no taxi (Uber)*
- *Largest accommodation provider owns no real estate (Airbnb)*
- *Largest phone companies own no telco infrastructure (Skype, WeChat)*
- *World's most valuable retailer has no inventory (Alibaba)*
- *Most popular media owner creates no contents (Facebook)*
- *Fastest growing banks have no actual money (SocietyOne)*
- *World's largest movie house owns no cinema (Netflix)*
- *Largest software vendors don't write the apps (Apple & Google)*

end of session, thank you