



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

BALANCE OF PAYMENTS

June 2023



















Table of content









OVERVIEW









Outlines







- BOP Statistics Division at a glance
- 02 Functional
- 03 Products
- 04 Manual
- Use of BOP
- 06 Definition & Concept
- 07 Residence, Household & Individuals and Enterprise
- 08 BOP Framework
- 09 Indicator



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



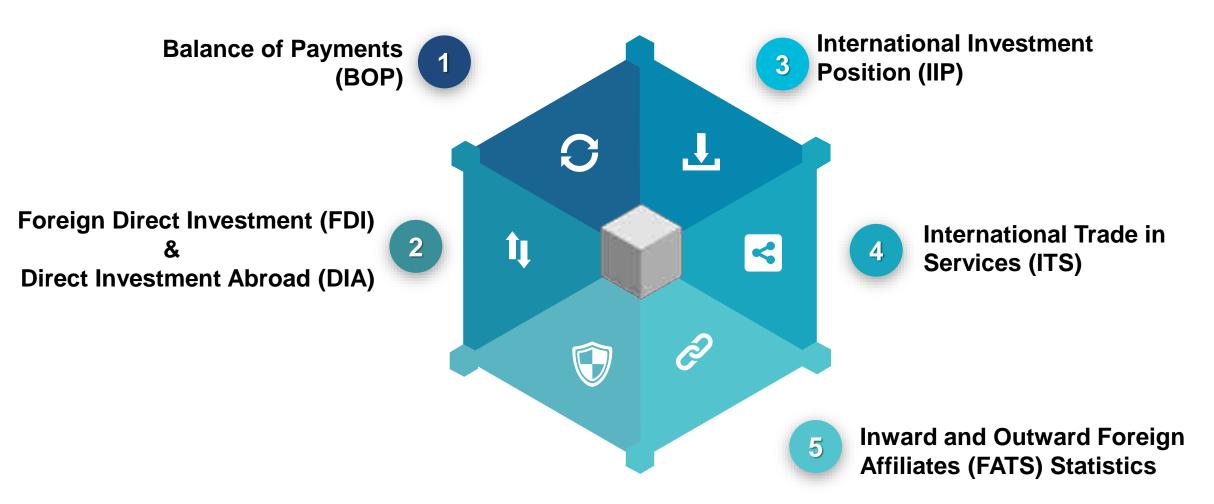
Functional







This division is responsible for the compilation, analysing and producing statistics:





Products









- 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)**



3. Biennially





- **Balance of Payments (BOP)**
- **International Investment Position (IIP)**





- Statistics on Malaysian Affiliates Abroad (Outwards FATS)
- ii. Statistics On Foreign Affiliates in Malaysia (Inwards FATS)



Manual







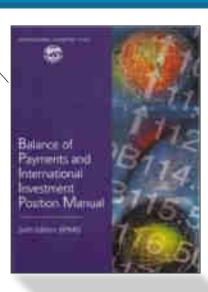
Balance of Payments and **International Investment Position Manual Sixth Edition (BPM6)**

Manual on Statistics of **International Trade in Services**

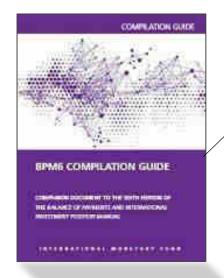
2010 (MSITS)



International Transactions in Remittances Guide







BPM6 Compilation Guide



OECD Benchmark Definition of Foreign Direct Investment



Use of Balance of Payments (BOP)









3. To understand the movements in the exchange rate



2. To gauge investment in the country

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

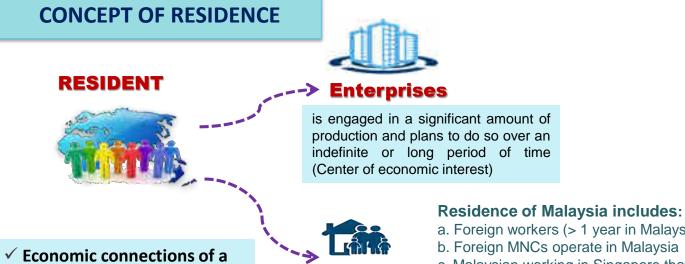
Statistics that measure the international economic transactions between Malaysia and the rest of the world in terms of transactions in current, capital and financial accounts.

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

01	that summarizes transactions
02	in goods, services, primary and secondary income, capital account, and financial items
03	between residents and nonresidents
04	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.



- 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

- a. Foreign workers (> 1 year in Malaysia)
- c. Malaysian working in Singapore that commute daily

Intention to be present for a period of 1 year or more

EXCEPTIONAL a period of 1 year:

- Diplomatic representatives
- Military personal

Households

& Individuals

- Students
- Medical patients
- Ship's crew
- Seasonal/Cross-worker
- Refugees, guest workers, expatriate experts
- International Bodies



BALANCE OF PAYMENTS FRAMEWORK







MALAYSIA



BOP





CURRENT ACCOUNT

- 1 Goods
- 2 Services
- **3** Primary Income
- 4 Secondary Income

CAPITAL ACCOUNT 02

- Acquisitions/ disposals of non produced non financial assets
- 2 Capital Transfers

FINANCIAL ACCOUNT 03

- 1 Direct Investment
- Direct Investment Abroad (DIA)
- 2 Portfolio Investment
- Foreign Direct Investment (FDI)
- 3 Other Investment
- 4 Financial Derivative

RESERVE ASSET 04

ERRORS AND OMISSIONS

GOODS:

- Merchandise
- Merchanting
- Non Monetary Goods

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.

PRIMARY INCOME:

- Compensation of Employees
- Investment Income:
 - Dividend
 - Reinvested Earning
 - Interest



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

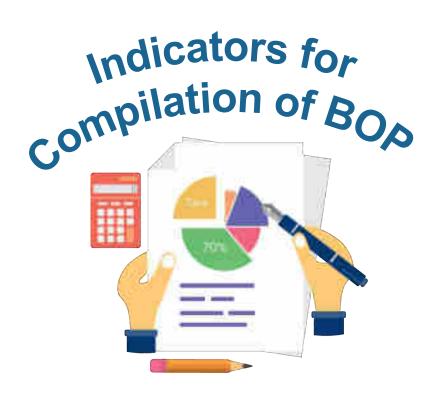


Indicator









- ❖ 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



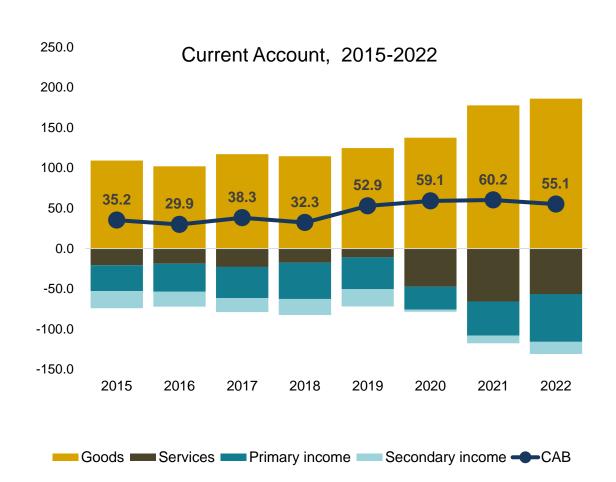
BALANCE OF PAYMENTS - at a glance

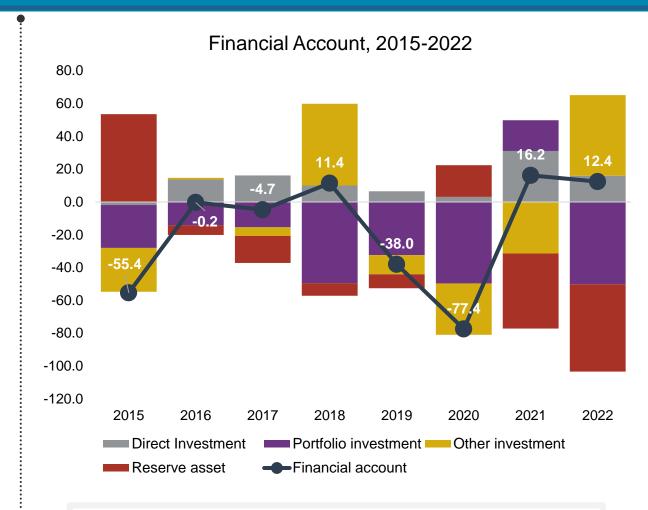






"In 2022, Current Account Balance recorded a **surplus** of **RM55.1 billion** mainly contributed by **net exports of Goods**"





"Financial account recorded a **net outflow** of **RM12.4 billion** in 2022 mainly owing to **net outflow in Other Investment and Direct Investment**"

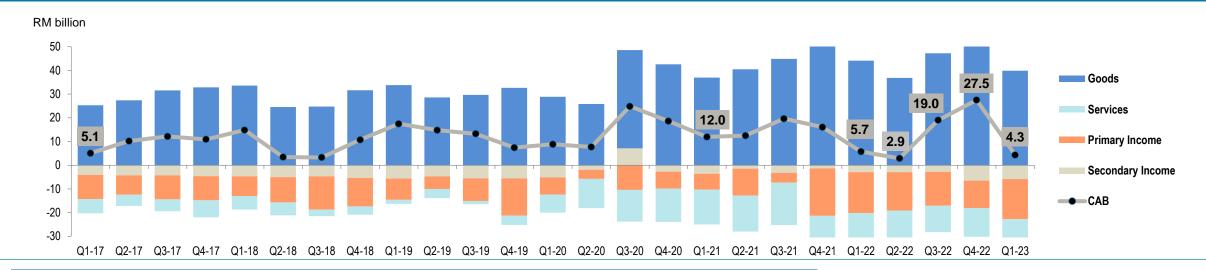


BALANCE OF PAYMENTS - at a glance cont'd.









Component RM billion	2021	2022	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23
CURRENT ACCOUNT	60.2	55.1	5.7	2.9	19.0	27.5	4.3
Goods & Services	112.0	129.6	25.9	22.1	36.1	45.6	27.0
Goods	177.6	186.0	44.2	36.9	47.3	57.7	39.9
Services	-65.7	-56.4	-18.3	-14.8	-11.2	-12.1	-12.8
Primary Income	-42.2	-59.4	-17.3	-16.2	-14.3	-11.6	-16.9
Secondary Income	-9.6	-15.1	-2.9	-2.9	-2.8	-6.5	-5.9
CAPITAL ACCOUNT	-0.5	-0.5	-0.1	-0.1	-0.2	-0.1	-0.1





Note: * Less than RM50 million

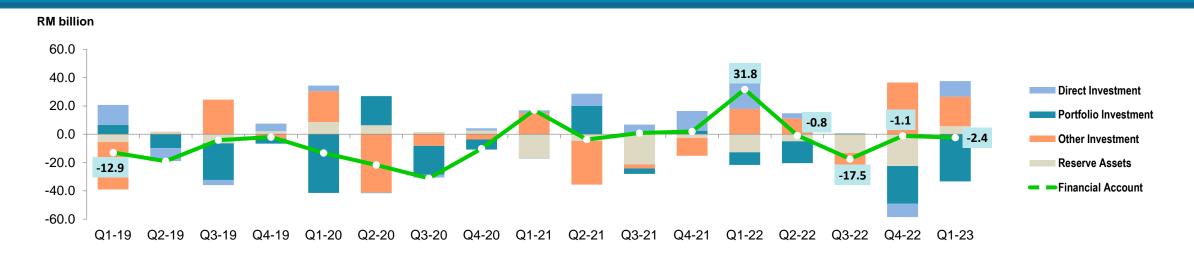


BALANCE OF PAYMENTS - at a glance cont'd.









Component RM billion	2021	2022	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23
FINANCIAL ACCOUNT	16.2	12.4	31.8	-0.8	-17.5	-1.1	-2.4
Direct Investment	31.1	15.9	22.5	3.6	-0.9	-9.3	10.9
Portfolio Investment	18.8	-50.6	-8.9	-15.4	0.5	-26.7	-33.3
Financial Derivative	-2.3	-2.2	0.2	-0.2	-0.4	-1.7	-0.9
Other Investment	-31.4	49.2	18.0	11.2	-16.5	36.6	20.9
RESERVE ASSETS	-45.7	-53.4	-12.8	-4.9	-13.2	-22.5	5.7
ERRORS & OMISSIONS	-30.3	-13.6	-24.6	2.9	11.9	-3.8	-7.6



Note: * Less than RM50 million

GOODS









OUTLINES









O1 Definition

02 Transactions

Goods – General Merchandise, Merchanting & Nonmonetary Gold

O4 Summary of Conceptual Differences SNA/ BPM6 vs. IMTS

05 Data Sources



DEFINITION







Definition of Goods

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



TRANSACTIONS







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
- <u>Included</u>: 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 <u>trade data</u> 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 <u>customs law</u> 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



VALUATION

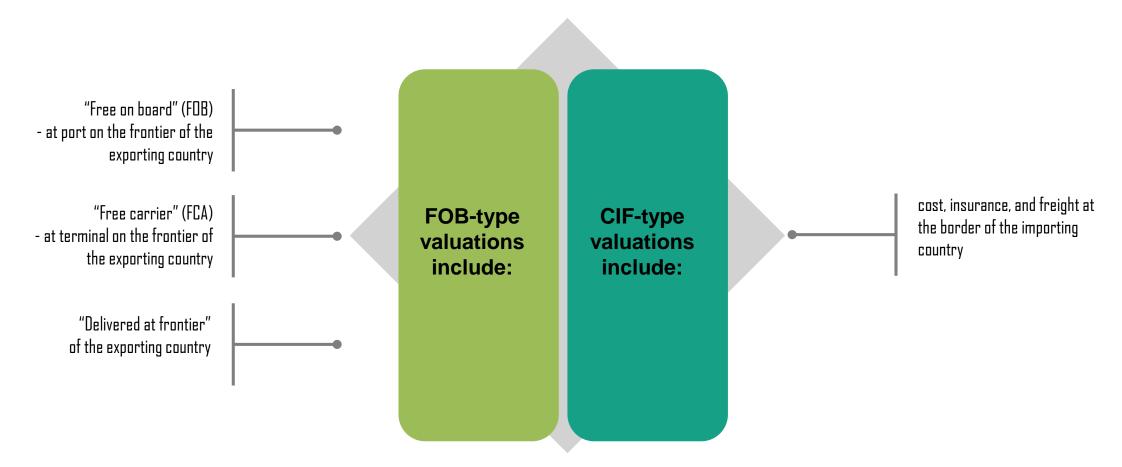






A uniform point of valuation for goods is recommended

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



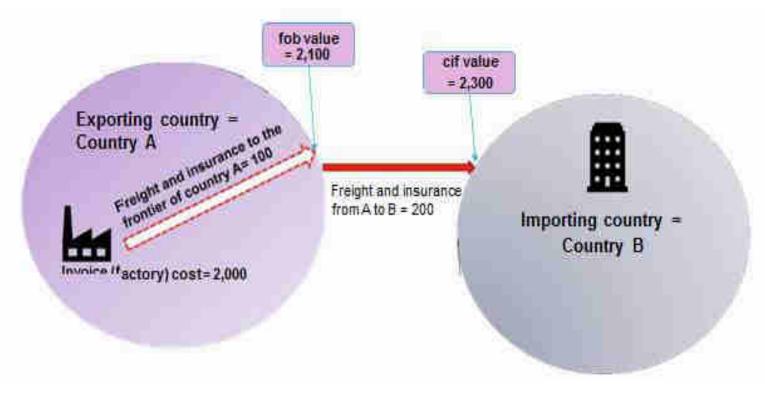


VALUATION









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

ACTIVITY	VALUE
Value of commodities at place of production in the exporting country A (factory gate price)	2,000
Cost of transportation to border of country A (domestic services provided by resident of country A)	100
Cost of transportation from border of country A to border of country B (services provided by resident of country C)	200
Value of commodities at place of delivery at border of country B (CIF value)	2,300
FOB Value	2,100



GOODS







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.

Goods Components in BPM6 Merchanting Nonmonetary gold General merchandise

GENERAL MERCHANDISE

SPECIAL CASES...

a) **GOODS FOR PROCESSING**

"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.."

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.





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 COVERAGE OF GOODS







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 COVERAGE OF GOODS







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



HIGH VALUE OF CAPITAL GOODS_TRANSPORT ARRANGEMENTS







Owners and operators of transport equipment may enter into a number of leasing or chartering arrangements. But for BOP purposes,

Aircraft Arrangements	Goods	Transport	Operational Lease
Financial leasing Goods for the lessee under financial leases	Classified under goods		
Operational leasing Chartering or hiring of a ship or boat, whereby no crew or provisions are included as part of the agreement.			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.



GOODS – MERCHANTING

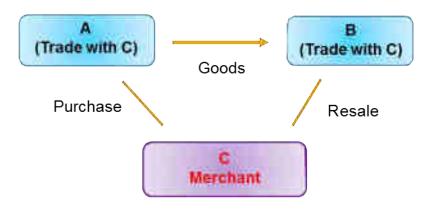






Merchanting is defined as the purchase of goods by a resident (of the compiling economy) from a non-resident combined with the subsequent resale of the goods to another non-resident without the goods being present in the compiling country.

- 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.





GOODS - MERCHANTING







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



GOODS - 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:

Net exports of goods under merchanting	8 (credit)
Goods acquired under merchanting (from country B)	-12 (credit) (negative exports)
Goods sold under merchanting (to country D)	20 (credit)

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



COMPILATION – MERCHANTING







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.



GOODS – NONMONETARY GOLD







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







	SNA/BPM6	IMTS
Principle of recording	Change of ownership	Cross border movement of goods
Definition of territory	Economic territory	Customs territory
Time of recording	When the change of ownership occurs	When goods enter/leave the customs territory
Valuation	FOB / invoice price	Different measures WTO Customs Valuation Agreement; FOB, CIF, etc
Classification	CPC, ISIC, etc., bridging	HS, SITC

IMF | Statistics



DATA SOURCES









- Most countries use IMTS as the main data sources for compiling the goods account
- How ever IMTS normally based on customs forms are designed with view to administrative requirements and may need adjusting for Trade/SNA/Bop statistics purposes)

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





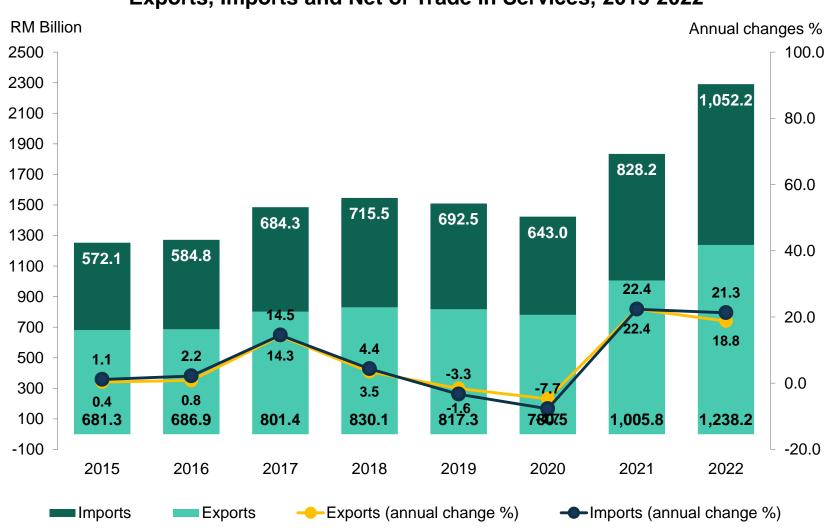
PERFORMANCE OF GOODS







Exports, Imports and Net of Trade in Services, 2015-2022



"In 2022, Goods account recorded a surplus of RM186.0 billion"

SERVICES







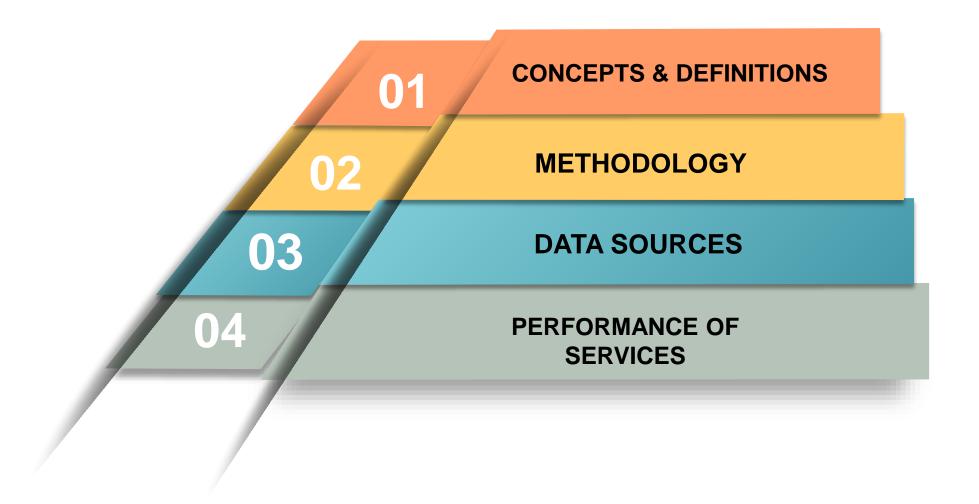


Outline











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**



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

- 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.

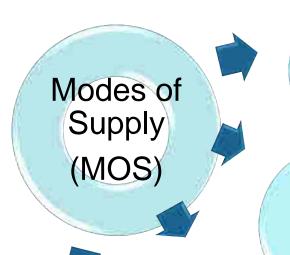


Mode of supply









1.

Crossborder supply **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. Consumpti on abroad

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

4. Tesence

Presence of natural persons

Commerci al Presence **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

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









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.

Manufacturing services on physical inputs owned by others.

Cover:

 processing, assembly, labeling, packing....undertaken by enterprises, processor









Concept & Definition

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

Owner of the goods

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'

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."

BPM6
recommend
change of
"ownership
principle" to
recognize
balance of
payments
transaction for
GFP and MS









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.



Methodology



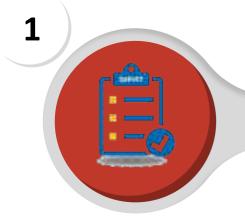


Visit/ discussion and

consultation with







2



Quarterly Survey
of International
Trade in Services

and Goods for

Processing

Confirmation

3

Manufacturing services cross border/ international

Frame:

Monthly and Annual Manufacturing; Economic Census

+

Check the company with customs data

Reported fee received
-included both international and domestic

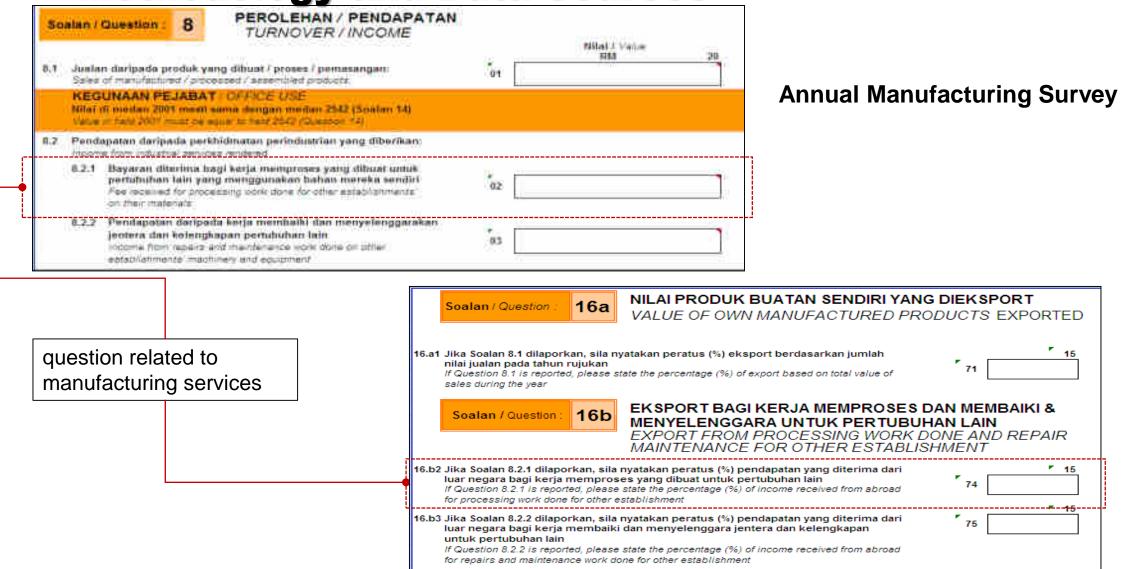








Methodology and Data Sources



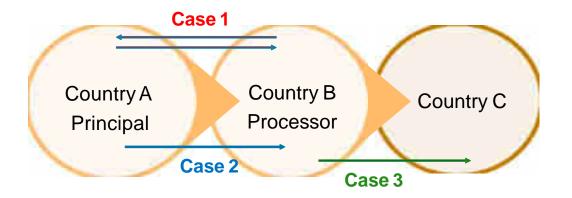








Different Cases



Case 1: Goods return to the country of origin after processing (Country Ain 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



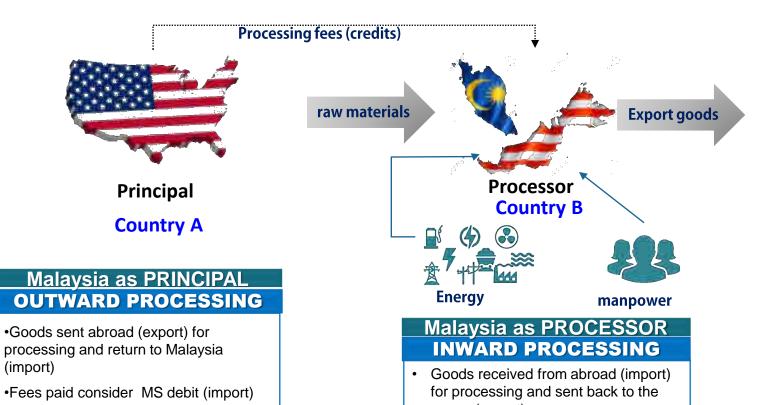






CASE STUDY: GFP in Malaysia

e.g INWARDS PROCESSING





- owner (export)
- Fees received consider MS credit (export)



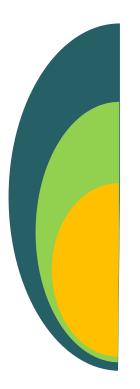
MAINTENANCE AND REPAIR N.I.E







Concept and Definition



- Covers maintenance and repair work <u>undertaken by</u> residents on goods owned by nonresident
- > May be performed at the site of repairer or elsewhere
- Includes <u>value of repair work</u> (including parts and materials supplied by repairer)
- ➤ <u>Does not include</u> the value of goods for repair









Include in Maintenance and Repair

Maintenance and repair of

- ✓ Aircraft
- ✓ Other transport equipment

Not Include in Maintenance and Repair

- ✓ Cleaning of transport (should be included in transport)
- ✓ Construction repair and maintenance (construction)
- ✓ Maintenance and repair of computers (computer)



Maintenance and Repair n.i.e







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



Airlines, vessel & machinery equipment to nonresidents



TRANSPORT







Concept and Definition

Services provided by <u>all modes of transport</u> performed by residents of economy for those of another where includes of:

- Carriage of <u>passengers</u> and the movement of goods <u>(freight)</u> 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

s (Service Provider (carriers)		
Passenger (Service Recipient		Non-Resident	Resident
	Non-Residents		Credit
	Residents	Debit	

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.

5









Passenger Transport Services: Methods of Compilation

Description	Source and Method of Compilation
	Services Provided by Resident Transport Operators (credit) -Enterprise Survey or ITRS from resident operatorsData model based upon the number of nonresident passengers carried by resident operators, passengers' economies of origin, and average fare rates could be used.
Passenger	Services Provided by Nonresident Transport Operators (debit) -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 basisData model on numbers of resident passengers carried by nonresident operators and classified by destination and data on average fares could be used.









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.

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









Transport Services: Some Transport Arrangements (cont.)

Aircraft Arrangements	Transport	Operational Lease
Wet leasing Covers provision of an aircraft, complete crew, maintenance, and insurance for which payment is by the number of hours operated.	Normally used for short- term leasing and recorded under transport service.	
Dry leasing Covers provision of an aircraft without insurance, crew, ground staff, supporting equipment, maintenance, etc.).		Normally used for long-term leasing and recorded under operational leasing services.









Standard components breakdown transport by



- ✓ Sea
- ✓ Air
- ✓ Other Transport
- ✓ Postal and Courier



TYPE OF CARRIER









- ✓ Passenger
- ✓ Freight
- ✓ Other



- Space transport
- Rail transport

- Road transport
- Inland waterway transport









Freight Services: Definition

Transport services of objects other than people

Goods exports are usually <u>valued FOB</u> **Excludes** freight services

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

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

Goods imports usually <u>valued CIF</u> *Includes*insurance and freight charges

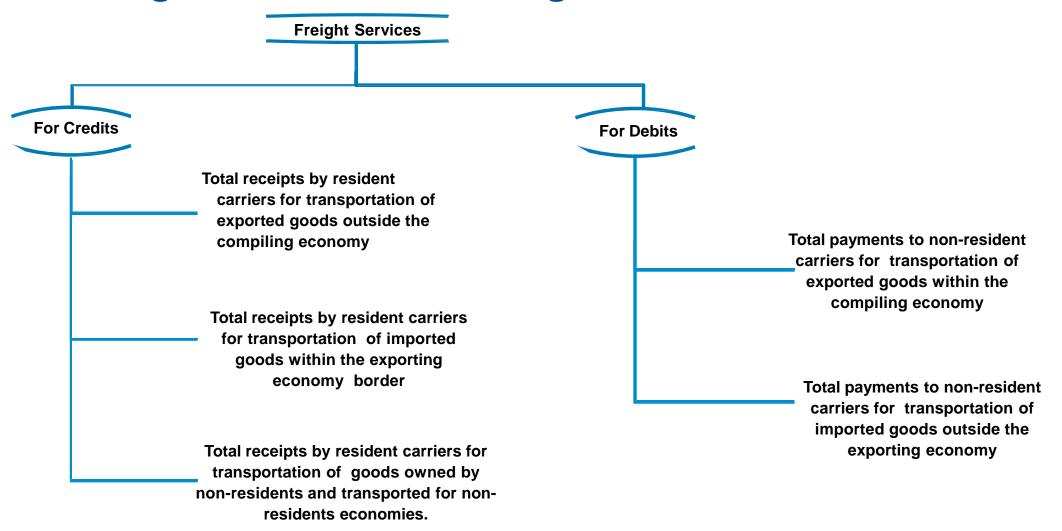








Freight Services: Recording











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

Description	Source and Method of Compilation
Freight on exports and imports of the compiling economy	Export Freight Services Provided by Residents (credit) -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. -A data model could be used.
	Import Freight Services Provided by Nonresidents (debit) -An ITRS, if it provides a breakdown of import costs and if the amounts paid to resident operators by nonresident exporters are deducted. -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.









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.

Inclusions	Exclusions
 Cargo handling billed separately from freight 	 Freight insurance (included in insurance services)
 Storage and warehousing 	 Goods procured in ports by nonresident carriers
 Packing and repacking 	(included in goods)
 Towing not included in freight services 	 Maintenance and repairs on transport equipment
 Pilotage and navigational aid for carriers 	(included in maintenance and repair services n.i.e.)
Air traffic control	 Repair of railways facilities, harbors, and airfield facilities
 Cleaning performed in ports and airports on 	(included in construction).
transport equipment	
 Salvage operations 	
 Agent's fees associated with passengers and freight transport (freight forwarding and brokerage services). 	



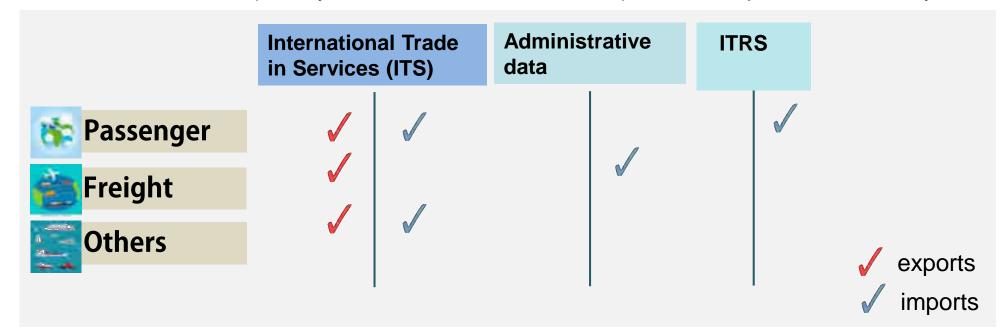
Data Sources







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



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



Data published on SITS publication by mode of transport



TRAVEL







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



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
- Personal travelers are travelers going abroad for purposes other than business
 - Health-related
 - Education-related
 - Other personal

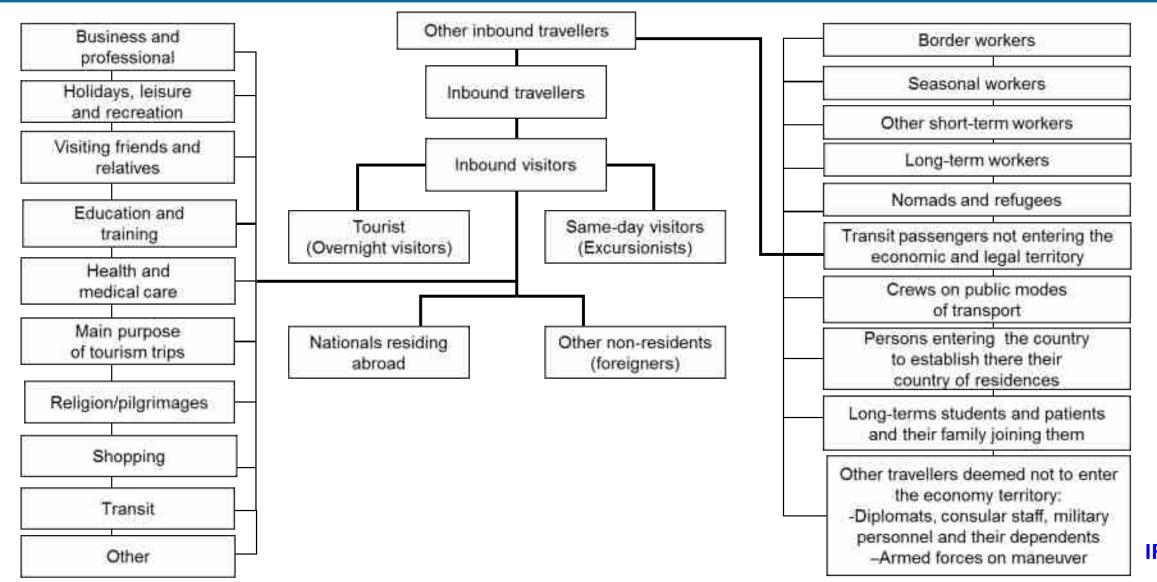


Concepts and definitions: Classification of inbound travellers









Source: IRTS 2008



Data Source – Travel Exports







Sub-component	Data Source	Data Provider	Frequency
1. Business	 Administrative Records Departure Visitor Survey 	1)Immigration Department of	1)Monthly
2. Personal	(DVS)	Malaysia 2)Tourism Malaysia	2)Annually
Health-related	Administrative Records	Malaysia Healthcare Travel Council	Quarterly
Education- related	International Transaction Information System (ITIS)	Bank Negara Malaysia (Central Bank)	Quarterly
Others	1) Administrative Records2) DVS	1)Immigration Department of Malaysia 2)Tourism Malaysia	1)Monthly 2)Annually



Data Source – Travel Imports







Sub- component	Data Source	Data Provider	Frequency
Business	 Border Town Survey (PRM) International Transaction Information System (ITIS) 	1)Department of Statistics, Malaysia2)Bank Negara Malaysia (Central Bank)3)Department of Statistics, Malaysia	1)Quinquennial 2)Quarterly 3)Quarterly
Personal	3) International Trade in Services Survey (ITS)4) Malaysia Outbound Survey (MOS)5) Administrative records	4)Tourism Malaysia 5)Immigration Department of Malaysia	4)Annually 5)Monthly
Health-related	ITIS	Bank Negara Malaysia (Central Bank)	Quarterly
Education- related	ITIS	Bank Negara Malaysia (Central Bank)	Quarterly
Others	1) PRM 2) ITIS 3) ITS 4) MOS 5) Administrative records	 1)Department of Statistics, Malaysia 2)Bank Negara Malaysia (Central Bank) 3)Department of Statistics, Malaysia 4)Tourism Malaysia 5)Immigration Department of Malaysia 	1)Quinquennial 2)Quarterly 3)Quarterly 4)Annually 5)Monthly



Survey-Travel Imports







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



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



Indicators of Travel



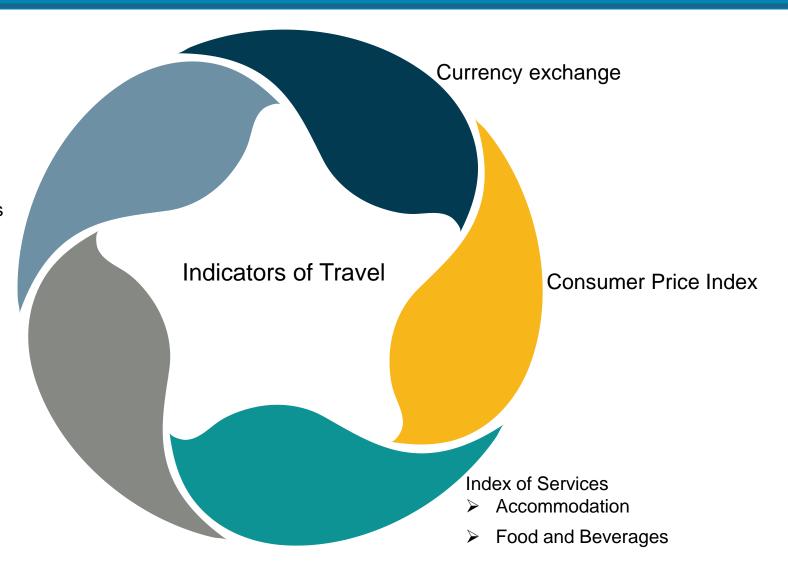




- Number of Hajj Performers (Tabung Haji)
- Number of Umrah Performers (Tourism Malaysia)
- Tourism Event (Tourism Malaysia)
- Outbound movement (JIM)
- Number of Foreign Student (MOHE)
- Number of Malaysian student in overseas (MOHE)

Index of Distributive Trade

> Retail





CONSTRUCTION







Concept and Definition

- 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



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



Methodology and Data Sources







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

- Number of new projects abroad undertaken by resident establishment
- ii. Number of completed projects abroad
- iii. Number of on-going projects in Malaysia
- iv. Number of completed project in Malaysia taken by foreign contractor

Details breakdown according to EBOPS recommendation

Pembinaan (termasuk pengurusan projek serta meliputi kerja baru dan pembaikan)

Construction (including project management & covering new work and repair)

Pembinaan di luar negara/ Construction located abroad

Berkaitan minyak dan gas/ Oil and gas related

Lain-lain aktiviti pembinaan (tidak berkaitan minyak dan gas)

Other construction activities (non oil and gas related)

Pembinaan di Malaysia/ Construction in Malaysia

Berkaitan minyak dan gas/ Oil and gas related

Lain-lain aktiviti pembinaan (tidak berkaitan minyak dan gas)

Other construction activities (non oil and gas related)



INSURANCE AND PENSION SERVICES







INSURANCE AND PENSION BREAKDOWN

- 1 Direct insurance
 - > Life insurance
 - > Freight insurance
 - Other direct insurance
- 2 Reinsurance
- 3 Auxiliary insurance
- Pension and standardised guarantee insurance

Concept and Definition

01

LIFE INSURANCE

- ✓ policyholder makes <u>regular</u> payments in return for an agreed sum, or an annuity, at a given date
- ✓ form of <u>saving</u> 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



Concept and Definition







04

REINSURANCE

- allows insurance <u>risk</u> to be <u>transferred</u> from one insurance provider to another
- ✓ 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)
- ✓ undertaken by few companies and usually <u>cross-border</u> in nature

05

AUXILIARY INSURANCE

Include

- Agent commission
- ✓ Insurance brokering and agency services
- Insurance and pension consultancy services
- ✓ Evaluation and adjustment
- ✓ Actuarial services etc.

06

PENSION SERVICES

Services provided by funds established to provide income on retirement and benefits for death or disability, for specific groups of employees

Source: BPM6 and MSITS 2010

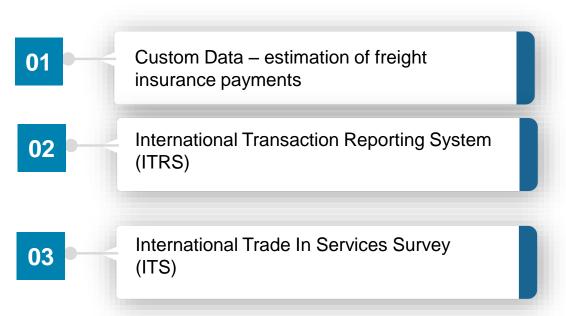


Data Sources









 $\underline{\mathsf{ITRS}}$ to determine the amount of the premium and claims for each of the component

Detailed of the information is gathered through data collection using <u>ITS Survey</u> 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 <u>custom declaration</u>

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



Financial Services







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)



Financial Services







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



Financial Services







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

Licensing fees for franchises and trademarks

 Covers fees or charges for the use of franchises and trademarks paid by the franchisee to the franchisor

Royalty / licensing fee for using R&D results

 Includes charges for the use of R&D results for companies producing products using patents, copyrights, industrial designs of overseas companies

License to reproduce and / or distribute computer software

 Includes licensing fees or fees by computer software owners who license dealers to reproduce the original computer software

License to reproduce and / or distribute audio visuals and related products

 Covers fees charged by audiovisual owners and related products that give the dealer a license to reproduce the original audio visual or prototype

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)



Telecommunication, Computer & Information







Concept and Definition

Telecommunication

 Covers the broadcast of sound, other images, data or information etc., by telephone, telex, radio and television cable transmission. radio and television satellite, electronic cellular mail, facsimile, telephone services, Internet backbone services and also including business network services, teleconferencing, and support services.

Computer

- 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

Information

- 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



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

International Trade in Services Survey (ITS)

International
Transaction
Information System
(ITIS)

- 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

Research and development services (R&D)

- shared services
 within the global
 network for
 corporate groups
 in Asia
- The presence of FDI companies in Malaysia and also DIA companies led to managerial services within the group

Professional and management services

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

Technical, trade related, and other business services



Other Business Services







Indicator

- Services Producer Price Index (SPPI)
- 2 SPPI Professional
- 3 Index of Services
 - Professional
 - Wholesale and retail

Challenges

1) Operational lease: record as goods or leasing (aircraft)

2) Architectural & 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 & other technical as well as construction which should recorded under construction services and not as architectural & engineering



Personal, Cultural & Recreational







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.



Personal, Cultural & Recreational







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 policetype 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.



Government, Goods & Services n.i.e







Data Sources

Items	Data Source
Credit	
Foreign Embassies/consulate	ITRS by country
Trade Commissions/Missions	ITRS by country
International Organisations in Malaysia	26 Intl. organisations & ITRS by country
<u>Debit</u>	
Malaysia's embassies expenditure abroad	Ministry of Foreign Affairs, Malaysia
Trade commissions/missions	ITRS by country
Students' Departments' expenditure abroad	Education Department, Malaysia
Statutory bodies' expenditure abroad	37 governments agencies



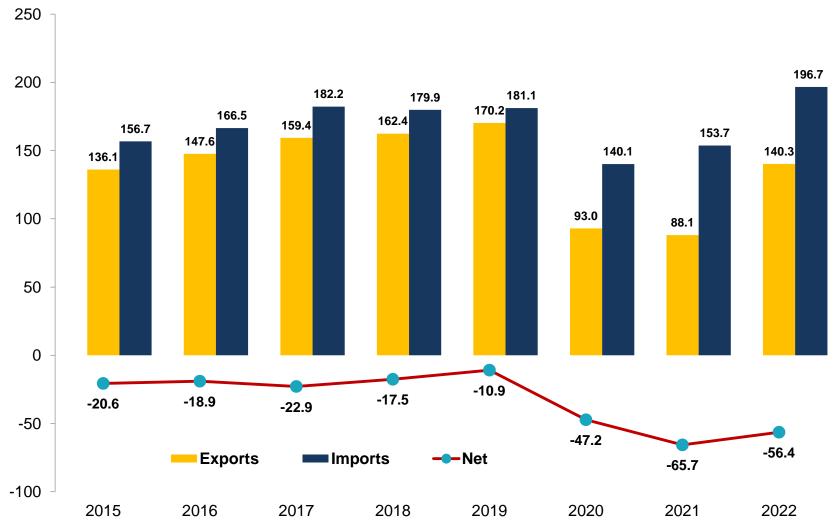
MALAYSIA'S SERVICES PERFORMANCE







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

									\	/alue (R	M billio	on)									
			Ex	port						lm	port							Net			
	2021	2022	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	2021	2022	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	2021	2022	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23
Components																					,
SERVICES	88.1	140.3	24.5	32.1	39.8	43.8	41.0	153.7	196.7	42.8	46.9	51.0	56.0	53.8	-65.7	-56.4	-18.3	-14.8	-11.2	-12.1	-12.8
Manufacturing services	15.7	20.1	4.8	5.0	5.4	5.0	4.3	2.3	3.9	0.9	1.0	0.8	1.1	0.8	13.4	16.3	3.8	4.0	4.5	3.9	3.5
Maintenance & Repair services n.i.e.	1.7	2.5	0.5	0.6	0.7	0.6	0.7	2.3	3.1	0.5	0.7	0.9	0.9	8.0	-0.5	-0.6	-0.1	-0.0*	-0.2	-0.3	-0.1
Transport	16.5	25.6	4.5	5.7	7.8	7.6	6.9	48.3	59.6	13.8	15.1	15.4	15.4	14.3	-31.9	-34.0	-9.3	-9.4	-7.5	-7.8	-7.4
Travel	0.3	28.4	0.3	5.7	10.1	12.2	12.3	15.2	29.5	4.2	6.1	8.7	10.4	11.0	-14.9	-1.2	-3.9	-0.4	1.3	1.8	1.3
Construction	3.9	6.1	1.1	1.3	1.5	2.3	1.5	4.4	4.8	1.2	1.1	1.3	1.2	1.9	-0.5	1.3	-0.2	0.2	0.2	1.1	-0.4
Insurance & Pension services	2.0	2.7	0.7	0.6	0.6	0.7	0.7	10.4	12.2	2.7	3.3	3.4	2.8	2.7	-8.4	-9.5	-1.9	-2.6	-2.8	-2.1	-2.0
Financial services	2.4	2.5	0.6	0.6	0.7	0.7	0.6	2.5	2.6	0.5	0.7	0.6	0.8	0.7	-0.1	-0.1	0.0*	-0.1	0.1	-0.1	-0.1

Note: * Less than RM50 million



SERVICES – cont'd.







									\	/alue (F	RM billi	on)									
			Ex	ort						<u>lm</u>	port							Vet			
Components	2021	2022	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	2021	2022	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	2021	2022	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23
Charges for the Use of Intellectual Property n.i.e	1.2	1.2	0.3	0.3	0.3	0.3	0.3	10.7	11.8	2.7	3.3	2.8	3.0	3.2	-9.5	-10.5	-2.5	-2.9	-2.5	-2.7	-2.8
Telecommunications, Computer & Info services	14.0	15.9	3.7	4.0	4.1	4.1	4.2	17.8	18.3	4.6	4.3	4.6	4.8	5.0	-3.8	-2.3	-0.8	-0.3	-0.5	-0.7	-0.7
Other Business Services	27.0	31.4	7.3	7.3	7.6	9.2	8.5	35.2	46.0	10.4	10.2	11.1	14.3	12.0	-8.2	-14.6	-3.1	-2.9	-3.5	-5.1	-3.6
Personal, Cultural & Recreational services	2.9	3.5	0.8	8.0	0.9	0.9	0.9	3.4	3.9	0.9	0.9	1.1	1.0	1.1	-0.5	-0.4	-0.1	-0.1	-0.1	-0.1	-0.2
Govt. Goods & services n.i.e.	0.3	0.4	0.1	0.1	0.1	0.1	0.1	1.2	1.0	0.2	0.2	0.3	0.3	0.2	-0.9	-0.7	-0.2	-0.2	-0.2	-0.2	-0.1

ITS SURVEY









Overview







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



Evolution of SITS Compilation







Data Series

1947 - 1999

2000 - 2009

2005 - 2014

2010 onwards

Adoption of International Recommendation

BPM1 - BPM4

BPM5

BPM6 (Partial migration)

BPM6

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









- To measure Malaysia's international trade in services transactions
- Data sources for BOP statistics



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



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



- Balance of Payments Sixth Edition (BPM6), IMF
- Manual on Statistics of International Trade in Services (MSITS), UN



ITS Survey and How it was Evolved









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

prior to

2007



Structured method in collecting data by having ITS survey:

- 2008: ITS Transport

- 2009: ITS TCI

2008-2012



Comprehensive ITS survey

- 2013: ITS Generic

2013

onwards



Chronology of ITS Survey







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



2019

Improvement of system

2023: Ongoing upgrade and integrate questionnaires and system



2016

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



2015

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

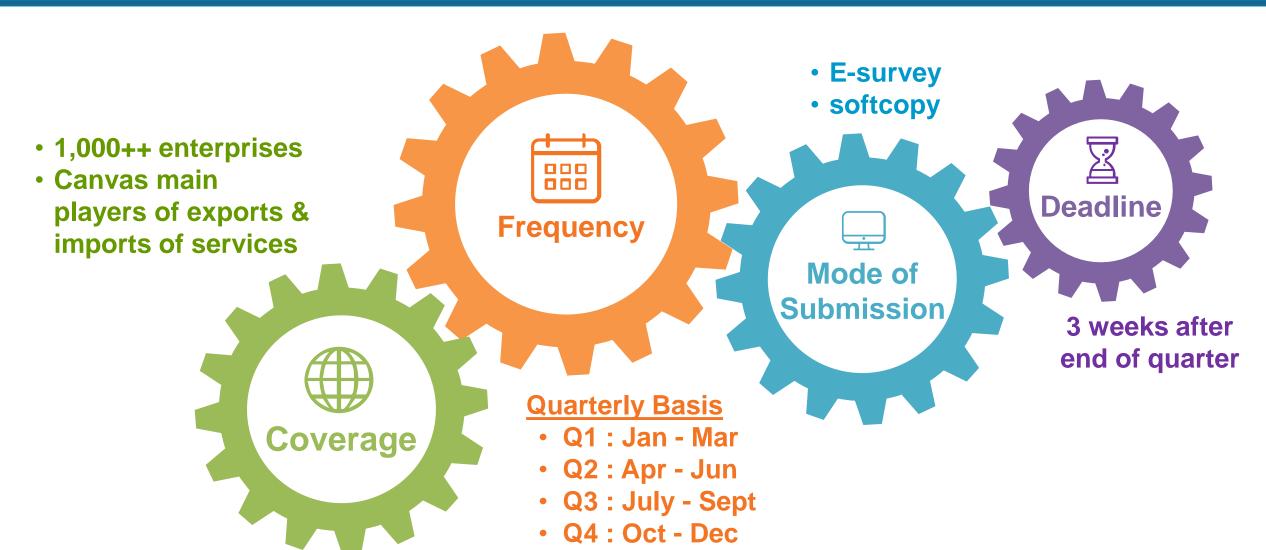


SITS: Framework











SITS: Sample Design







Source of Frame Updating

ITRS

IIP

Economic Census

2 Sample Selection

Services value 2% and above

Services company reported Trade Credit

Services company reported International Transactions

3 Company Profiling

Mapped with

Malaysia Statistical Business Register
to get establishment's information

4 Survey Sample

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.
 Seksyen/
- From <u>Economic Census</u>, exporters and importers are filtered if they report the variables of exports and imports of services.

_	ection: E IMPORT DAN EKSPORT IMPORTS AND EXPORTS	
E1	Sila laporkan jumlah import dan eksport bagi: Please report the total imports and exports of:	
	Import / Imports Eksport / Exports RM 46 RM	7 46
	1 Barangan 58 Goods 60	
	2 Perkhidmatan 59 Services 61	
E2	Adakah pertubuhan tuan pernah mengeksport barangan / perkhidmatan dari tahun 2010 hiingga 20 Does your establishment exporting goods / services from 2010 to 2014?	
		1 Ya / Yes
		Ž Tidak / No

Note : Example of question in Economic Census



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 questionnai re through e-mail on 1st week after reference quarter by BOP Division



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



Follow up through telephone/fi eld work for nonresponse cases

Consistency check of data/query



Generic Questionnaire (cont'd)







	GENERAL QUESTIONNAIRE
Sila buat satu salinan untuk rekod tuan Please make a copy for your record	Sulit selepas data diisi Confidential when filled with data
SURVEI PERDAGANGAN PERKHIDMATAN SURVEY OF INTERNATIONAL TRADE Q2 2019 APRIL - JUN Sebelum Before (Jika No. Pendaftaran/ Nama Syarikat/ Alamat di atas berbeza, sila pinda) (If the above Registration No/ Company Name/ Address is different, please amend)	Sila lengkapkan dan kembalikan (sampul surat beralamat dibekalkan) kepada: Please complete and return (self addressed envelope attached) to: Ketua Perangkawan Jabatan Perangkaan Imbangan Pembayaran Tingkat 3, Unit 01-05, Wisma Minlon Batu 12, Lebuh Raya Sungai Besi 43300 Seri Kembangan, Selangor. Bagi sebarang pertanyaan, sila hubungi: For any enquiries, please contact: Tel. No. Tel. No.: No. Faks/ Fax No.: 03-8941 4681 E-Mel/ E-Mail:
Service and the service of the servi	Control materials The Tell Property of an according to the party of t
Description of the property of	Control materials The Tell Property of an according to the party of t
Description of the control of the co	The first and applied the property of the prop
Some of the control o	Committee of the committee of a superior of the committee
Some of the control o	The Take Code To To
Service Colors Description of the Colors Descr	Control from the second of administrative and below the control of the second of the s
The common of present of the control	The Take Code To the Testing Satisfact for Other Line Date Testing the Take Testing the Testing to the Tes









MAKL	UMAT PENGENALAN/ IDENTIFICATION PARTICULARS	
1. Sila	nyatakan aktiviti utama syarikat ini	
Plea	ase state the principal activity of this company	(Untuk kegunaan pejabat sahaja/ For office use only)
	kh permulaan perniagaan bagi aktiviti ini nmencement date of this business activity	
3. S ila	berikan peratus pemilikan ekuiti	
Plea	ase provide the percentage of equity ownership	
3.1	Dipegang oleh Residen Held by Residents	% Hak milik/ % Ownership
	(i) Swastal Private	
	(ii) Kerajaan/ Government	
3.2	Dipegang oleh Bukan Residen Held by Non-Residents	
	Nama negara Bukan Residen (sila sertakan lampiran berasingan sekiranya ruar Names of Non-Resident countries (please provide separate attachment if space is not s	•
	(i)	
	(ii)	
	(iii)	
3.3	Jumlah/ Total	100
, 4. Jun	nlah perolehan/ Total tumover	
5. Jun	nlah 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 (eksport dan import) antara residen dan bukan residen.
- Perkhidmatan merujuk kepada produk yang dibekalkan/ diterima selain daripada barangan.
- Residen ialah individu, enterpris atau organisasi lain yang lazimnya terletak di Malaysia untuk jangka masa sekurangkurangnya 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 Residen ialah individu, enterpris 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.
- Asas 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 (eksport/ kredit) dan diterima (import/ debit) walaupun ianya dilangsaikan 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 contruction 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

	A	PERKHIDMATAN YANG DIBERIKAN KEPADAI DITERIMA DARIPADA BUKAN RES	Tarretakur Mi Hann Hann Sarrig Hann Hallari	Holl
1	Perkhid	maten pembuatan atas bahan menteh/item yang dimiliki olah pihak lain		
		rrims state dibayar kepada ittar negara bagi aktiviti pembuatan penyumbaran luar atau kontra	10	
		altan elektrik dan elektronik (010
	-	lain (sile nyetaken)/ ones (esses see %)		020
2	Perknid	matan panyenggaraan dan pembalkan		
	Feng	anglutan laut 🏎 🛶 🛶		110
		anghutan udara: As seemed	1	120
	Larry	lain (ella rystakan)/ Ores passe specio		130
3	Parkhid	maten pengangkutan dan aktivili sokongan labi		
	Penp	angkutan bust See Paragert		
		Penumpang//www.ger		205
		Muetan/ Freget		210
		Latridain/ (Street		215
	Periu	angkutan udara/ a- ta-a		
		Penumpang demager		220
		Michitary Couper		225
		Lain-lain/ Disea		230
	Lairs-	lain mod pengangkutan/ (the come of tensor)		
		Penumpang/ Passager		235
		Mustary respect		240
		Latin-latin/ colors		245
	Guide	ing dan penyimpenan/ membasa aur straya		250
	Perki	nidmalan pos dan kuriari desa ara seresa seresa		255
4	Pembin	aan (termasuk pengurusan projek serta meliputi kerja baru dan pembalkan	0	
	Pent	sknean di luar negara/ co-secuti social		
		Barkaltan minyak dan gas/ (ir and par /mind		310
		Lain-lein aktiviti pembinaan (bidak berkaltan minyak dan gas)		320
	Pernt	omaan di Malaysia/ Consisero n Milaysia		
		Berkelten minyak dan gas/ Or and pad relief		330
		Latin-latin aktiviti permimaan (tidak berkaitan minyak dan gas)		340









Part B: Services Provided To (Exports)/ Received From (Imports) Non-residents By Trading Partner Countries

umed
imed
of S Total %
0
0
0
0
0
0









No	Type of Services	Code
1	Manufacturing services	
	Electrical and electronics related	010
	Others	020
2	Maintenance and repair services	
	Sea transport	110
	Air transport	120
	Others	130
3	Transport services and other supporting activities	
	Sea transport (Passenger, Freight, Others)	205, 210, 215
	Air transport (Passenger, Freight, Others)	220, 225, 230
	Other modes of transport (Passenger, Freight, Others)	235, 240, 245
	Warehouse and storage	250
	Postal and courier services	255









No	Type of Services	Code
4	Construction	
	Construction located abroad (Oil and gas related, Other construction activities (non oil and gas related))	310, 320
	Construction in Malaysia (abroad (Oil and gas related, Other construction activities (non oil and gas related))	330, 340
5	Insurance and pension services	
	Direct insurance: Life (Premiums/Claims)	405, 410
	Direct Insurance: Freight (Premiums/Claims)	415, 420
	Other direct insurance (Premiums/Claims)	425, 430
	Reinsurance	435, 440
	Auxiliary insurance services (including commissions and brokerage)	445
	Pension and standardised guarantee services	450









No	Type of Services	Code
6	Financial services (excluding interest)	
	Banking services	510
	Underwritings and transactions in securities	520
	Financial advisory services	530
	Investment/Asset management	540
	Others	550
7	Charges for the use of intellectual property	
	License fees for franchise and trademark	610
	Royalty/license fees for the use of outcomes of R&D (e.g: patents, copyrights, industrial designs)	620
8	Telecommunications services	
	Wired telecommunications services	705
	Wireless telecommunications services	710
	Satellite telecommunications services	715
	Other telecommunications services	720









No	Type of Services	Code
9	Computer services	
	Computer software	
	Development of customised software and related licences	725
	Non-customised software and related licences	730
	Sales and purchases of ownership rights for software systems and applications	735
	Development of computer game software	740
	Licence to use computer software	745
	Other computer services	
	Computer consultancy	750
	Installation and maintenance of hardware and software	755
	Data-processing and hosting services	760
	Web page hosting services	765
	Other computer services activities	770









No	Type of Services	Code
10	Information services	
	News agency	775
	Downloaded contents, excluding software (e.g. e-book)	780
	Other information services (e.g.: database services, web search portals)	785
11	Research and development (R&D) services	
	Provision of customized R&D	803
	Provision of non-customized R&D	806
	Sale or purchase of proprietary rights arising from R&D (e.g.: patents, copyrights)	809
12	Professional services and management consulting	
	Legal services	812
	Accounting, auditing & tax services	815
	Business and management consulting and public relations services	818
	Advertising, market research and public opinion polling services	821
	Management fees not included elsewhere	824









No	Type of Services	Code
13	Technical, trade-related and other business services	
	Architectural, engineering, scientific and other technical services (including consultancy)	
	Architectural services	827
	Engineering services	830
	Scientific and other technical services	833
	Waste treatment and de-pollution services	836
Services incidental to agricultural, forestry and fishing		839
	Services incidental to oil and gas extraction	
	Geological, geophysical and other exploratory stage services	842
	Consultancy services (including design and engineering)	845
	Drilling services	848
	Operations & maintenance services	851
	Other related services	854
	Services incidental to mining (non oil and gas related)	857









No	Type of Services	Code
13	Technical, trade-related and other business services	
	Operating leasing services (without crew)	
	Sea transport	860
	Air transport	863
	Others (e.g. building, computer equipment)	866
	Trade-related services (e.g. commissions)	
	Goods	869
	Services	872
	Other business services not included elsewhere	875
14	Personal, cultural and recreational services	
	Audio-visual and related services	
	Audio-visual services (including contents of television programme)	905
	Artistic related services	910









No	Type of Services	Code
14	Personal, cultural and recreational services	
	Other personal, cultural and recreational services	
	Health services	915
	Education services	920
	Heritage and recreational services (including sponsorship for sports events)	925
	Other personal services	930
	Licenses to reproduce and/ or distribute audio visual and related products	640









Part B: Services Provided To (Exports)/ Received From (Imports) Non-residents By Trading Partner Countries





Services Components and Possibility Mode of Supply







No	Services Component	Possibility Mode of Supply
1	Manufacturing Services	Consumption abroad
2	Maintenance and repair services	Consumption abroad/presence of natural person
3	Transport	Cross border supply/commercial presence
4	Travel	Consumption abroad
5	Construction	Commercial presence/presence of natural person
6	Insurance and pension services	Cross border supply
7	Financial services	Cross border supply
8	Telecommunications, computer and information services	Cross border supply/presence of natural person
9	Charges for the use of intellectual property	Cross border supply
10	Other business services	Cross border supply/presence of natural person
11	Personal, cultural and recreational services	Cross border supply/presence of natural person
12	Government goods and services	Cross border supply/presence of natural person



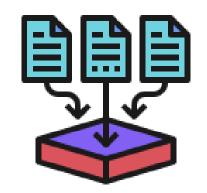
Compilation







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



- 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



REQUEST INFORMATION

DATA COMPILATION

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

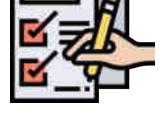
ITIS





DISSEMINATION

- Website DOSM
- Social media (Facebook, Twitter, Instagram)
- Blog BOP (bopstatsmy.wixite.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"

https://bit.ly/StatisticsBloomInHarmony

THANK YOU























www.DOSM.gov.my