SURVEY OF INTERNATIONAL TRADE IN SERVICES (ITS)

MALAYSIAN EXPERIENCE

INTERNATIONAL WORKSHOP ON SERVICES TRADE STATISTICS
15 - 16 JUNE 2009
DURBAN, SOUTH AFRICA

www.statistics.gov.my
CONTENTS

Department of Statistics, Malaysia (DOSM): BOP Overview

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- FATS Question
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- Issues And Challenges
DOSM IS RESPONSIBLE FOR PRODUCING THE BALANCE OF PAYMENTS (BOP) AND THE INTERNATIONAL INVESTMENT POSITION (IIP) REPORT FOR MALAYSIA

Functions of BOP Division, DOSM:

1. Compile quarterly Balance of Payments (BOP) statistics

2. Compile annual International Investment Position (IIP) statistics and FDI data.

3. Disseminate BOP and IIP statistics.

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Products of the BOP division are:

1. Quarterly Balance of Payments (BOP) Report
3. Malaysia’s Foreign Direct Investment Statistics.
DATA SOURCE

Key sources of data used in compiling BOP statistics:

- Joint survey of IIP conducted by DOSM and Bank Negara Malaysia (Central Bank)
- External trade statistics - compiled by External Trade Division of the Department on International Trade.
- International Transactions Information System - Central Bank provides all receipts and payments by residents from / to non-residents on services and financial data.
Special surveys/requests to solicit data on International Transactions (Residents to Non-residents) from various agencies:

- Accountant-General’s Office (Ministry of Finance)
- Ministry of Defense
- Ministry of Education
- Tourism Board, National Carriers
- Immigration Department
- Other International Organization in Malaysia
- Other Government Agencies and Private Sectors
CHRONOLOGY OF ITS SURVEY

- **Sept 2006**
  - Workshop on ITS Statistics by ASEAN Secretariat
  - Recommendation – AMCs need to develop data sets based on EBOPS

- **Mei 2007**
  - Requirements of Data Gaps - Dept. of Statistics Malaysia (DOSM) Strengthening Plan
  - Preparation of ITS survey

- **Aug 2007**
  - Workshop on Services Statistics by Task Force on Services Statistics (TFSS), MIDA

- **Sept 2007**
  - Development of ITS system

- **April 2008**
  - Commencement of ITS Survey - Transportation

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IMPLEMENTATION OF ITS SURVEY

- Implementing in stages – by economic sector
  - April 2008: ITS Transportation
  - April 2009: ITS Telecommunication, Computer and Information Services
  - April 2009: ITS Construction

- Priority will be based on Services Standard Component BPM6
IMPLEMENTATION OF ITS 1 SURVEY
(Transportation & Communication)

COVERAGE – FRAME & DATA SOURCES

- Selected companies (big players with import/export of services transactions) from the former Quarterly Survey of International Investment & Services (BOP)

- Joint survey with Central Bank

- DOSM central register & national database - Companies’ Commission of Malaysia

- Websites etc.

- Screening Survey for Companies conducted by DOSM
DEVELOPMENT OF ITS QUESTIONNAIRE

Questionnaire Design

- Sourced from various existing samples e.g. ABS, Canada etc
- ITS Manual & BOP Compilation Guide
- Division’s own Current Account Survey

Pilot Test (Draft questionnaire)

- Field visits nationwide to selected big players in various modes of transport
  and communication sectors
- Finalization of questionnaire

Development of ITS System

- System geared towards web base submission

Data Collection

- Hard copy, soft copy and web base submission
CONTENTS OF ITS QUESTIONNAIRE

ITS 1: TRANSPORTATION & COMMUNICATION

Part A : Principal activity & Percentage of equity ownership
Part B : B1 - Resident passenger transport operator
          B2 - Non-resident passenger transport operator
Part C : C1 - Resident freight transport operator
          C2 - Non-resident freight transport operator
Part D : Airport operator
Part E : Port operator
Part F : Postal services
Part H : Other services
Part I : Number of passengers by stations in Malaysia
Part J : J1 - Load/unload/transshipment of freight
          J2 - Number of foreign/domestic carriers
Part K : K1 - Acquisition of capital goods
          K2 - Disposal of capital goods
Part L : Subsidiaries abroad (Outward FATS)
Part M : Parent company abroad (Inward FATS)
Part N : Presence of ‘natural’ persons

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Explanatory Notes – Outward FATS

PART L - Subsidiaries Abroad

To be completed by companies with subsidiaries abroad

- **Sales** - Refer to operating revenues, less rebates, discounts and returns.

- **Number of Employees** - Refer to number of persons on the payroll.

- **Business activities** - Refer to the principal activity of subsidiaries.
BAHAGIAN L/ PART L - Anak Syarikat di Luar Negeri/ Subsidiaries Abroad

Jika syarikat tuan memiliki anak syarikat di luar negeri, sila bekalkan maklumat bagi setiap anak syarikat tersebut seperti berikut:

Should you have subsidiaries abroad, please provide information of the respective subsidiary as follows:

<table>
<thead>
<tr>
<th>No.</th>
<th>Nama Negara Name of country</th>
<th>Eksport f.o.b Export f.o.b</th>
<th>Import c.i.f Import c.i.f</th>
<th>Jualan/ Sales (RM’000)</th>
<th>Bil. Pekerja Number of Employees</th>
<th>Nilai tambah Value added (RM’000)</th>
<th>Aktiviti Perniagaan Business Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
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</tbody>
</table>
PART M - Parent Company Abroad

To be completed if company is a foreign subsidiary.

► **Parent Company** is a company that controls other companies by owning an influential amount of voting stock.

► Refer to Part F for description of Sales, Number of Employees and Value Added
**BAHAGIAN M/ PART M - Syarikat Induk di Luar Negeri/ Parent Company Abroad**

If you are a subsidiary of non-resident company, please provide the following information of your company:

<table>
<thead>
<tr>
<th>*Bil. No</th>
<th>Jualan/ Sales (RM'000)</th>
<th>Bil. Pekerja Number of Employees</th>
<th>Nilai tambah Value added (RM'000)</th>
<th>Nilai/ Value (RM'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td>Eksport f.o.b</td>
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<td>Import c.i.f</td>
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<td>Export f.o.b</td>
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</tbody>
</table>
Explanatory Notes

- Value added is derived from the difference between the value of output and value of intermediate input.

**Value of Output**

The value of output is defined to include the following:

- Income from transportation services rendered
- Plus Values of sales (from goods/materials purchased for resale without further processing)
- Minus Cost of goods sold
- Plus Commissions earned
- Plus Income from management services
- Plus Rental Income (such as land, buildings and machineries)
- Plus Income from industrial services rendered to others
- Plus Capital expenditure on own construction
- Minus Opening stock of goods
- Plus Closing stock of goods
- Plus Value of service tax/services charges
- Plus All other output (such as amount received for repairs and maintenance carried out on other establishments' machineries and equipment, etc.)

**Value of Intermediate Input**

The value of intermediate input is defined to include, other than salaries and wages paid, depreciation from capital expenditure and interest payment, the following:

- Value of materials and supplies consumed (including transport charges incurred, taxes and duties paid)
- Plus Cost of industrial work done by others (such as repairs and maintenance)
- Plus Electricity and water purchased
- Plus Value of fuels, lubricants and water consumed
- Plus All other input costs (such as printing, R&D, purchases of transport services, travelling expenses, advertising, legal fees, postage, management fees, rentals, etc.)
## TABULATION: FATS

<table>
<thead>
<tr>
<th>Industries</th>
<th>Sales</th>
<th>Export services</th>
<th>Import Services</th>
<th>Number of employees</th>
<th>Value added</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport of passengers by air over regular routes and on regular schedules</td>
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<tr>
<td>Transport freight by air over regular routes and on regular schedules</td>
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<tr>
<td>Warehousing and storage services</td>
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<td>Forwarding of freight</td>
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<tr>
<td>Brokerage for ship and aircraft space</td>
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<tr>
<td><strong>Total</strong></td>
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</tbody>
</table>
Inward FATS – by Country (Quarterly/2008)
(RM 000)

<table>
<thead>
<tr>
<th>Countries</th>
<th>Sales</th>
<th>Export services</th>
<th>Import Services</th>
<th>Number of employees</th>
<th>Value added</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
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<td>Australia</td>
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<td>Bahrain</td>
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<td>Denmark</td>
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<tr>
<td>France</td>
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</tbody>
</table>

**Total**
Data Processing

All hardcopy/soft copy submissions are edited, queried (if necessary) and data captured into the web base.

Online submissions are vetted through and queried wherever necessary.

Tabulation

Output tables for compilation of Current Accounts (BOP)
Development & Implementation:
ITS Telecommunication, Computer & Information Services (ITS 2) & ITS Construction (ITS 3) Survey

**Questionnaire Design** (August 2008)

Simultaneous development of ITS 2 & ITS 3 by working groups

**Pilot Test (Draft questionnaire)**

Field visits to selected telecommunication/ICT and construction companies/ agencies

Finalization of questionnaire

**Development of ITS System**

System geared towards web base submission

**Commencement of Ist. Quarter 2009 - ITS 2 & ITS 3**

Simultaneously launched on **April 2009**
CONTENTS OF ITS QUESTIONNAIRE
Starting Q1 2009

ITS 2 - TELECOMMUNICATION, COMPUTER & INFORMATION

Part A : Principal activity & Percentage of equity ownership
Part B : B1 - Wired telecommunication services
          B2 - Wireless telecommunication services
          B3 - Satellite telecommunication services
          B4 - Online Access Services
Part C : Computer services
Part D : Information services
Part E : Other services
Part F : Subsidiaries abroad
Part G : Parent company abroad
Part H : Presence of ‘natural’ persons
CONTENTS OF ITS QUESTIONNAIRE
Starting Q1 2009

ITS 3 - CONSTRUCTION
Part A : Principal activity & Percentage of equity ownership,
types of construction work done
Part B : Construction abroad < 12 months
Part C : Construction abroad ≥ 12 months
Part D : Construction in Malaysia < 12 months
Part E : Construction in Malaysia ≥ 12 months
Part F : Other services
Part G : G1 - Acquisition of capital goods
         G2 - Disposal of capital goods
Part H : Subsidiaries abroad
Part I : Parent company abroad
Part J : Presence of ‘natural’ persons
ISSUES AND CHALLENGES

Reporting completeness for Outward FATS
Some parent companies have difficulties to access information of subsidiary (quarterly reporting)

Measurement of value added
Some respondents are confused and have difficulties measuring value added

Complexity of ITS 1 Questionnaire
• Based on feedback received, respondents claimed that the ITS 1 questionnaire is tedious as it incorporates many modes of transport.
• For web-based submission, however, the drop-down menu helps to facilitate submission.
• To lessen the burden of respondents and to enhance response rate, a revision of the questionnaire based on EBOPS – Modes of Transport i.e. via air, land, sea, rail & others is being considered.
ISSUES AND CHALLENGES

Lukewarm Response To Web-Based Submission
Most respondents prefer using soft copy. More publicity and coaxing via phone calls is being implemented to convince respondents to change their mindset & culture. Some companies have policies which prohibit online submission of company information whilst others have limited internet facility for their staff.

Poor Response To Reporting on ‘Presence of Natural Persons’
Presumably, respondents do not understand the concept of ‘natural persons’ (despite the Explanatory Notes) or they are unable to compile and furnish such information for DOSM or there is none to report.
ISSUES AND CHALLENGES

❖ Unable to obtain data on partner countries

Most respondents do not keep ready information on trading partners and thus need to allocate extra resources and additional man-hours to extract & compile such information. Some regard such information as highly confidential.

❖ Frame

• For Telecommunications-based activities, efforts to obtain a reasonable frame with ‘international transactions’ is poor.

• For Computer & Information companies, it is difficult for respondents to specifically determine the nature of business based on the activities specified in the ITS 2 questionnaire as they are mostly engaged in trading, manufacturing or distribution activities.

• For Construction abroad, projects are seldom less than 12 months hence FATS data has to be derived. For subsidiaries based abroad, the holding company in Malaysia has difficulty to obtain the accounts on a timely basis.
Thank you

for your attention