

STATISTICS ON TRADE IN SERVICES IN ASIA

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I. INTRODUCTION

The present paper describes the state of statistical activity in the following countries and territories: Republic of Korea, Hong Kong, Thailand, Singapore, Sri Lanka, and India. The paper reviews the primary information sources used for data compilation on international service transactions, the data collection systems, the scope and coverage of statistics, and the breakdown applied. It also attempts to place these practices into the context of the current work on the international harmonization of service trade statistics.

Concepts and definitions

International trade in services can be defined several ways since there is no generally accepted definition as in to what constitutes this term. For the purposes of this study the concepts and definitions employed those recommended by the UNSO and the IMF. Concepts of "goods and services" and "resident economic unit" of UN System of National Accounts (SNA) and "goods, services and incomes" of the current account of IMF Balance of Payments Manual (BPM) are particularly relevant here. Though there are some differences between the present BPM (fourth edition published in 1977) and the present SNA (issued in 1968), most of the conflicts seem to be resolved, thanks to the recent methodological improvements and harmonization work.

According to the above mentioned sources international trade in services reflects transactions between resident and nonresident economic units. Trade in services in the SNA is transactions in other than goods (other than merchandises) which are still within the category of transactions in goods and services. The Current Account of the BPM fourth edition reflects also transaction between residents and nonresidents, however, not only those regarding goods (merchandise) and services but also transactions related to labour and property incomes (factor incomes) together with unrequited transfers. All of these items excluding merchandise are sometimes referred to as invisible items. According to the draft BPM, services are clearly separated from factor incomes and unrequited transfers in the current account.

The classification of services in section III follows the present Standard Components recommended in the fourth edition of BPM because this is the basis of the current practice in the countries discussed here. The paper deals with not only trade in services but also covers some aspects of factor incomes.

II. STATE OF SERVICE STATISTICS IN ASIA

Since the main information source on international trade in services is the Balance of Payments, a questionnaire was sent to various institutions responsible for the compilation of balance-of-payments data in the countries studied here. The questions covered relevant items of the balance-of-payments statistics but sometimes proved to be too general. Most answers stated that the countries followed the BPM recommendations in both principle and practice. Therefore most of the specific characteristics of individual countries were identified during personal interviews carried out during visits to the countries. During the visit it could be established, that BPM recommendations were well-known in most of these countries, and some of the staff members of the visited institutions had taken part in one of the relevant courses of the IMF.

1. Publications on international trade in services

International trade-in-services data are usually published in balance-of-payments tables within the "Invisible items" of the current account. In Hong Kong, these data can be found as a part of the published GDP estimation. Monthly data are published in the Republic of Korea and quarterly data are issued in Thailand, Sri Lanka and India. Yearly data are available in the publications of Hong Kong and Singapore.

The main items published usually follow BPM recommendations. However, there are differences in the level of aggregation (see Annex). The most detailed statistics are issued in Hong Kong. The Republic of Korea and Sri Lanka publish some subdivisions of the main items, while the publications of the other countries contain only five or six major items. The balance of payments statistics in India is expected to provide more details in the coming years, as a result of a revision-process. The new classification follows the IMF draft classification and will be published in the near future.

2. Data sources, coverage

Trade-in-services statistics are determined to a great extent by the regulatory environment in individual countries. Due to the differences in the available data sources, we shall begin with a brief description of exchange control. In this respect the two extreme options are: free systems, such as in Hong Kong and Singapore, and strictly regulated systems, as in the Republic of Korea and India. A trend towards liberalization can be seen even in the strictly regulated countries.

The fact, that all foreign-exchange transactions are to be conducted through authorized banks means that all receipts from invisibles must be surrendered to one of these banks (or, in some

countries, can be deposited in a foreign currency account in one of these banks) and the only official sources of foreign currencies in order to effect import payments are also these banks (and the importer's own foreign currency accounts). Tourists are allowed to exchange currencies only at authorized banks or authorized money changers. Because of the existence of the above described exchange control, which is applied in Korea, India, Sri Lanka and Thailand, trade-in-services data can be based mainly on foreign exchange statistics, compiled primarily from detailed information on foreign exchange transactions reported by the authorized banks and other authorized dealers.

Since the Hong Kong government follows an economic policy called "positive non-interventionism" there is neither exchange control nor restrictions on capital movements. Data on imports and exports are mostly collected by annual surveys. Some items of service-transactions estimates are based on administrative data. Similarly, surveys serve as the main information sources in Singapore.

For countries that use exchange records as the main data source the statistics cover the entirety of legal transactions conducted in foreign currencies channeled through authorized banks and money changers. Possible omissions come from the fact that a part of international trade in services can be paid in domestic currency. Another possible problem is that the stricter the foreign currency control the greater the probability of illegal transactions. Even though statistics seem to be good in respect of both the coverage and the details, some items can be underestimated while some others overestimated, and even the total can be distorted because illegal transactions cannot be recorded. Countries using exchange records as a basic information source cannot avoid the application of some kinds of sample surveys in order to obtain data, e.g., for estimation of freight and insurance earnings or tourism.

The statistical effects of the liberalization process can sometimes be contradictory. One of the methods of liberalization is to increase the threshold of reporting obligation. It means that on one hand the proportion of detailed information decreases. On the other hand, as a consequence of the liberalization, motivation for illegal transactions also decreases at the same time. At the completion of the liberalization process, the statistical system must be transformed into a survey-based system but this change is not easy and can be expensive.

In case of surveys too, the coverage of statistics has some limitations. The frequency and scope of the surveys are limited and they are usually not conducted more frequently than once every year and are sometimes based on stratified samples of establishments. Another type of limitation of data collection is that some producers may not even know whether their clients were residents or

nonresidents. In Hong Kong, the "Annual survey of imports and exports of services" is obligatory completed by all establishments engaging in these transactions. In Singapore, data are collected mainly by sample surveys. Selected establishments, which account for more than 80 percent of the total operating receipts of the service sector, are asked to report on the details (by items) of the amount of their receipts or expenditure originated in Singapore or outside Singapore.

3. Concepts and definitions in practice

In respect to the overall scope of international trade in services no deviation has been found from the present BPM. As it can be seen in the Appendix, the countries in their publications usually follow the IMF recommendations.

The definition of resident unit used for balance-of-payment purposes does not differ significantly from that recommended in SNA and BOP. The embassies, consulates and other government agencies, their personnel and dependents abroad are considered as residents, while foreign embassies, consulates and other government agencies, military units, their staffs with their dependents are considered to be nonresidents. Individuals are considered as residents if they have their centre of interest in the country. Enterprises, even foreign affiliates operating in the country, are usually regarded as residents. Agencies and in some countries the offshore banking units are considered to be nonresidents.

It appears, however, that this definition of residency is not applied everywhere consistently. In the countries, where the coverage of balance-of-payments statistics is confined mainly to those transactions that are routed through the authorized dealers and money changers, the definition of residency is mainly theoretical, since remittances are classified on the basis of the criterion whether they were paid in foreign or domestic currency. All money legally exchanged by nonresident units are registered, but there is no information on transactions paid in domestic currency. For example accounts held by foreign embassies in domestic currency in the Republic of Korea, Thailand or Sri Lanka are not treated as foreign liabilities, even though these units are nonresidents. Foreign currency deposits kept in foreign currency are regarded as foreign liabilities, irrespective of whether the depositors are residents or nonresidents. In the Indian BOP statistics the data include the transactions of Bhutan with the rest of the world and do not include India's transactions with Nepal because there is no exchange control between the two countries.

Another example of differences between the concepts and the practices is how refugees are considered in the countries. There are a number of refugees in some countries of the region. These countries are not the final home for them because they are not

allowed to settle there. Even though they intend to settle in another country, they usually spend more than one year in refugee camps waiting for visas. Their statistical treatment is not the same in the different countries.

In Hong Kong, Vietnamese refugees have to wait for undergoing a screening process to determine their status as such, and thereafter to wait for resettlement in other countries, or otherwise to wait for returning to Vietnam. The whole process takes a long time and nearly all of them actually stay longer than one year. The great majority of them stay in closed camps and are not allowed to work, hence it was a question whether their center of interest can be considered as being in Hong Kong. With various factors taken into consideration, they are statistically treated as Hong Kong residents under the one-year residence rule as recommended by the IMF.

This problem has not emerged in Thailand even though there are also a number of refugees in a similar situation. Remittances conducted in Thai Bath are considered to be those between residents and transactions paid in foreign currency considered as those between nonresidents and residents. In India refugees are theoretically considered as nonresidents but since the statistics are based on exchange record the practice is similar to the Thai one.

Thai students studying abroad are considered to be residents and foreign students in Thailand are regarded as nonresidents irrespective of the duration of their studies, which practice conforms with the revised SNA recommendation, however, limitation in application of the definition has to be taken into account. The criterion is one year in Singapore, thus for example foreign students studying in Singapore for longer than one year are considered as residents. The remittances conducted by their family are considered as unrequited transfers. A number of foreign students study in India. All of them who stay in the country longer than one year are considered as residents, while Indian students studying abroad for longer than one year are regarded as nonresident, which practice is consistent with the present SNA.

III. MAJOR FINDINGS BY STANDARD COMPONENTS

1. Shipment

In connection with freight and insurance relating to the exports and imports of goods, the question arises as to whether the value of the freight and insurance should be treated as international trade in services, or should be regarded as a part of the value of the goods exported/imported. In this respect, there is a conflict between the present SNA and the present BPM in the valuation of imports. While in the SNA imports are valued on c.i.f. basis, the BPM recommends the f.o.b. basis of valuation. As a

result of the process of harmonization between the two recommendations, in the revised SNA the BPM concept is expected to be adopted.

A number of different methods are applied in the countries in order to estimate data in connection with international shipment statistics. International transportation survey data are used for the purpose of estimation on international freight data in the Republic of Korea while insurance data are estimated on the basis of exchange record. Annual survey data serve as the information source for shipping, air transportation and insurance data in Hong Kong. In Thailand, the relevant statistical data base is the international bank transaction record. In Singapore, the costs of freight and insurance on imports and exports are estimated by applying freight-and-insurance factors which are obtained from sample studies conducted every fifth year. The payments to resident carriers are excluded, based on the tonnage of inward cargo handled by ships owned by residents in Singapore. In Sri Lanka, data on port transportation and insurance are derived from exchange records. In Indian balance-of-payments statistics, freight and insurance earnings on exports are estimated on the basis of a simple random sample survey carried out by the Reserve Bank of India, using exchange control forms received from Bombay and Calcutta.

According to the latest IMF proposal for BOP Standard Components, "Transportation" corresponds to the present BPM categories "Shipment" and "Other Transportation" minus merchandise insurance. Subdivision is the following: Sea, Air and Other transportation. Further breakdown is Passenger, Freight and Other transportation.

The current practice of some countries is considerably different from this pattern. Shipment is not broken down in the relevant statistical publication of Singapore (see Appendix). It is subdivided into the items of freight and insurance in Thailand and the Republic of Korea. The classification applied in Hong Kong and India is quite similar to the new IMF proposal. During the data compilation process further subdivisions are created in some countries. Though they are not published, they can serve as a starting point for the adaptation of the new classification. In the Korean statistics, for instance, freight is subdivided into "by air" and "by ship" items.

2. Other transportation

One of the two main items of "Other transportation" is "Passenger services". In respect of passenger services, in the statistics of the countries where the transportation data are derived from the exchange records, credits usually include remittances received by resident shipping and airline companies from their agents abroad. The services both within the economy and

between economies are included in BOP only when the accounts are settled in foreign currency. In Thailand, most local expenses of nonresident companies are not counted here because these are deducted from debit of shipment. Debits include remittances made by local agents of foreign companies to their principals abroad. In the case of India, credits also cover remittances received by agents of foreign shipping and airline companies to meet expenses in the country such as port charges, fuels stores and crews' expenditure. Debits include remittances made by local shipping and airline companies to their agents abroad to meet different expenses and as well as into a third country in order to meet operating expenses occurred there.

The passenger-services data are derived from the relevant surveys in Hong Kong and Singapore. Local branch offices of foreign shipping and airline companies report the details of their activity in the country as well as their expenses incurred in the country excluding items not relevant here, e.g., capital expenditures or staff travelling. Resident companies report the amount of passage fares collected outside the country and expenses of local air and shipping lines abroad. This component is an example for limitations mentioned above in relation to not identifying the residency status of the clients.

The other main component of "Other transportation" is "Port services" which usually covers mainly port services, e.g., fuel, provisions or cargo handling. But it also includes charters and miscellaneous other services related to the transportation industry. In the Korean BPM, port services subdivided into port services and charter fees, payments include deep-sea fishing fees paid by the Korean fishing fleet abroad. Singapore receipts data cover civil mail carried by Singapore Airlines and local shipping lines, while civil mail carried by foreign air and shipping lines is covered by payments data.

Beyond the published breakdown (see Annex), the relevant items in the Korean BOP are subdivided as follows: passenger fares, harbor expenses, operation expenses, charterage, deep-sea fishing expenses and others. In the Thai statistics, the entries that are not published in details are similar to the items published in Sri Lanka, that are: passenger fares, port expenditures and others. In Singapore, "Other transportation" is not distinguished as a separate item what is explained with the fact, that Singapore is one of the smallest countries of the world and there are some industries which consist of only one or few enterprises. One of them is international air transportation, which includes Singapore Airlines. In the present BOP publication of India, "Other transportation" as such, is not distinguished as a separate item, although it is covered. However, the new classification is expected to be more sophisticated in this respect. Breakdown of statistical data published by Hong Kong are detailed enough to provide sufficient information on the topic.

3. Travel

The credit entries under the item "Travel" in BPM covers all goods and services acquired from the reporting country by travelers during their stay. The international carriage of travelers is covered in "Passenger services" rather than in this component. According to BPM "a traveler is a person staying for less than one year in an economy of which he is not resident, for any purpose other than (a) being stationed on a military base or with another government agency of his own government... (b) a person accompanying mentioned under (a) as a dependant, or undertaking a productive activity directly for an entity which is a resident of that economy." Entries related to the exceptions mentioned under (a), (b) and (c) are appropriate to item "Other goods, services and income".

Due to the definition mentioned above, the borderline between goods and services is different for international and domestic transactions, as a consequence of conventions adopted in the SNA and the BPM. According to an IMF/UNSO survey conducted at the end of 1987, slightly more than the half of the 66 countries that responded thought that the distinction between goods and services should be the same in recording international transactions as it is the treatment of domestic transactions. One-fourth of the countries, while recognizing the usefulness of having the same services concept used in domestic and external transactions, considered for various reasons that there should be some flexibility in this regard. A typical example they mentioned was the component of "travel". Indeed 11 countries felt that this approach was either not necessary or hardly feasible.

Although the matter can be considered as having only theoretical importance, statistical data show that shopping is one of the most important visitor-expenditure categories in some countries. The proportion of shopping within the total visitor spending was more than 50 per cent in Hong Kong in 1989 and 1990, almost 40 per cent in Thailand in 1988 and 1989, and almost 65 per cent in Singapore in 1988 and 1989.

The definitions used to prepare data in the countries are broadly consistent with the BPM definition. Most of the deviations are usually due to the general limitations of the statistical systems applied in the countries. Basic data for debit estimations are usually derived from immigration statistics or exchange-record data. Credit data estimations are based on representative sample surveys in Hong Kong, Thailand, Singapore and Sri Lanka, while in India and Thailand these are derived from the exchange records. Although the main information source for BOP data estimation is the exchange records in Thailand and Sri Lanka, these can not provide sufficient information on tourism, partly because exchange records reflect only the remittances and currency exchanges that are channelled through the authorized dealers.

Liberalization of exchange control is another reason why exchange records can not serve as appropriate data source, since less and less information is available on that segment of transaction which includes tourism. Since tourism is one of the most important economic factors in these countries, there is a need to obtain more precise and detailed information on this activity than this is available from exchange records. In India a survey was conducted in order to classify the "Unclassified receipts" i.e. receipts that are individually equivalent or less than IRs 10,000.

In the Korean BPM the entries of both credits and debits are based on the exchange record, and the Bank of Korea does not have any other source of information on tourism. This means, that data represent the conversion of foreign exchange into Won by foreign travellers in the country and foreign-exchange purchases from the banking system by Korean travellers, respectively. No other data source used for this purpose.

Tourism is very important for Hong Kong - the number of tourists that arrived in 1990 was equal to the total population. Export data are based on the visitor survey conducted by Hong Kong Tourist Association. The publication entitled "Tourism Receipts" contains detailed data on visitors such as: their spending by their nationality (Taiwan, Japan, Southeast Asia, USA/Canada, Western Europe, Australia/New Zealand, and other) and by expenditure categories (shopping, hotel bills, meals out, entertainment, tours, and other).

Tourism is also important for Thailand. Credit data represent receipts from tourists and other visitors to the country. Data are derived from "Annual Statistical Report on Tourism in Thailand" published by the Tourism Authority of Thailand. The publication covers data on tourists visiting the country as well as on outgoing travellers. According to the definition applied, visitors are considered as tourists if the purpose of their visit can be classified under one of the followings: leisure, business, family, mission and meeting, and they stay longer than 24 hours but not longer than 60 days.

The number of tourists classified by both nationality and country of residence. Data are collected from embarkation and disembarkation cards of the Immigration Division. The length of stay calculated by random sampling of one-third of the total figures of tourists. Tourist profiles (e.g., sex, age, and the purpose of the visit) are calculated by random sampling based on one-tenth of the total number. Tourist expenditure data cover both revenues and expenditures. The source of revenue data is the International Visitor's Expenditure Survey usually conducted every alternate year using sampling survey methods. Face-to-face interviews were employed to the sample size of 10,000 tourists. Expenditure data are derived from the bank record. Visitor-expenditure data are published among others by

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expenditure-categories such as accommodation, food and drink, shopping, entertainment, local transport and tours, and miscellaneous.

Singapore welcomed the arrival of more than 4 million visitors in 1989, while the total of population was about 2.5 million people. Debit-data estimations are based on migration statistics. Credit data are based on both migration data and information derived from "Survey of Overseas Visitors to Singapore" carried out by Singapore Tourist Promotion Board. The above-mentioned survey is based on personal interviews with departing visitors conducted every day in five languages. Disproportionate stratified sampling was employed in respondent selection. More than 10,000 visitors departing by air were interviewed. The publication on survey contains detailed cross tabulations by several characteristics of visitors such as visitor profile (e.g. country, sex, income), travel pattern (e.g. main purpose, duration), visit experience and visitor expenditure. Detailed figures of visitor expenditure cover data on expenditure profile and on total visitor expenditure, e.g., expenditure pattern by country of residence and by items purchased (such as accommodation, food and beverage, shopping, sightseeing, local transportation, entertainment and recreation, and miscellaneous).

In the case of Sri Lanka, according to the Balance of Payments Statistics published by IMF, credit data on item "Travel" are derived from surveys of tourist expenditures and may include purchases of gems for commercial purposes by visiting traders (appropriate to item "Merchandise"). Debit entries are exchange-record data on sales of foreign exchange to residents for travel and studying abroad. Since the threshold of reporting obligation at currency exchange is US\$ 500, all transactions below that amount are considered to be appropriate to the item "Travel".

In the "Balance of Payments Manual" issued by Reserve Bank of India, "Travel" credits in India's BOP statistics are defined the following way:

- Receipts in foreign exchange in amounts individually equivalent of Rupees 10,000 and above, and reported as travel receipts by authorized dealers. These represent remittances received from organizers of foreign tourist parties located abroad for meeting their hotel and other expenses in India, and funds received from abroad for meeting the expenditure of foreign students enrolled in Indian educational institutions.
- "Unclassified" receipts, that is, purchases of foreign exchange by authorized dealers in amounts individually equivalent of less than Rs 10,000, and allocated to "Travel" on the basis of the result of the Survey of Unclassified Receipts.

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- Foreign tourists' expenditure in India financed from rupee balances maintained by the United States Embassy in India with Reserve Bank of India.

The total travel credits, as recorded in the Indian BOP, do not provide a detailed purpose-wise classification of the expenditure incurred by foreign travellers during their visits to India. In contrast, the data on "travel debits" provide a detailed classification of the foreign exchange sold to residents for travel abroad. These cover sales of foreign exchange for the following purposes: business, expenses of Indians studying abroad or receiving training abroad, official business travel, Haj pilgrimage, health reasons, home-leave salary and sales to tourists and others. Travel debits exclude remittances made by foreign nationals in India for meeting the educational expenses of their children abroad and for correspondence courses overseas. These are covered under private transfer payments.

The draft BOP of IMF recommends the following breakdown of "Travel": Tourists (Business and professional, Pleasure, Students and trainees, Other), and Other travelers. According to the revised concept of residents, students are recommended to be considered as nonresidents in the country where they study irrespective of the duration of their stay.

The BOP statistics published in the countries do not contain any breakdown of the item "Travel" except the one of Hong Kong in which the subdivisions are the following: expenditure of civilian visitors, service visitors, transit passengers and foreign crews. In the Thai statistics, though "Travel" is broken down for tourists, business, students, government and others, but these data are not published.

In spite of the very detailed survey applied in Singapore, the breakdown of "Travel" is not published. However, separate estimations are carried out for the following receipt entries: visitors and visitors in transit, full-cruise passengers, Malaysian citizens, group tour visitors, transit passengers, airport tax, tourists' shopping in Singapore, foreign air and sea crew expenditure in Singapore. Payments (estimated expenditure abroad) are subdivided as follows: returning residents abroad (except Malaysia), returning residents from Malaysia, local seamen and Singapore Airlines crew. As mentioned earlier, in the Indian BOP, total travel credits do not provide a detailed classification of the expenditure incurred by foreign travellers during their visits to India. In contrast, debit data provide a detailed classification of the foreign exchange sold to residents for travel abroad.

4 Government services

The definitions underlying Government services data broadly correspond to the definition given in the present BPM: they usually cover transactions both of the resident government with foreigners and of foreign governments with residents of the compiling economy. Typical data sources are government accounts, exchange records and other governments.

In the Korean BOP statistics, Government services receipts data are derived from the exchange record and these are subdivided the following way: Military transactions (Receipts from UN forces, Goods and Services, Others), and Non-military transactions. Items of payments are the followings: Technical Assistance, Expenditures by embassies and consulars, Other Payments.

In Hong Kong, the item "Expenditure of employees of extra-territorial bodies and their dependents in Hong Kong" is estimated on the basis of the number of embassies and their employees. "Government expenditure abroad" data are derived from the government accounts. Sources of government services data are the exchange records in Thailand. Subdivisions are "Military" and "Non-military" services. Military services cover transactions between the US military base and Thai residents but detailed information is not available on them. In the case of Singapore, entries on foreign consulates and embassies are obtained from the partner countries and defense services data include receipts from British, Australian, Malaysian and New Zealand armed forces stationed in Singapore. Debit data are derived from government accounts.

Both credit and debit data are taken from exchange record in Sri Lanka. These include some entries that were appropriate to unrequited transfers, such as pensions paid by Sri Lanka Government and received from foreign governments or contributions to international organizations by Sri Lanka. In India, Credit entries mainly comprise funds received from foreign governments for the maintenance of their embassies, consulates and diplomatic missions stationed in India, and from international and regional institutions for maintenance of their offices in the country. Entries that are not appropriate here are deducted from gross receipts. Debit entries cover mainly remittances made by government of India for maintenance of Indian embassies and diplomatic missions abroad.

5. Other Private Services

Other private services are negatively defined as all service transactions that are not specifically allocated to other items. Since the importance of these services has been growing, the draft list of BOP Standard Components classifies a number of them as major items, putting them at the same level as "Travel", and "Transportation". Definitions applied in the visited countries are

broadly consistent with the relevant definitions of BPM. There are some entries that seem to be difficult to classify such as processing, repairs and computer related services. There are some differences among the countries with respect to the classification of private services.

In the Korean statistics, "Other private services" are broken down into the following items: Construction services, Branch expenditures, Consulting services, Royalties, Advertising, Communication services, Computer services, Other. Most data are derived from the exchange record. Construction services are considered as a separate item due to the relative importance of this activity.

In the statistics published in Hong Kong, classification is the following: Insurance, Production and Distribution of films and programs, Hotel management, Advertising and marketing research, News transmission, Financial assets dealing and broking, Adjustment for import shipment, and Banking services. Data are obtained from surveys. Since Hong Kong is one of the most important financial centers of the world, related data also have great importance. A sophisticated method was developed in order to obtain relevant information without risking the disclosure of confidential information supplied by individual banks.

Hong Kong also serves as a bridge between China and the rest of the world. This is why classification of processing activity as merchandise or service transaction has a great influence on the statistical data. Though processing is registered as merchandise trade in each visited country, in the case of Hong Kong the issue has particularly important implications on the interpretation of merchandise statistics since processing trade accounts for a significant proportion of its external trade. Deviation from this approach may represent significant disharmonization with external trade statistics which are separately published. Besides, there are practical difficulties with data compilation. So processing activity is treated as merchandise, included in both import and export entries counted on gross basis.

Other private services are classified in the following way in Thailand: Insurance, Re-insurance, Management fees, Agents' fees, Construction activity, Advertising, Subscription to press, Film rentals, Copyright and patent royalties, Others. Data are based on exchange records. Though processing is an important activity in Thailand - consisting mainly of gem processing - service statistics do not cover it even in the case of minor alteration.

In Singapore; the component "Other Private Services" is subdivided into the following items: Non merchandise insurance, Agency fees and commissions, Management fees, Communication, Film rental, Bank service charges, Medical expenses of foreigners in

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Singapore and Stock brokerage fees. Data are derived from surveys and from the census of industrial production. Petroleum processing is an important activity in Singapore and it is covered by merchandise statistics. Due to the growing role of Singapore as an international stock exchange, Stock brokerage fees are classified as a separate item. In the case of financial lease a change of ownership is imputed for goods transacted on a financial lease arrangement. Therefore the full value of the goods is entered the item merchandise trade, and a counter-entry is entered the capital account.

In the published BOP of Sri Lanka, there are only the following subdivisions: Non-merchandise insurance and Others. In the latest Indian BOP publication, other private services are not broken down. However, the revised BOP publication is expected to contain detailed data on private services.

With respect to the above mentioned borderline problems the country practices are the following:

- Unlike it is expected to be recommended, any kind of processing abroad is covered by merchandise trade in all the countries, and there is no distinction between processing resulting minor and major alteration,
- Repairs of capital goods, similarly to all the other kind of repairs abroad, are usually counted as services, not as merchandise. The only exception is Hong Kong where there is no data compilation on this activity.
- Construction abroad is considered to be a part of services in Hong Kong, Korea, Sri Lanka and Thailand irrespective of duration of works. In India it is covered by merchandise trade and in Singapore there is no data compilation on this activity.
- Installation abroad is one of the entries of merchandise trade in India. In the Republic of Korea, Sri Lanka and Thailand this activity is considered as service. The other countries do not collect data on that item.
- Computer software is classified as a part of merchandise trade in all the countries, with no distinction as to whether it is mass produced or individually produced.
- Operational leasing is covered by services in each country. Financial leasing is treated as merchandise trade in the Republic of Korea, Singapore, Sri Lanka and Thailand while it is recorded as service in India.
- Author fees, copyrights, license fees and franchising are included in services and not in property incomes in all the

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countries where data for these activities are compiled. In Hong Kong, copyrights of films, television and video programs are the only data collected. In India there is no statistical information collected on franchising.

6. Incomes

In the draft BOP, incomes are clearly separated from services. In spite of this fact, since the present BPM recommendations are the ones that are followed by most of the visited countries, incomes are not differentiated sharply from services in their practice.

Concerning investment incomes countries usually follow the definition given in BPM. Hong Kong does not compile the full set of balance of payments statistics and statistics on investment income are not available. Besides, there are also no official data published related to capital accounts. BPM and "Composition of Imports and Exports of Goods and Services" table in their GDP publication does not contain data on investment incomes. Otherwise there are no official data published related to capital movements in the country.

In the Republic of Korea, Thailand, Sri Lanka and India, data are mainly derived from exchange records. Reinvested earnings data are obtained from official sources in the Republic of Korea, where investment incomes are composed of dividends, interest on loans, interest on bank loans, interest on deposits, reinvested incomes and others. In Thailand subdivisions applied are the following: interest, profit, dividends and others, while in Sri Lanka they are direct investments and others.

In India, companies with more than 40 per cent of equity owned by nonresidents are defined as direct investment companies. If the 25 per cent of equity is owned by one particular country, the company also considered to be direct investment company. In case of hotels and hospitals the threshold is 60 per cent. In Singapore, companies with more than 20 per cent of equity owned by sole non-resident investor and companies with more than 50 per cent of equity owned by a group of nonresident investors are defined as direct investment companies. Data are derived from surveys of enterprises, banks and finance companies, insurance companies and statutory boards. Data related to the government are obtained from the Singapore Currency Board and the Monetary Authority of Singapore.

Labour Incomes are observed regularly in the Republic of Korea. Data are basically derived from the exchange records. Hong Kong does not publish data on these items. In Thailand, labours income is classified as the part of the other services. The main data source is the exchange record. In Singapore, labour incomes data are obtained from surveys. Border workers' incomes are not

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recorded here. In India and Sri Lanka, the data are based on both exchange record and government accounts.

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A N N E X

Items of trade in services statistics published

1. Republic of Korea

Monthly Balance of Payments statistics are published by The Bank of Korea in both Korean and English. Title of chapter 2 is "Service and Unrequited transfers". Relevant subdivisions are the following:

Credits:

Shipment: Freight,
Insurance

Other Transportation: Passenger fares,
Port services,
Charter of Carriers,

Travel,

Investment Income: Interest on time deposits

Other: Government transactions,
Miscellaneous services: Construction,
Branch expenditures

Non-merchandise insurance

Debits: almost similar breakdown with the following different item:
Investment Income: Interest on loans: Interest on bank
loans

2. Hong Kong

Since balance-of-payments statistics are not compiled, trade in services data can be found in "Estimates of Gross Domestic Product" issued by Census and Statistics Department in English once a year. Table 7 "Composition of Imports and Exports of Goods and Services" contains the following data:

A Export of services:

1 Transportation: Shipping: Cargo revenue
Passenger revenue
Chartering revenue
Management and agency fees
Foreign companies disbursement in HK
excluding expenditure on fuel oils
and port charges
Air transportation: Cargo and passenger revenue
and fees and commission
received from foreign
companies, disbursements of
foreign companies excl. Exp.
on fuel oils and port charges
Expenditure in HK of foreign airline and shipping
companies on: fuel oils
Port and airport charges

2

- Cargo forwarding
- 2 Travel: Expenditure of civilian visitors in HK
 - Expenditure of service visitors in HK
 - Expenditure of transit passengers in HK
 - Expenditure of foreign crews in HK
- 3 Insurance: Direct insurance to overseas
 - Re-insurance assumed from overseas
 - Agents' commission
- 4 Production and distribution of films/programs
- 5 Hotel management
- 6 Advertising and marketing research
- 7 News transmission
- 8 Financial assets dealing and brooking
- 9 Adjustment for import shipment
- 10 Banking services
- 11 Other services: Expenditure of employees of extra-territorial
 - bodies and their dependents in Hong Kong
 - Postal services
 - Miscellaneous services n.e.s.
- B Imports of services
 - 1 Transportation: Shipping: charter hire
 - Shipping and air transportation: disbursement of
 - HK companies abroad
 - other revenue of
 - foreign companies in HK
 - Passenger fares
 - 2 Travel: Expenditure of HK residents abroad
 - Expenditure of HK students abroad
 - 3 Insurance: Direct insurance from overseas
 - Re-insurance ceded overseas
 - Expenses of local insurance companies abroad
 - 4-8: similar to items of Exports of services respectively
 - 9 Banking services
 - 10 Other services: Government expenditure abroad
 - Postal services
 - Miscellaneous services

3. Thailand

Quarterly Bulletin published by Bank of Thailand in English contains Balance of Payments. Relevant items are the following:

Services:

- 1 Receipts: 1.1 Freight and Insurance on Merchandise
 - 1.2 Other transportation
 - 1.3 Travel
 - 1.4 Investment income
 - 1.5 Government, n.i.e.: military services
 - other government services
 - 1.6 Other services
- 2 Payments: Breakdown is similar to one of Receipts

3

4. Singapore

Most of the Balance-of-payments data are published yearly in "Economic Survey of Singapore" in English. The breakdown of exports and imports is the following:

Shipment
Travel
Investment income
Official transaction
Other transportation and services n.i.e.

5. Sri Lanka

Bulletin of Central Bank of Sri Lanka issued by the Department of Economic Research in English contains quarterly Balance-of-payments data. Relevant items of both credits and debits in the Current Account are the following:

3. Freight and Merchandise Insurance
4. Other Transportation
 - 4.1. Passenger fares
 - 4.2. Port expenditures
 - 4.3. Other
5. Travel
6. Investment income
 - 6.1. Direct Investment
 - 6.2. Other
7. Government Expenditure n.i.e.
8. Other Services
 - 8.1. Non-merchandise Insurance
 - 8.2. Other

6. India

Reserve Bank of India Bulletin is a bilingual publication. The data include the transactions of Bhutan with the rest of the world and do not include India's transactions with Nepal because there is no exchange control between the two countries. The following quarterly data are published in Indian Rupees:

Credits and Debits:

- 1 Travel
- 2 Transportation
- 3 Insurance
- 4 Investment Income
- 5 Government, not included elsewhere
- 6 Miscellaneous

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