

## **Data Sources**

Data presented in this report are compiled from various sources due to the wide diversity of trade in services. The bulk of the data is compiled from the International Trade in Services Survey (TIS) conducted annually by DOS. These are supplemented by data from other sources to compile the complete trade in services.

Data for the following services components are not collected from TIS survey but from other sources. They made up about 12.5 per cent of overall services exports and 28.1 per cent of overall services imports for reference year 2008.

- Travel services (exports and imports)
- Government services (exports and imports)
- Freight on imports in transportation services (imports)
- Insurance on imports in insurance services (imports)
- Implicit service charges on foreign exchange trading in financial services (exports)

There is no breakdown available for data by partner country from these supplementary sources. Hence, statistics on trade in services by partner country are solely based on data compiled from the TIS survey.

The TIS data are used as inputs to compile the current account in Singapore's Balance of Payments (BOP).

## **Scope and Coverage of TIS Survey**

The survey covers establishments from manufacturing, construction, wholesale & retail, hoteling, transport & logistics, financial, professional and business services which engage in international trade in services.

## **Survey Frame and Sample Selection for TIS Survey**

The survey frame of TIS survey covers establishments with international services trade and was mainly based on the results of the previous year's survey. Establishments which engaged in international services trade were also identified via screening questions in other existing establishment surveys and media sources.

### **Data Collection for TIS Survey**

The survey was primarily conducted by mail inquiry. Six different survey forms were used to cater to the diverse nature of services across various industries. They were:

- **General** which covered establishments primarily engaged in real estate; renting of transport equipment; IT & related services; research & development; education; medical activities; recreational, cultural and sporting activities.
- **Manufacturing/Construction/Engineering** which covered firms in manufacturing; construction; production & distribution of electricity; architectural, engineering and land surveying.
- **Commerce** which covered wholesalers and retailers.
- **Financial & Insurance Services** which covered mainly financial and insurance companies.
- **Shipping Agencies/Branches of Foreign Shipping Lines and Airlines** which covered branches of foreign shipping lines, airlines and shipping agencies.
- **Transport-Others** which covered local shipping lines and airlines; post and courier and telecommunication services.

### **Concepts and Definitions**

Compilation of International Trade in Services statistics follows closely the principles and guidelines set out by the International Monetary Fund's Balance of Payments Manual, fifth edition (BPM5). These guidelines include the definition, valuation, classification and recording of exports and imports of services between residents and non-residents.

#### Residency

Conceptually, international trade in services is said to have taken place when one company provides a service to a company resident in another geographical territory. An

entity is said to be a resident of a geographical territory when it engages in significant economic activities in the geographical territory for a period of time, usually more than one year.

### Valuation

Services transactions internationally are valued at market prices i.e. the value of transaction agreed upon between the supplier and the consumer at the time when the service is created, transformed, exchanged, transferred, or extinguished.

### Classification

Singapore's international trade in services is classified broadly into the following 11 categories:

- 1) Transportation
- 2) Travel
- 3) Insurance
- 4) Government
- 5) Construction
- 6) Financial
- 7) Computer and Information
- 8) Communications
- 9) Royalties
- 10) Social
- 11) Other Business Services

### *Transportation*

Transportation covers services that involve the carriage of passengers, the movement of goods, charter of carriers with crew, and related supporting and auxiliary services. This category also includes port services and commissions arising from services provided to foreign shipping lines/airlines. The components of Transportation presented in this report are Freight (which includes the movement of goods and charter with crew) and Others.

Payments include payments for freight on merchanting, freight on imports<sup>1</sup>, and payments for charter with crew. Proceeds collected by foreign airlines from the sale of air tickets in Singapore, payments for overseas port services and commissions to foreign agents by our shipping lines and airlines are also included.

Related items that are excluded from transportation services are insurance on imports (included in *insurance services*) and charters of carriers without crew (*Other Business Services*).

### *Travel*

Travel covers the range of goods and services consumed by travellers during visits to a particular economy for less than one year. Travellers going abroad for business activities or for purposes other than business such as holidays, social visits, and education and health-related purposes are included under travel. Expenditures incurred by an individual (and their dependants) as an employee of his or her government stationed in another economy are included under *government services* and not in travel.

### *Insurance*

Insurance service is measured by the net premiums earned or incurred for reinsurance, life insurance, general insurance and freight insurance<sup>2</sup>. The net premiums earned from inward reinsurance are recorded in export of services, while the net premiums paid for outward reinsurance are recorded in import of services. Also included are agents' commissions, brokerage and charges related to insurance services.

### *Government*

Exports of government services refer to the expenditure of foreign diplomatic and consular missions and foreign armed forces in Singapore, including personal expenditure incurred by diplomats and consular staff located in Singapore.

Imports of government services refer to the expenditure of Singapore's overseas diplomatic, trade, and tourist missions and the purchase of goods and services by the government from abroad.

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<sup>1</sup> Freight on imports are estimated by applying freight factors to the value of imports (c.i.f). These factors are obtained from the survey of transportation costs for imports.

<sup>2</sup> Payments for freight insurance on imports are estimated by applying insurance cost factors to the value of imports (c.i.f). These factors are derived from the survey of transportation costs for imports.

*Construction*

Construction services covers work performed on construction activities by employees or enterprises in areas outside Singapore. The work is generally performed for a short period of time, usually less than a year. Construction services are valued on a gross basis i.e. it includes the total costs incurred on materials and labour as well as the operating surplus that accrues to the companies performing the work.

*Financial*

Financial services cover financial intermediary and auxiliary services. They are broadly classified into bank services, investment & financial consultancy services and commissions on financial derivative transactions.

Banks derive most of their income from the intermediation of funds, i.e. interest income. In the BPM, interest income is classified as investment income rather than services. Bank services in the BPM context refer to fee-based income of banks, as well as reimbursements for expenses from foreign banks to their local branches.

Similarly, for investment activities, services refer to the fees earned from performing intermediary service, and not the dividends or capital gains/losses from investment. Thus, for the equity and derivative securities market, the services performed are reflected in the commissions received/paid for trading in the markets, while for fund management, the services performed are reflected in the management fees earned and recorded under investment services. Data also include implicit charges in forex trading<sup>3</sup>.

*Computer and Information*

Computer services consist of hardware and software consultancy, implementation and maintenance services such as hardware/software development, disaster recovery services, computer/systems management services and system/programme design including web design and development. Data processing services such as data entry and tabulation are also included.

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<sup>3</sup> Foreign exchange dealers perform a service for their clients, and their service charge is implicit in the margin (spread between the bid and offer price) of the currencies they trade. BPM5 recommends that the service charge be determined by the spread between the midpoint rate and the buying/selling rate. However, BPM5 also recognizes the practical difficulties of collecting data on the spread, and hence recommends the use of data models. The model adopted by DOS is based on the foreign share of turnover and the gross earnings of foreign exchange dealers. It is based on the observation that any change in the spread between the midpoint rate and the buying/selling rate would be reflected in the earnings of foreign exchange dealers.

Information services generally cover news agency services such as the provision of news, photographic materials and feature articles to media agencies. Also included are subscriptions to newspapers and periodicals and other information services such as search portals.

#### *Communications*

Communications services consist of postal & courier and telecommunications services.

#### *Royalties*

Royalties include fees and charges for the use of patents, industrial design, manufacturing rights, trademark and franchising fees, publication copyrights, royalties on computer software, etc.

#### *Social Services*

Social services comprise services related to the production of motion pictures, radio and television programs and musical recordings. Cultural, sports and recreational services such as fees for entertainment and cultural performances and fees paid to foreign sports teams are also included under social services.

#### *Other Business Services*

'Other business services' cover a range of services transactions and can be further categorised into the following components:

- Accounting services
- Advertising services
- Architectural services
- Business management services include administrative and consultancy services provided to businesses; as well as the reimbursement of operating expenses between related business entities.
- Engineering and technical services
- Legal services
- Research and development services

- Trade-related services consist of merchanting and commissions arising from the trading of goods. Merchanting is the purchase of goods by a resident of the compiling economy from a non-resident and the subsequent resale of the goods to another non-resident. During the process, the goods do not enter or leave the compiling economy. Merchanting service is measured by the margin between the value of goods when acquired and the value of goods when resold.
- Other miscellaneous business services cover operational leasing services (without operators) of ships, aircraft and transportation equipment; real estate services and other business services that cannot be classified to any of the business services listed above.

### **Other Related Publications on Trade in Services**

Trade in services data by broad category are also published in the Annual/Quarterly Economic Survey of Singapore.

TIS data have also been released in the following publications:

- Occasional Paper on “Singapore’s International Trade in Services: New Statistical Estimates and Analysis”, March 2000
- Information Paper on “Balance of Payments Trade in Goods and Services: Methodological Notes”, December 2003