

ECONOMIC SURVEYS SERIES

Reference Year 2007

Introduction

The Singapore Department of Statistics conducts an annual survey on the services industries to collect a wide range of data for studies and analyses. The first survey on the services industries was conducted in 1968 for the reference year 1967 and subsequently at regular intervals. Since 1984, the inquiry was carried out on an annual basis.

The latest survey was carried out in 2008 for reference year 2007. This year, the reports will focus on several services industries of importance to Singapore's economy. This report on *Wholesale Trade* is the Department's sixth issue in the series. A final consolidated report on *The Services Sector* will provide a comprehensive performance review of the entire services sector.

To date, the six reports which have been released are as follows:

Health Services

Food and Beverage Services

Transport and Storage Services

Retail Trade

Information and Communications Services

Wholesale Trade

The final consolidated report is scheduled for release in the coming weeks.

As at 9 June 2009

WHOLESALE TRADE

<i>Key Indicators</i>			
		<u>2007</u>	<u>2006</u>
Establishments	↓ 1.4%	34,868	35,357
Employment	↑ 5.0%	244,504	232,754
Operating Receipts	↑ 18.5%	\$1,218.3 bil	\$1,028.6 bil
Operating Expenditure	↑ 18.3%	\$1,191.4 bil	\$1,007.4 bil
Operating Surplus	↑ 25.8%	\$28.4 bil	\$22.6 bil
Value Added	↑ 22.4%	\$43.4 bil	\$35.4 bil

The wholesale trade industry comprised about 34,900 establishments in 2007, engaging a total of 244,500 workers. It represented an average of 7 workers per establishment.

I. ECONOMIC PERFORMANCE

Total operating receipts collected by the wholesale trade industry was \$1,218.3 billion in 2007, an increase of 18.5 per cent from the \$1,028.6 billion in 2006. All major sectors registered higher sales over the previous year. Operating receipts per establishment for the wholesale industry increased by 20.1 per cent from \$29.1 million in 2006 to \$34.9 million in 2007.

Total operating expenditure of the industry amounted to \$1,191.4 billion in 2007, 18.3 per cent higher than the \$1,007.4 billion incurred in 2006. Likewise, operating expenditure per establishment rose by 19.9 per cent to \$34.2 million in 2007.

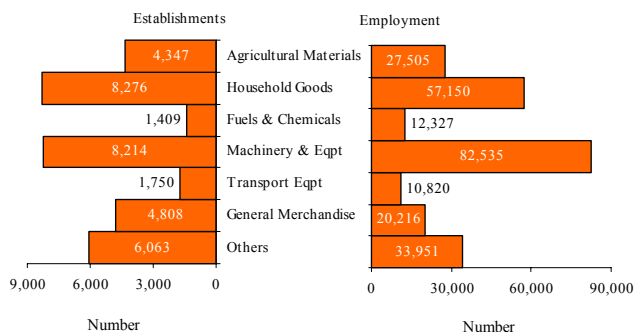
Total operating surplus stood at \$28.4 billion in 2007, a significant increase of 25.8 per cent over the previous year. Operating surplus per establishment rose by 27.6 per cent to \$815,800.

Total value added generated by the wholesale trade industry was \$43.4 billion in 2007, 22.4 per cent higher compared to the \$35.4 billion recorded a year ago. All major sectors generated higher value added over the previous year. On a per establishment basis, value added rose by 24.1 per cent to \$1.2 million.

II. MAIN WHOLESALE ACTIVITIES

In terms of establishments, wholesalers of household goods and machinery & equipment formed the largest two groups, accounting for 23.7 per cent and 23.6 per cent of the industry total in 2007 (Chart 1). The two groups were also the largest employers, engaging 57,200 and 82,500 workers respectively. They represented 23.4 per cent and 33.8 per cent of the overall wholesale workforce respectively.

Chart 1 – Establishments & Employment, 2007

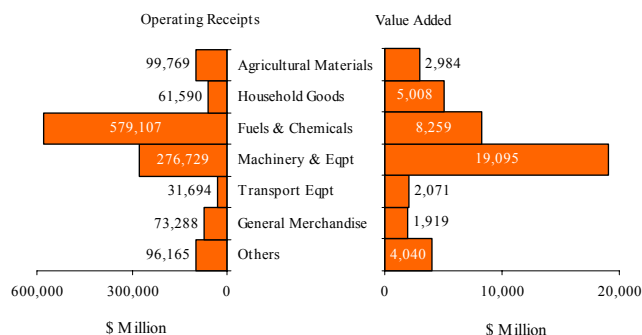


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Wholesalers of fuels & chemicals generated \$579.1 billion operating receipts in 2007, accounted for nearly half of the wholesale industry total. This was mainly contributed by the wholesalers of petroleum & petroleum products which generated operating receipts of \$524.0 billion in 2007. Petroleum sales rose by 13.9 per cent in 2007, attributable to price increase and higher trade volume.

Wholesale sector of machinery & equipment was the largest contributor to industry's total value added. The sector generated \$19.1 billion value added in 2007, or 44.0 per cent of the industry's total. Within the sector, wholesalers of telecommunications & computers generated \$9.5 billion value added.

Chart 2 – Operating Receipts & Value Added, 2007



Purchases of goods constituted the largest expenditure for wholesale trade industry. It accounted for about 86 to 99 per cent of the total operating expenditure incurred in 2007 for various sectors (Table 1). Remuneration was the next largest expenditure for the wholesalers of household goods, machinery & equipment and transport equipment. Freight & transport charges ranked the second for the wholesalers of agricultural materials, fuels & chemicals and general merchandise.

Table 1 : Main Business Costs, 2007

Wholesale Activity	Cost Type and % Share				
	1 st	2 nd	3 rd	4 th	5 th
Agricultural Materials	Purchase 95.5	Freight 1.8	Rem 1.1	Advert 0.3	Com 0.3
Household Goods	Purchase 85.9	Rem 4.3	Advert 2.0	Freight 1.3	Admin 0.8
Fuels & Chemicals	Purchase 99.3	Freight 0.5	Rem 0.3	Com 0.1	Rental 0.1
Machinery & Eqpt	Purchase 92.6	Rem 2.4	Admin 0.9	Com 0.8	Freight 0.6
Transport Eqpt	Purchase 93.7	Rem 1.9	Freight 1.8	Advert 0.3	Admin 0.3
General Merchandise	Purchase 93.8	Freight 3.4	Rem 1.4	Subcon 0.4	Com 0.3
Others	Purchase 94.9	Freight 2.1	Rem 1.7	Com 0.4	Dep 0.2

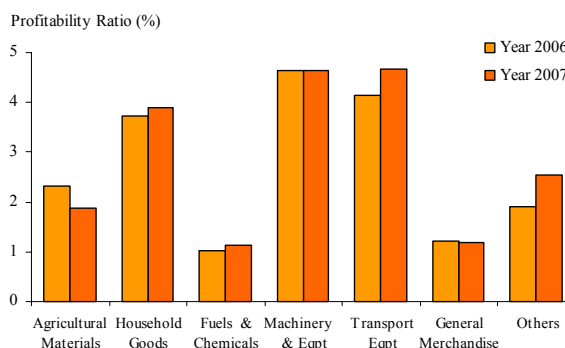
Notations

- Admin : Administrative & management fees
- Advert : Advertisement
- Com : Commission & agency fees
- Dep : Depreciation
- Freight : Freight & transport charges
- Purchase : Purchases of goods for sale
- Rem : Remuneration
- Rental : Renting of offices, shops & other premises
- Subcon : Subcontract charges / work given out

III. KEY PERFORMANCE RATIOS

Profitability Ratio of the overall wholesale trade stood at 2.3 per cent in 2007. Wholesalers of transport equipment registered the largest operating profit margin of 4.7 per cent in 2007 (Chart 3). The profitability ratio for fuels & chemicals was 1.1 per cent, lowest among all wholesale sectors.

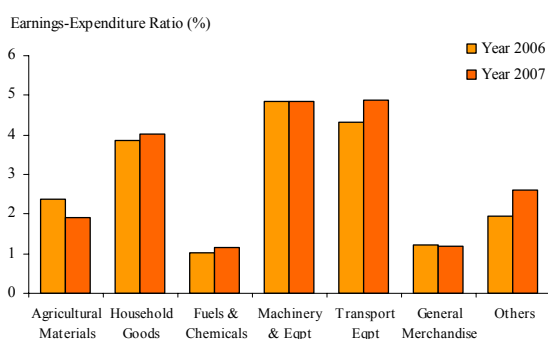
Chart 3 – Profitability Ratio, 2006 & 2007



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Earnings-Expenditure Ratio for overall wholesale trade was at 2.4 per cent in 2007. Most sectors registered higher earning expenditure ratio in 2007 compared to 2006. Within the industry, sectors of machinery & equipment and transport equipment attained the highest earning expenditure ratio at 4.9 per cent (Chart 4).

Chart 4 – Earnings-Expenditure Ratio, 2006 & 2007



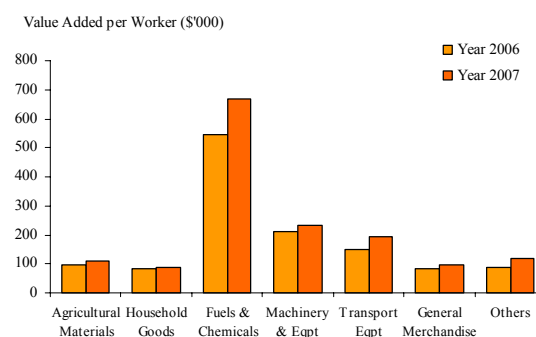
Average Annual Remuneration per Employee for the wholesale trade industry increased by 10.1 per cent to \$63,000 in 2007. Employees working in the wholesaling of fuels & chemicals received average annual remuneration of \$142,200, considerably higher than the range of \$42,400 to \$76,500 registered in other sectors (Table 2).

Table 2 : Average Annual Remuneration per Employee, 2006 & 2007

Wholesale Activity	2006 (\$'000)	2007 (\$'000)	Change (%)
Agricultural Materials	39.1	42.4	8.4
Household Goods	45.1	48.3	7.1
Fuels & Chemicals	122.8	142.2	15.8
Machinery & Eqpt	71.1	76.5	7.6
Transport Eqpt	55.4	57.5	3.8
General Merchandise	44.7	53.2	19.0
Others	43.1	48.0	11.4

Value Added per Worker amounted to \$177,400 for the overall wholesale trade industry in 2007. This represented an increase of 16.6 per cent compared to 2006. Within the industry, wholesalers of fuels & chemicals recorded the highest value added per worker of \$670,000 (Chart 5), which was attributable to the increased value added generated from higher sales.

Chart 5 – Value Added per Worker, 2006 & 2007



IV. PERFORMANCE BY FIRM SIZE

Small firms (i.e. less than 10 workers) represented the majority (84.0 per cent) in wholesale trade (Table 3). Medium firms (i.e. 10-99 workers) were the largest contributor to total operating receipts (47.9 per cent). Large firms (100 workers & above) contributed the largest share of industry value added (45.9 per cent).

Table 3 : Establishments, Operating Receipts & Value Added by Firm Size, 2007

Employment Size	Establishments (Number)	Operating Receipts (\$ Million)	Value Added (\$ Million)
Less than 10	29,290	143,589	6,579
10 – 99	5,335	583,093	16,905
100 & above	243	491,660	19,892

The publication on “Wholesale Trade” containing more detailed statistical tables will be released in 2nd Quarter 2009.

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Summary Tables

Key Indicators of Wholesale Trade, 2005-2007

Wholesale Activity	Establishments (Number)			Employment (Number)			Operating Receipts (\$ Million)		
	2005	2006	2007	2005	2006	2007	2005	2006	2007
Total Wholesale Trade	36,093	35,357	34,868	216,426	232,754	244,504	859,708	1,028,569	1,218,343
Agricultural Materials	4,909	4,546	4,347	26,727	27,561	27,505	61,865	73,529	99,769
Household Goods	8,643	8,582	8,276	52,449	55,809	57,150	52,913	58,322	61,590
Fuels & Chemicals	1,467	1,432	1,409	11,486	12,232	12,327	424,427	510,742	579,107
Machinery & Equipment	8,816	8,584	8,214	73,029	72,927	82,535	173,788	218,153	276,729
Transport Equipment	1,905	1,798	1,750	10,999	11,622	10,820	25,744	27,368	31,694
General Merchandise	4,056	4,712	4,808	11,649	16,999	20,216	51,523	57,106	73,288
Others	6,296	5,703	6,063	30,086	35,605	33,951	69,448	83,347	96,165

Wholesale Activity	Operating Expenditure (\$ Million)			Operating Surplus (\$ Million)			Value Added (\$ Million)		
	2005	2006	2007	2005	2006	2007	2005	2006	2007
Total Wholesale Trade	842,761	1,007,351	1,191,393	18,379	22,610	28,444	29,952	35,436	43,375
Agricultural Materials	60,810	71,939	98,036	1,184	1,710	1,878	2,097	2,713	2,984
Household Goods	51,208	56,412	59,445	1,942	2,168	2,395	4,118	4,558	5,008
Fuels & Chemicals	420,258	505,778	572,778	4,433	5,180	6,540	5,647	6,667	8,259
Machinery & Equipment	166,607	208,497	264,432	7,655	10,132	12,849	12,524	15,238	19,095
Transport Equipment	24,809	26,303	30,283	1,010	1,137	1,476	1,555	1,755	2,071
General Merchandise	50,923	56,469	72,487	701	697	863	1,235	1,432	1,919
Others	68,146	81,953	93,933	1,455	1,585	2,444	2,776	3,073	4,040

Key Indicators of Wholesale Trade by Employment Size of Firm, 2007

Employment Size	Establishments (Number)	Employment (Number)	Operating Receipts (\$ Million)
All Categories	34,868	244,504	1,218,343
Less than 10 persons	29,290	74,650	143,589
10 to 99 persons	5,335	114,321	583,093
100 persons & above	243	55,533	491,660

Employment Size	Operating Expenditure (\$ Million)	Operating Surplus (\$ Million)	Value Added (\$ Million)
All Categories	1,191,393	28,444	43,375
Less than 10 persons	140,060	3,756	6,579
10 to 99 persons	573,700	10,069	16,905
100 persons & above	477,632	14,619	19,892

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Key Indicators of Wholesale Trade by Size of Operating Receipts of Firm, 2007

Size of Operating Receipts	Establishments (Number)	Employment (Number)	Operating Receipts (\$ Million)
All Categories	34,868	244,504	1,218,343
Less than \$500,000	16,709	23,956	2,790
\$500,000 to \$1,999,999	7,467	35,372	8,020
\$2,000,000 to \$4,999,999	4,633	31,622	15,583
\$5,000,000 & above	6,059	153,553	1,191,950

Size of Operating Receipts	Operating Expenditure (\$ Million)	Operating Surplus (\$ Million)	Value Added (\$ Million)
All Categories	1,191,393	28,444	43,375
Less than \$500,000	2,751	73	552
\$500,000 to \$1,999,999	7,832	282	1,451
\$2,000,000 to \$4,999,999	14,933	775	2,079
\$5,000,000 & above	1,165,876	27,315	39,293

Note:

- 1 Data for 2007 are preliminary.
- 2 Industries are classified according to the Singapore Standard Industrial Classification (SSIC) 2005.
- 3 Figures may not add up to the total due to rounding.

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Explanatory Note

Objective

The data presented in this report were compiled from the results of the *Wholesale Trade Survey 2007*. The objective of the survey is to gather information on Singapore's wholesale trade to enable in-depth analyses and understanding of the performance, structure and profile of this industry. The data and analytical findings are used extensively for the compilation of national accounts, input-output tables and other related studies. In addition, the results are used by policy makers, economic planners and academicians, business community and researchers in their work.

Scope & Coverage

The wholesale trade industry comprises establishments which import or purchase goods from manufacturers or other suppliers for sale (without transformation) to local and overseas manufacturers, other wholesalers, retailers as well as industrial, commercial, institutional and professional users.

Within wholesale trade, the major industry groups are the wholesaling of agricultural materials, household goods, fuels & chemicals, machinery & equipment, transport equipment and general merchandise. The detailed wholesale activities for each group are presented below:

Agricultural Materials

Fruits and vegetables
Livestock, meat, poultry, eggs and seafood
Cereals, sugar, oils, sauces, food beverages and dairy products
Confectionery and biscuits
Ice-cream
Health food
Liquor and soft drinks
Cigarettes and other tobacco products
Food, beverages and tobacco nec
Rubber (including rubber brokers)
Pepper and other spices
Coffee, cocoa and tea
Coconut
Palm oil
Tropical produce nec
Cut flowers and plants
Aquarium fishes (including food and accessories)
Pet birds and animals (including food and accessories)
Agricultural raw materials, live animals, food, beverages and tobacco nec

Household Goods

Textiles
Wearing apparel for adults
Children and infants' wear (including products and accessories for infants)

Household Goods (cont'd)

Footwear
Bags and luggages
Sewing and clothing accessories (eg button, thread, lace, zip)
Jewellery
Costume jewellery
Watches and clocks
Cosmetics and toiletries
Personal effects nec¹
Furniture (including mattresses, cushions)
Furnishings (including curtains, carpets, wall paper)
Lighting and lighting accessories
Crockery, cutlery and kitchen utensils
Household electrical appliances and equipment (including household air-conditioners)
Radio and television sets and sound reproducing and recording equipment and supplies except electrical and electronic components
Furniture, home furnishings and other household equipment nec
Sporting goods and equipment (including healthcare equipment)
Musical instruments and scores
Record albums, cassette tapes, laser discs and compact discs (including VCDs, DVDs)
Toys and games
Computer games (including electronic games and video game consoles)
Sporting and other recreational goods nec

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¹ Not elsewhere classified

Household Goods (cont'd)

Antiques, works of art, handicrafts and gifts
Artificial flowers and plants
Handicrafts and fancy goods nec
Medicinal and pharmaceutical products (Western)
Medicine and herbs (other than Western)
Paper and paper products
Packaging materials
Stationery
Books and magazines
Paper, paper and cellophane products and stationery nec
Optical and photographic equipment and supplies
Household goods nec

Fuels and Chemicals

Crude petroleum
Mineral fuels and lubricants
Solid, liquid and gaseous fuels and related products nec (eg bitumen)
Basic industrial chemicals except fertilizers
Chemical fertilizers
Petrochemical products
Chemicals and chemical products nec

Machinery and Equipment

Industrial machinery and equipment
Agricultural machinery and equipment
Construction equipment (eg concrete mixer)
Lifts, escalators and industrial and office air-conditioning equipment
Telecommunications equipment
Electronic components
Electrical and wiring accessories
Industrial, agricultural, construction and related machinery and equipment nec
Pagers, handphones and other telecommunications apparatus (eg palmtops, smart watches, wearable computer and electronic books)
Office machines and equipment (including accessories)
Computer hardware and peripheral equipment
Computer software (except games)
Computer accessories (eg diskettes, computer cards)
Professional, scientific and precision equipment
Commercial food service equipment (eg hotel kitchen equipment)
Service establishment equipment and supplies (eg beauty salon equipment)
Security and fire-fighting equipment
Machinery and equipment nec

Transport Equipment

Motor vehicles except motorcycles and scooters
Motorcycles and scooters
Parts and accessories for vehicles
Bicycles, tricycles and baby carriages (including spare parts)
Marine equipment and accessories (including marine navigational equipment and radar)
Aircraft equipment and supplies (including aeronautical equipment)
Other transport equipment nec

General Merchandise

General wholesale trade (including general importers and exporters)

Others

Wholesale on a fee or contract basis (eg commission agencies)
Logs
Sawn timber, plywood and related products
Metals and fabricated metals except general hardware (eg steel pipes)
General hardware (eg locks, hinges)
Structural clay and concrete products (eg mosaic tiles, bricks)
Paints (including varnishes and supplies)
Construction materials, hardware, plumbing and heating equipment and supplies nec (eg cement, sand)
Scrap, junk and waste dealers
Other intermediate products, waste and scrap nec (including metals and metal ores)
Animal feed
Leather and PVC materials
Glass
Joss paper, joss sticks and other ceremonial products
Rattan
Industrial ice (dry ice)
Other specific commodities nec
Ship chandlers
Ship bunkering
Air transport suppliers
Wholesale trade nec

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Definition of Terms

Establishment	Defined as a business or organisation unit engaged in one activity and operating in a single location.
Employment	Refers to paid employees, working directors, working proprietors/partners and unpaid family workers. It includes those temporarily away on medical or casual leave.
Employees	Employment excluding working proprietors and partners.
Operating Receipts	Includes those arising from services rendered, commission charges, sale of goods, rental of premises, machinery and equipment and head office remittance for current expenses.
Operating Expenditure	Refers to all current expenses (except capital expenditure) connected to the business operations such as purchases of goods and services and remuneration. It includes depreciation and adjustment for changes in stocks.
Operating Surplus	Refers to the amount of operating receipts less operating expenditure plus depreciation of fixed assets.
Value Added (At Basic Prices)	Comprises the value of operating surplus, remuneration and indirect taxes. The impact of taxes including Goods & Services Tax (and subsidies) on products is removed.
Remuneration	Comprises wages and salaries, employers' contribution to Central Provident Fund/pension funds and other benefits of all employees as well as fees paid to non-working directors.
Depreciation	The value, at current replacement cost, of reproducible fixed assets such as buildings, plants and machinery used during a period of time as a result of normal wear and tear, foreseen obsolescence and the normal rate of accidental damage.
Profitability Ratio	Defined as the ratio of operating surplus to operating receipts. It shows the proportion of operating receipts that is converted to profits.
Earnings-Expenditure Ratio	Defined as the ratio of operating surplus to operating expenditure.