



Adoption of the Extended Balance of Payments Services Classification

By
Wilson Wong, Hya Ting Yu and Goh Yen Sze
Economic Accounts Division and Business Statistics Division
Singapore Department of Statistics

Introduction

Over the past decade, international trade has grown in importance as economies become more interconnected globally. In particular, the role of international trade in services has become increasingly significant. Between 2007 and 2017, Singapore's international trade in services (TIS) statistics recorded a compounded annual growth rate (CAGR) of 7.4 per cent, outpacing the 1.4 per cent growth recorded for total trade in goods over the same period.

In recognition of the growing importance of international trade in services, a progressive review was done by the Singapore Department of Statistics (DOS) to enhance Singapore's balance of payments (BOP) and TIS statistics which are in accordance with international statistical standards set out in the International Monetary Fund's (IMF) sixth edition of the Balance of Payments and International Investment Position Manual (BPM6).

Following the implementation of BPM6 in 2012 and methodological improvements made to Singapore's international accounts in 2016, DOS will, with effect from March 2018, adopt the Extended Balance of Payments Services (EBOPS) Classification provided by

the Manual on Statistics of International Trade in Services 2010 (MSITS 2010), which will result in a significant increase in the number of services components presented in Singapore's BOP and TIS statistics.

This article presents an overview of the major improvements arising from the adoption of the EBOPS classification, as well as provides an analysis of the key trends and composition of the EBOPS components in selected major services categories based on the new presentation in Singapore's BOP and TIS statistics.

Methodology and Key Improvements

Quarterly estimates on services trade by standard components based on the BPM6 format compiled by DOS are published in the Economic Survey of Singapore report released by the Ministry of Trade and Industry.

Additional breakdown for Singapore's TIS statistics by major services category (consistent with the BPM6 standard components) and trading partners are also made available on an annual basis in the Singapore's International Trade in Services report published by DOS.

The implementation of EBOPS involves the review and further disaggregation of selected major services categories, as well as the study of existing data sources to determine the suitable levels of classification based on the EBOPS framework.

Data items available from the International Trade in Services Survey (henceforth referred to as the TIS survey) conducted by DOS have been further categorised into the relevant detailed components, while new estimates were developed from other administrative and survey sources based on the EBOPS classification set out in MSITS 2010 in line with the BPM6 format.

As a result, the number of services components in the BOP services account and TIS statistics almost doubled and data for 40 major services categories are released.

Among the standard components and major services categories in Singapore's BOP and TIS statistics, further breakdown based on the EBOPS classification are introduced for transport services, financial services, telecommunications, computer & information services, charges for the use of intellectual property, personal, cultural and recreational services as well as other business services.

Modes of Transport

Transport services are disaggregated by modes of transport, namely sea transport, air transport, and other modes of transport, in addition to the current breakdown by type of transport service (i.e. freight and other transport services for all modes of transport).

The further breakdown of transport services into the various modes of transport have been compiled and estimated based on data collected from the TIS survey as well as additional information on freight imports from the Survey of Transportation Cost (STC) for benchmark years.

With the adoption of EBOPS, information on modes of transport will also be collected via the annual STC survey from reference year 2017 to obtain more comprehensive and reliable estimates.

In addition, postal and courier services are released as a new services category under transport services.

FISIM & Explicitly Charged and Other Financial Services

FISIM or financial intermediation services indirectly measured (on loans and deposits) have been classified as an EBOPS sub-component while the rest of financial services are grouped together as explicitly charged and other financial services.

Explicit charges for financial services are compiled from the TIS survey while indirect charges in the form of FISIM along with margins from forex trading and acquisitions and disposals of debt securities are separately derived from administrative sources and investment surveys.

Disaggregation and Classification of Other Services Components

Telecommunications services, computer services and information services are introduced as additional services categories under telecommunications, computer & information services. The new series are compiled based on detailed data collected from the TIS survey which are further classified into the respective EBOPS sub-components.

Charges for the use of intellectual property (IP) are further disaggregated based on the various types of IP, namely franchises and trademarks licensing fees, licenses for the use of outcomes of research and development, and licenses to reproduce and/or distribute computer software, audio-visual and related products and other IP charges.

Several of these series have been compiled from data items first developed and introduced in the TIS survey with the implementation of BPM6 in 2012.

Audio-visual and related services (and others), health services and education services are compiled based on data collected from the TIS survey and presented as new services categories under personal, cultural and recreational services.

The various major services categories under other business services have been regrouped to align with the EBOPS presentation, viz. research and development services, professional and management consulting services and technical, trade-related and other business services. These are the main EBOPS sub-components for this standard services component.

With the reclassification, professional and management consulting services now comprise legal, accounting, advertising and market research and business management services.

Operating leasing services is introduced as a new services category in other business services. This, together with architectural, engineering and technical, trade-related and other services, now come under technical, trade-related and other business services.

New Presentation Format based on EBOPS

With the release of the EBOPS classification, a new and more detailed presentation of the BOP services account and TIS statistics has been introduced. Table 1 provides a comparison of the current presentation for services trade and the new format presented based on EBOPS.

Recent Trends

Singapore’s total trade in services reached \$463 billion in 2017, close to 104 per cent of Gross Domestic Product (GDP) at current market prices (Chart 1). Singapore recorded a services trade deficit as major categories such as other business services, charges for the use of intellectual property, travel services as well as transport services registered net payments for the year.

In terms of the selected services components with EBOPS breakdown, other business services, transport services, financial services, charges for the use of intellectual property, telecommunications, computer & information services, as well as personal, cultural and recreational services collectively constituted around 80 per cent of total trade in services for the year.

CHART 1 COMPOSITION OF TRADE IN SERVICES, 2017

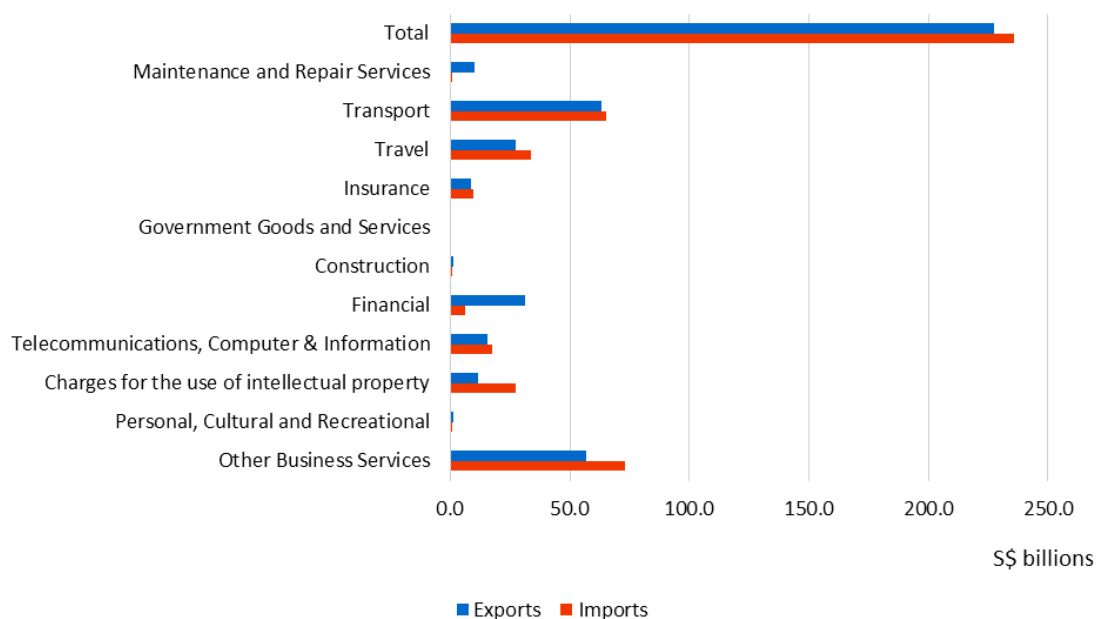


TABLE 1 PRESENTATION OF BOP SERVICES ACCOUNT AND TIS STATISTICS¹

Existing Format	New EBOPS Format
Maintenance And Repair Services	Maintenance And Repair Services
Transport	Transport
Freight ²	Sea transport
Others ³	Freight
	Passenger and Others
	Air transport
	Other modes of transport
	Postal and courier services
Travel	Travel
Insurance	Insurance
Government Goods And Services	Government Goods And Services
Construction	Construction
Financial	Financial
	Explicitly charged and other financial services
	Financial intermediation services indirectly measured (FISIM)
Telecommunications, Computer & Information	Telecommunications, Computer & Information
	Telecommunications services
	Computer services
	Information services
Charges For The Use Of Intellectual Property	Charges For The Use Of Intellectual Property
	Franchises and trademarks licensing fees
	Licences for the use of outcomes of research and development
	Licenses to reproduce and/or distribute computer software, audio-visual and related products and other IP charges
Personal, Cultural And Recreational	Personal, Cultural And Recreational
	Audio-visual and related services and others
	Health services
	Education services
Other Business Services	Other Business Services
Research And Development	Research And Development
Legal	Professional and management consulting
Accounting	Legal
Advertising And Market Research	Accounting
Business Management	Advertising And Market Research
Architectural	Business Management
Engineering And Technical	Technical, trade-related and other business services
Trade-related	Architectural
Others	Engineering And Technical
	Operating leasing ⁴
	Trade-related
	Others

1 For more information on the definitions of the various services categories, please refer to the Technical Notes in the [Singapore's International Trade in Services 2016](#) report from page 18.

2 Includes Freight services for all modes of transport.

3 Includes Passenger and Other transport services for all modes of transport.

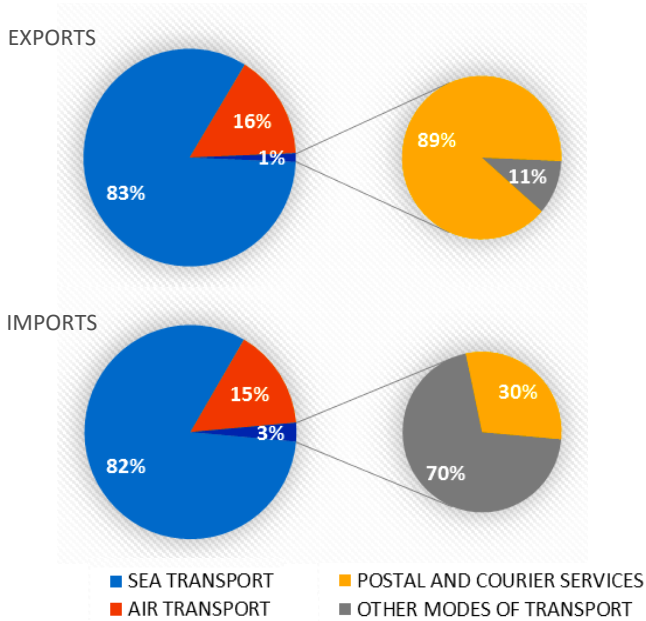
4 Shown separately on its own with the adoption of EBOPS; previously subsumed under Others.

Transport

Transport services exports was the largest contributor of Singapore’s exports of services, recording a compound annual growth rate (CAGR) of 1.9 per cent from 2013 to 2017. The increase in transport receipts was mainly driven by the growth in sea and air transport services, which accounted for 83 per cent and 16 per cent of exports of transport services in 2017 respectively (Chart 2).

In comparison, imports of transport services registered a higher CAGR of 7.6 per cent on the back of higher payments for transport services by sea and air during the period.

CHART 2 TRANSPORT SERVICES BY MODE OF TRANSPORT, 2017



Financial

Trade in financial services grew steadily over the past five years, with both exports and imports registering CAGRs of about 7.4 per cent each. The growth in exports and imports of financial services were led by the increase in financial management services and FISIM, reflecting Singapore’s status as an international financial centre. In 2017, explicitly charged and other financial services accounted for 78 per cent of trade in financial services, with FISIM constituting the rest.

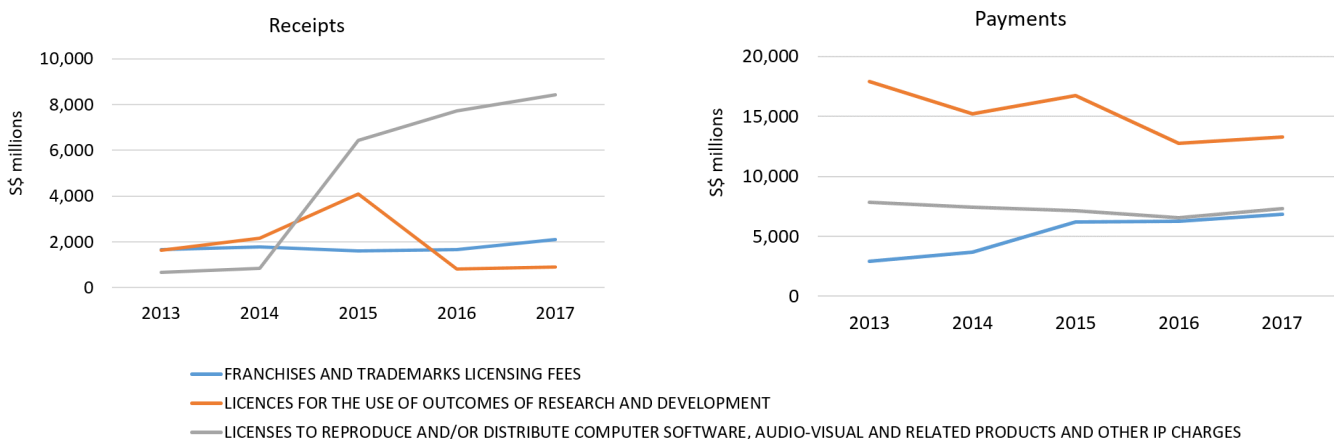
Telecommunications, Computer & Information

Exports and imports of telecommunications, computer and information services have been expanding rapidly over the years. Receipts and payments for computer services recorded robust annual growths of 13 per cent and 10 per cent respectively over the last five years. Computer services contributed 85 per cent, whereas telecommunications services and information services accounted for 11 per cent and around 4 per cent respectively of total trade in telecommunications, computer and information services in 2017.

Charges for the Use of Intellectual Property

Services exports of charges for the use of intellectual property grew significantly over the past five years (Chart 3) at a CAGR of 30 per cent, which resulted in its share of total services exports rising from 2.2 per cent in 2013 to 5.0 per cent in 2017.

CHART 3 CHARGES FOR THE USE OF INTELLECTUAL PROPERTY, 2013 - 2017

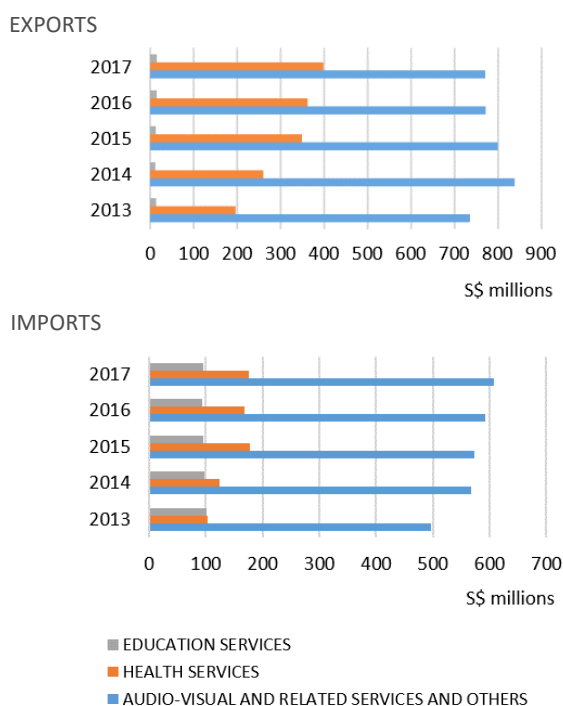


This was due mainly to the surge in receipts from IP charges for the reproduction and redistribution of software and multimedia works in recent years. In contrast, services imports of charges for the use of intellectual property was relatively stable over the period with a CAGR of -1.1 per cent, although it remained an important contributor to overall services imports, accounting for 12 per cent of the total in 2017.

Personal, Cultural and Recreational

Personal, cultural and recreational services exports and imports, which mainly comprise audio-visual and related as well as health services receipts and payments, registered CAGRs of 5.8 per cent and 5.9 per cent respectively from 2013 to 2017 (Chart 4).

CHART 4 TRADE IN PERSONAL, CULTURE & RECREATIONAL SERVICES, 2013 - 2017



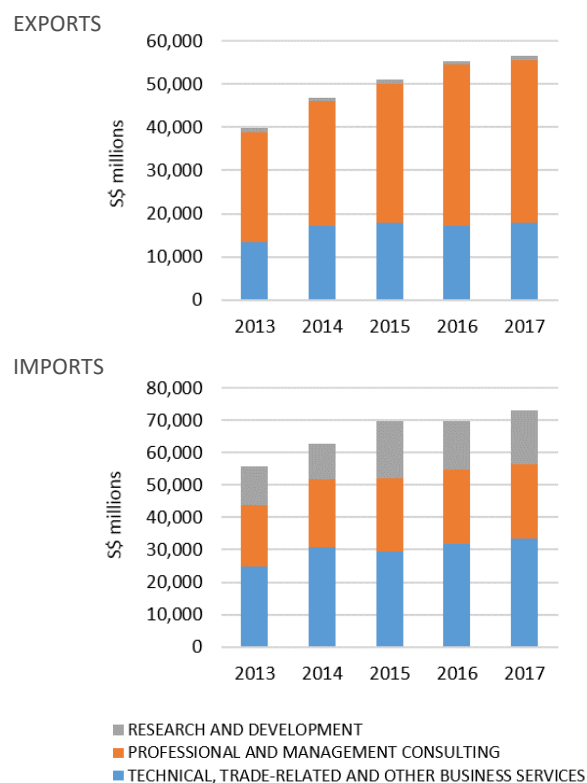
Other Business Services

Since 2013, exports of other business services expanded by an annualised 9.2 per cent as professional and management consulting services, as well as technical, trade-related and other

business services recorded CAGRs of 10 per cent and 7.4 per cent respectively (Chart 5).

Similarly, imports of other business services, which formed the bulk of the total services imports increased over the past five years with a CAGR of 7.0 per cent.

CHART 5 TRADE IN OTHER BUSINESS SERVICES, 2013 - 2017



Concluding Remarks

The successful adoption of EBOPS by DOS will significantly enhance the analytical usefulness of Singapore's BOP and TIS statistics, providing more disaggregated data for the monitoring of developments in the global economy and international trade.

DOS will continue to review the remaining BPM6 services components and work towards releasing more detailed EBOPS categories. This will better align Singapore's statistics on international trade in services with the presentation found in BPM6 and MSITS 2010, while improving data quality and increasing their relevance to underlying economic conditions.