

Technical Notes

1. Introduction

Statistics on International Trade in Services (SITS) are generally compiled in accordance with the United Nations' recommendations, as outlined in the Manual on Statistics of International Trade in Services 2010 (MSITS 2010) and the 6th edition of the IMF Balance of Payments Manual (BPM6).

2. Data Sources

The main sources of SITS data are based on

- **Survey on International Trade in Services**

The survey on International Trade in Services is the primary source of data for exports and imports of services and encompasses enterprises involved in international trade in services between Brunei Darussalam residents and non-residents.

The survey is conducted under the authority of the Statistics Act, Chapter 81 of the Laws of Brunei Darussalam. All information provided will be treated as confidential and used solely for statistical purposes. Partner country data is also used to estimate service transactions and for comparison purposes.

- **Administrative Sources**

Administrative data is collected from government agencies and private agencies for the compilation of international trade in services under government transactions, travel, transport, and communication.

3. Concept of Resident and Non-Resident

A resident is defined as any individual, enterprise or other organization ordinarily domiciled in Brunei Darussalam. Brunei Darussalam branches and subsidiaries of non-resident companies are considered residents of Brunei Darussalam.

On the other hand, a non-resident is any individual, enterprise or other organization ordinarily domiciled in a country other than Brunei Darussalam. Similarly, foreign branches and subsidiaries of Brunei Darussalam companies who are residing temporarily in Brunei Darussalam are considered as non-residents.

There are exceptions to these definitions. Individuals and members of their immediate families who reside outside Brunei Darussalam but work with the Brunei Government, such as diplomats, consular officials, and members of the armed forces, are considered

Brunei residents. Brunei students studying at foreign educational institutions are also considered as Brunei residents, regardless of the duration of their study abroad. Conversely, individuals and members of their immediate families working in Brunei Darussalam for foreign embassies, consulates or other missions as well as foreign students enrolled at Brunei Darussalam's educational institutions are not considered as Brunei Darussalam residents, regardless of their length of stay.

4. Classifications

The international trade in services are compiled in accordance to the MSITS and BPM6 standard services major components, which consist of 12 headings, as follows:

1. Manufacturing services on physical inputs owned by others

Manufacturing services on physical inputs owned by others include activities such as processing, assembly, labelling and packing that are undertaken by enterprises that do not own the goods. Examples include oil refining, liquefaction of natural gas and assembly of clothing and electronics. Exclusions from this category are the assembly of prefabricated construction (included in construction) and labelling and packing incidental to transport (included in transport services).

The manufacturing is undertaken by an entity that does not own the goods and is paid a fee by the owner. The ownership of the goods does not change, so no general merchandise transaction is recorded between the processor and the owner. Only the fee charged by the processor is included under this item, although such a fee may include the cost of materials purchased by the processor.

2. Maintenance and repair services not included elsewhere (n.i.e.)

Maintenance and repair services n.i.e. include maintenance and repair work by residents on goods owned by non-residents (and vice versa). The repairs may be performed at the site of the repairer or elsewhere. Maintenance and repairs on ships, aircraft and other transport equipment are included in this item. Cleaning of transport equipment is included in transport services. Construction repairs and maintenance are included under construction. Maintenance and repairs of computers are included under computer services.

The value recorded for maintenance and repairs is the value of the repair work done, not the gross value of the goods before and after repairs. The value of maintenance and repairs encompasses any parts or materials supplied by the repairer and included in the price (parts and materials charged separately are excluded from services and included in general merchandise). Both minor repairs that maintain the item in working order and major repairs that extend the efficiency or capacity of the

good or extend its life are included. No distinction is made between those repairs included by the customer in intermediate consumption and those included in capital formation.

3. Transport

Transport covers the carriage of people and objects from one location to another, along with related supporting and auxiliary services, as well as rentals (charters) of carriers with crew. Postal and courier services are also included. Transport can be classified based on the mode of transport and the items carried (passengers or freight).

4. Travel

Travel includes goods and services acquired by individuals undertaking study or medical care outside the territory of residence. It also includes acquisitions of goods and services by seasonal, border and other short-term workers in the economy of employment.

Travel excludes the acquisition of goods and services by diplomats, consular staff, military personnel, etc., and their dependents in the territory in which they are posted (these are included in Government goods and services n.i.e.).

5. Construction

Construction covers the creation, management, renovation, repair or extension of fixed assets in the form of buildings, land improvements of an engineering nature and other constructions such as roads, bridges and dams. It also includes related installation and assembly work, site preparation and general construction as well as specialised services such as painting, plumbing and demolition.

6. Insurance services

Insurance services cover the provision to non-residents of various types of insurance by resident insurance enterprises, and vice versa. Insurance and pension services be disaggregated into direct insurance; reinsurance and auxiliary insurance.

Direct insurance is further broken down into life insurance, freight insurance and other forms of direct insurance. Insurance provides financial protection to individual units (such as governments, enterprises and households) exposed to certain risks, covering the consequences of the occurrence of specified events. In addition, insurers frequently act as financial intermediaries, investing funds collected from these units in financial or other assets in order to meet future claims.

7. Financial services

Financial services cover financial intermediation and auxiliary services, excluding those provided by insurance enterprises and pension schemes. These services include those usually offered by banks and other financial intermediaries and auxiliaries. Included are services related to transactions in financial instruments, as well as other services associated with financial activity. These services include, inter alia, deposit taking and lending, letters of credit, credit card services, commissions and charges related to financial leasing, factoring, underwriting and clearing of payments. Also included are financial advisory services, custody of financial assets or bullion, financial asset management, monitoring services, convenience services, liquidity provision services, risk assumption services other than insurance, merger and acquisition services, credit rating services, stock exchange services and trust services.

8. Charges for the use of intellectual property not included elsewhere (n.i.e.)

Charges for the use of intellectual property n.i.e. include:

- Charges for the use of proprietary rights, such as patents, trademarks, copyrights, industrial processes and designs, trade secrets, and franchises, where rights arise from research and development, as well as from marketing.
- Charges for licences to reproduce and/or distribute intellectual property embodied in produced originals or prototypes, such as copyrights on books and manuscripts, computer software, cinematographic works and sound recordings, and related rights, such as for the recording of live performances and for television, cable or satellite broadcast.

9. Telecommunications, computer and information services

Telecommunications services covers the broadcast or transmission of sound, images, data, or other information via telephone, telex, telegram, radio and television cable transmission, radio and television satellite, electronic mail, facsimile, etc. This category includes business network services, teleconferencing and support services. It excludes the value of the information transported. Also included are mobile telecommunications services, Internet backbone services and online access services, including the provision of access to the Internet. Exclusions from this category are installation services for telephone network equipment (included in construction), and database services (included in information services).

Computer services consist of hardware and software related services and data processing services. These include sales of customized and non-customized software, installation and consultancy services.

Information services include news agencies services, database services (database conception, storage, and dissemination), and direct non-bulk subscriptions to newspapers and periodicals, whether by mail, electronic transmission or other means.

10. Other business services

Other business services comprised of three sub-components: research and development services, professional and management consulting services and technical, trade-related and other business services.

- Research and development services covers those services associated with basic research, applied research and experimental development of new products and processes. This includes activities in the physical sciences, the social sciences and the humanities.
- Professional and management consulting services are divided into two parts:
 - legal, accounting, management consulting, and public relations services and advertising, market research and public opinion polling.
- Technical, trade-related and other business services is broken down into five sub-components: architectural, engineering, scientific and other technical services; waste treatment and de-pollution, agricultural and mining services; operating leasing services; trade-related services; and other business services n.i.e. Architectural, engineering, scientific and other technical services is broken down into three components:
 - Architectural services, which includes transactions related to the design of buildings;
 - Engineering services, which includes the design, development and utilization of machines, materials, instruments, structures, processes and systems. Services of this type involve the provision of designs, plans and studies related to engineering projects. Mining

engineering is excluded and included instead in services incidental to mining, and oil and gas extraction; and

- Scientific and other technical services, which include surveying; cartography; product testing and certification; and technical inspection services.

11. Personal, cultural and recreational services

Personal, cultural, and recreational services comprise of two sub-components: audio-visual and related services and other personal, cultural, and recreational services.

12. Government goods and services not included elsewhere (n.i.e.)

Government goods and services n.i.e. cover:

- Goods and services supplied by and to enclaves, such as embassies and military bases.
- Goods and services acquired from the host economy by diplomats, consular staff and military personnel located abroad and their dependants.
- Services supplied by and to Governments and not included in other categories of service.

5. International Trade in Services by Trading Partner

The international trade in services by partner country are collected via surveys conducted by the Department of Statistics of the Department of Economic Planning and Statistics, Ministry of Finance and Economy. The record is based on the country of residence of the non-resident transactor and the value of the transactions vis-à-vis each country. The compilation of trading partners data does not include transport, travel and government services.

