



KOLOKIUUM STATISTIK 2015 JABATAN PERANGKAAN MALAYSIA

The Impact on Implementation of Goods for Processing Sent Abroad and Manufacturing Services in Malaysia's Gross Domestic Product

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PRESENTATION OUTLINE

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INTRODUCTION

Goods Sent Abroad for Processing (GFP)

2008 SNA & BPM6 recommended that transaction recorded for the compilation of GDP should be based on “**ownership principle**”. The compilation of GDP for base year 2010 incorporated the following treatment:

- The SNA shows transactions, not physical movement of goods
- Exports and imports should be recorded on a strict change of economic ownership basis
- Imports and exports of goods sent abroad for processing are no longer recorded
- Processing fees are recorded as service (net basis of recording)

2008 SNA, page 595, paragraph A3.155 and BPM6, page 153, paragraph 10.22

INTRODUCTION

GDP is compiled by three approaches; Production, Expenditure and Income

Implementation of GFP and Manufacturing Services (MS) provides a direct impact on GDP by Expenditure Approach and Production Approach.

Exports and Imports of goods related to electrical & electronic products in concordance with Manufacturing sector was highly affected by this treatment. This was due to the presence of MNCs that involved in processing activities.

GFP & MS implementation started in 2015 with the rebasing exercise of GDP to year 2010 following the recommendation of 2008 SNA . This was also in line with the migration of BOP statistics to BPM6 from BPM5.

Time series involved in the treatment are from year 2010 to 2014.

This paper aims to highlight on the impact of GFP & MS implementation towards GDP, Manufacturing sector, external trade and GDP by States.

IMPLEMENTATION OF GFP AND MS IN SELECTED ASEAN COUNTRIES

Components		Country/ BPM	Singapore (2009) SGD Million	Thailand (2009) THB Million	Philippines (2011) PHP Million	Indonesia (2011) IDR Million	Malaysia (2010) RM Million
Goods	Exports	BPM6	419,493	150,819	38,276	191,109	602,609
		BPM5	396,270	150,883	48,305	200,788	641,135
		Diff	**23,223	-64	-10,029	-9,679	-38,525
	Imports	BPM6	350,738	118,199	58,705	157,284	478,427
		BPM5	352,626	131,467	61,714	166,005	504,384
		Diff	-1,888	-13,268	-3,009	-8,721	-25,957
MS	Exports	BPM6	*	*	*	1,081	8,282
		BPM5					
		Diff				1,081	8,282
	Imports	BPM6	*	*	*	-	80
		BPM5					
		Diff				-	80
	Transfer pricing						

Note: * Data on MS are included in Other Business Services component.

** Data for BPM6 larger due to inclusion of merchanting trade.

PAIRED SAMPLE T-TEST: MANUFACTURING SECTOR

Data Source

Annual Value added of Manufacturing sector by 24 Group at current prices from 2010 to 2014.

Data are comprised of pregfp and postgfp.

Definition

Pregfp : value added of Manufacturing sector at current prices prior the implementation of GFP

Postgfp : value added of Manufacturing sector at current prices after the implementation of GFP

Hypotheses

$H_0: d = 0$

$H_1: d \neq 0$

Using α 0.05

PAIRED SAMPLE T-TEST

Paired Samples Statistics					
		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	pregfp	9426.2333	120	9693.19653	884.86373
	postgfp	9284.1915	120	9372.86234	855.62136

Paired Samples Correlations			
		N	Sig.
Pair 1	pregfp & postgfp	120	.998

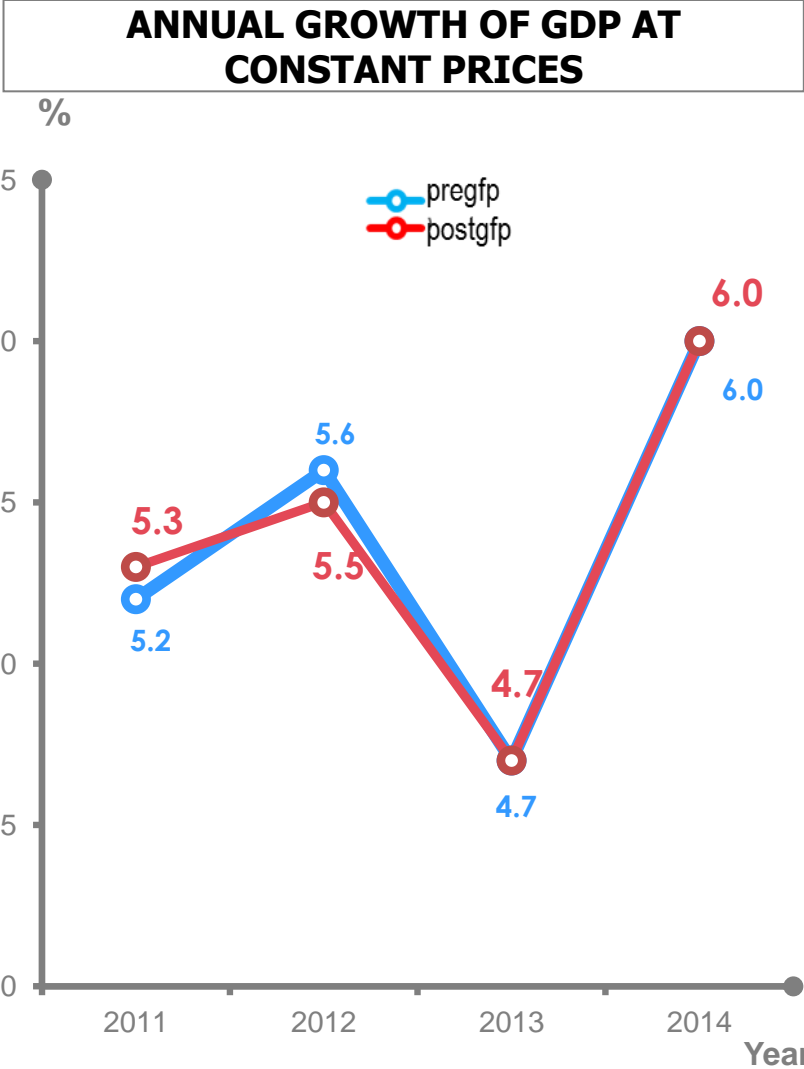
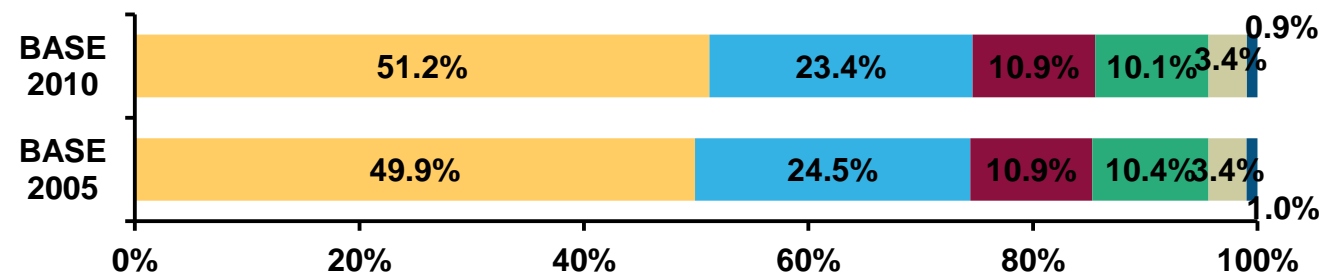
Paired Samples Test									
		Paired Differences				t	df	Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Difference				
					Lower				Upper
Pair 1	pregfp - postgfp	142.04184	638.95156	58.32803	26.54652	257.53717	2.435	119	.016

- Reject null hypotheses ($p < 0.05$), there is a significant difference between pregfp and postgfp
- We conclude that **there is a significant impact of GFP implementation on Manufacturing sector**

IMPACT ON GDP BY PRODUCTION APPROACH

COMPARISON FOR YEAR 2010 AT CURRENT PRICES

Kind of Economic Activity	Base 2005		Base 2010	
	RM Million	Share (%)	RM Million	Share (%)
TOTAL GDP	797,327	100.0	821,434	100.0
Services	397,768	49.9	420,382	51.2
Manufacturing	195,533	24.5	192,493	23.4
Mining & Quarrying	86,628	10.9	89,793	10.9
Agriculture	82,614	10.4	82,882	10.1
Construction	27,112	3.4	28,213	3.4
Import Duties	7,672	1.0	7,672	0.9

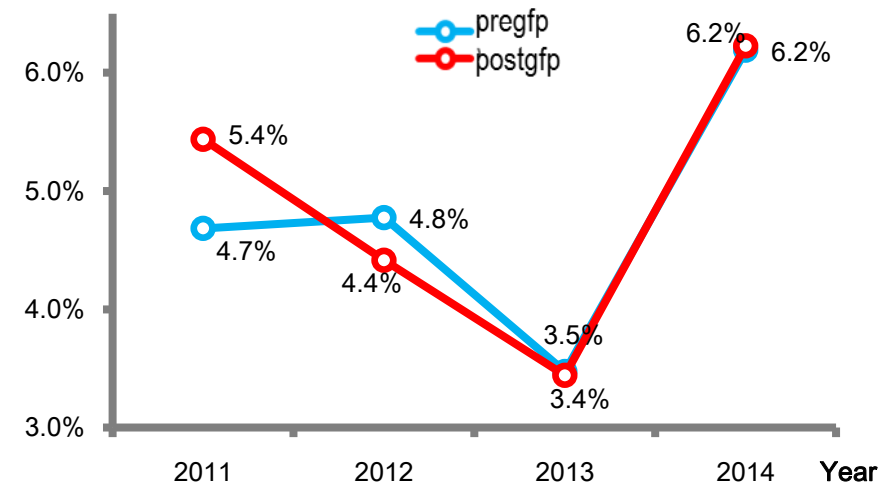


IMPACT ON GDP BY PRODUCTION APPROACH

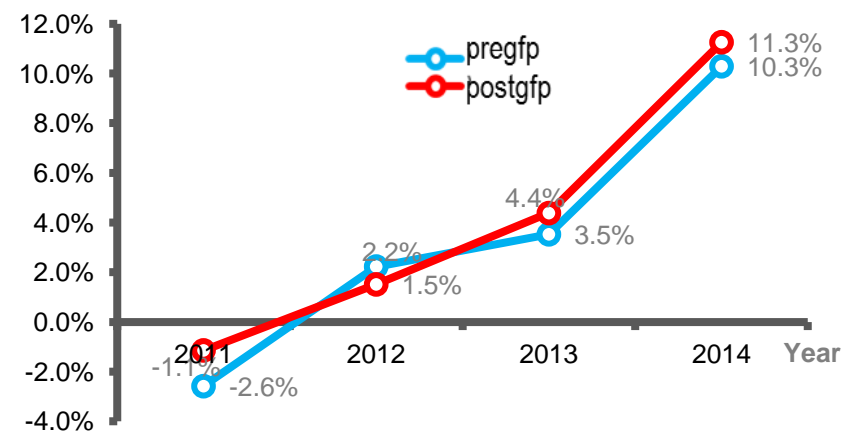
SHARE OF MANUFACTURING FOR YEAR 2010 AT CURRENT PRICES

Kind of Economic Activity	Base 2010	
	RM Million	Share (%)
Manufacturing	192,493	100.0
Petroleum, Chemical, Rubber & Plastic Products	60,582	31.5
Electrical & Electronic	48,395	25.1
Food, Beverages & Tobacco	24,180	12.6
Transport Equipment & Other Manufactures	22,154	11.5
Non-Metallic Mineral Products, Basic Metal & Fabricated Metal Products	21,850	11.4
Wood Products, Furniture, Paper Products, Printing & Publishing	12,016	6.2
Textiles, Wearing Apparel, Leather Products & Footwear	3,317	1.7

Annual Growth of Manufacturing at Constant Prices



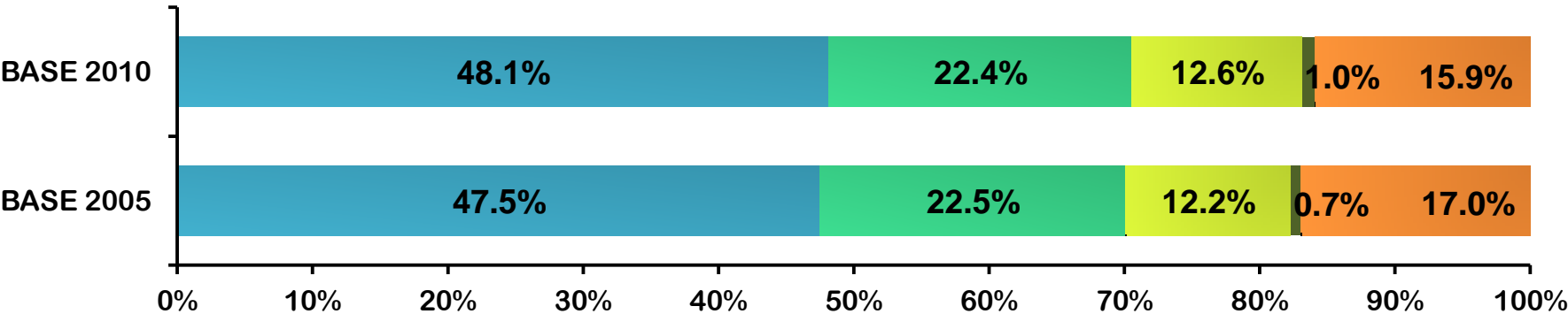
Annual Growth of E&E at Constant Prices



IMPACT ON GDP BY EXPENDITURE APPROACH

COMPARISON FOR YEAR 2010 AT CURRENT PRICES

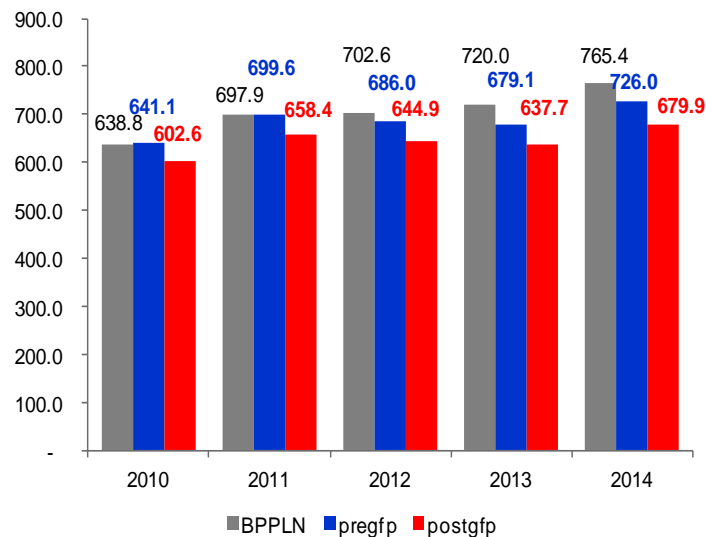
Kind of Economic Activity	Base 2005		Base 2010	
	RM Million	Share (%)	RM Million	Share (%)
TOTAL GDP	797,327	100.0	821,434	100.0
● Private Final Consumption	378,791	47.5	395,245	48.1
● Gross Fixed Capital Formation	179,793	22.5	184,292	22.4
● Government Final Consumption	97,482	12.2	103,346	12.6
● Changes in Stock*	5,955	0.7	7,813	1.0
Exports	744,034	93.3	714,075	86.9
Imports	608,728	76.3	583,337	71.0
● Net Exports	135,306	17.0	130,738	15.9



IMPACT ON GDP BY EXPENDITURE APPROACH

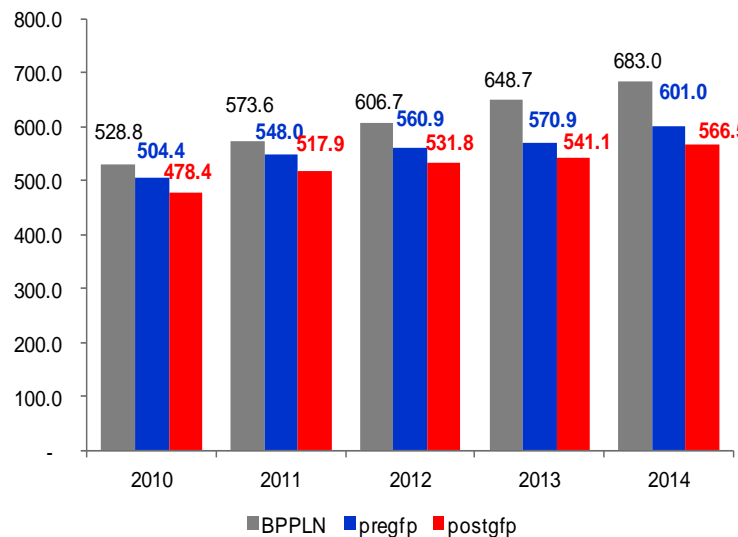
RM BILLION

EXPORTS: GOODS



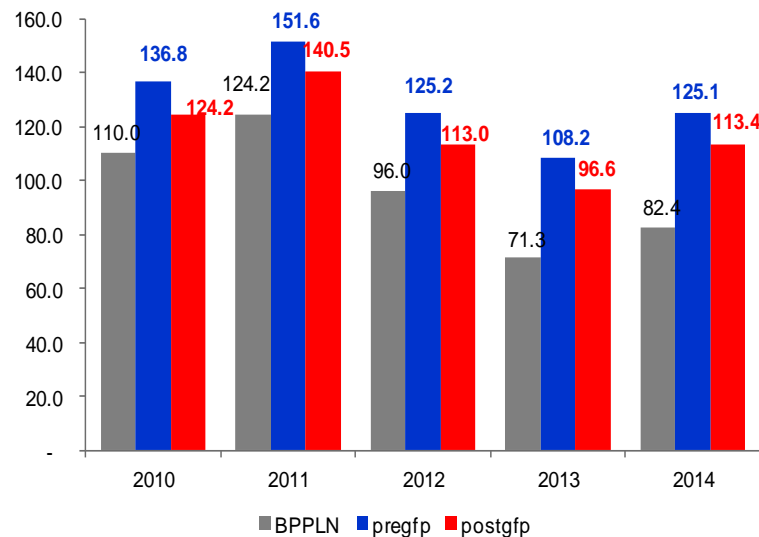
RM BILLION

IMPORTS: GOODS



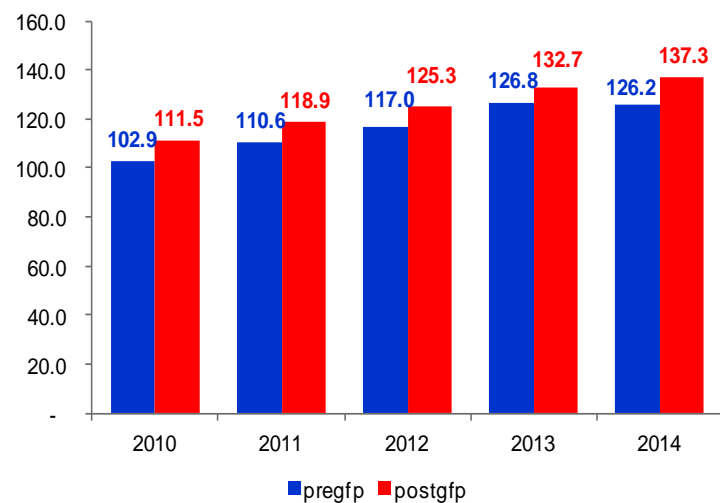
RM BILLION

NET EXPORTS: GOODS



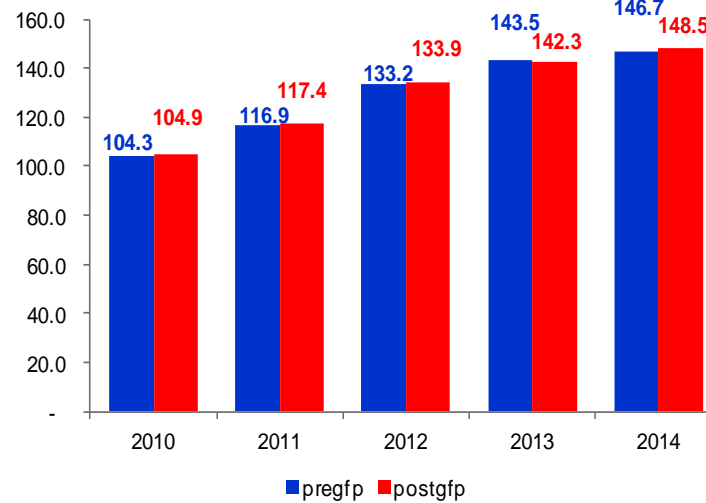
RM BILLION

EXPORTS: SERVICES



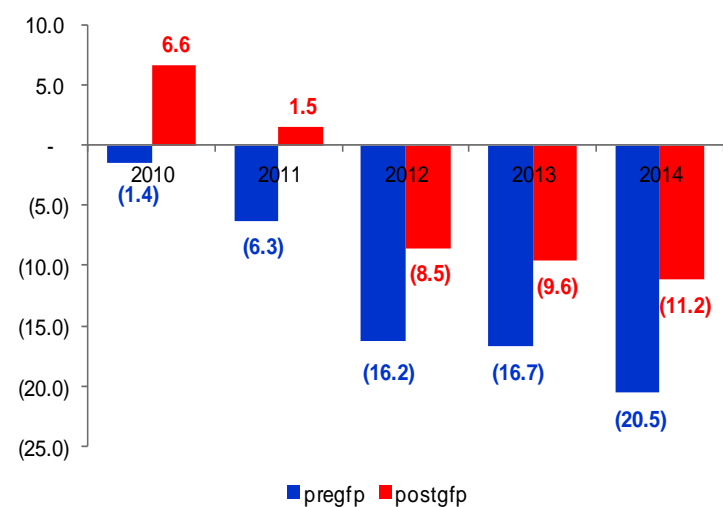
RM BILLION

IMPORTS: SERVICES



RM BILLION

NET EXPORTS: SERVICES

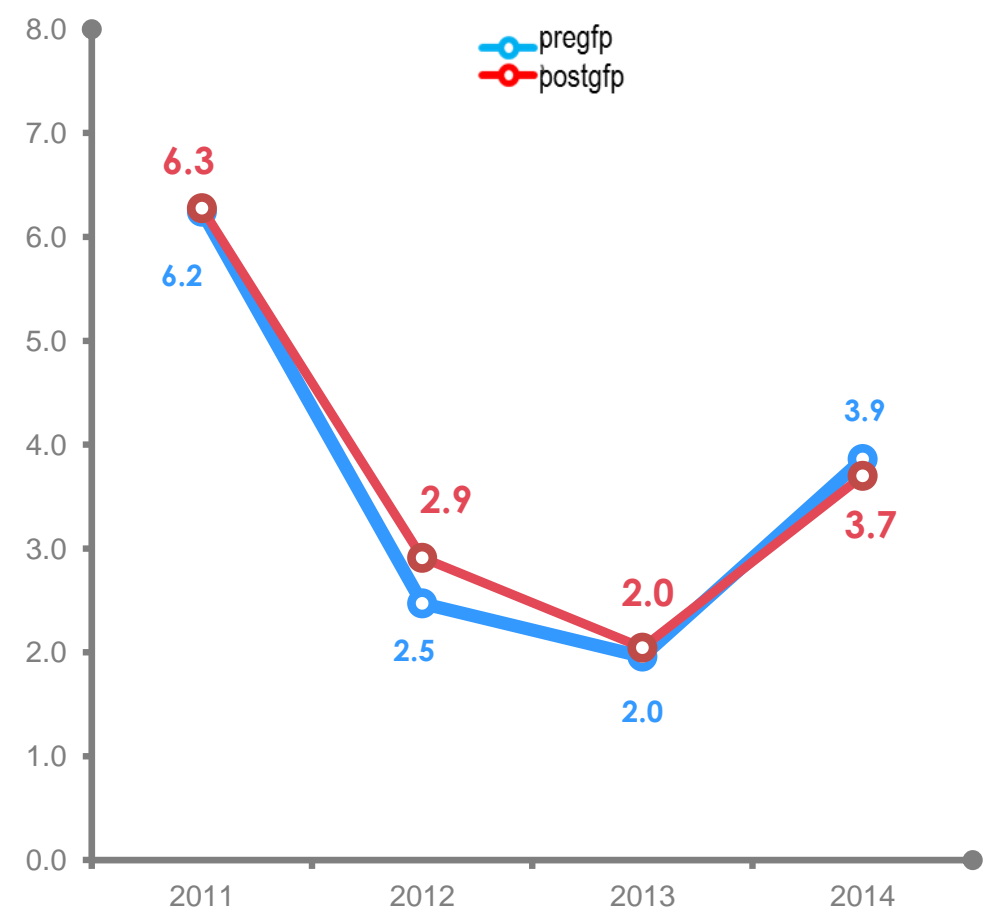


IMPACT ON EXPORTS AND IMPORTS OF GOODS & SERVICES

Annual Growth of Exports at Constant Prices



Annual Growth of Imports at Constant Prices

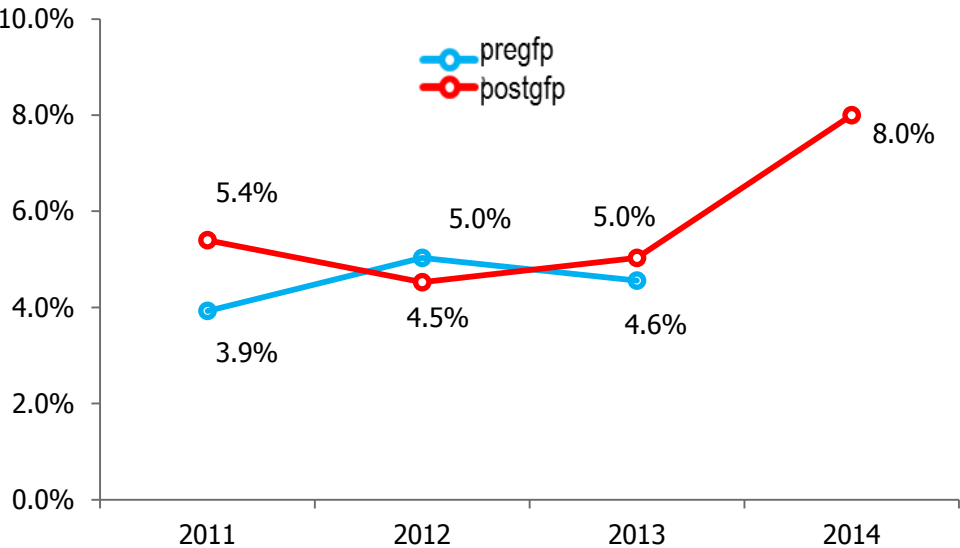


IMPACT ON GDP BY STATE – PULAU PINANG



GDP Growth 2011-2014

Annual Growth of GDP at Constant Prices

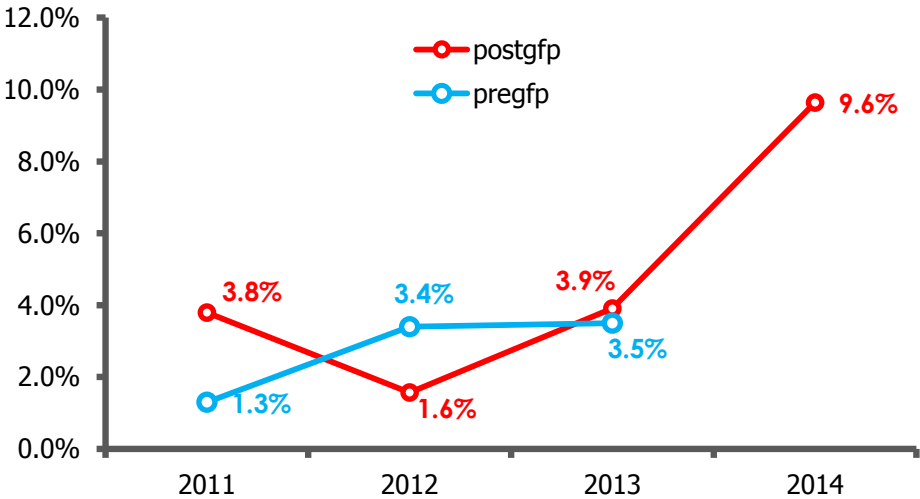


Year	2010	
Sector	Base 2005	Base 2010
Agriculture	1.8	2.4
Mining & Quarrying	0.0	0.1
Manufacturing	50.4	45.9
Construction	2.1	2.8
Services	45.0	48.3
Import Duties	0.6	0.5
GDP	100.0	100.0

Growth Rate By Economic Activity 2011-2014

Sector/Year	2011	2012	2013	2014
Agriculture	6.1	5.0	3.0	4.2
Mining & Quarrying	5.7	14.0	13.9	13.6
Manufacturing	3.8	1.6	3.9	9.6
Construction	5.1	21.7	-0.5	13.1
Services	6.8	6.0	6.3	6.5
Import Duties	21.3	21.0	16.2	6.8
GDP	5.4	4.5	5.0	8.0

Growth of Manufacturing at Constant Prices



IMPACT ON MACROECONOMIC INDICATOR

No.	Macro Economic Data	Base 2005	Base 2010
1	Expenditure on GDP at purchasers' prices	797,327	821,434
2	Gross National Income (GNI)	770,993	795,303
3	Population (' 000)	28,589	28,589
4	Gross National Income (GNI) per capita in RM	26,969	27,819
5	Net primary income from abroad	(26,333)	(26,132)
6	Gross National Disposable Income (GNDI)	749,203	773,512
7	Gross Domestic Savings	321,054	322,843
8	Gross National Savings	272,930	274,921
9	Savings-Investment Gap	87,183	82,816

CONCLUSION

1. GFP and MS implementation gives an impact on GDP by reducing the value in the range of RM3 billion to RM4 billion from 2010 - 2014.
2. With the globalisation of production, balance of payments statistics provide the real external trade position in a country which can portray the economic growth, not just relying on the trade data.
3. Create an awareness on the importance of trade data on the basis of **change in ownership of the goods** concerned and **not merely the physical cross-border movement of goods**.
4. Malaysia to focus on the exports of Services in driving nation's economy.