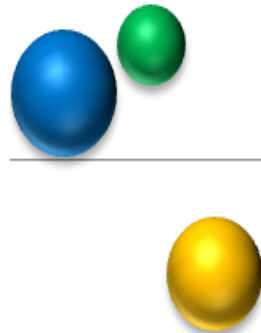




EXPORTS AND IMPORTS OF GOODS AND SERVICES

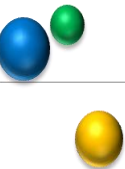
Buyung Airlangga





Transaction with Abroad

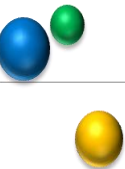
- Goods and Services (included in the estimation of GDP expenditure)
- Income (Flow of factor services; Payment of production factors ownership which is used by foreign parties among others, as labor income, investment income and the rent of natural resources)
- Capital
- Financial Instrument





Transaction with Abroad (contd.)

- Export – flow of goods and services from resident unit to non-resident unit
- Import – flow of goods and services from non-resident unit to resident unit





Transaction with Abroad (contd.)

- ❖ Classification used in goods transaction:
 - *Harmonized System* (Developed by World Custom Organization)
 - *Standard International Trade Classification (SITC)*
- ❖ Recorded when there is a change of ownership, in practice when recorded in:
 - Customs (across geographical boundaries)
 - Purchasing by non-resident unit in an economic territory

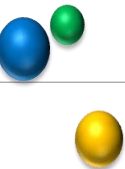




Transaction with Abroad (contd.)

□ Export

- ❖ **Goods are recorded f.o.b. (free on board, except value of insurance and transportation) during change of ownership or when the goods cross national boundaries**
- ❖ **Trade of non-factor services includes supply of services for non resident unit**
 - **Transportation, insurance, hotel and restaurant, etc.**
- ❖ **Data from goods transaction which is recorded from customs manifest and institutions that buy from domestic (embassies and non-resident institutions)**

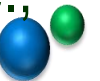




Transaction with Abroad (contd.)

□ Export (Contd.)

- Export of services includes non-factor services export and purchases by non-resident of resident institutional
- Data on Exports of services collected from survey or bank transaction records. Purchases by foreign purchaser in domestic region recorded as traveling in BOP
- Export might be recorded underestimate because of undervaluation problem, smuggling, miss declaration of goods, miss coverage, and unrecorded other transaction (i.e., e-commerce)

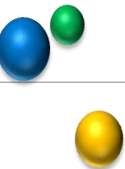




Transaction with Abroad (contd.)

□ Import

- Includes non-factor services and imports of goods
- Goods are recorded c.i.f. (cost, insurance and freight) at national boundaries; but national account adjusted insurance and freight item and move them into the services so that assessment becomes f.o.b.
- Import of goods which is purchased by residents during trips abroad are recorded as services related to travel

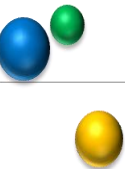




Transaction with Abroad (contd.)

□ Import (Contd.)

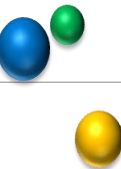
- Imports of goods and services are exclude contraband/illegal goods, undervaluation, online transaction, unrecorded transaction, and payment outside the banking system.
- Other service transactions are difficult to quantify, such as communication, computer services (i.e. software development) and online transaction.





Transaction with Abroad (contd.)

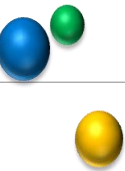
- Some exceptions in the transaction of goods and services with Abroad:
 - Transaction by non-resident unit with abroad
 - Mutations product samples, goods for exhibition, goods for repair and for lease
 - Movement of goods owned by residents who return from abroad





Transaction with Abroad (contd.)

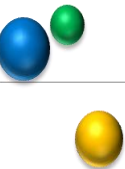
- Some exceptions in the transaction of goods and services with Abroad:
 - Factor services (Labor, source of capital, etc.)
 - Goods leased or rented





Standard International Trade Classification (SITC)

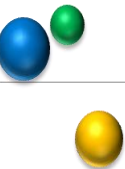
- 0 – Foods and Live Animals
- 1 – Beverages and tobacco
- 2 – Raw materials, inedible except fuels
- 3 – Mineral fuels, lubricants and related materials
- 4 – Oils, fats and waxes of animal and plant
- 5 – Chemicals and related products





Standard International Trade Classification (SITC) (Contd.)

- 6 – Manufactured goods classified mainly by material type
- 7 – Machinery and transport equipment
- 8 – Component manufacturing yields
- 9 – Commodities and transactions not included in any group of SITC
 - I – Monetary Currency
 - II – Gold coins and coin currency





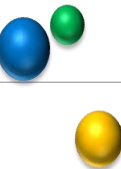
Valuation and Time of Recording of exports and imports of goods

□ Time of recording

- **Principally – recorded when there is a change of ownership**
- **Practically – change of ownership considered occurred while carrying the transaction in the books**
- **Might not in line with the stage of the transaction process**

□ Valuation

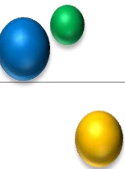
- **Export and Import of goods valued f.o.b. at borders of the exporting country :**
 - **Basic price**
 - **Added with transportation and distribution cost to the state boundary including loading cost to the ship**
 - **Added with any taxes less subsidies goods of export**





Exports and Imports of Services

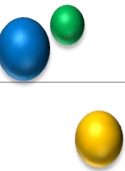
- ❖ Export of services – all of services supplied by resident for non-resident
- ❖ Import of services – all of services supplied by non-resident for resident
- ❖ Types of Services :
 - Transportation
 - Tourism
 - Other services – Construction, Business Services, Finance Services, Insurance, etc.

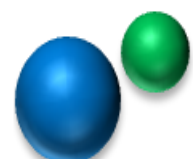




EXPORT-IMPORT OF GOODS AND SERVICES

- For a while, the value of exports and imports do not count each one, but still incorporated into net exports;
- Before the available representative data on import-export, import-export value is calculated from the total value of GDP and total use of other components (*balancing*).





Thank you