MEASURING GOODS FOR PROCESSING AND MANUFACTURING SERVICES IN MALAYSIA

Abstract
(200 – 350 words)

The external trade sector continues to spearhead Malaysia’s economic growth. Measurement of external trade was purely based on the flows of goods between countries. Following an international dispersion of a company’s production processes for goods and services, measurement of international trade has shifted towards a change in ownership of the goods concerned and not merely the physical cross-border movement of goods. This principle has outlined that any goods sent abroad for processing (GFP) does not change ownership, the goods must be excluded from the trade in goods data. Instead, the processing fees are recorded as manufacturing services (MS). The recommendation is highlighted in System of National Accounts 2008 (2008 SNA) and Balance of Payments and International Investment Position Manual, Sixth Edition (BPM6). This paper aims to highlight on concept and methodology used in measuring GFP and MS in Malaysia.

Keywords: GFP and MS