

EXPLANATORY NOTES

1. INTRODUCTION

*This publication contains statistics of Malaysia's external trade (merchandise) pertaining to imports and exports (including re-exports) by sections, divisions and groups of commodity, country of origin and destination, selected/major commodities, Broad Economic Category (BEC) classification and end-use as well as seasonally adjusted data. This statistics **do not include** inter-regional trade between Peninsular Malaysia, Sabah and Sarawak.*

2. OBJECTIVE

The main objective of compiling Malaysia's external trade statistics is to provide information on Malaysia's trade performance vis-a-vis the rest of the world in terms of volume and value of merchandise goods. The trade statistics, therefore, serve as a tool in assisting the government in formulating policies and monitoring economic performance as well as for development planning. The data can also be used by the private sector and individuals for specific purposes such as for economic projection and analysis.

3. SCOPE AND COVERAGE

3.1 *The **general** trade system of recording is adopted in compiling Malaysian external trade statistics. Under this system, the national boundary of the country is used as the statistical frontier. All goods entering or leaving the country (except specific exclusions mentioned in paragraph 11 below) are recorded, whether or not such goods are subject to clearance. Accordingly, goods entering or leaving customs bonded warehouses, Free Zones are recorded in the statistics.*

3.2 *Details of commercial and private ships and aircraft are also **included** in these statistics if they were imported or exported as goods purchased, sold or leased (financial) whether or not they arrived or departed under their own power.*

4. SOURCE OF DATA

4.1 *Import and export declarations (hard/soft copy) approved by the Royal Malaysian Customs Department (RMCD) and Free Zone Authorities.*

4.2 *Particulars on postal/courier packages are provided by the RMCD, Pos Malaysia Berhad and Keretapi Tanah Melayu Berhad (KTMB).*

4.3 *Statements and export declarations on bunkers and stores supplied to ships and aircraft issued/approved by the RMCD, Malaysia Airlines System Berhad (MAS) and petroleum companies.*

4.4 *Statements on goods sold are supplied by the operators of duty free shops.*

4.5 *Statements on the sale and purchase of electricity issued by 'power producer company'.*

5. CONCEPTS AND DEFINITIONS

5.1 With effect from reference month **January 2012**, concepts and definitions used for the purpose of compiling these statistics are based on **International Merchandise Trade Statistics: Concepts and Definitions 2010 (IMTS 2010)** published by the United Nations, New York, 2011.

5.2 Imports

Goods are regarded as imports when they are brought **into** the country either directly or into bonded warehouses, irrespective of whether such goods are for consumption, to be processed, use in manufacturing or subsequent re-exports to other countries.

5.3 Exports

Goods (locally produced or manufactured or imported for subsequent re-exports) are regarded as exports when they are taken **out** of the country.

5.4 Re-exports

Goods are regarded as re-exports when they are taken **out** of the country in the same form as they were **imported** without any **transformation**. Re-packing, sorting or grading processes are not considered as part of the transformation process.

5.5 Balance Of Trade

The balance of trade is the difference between the value of exports and imports. When exports exceed imports it is recorded as a **surplus** while a **deficit** is registered when imports exceed exports.

6. BASIS OF VALUATION

6.1 The **WTO Agreement on Valuation** is used as the basis of valuation for all transactions of goods.

6.2 **Values** are shown in **million** Malaysian Ringgit except for Tables on Exports and Imports of Major and Selected Commodities.

6.3 **Imports** are valued on a **c.i.f. (cost, insurance and freight)** basis, that is, the value of the goods in the market at the statistical/customs frontier of the importing country, including all charges for transport and insurance whilst in transit **but** excluding the cost of unloading from the carrier **unless** it is borne by the carrier.

6.4 **Exports** are valued on a **f.o.b. (free on board)** basis, that is, the value of the goods in the market at the statistical/customs frontier of the exporting country, including all costs of transporting the goods to the statistical/customs frontier, export and other duties payable as well as the cost of loading the goods onto the carrier **unless** the latter cost is borne by the carrier.

7. **CLASSIFICATION OF COMMODITIES**

Harmonised Commodity Description and Coding System 2012 (HS2012) and ASEAN Harmonised Tariff Nomenclature 2012 (AHTN2012) were implemented from reference month January 2013 for the processing of external trade statistics (merchandise). However, commodities in this publication are classified according to the Standard International Trade Classification, Revision 4 (S.I.T.C. Rev. 4) of the United Nations.

8. **VOLUME**

Volume, where shown, represent the nett weight or other measurement of the goods exclusive of packing containers. Where a commodity item comprises different kinds of commodities for which a common unit of measurement cannot be used, only values are shown.

9. **COUNTRY OF ORIGIN AND DESTINATION**

9.1 **Imports** are classified according to the country of origin of the goods, that is the country where the goods are given the final form in which they are imported into the country. For goods imported via Singapore, if information regarding the country of origin cannot be ascertained, such imports are included under the value of imports from Singapore, that is under the same category as goods produced/manufactured in Singapore.

9.2 **Imports of second-hand goods** are treated as originating from the country of consignment where the country of origin is not ascertainable.

9.3 **Exports** are classified according to the country of destination, that is the country where it is expected that the goods will be consumed insofar as this can be ascertained at the time of export. In the case of goods shipped on an optional bill of lading, the country of the first port declared is taken as the country of destination. For goods exported via Singapore, if information regarding the country of destination of goods is not known/available, such exports are included under the value of exports to Singapore, that is under the same category as goods consumed in Singapore.

9.4 **For bunkers and stores supplied to ships and aircraft**, the country of destination is determined according to the country of residence of the operator of the ship or aircraft.

10. **LOW VALUE TRANSACTIONS (LVT)**

*With effect from reference month January 2013, single transactions with a value 'below RM1,000' for Peninsular Malaysia are excluded from external trade statistics. Besides that, transactions with a value of 'between RM1,000 and RM4,999.99' for Peninsular Malaysia and 'below RM2,000' for Sabah and Sarawak are aggregated into a common code i.e. HS 980000900/AHTN 9800000090 or SITC 931000990. However, for selected products all values are included. The list of selected products are listed in **Appendix A**.*

11. **EXCLUSIONS**

Classes of goods excluded from external trade statistics are:-

- 11.1 *transit cargo, that is goods transported under customs control from one Customs office to another. Examples are the movement of goods from Thailand bound for Singapore through Peninsular Malaysia and the movement of goods within Malaysia from one free trade zone to another. All goods in transit covered through bills of lading/air-way bills are also included in this category;*
- 11.1 *transshipment cargo, that is goods transferred under the control of the relevant authorities from the importing means of transport to the exporting means of transport **within** the area of control of the same authorities, which is the office of **both** importation and exportation. For example, goods from Myanmar brought into the Pulau Pinang Customs area for the sole purpose of transport to a third country (e.g. to Hong Kong). Another example is goods from India brought into the Port Klang Free Zone for the sole purpose of transport to a third country (e.g. to Spain);*
- 11.3 *gold bullion (monetary) (HS: 7108.20.000 & AHTN: 7108.20.00.00) and issued currency notes and coins (HS: 4907.00.200 & AHTN: 4907.00.10.00);*
- 11.4 *goods imported and exported by, or on behalf of, diplomatic services and non-Malaysian Armed Forces;*
- 11.5 *exposed cinematographic films on a rental basis;*
- 11.6 *military weapons and military vehicles such as ships, aircraft and trucks, and parts and accessories thereof and technical documents imported or exported by, or on behalf of, the Malaysian Armed Forces (usually reported under HS Chapters 49, 84, 85, 87, 88, 89 and 93);*
- 11.7 *temporary admission of goods subject to re-exportation in the same state. Such goods must be imported for a specific purpose and must be intended for re-exportation within a specified period without having undergone any change except normal depreciation. Examples are animals and cars for circuses, races, competitions and exhibitions and instruments/sound equipment for musical performances;*
- 11.8 *barges (lash) used for the transportation of cargo from vessel to shore or vice-versa;*
- 11.9 *fish and other marine produce landed by Malaysian registered vessels direct from the sea;*
- 11.10 *containers, cylinders, bottles, crates and the like specified as returnable (HS: 3923.10.000, 7010.90.110, 7010.90.120, 7010.90.130, 7010.90.190, 7010.90.900, 7612.10.900, 7612.90.900 & AHTN: 3923.10.00.00, 7010.90.90.10, 7010.90.90.20, 7010.90.90.30, 7010.90.90.40, 7010.90.90.90, 7612.10.00.90, 7612.90.90.90 and sub-chapters 7310, 7311 and 8609);*
- 11.11 *stores and fuel supplied to ships and aircraft handled by operators of Malaysian residence (HS: 9800.00.914, 9800.00.915, 9800.00.916, 9800.00.917 & AHTN: 9800.00.00.94, 9800.00.00.95, 9800.00.00.96,*

9800.00.00.97);

11.12 *samples, gifts and specimens for test or analysis, irrespective of value (HS: 9800.00.600 & AHTN: 9800.00.60);*

11.13 *toto & lottery tickets;*

11.14 *movement of goods by any mode of transportation between states within Peninsular Malaysia and movement of goods by **land** between Sabah and Sarawak;*

11.15 **diskettes or CD-ROMs** with stored computer software and/or data, developed to order, **audio and videotapes** containing original recordings and **customised blueprints, etc;**

11.16 goods under **operational lease**; and

11.17 goods for **repair**.

12. **UPDATE TO EUROPEAN UNION (EU) COUNTRIES**

From 1st July 2013, the EU also includes Croatia. Thus, the publication with data for July 2013 onwards will incorporate this new development.

13. **SEASONAL ADJUSTMENT**

Time-series data are very useful for economists, policy & decision makers and time-series analysts to identify the important features of economic series such as direction, turning point and consistency between other economic indicators. Sometimes this feature is difficult to observe because of seasonal movements. Thus, if the seasonal effect can be removed, the behaviour of the series would be better viewed. The estimation and removal of the seasonal effects is called seasonal adjustment.

Seasonal adjustment is a process to identify and to remove the regular within-a-year seasonal pattern, which may also include the influences of moving holidays and working/trading days effect in each period. The ultimate objective of the process is to highlight the underlying trends and short-term movements in the series.

In Malaysia, most of the time series data are affected by seasonal effects. Hence, to eliminate the seasonal effect as well as to seasonally adjust the Malaysian economic time series data, a standard seasonal adjustment package, X-12 ARIMA was used by Department of Statistics, Malaysia.

Malaysian economic time series data are often affected by major religious festivals such as Eid-ul Fitr of the Muslims, Chinese New Year of the Chinese and Deepavali of the Indians. These festivals' dates are fixed according to the lunar year but vary according to the Gregorian calendar. Therefore, to estimate and remove moving holiday effect from time-series data, a procedure was developed, namely Seasonal Adjustment for Malaysia (SEAM).

The SEAM method is used to remove seasonal effect for Malaysia's merchandise external trade data. The seasonal adjustment is carried out on monthly total exports and total imports. The seasonally adjusted series data for the preceding three years

are revised each year when the figures for complete 12 months become available.

14. **CLASSIFICATION BY BROAD ECONOMIC CATEGORIES (BEC)**

14.1 The BEC was originally devised mainly for the summarization of data on international trade by large economic classes of commodities. In addition, it was designed to serve as a means for converting external trade data compiled on the HS into end use categories that are meaningful within the framework of the System of National Accounts (SNA) namely capital goods, intermediate goods and consumption goods. This aggregation permits external trade statistics to be considered jointly with other sets of general economic statistics such as national accounts and industrial statistics for national, regional or world level economic analysis.

14.2 The BEC includes nineteen basic categories. Each category of the BEC is defined in terms of divisions, groups, sub-groups and basic headings of HS. Each HS basic heading is allocated entirely to one BEC category. The allocation is done on the basis of the main end use of the commodities in each HS basic heading, although it is recognised that many commodities that are traded internationally may be put to a variety of uses.

15. **CONFIDENTIALITY REQUIREMENTS**

The trade data statistics have been compiled under the provisions of the **Statistics Act 1965 (Revised-1989)**. The Act stipulates that the contents of individual returns are **confidential**. In conformity with the said stipulation, only aggregated figures are published.

16. **REVISION POLICY**

Data for the current month is provisional and subject to revision until it is finalised. Revisions are made if there are additional information. Final data will be released by 10 months after reference year. Final external trade statistics for reference year 2012 was used from reference month September 2013.

17. **ROUNDING**

Sub-totals **may** not add up exactly to totals due to rounding.

18. **SYMBOLS AND ABBREVIATIONS**

-	:	Not computed/No transactions
n.e.s.	:	Not elsewhere specified
+	:	Volume less than 0.5
*	:	Value less than RM500,000
x	:	Less than 0.05 percent
A.F.T.A.	:	Asean Free Trade Area
C.B.U	:	Completely Built-Up
C.K.D	:	Completely Knocked Down
E.U.	:	European Union
E.F.T.A.	:	European Free Trade Area
L.A.I.A.	:	Latin American Integration Association

N.A.F.T.A. : North American Free Trade Area
S.A.A.R.C. : South Asian Association for Regional Co-operation

**ITEMS PROCESSED AT THE DETAILED LEVEL FOR ALL
TRANSACTION VALUES**

1. *Goods Sold by Duty Free Shops*
2. *Shipstores and Aircraft Stores*
3. *Rice*
4. *Cocoa Beans*
5. *Fruits and Nuts, Fresh or Dried*
6. *Chlorofluoromethanes (including Refrigerants)*
7. *Gases*
8. *Rubber*
9. *Sugar, Raw and Refined*
10. *Fish, Fresh, Chilled or Frozen*
11. *Maize*
12. *Petroleum Products*
13. *CKD/CBU Vehicles (Old and New)*
14. *Parcels via Postal/Courier/Rail Services*
15. *Copra*
16. *Pepper (Black and White)*
17. *Palm Oil and Products*
18. *Fuel for Ships/Aircraft*
19. *Crude Petroleum*
20. *Cigarettes*
21. *Vegetables, Fresh, Chilled, Frozen or Simply Preserved*
22. *Milk*
23. *Tobacco, Unmanufactured*
24. *Sago Flour*
25. *Tin*
26. *Prawns, Fresh, Frozen*
27. *Live Poultry (Fowls and Ducks)*
28. *Eggs (Hens and Ducks)*
29. *Cut Flowers and Flower Buds*
30. *Electric Energy*
31. *Water*