

# **Workshop on Statistics of International Trade in Services**

## **Construction**

**Abu Dhabi  
25-28 January 2015**

# Construction



**Site preparation  
creation, extension,  
renovation, and  
repair of buildings**



**Painting**



**Plumbing**

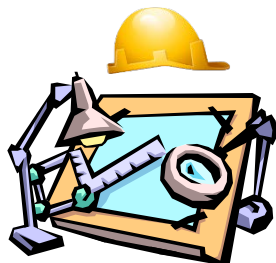


**Demolition**

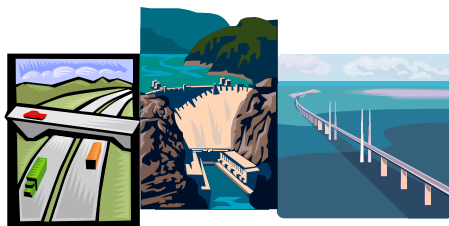


**Management of  
construction  
projects**

**and other specialized  
services....**



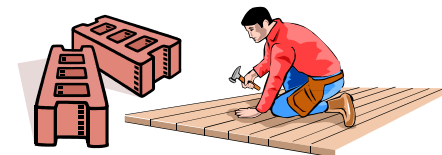
**Land  
improvements  
of an engineering  
nature**



**Engineering  
constructions**

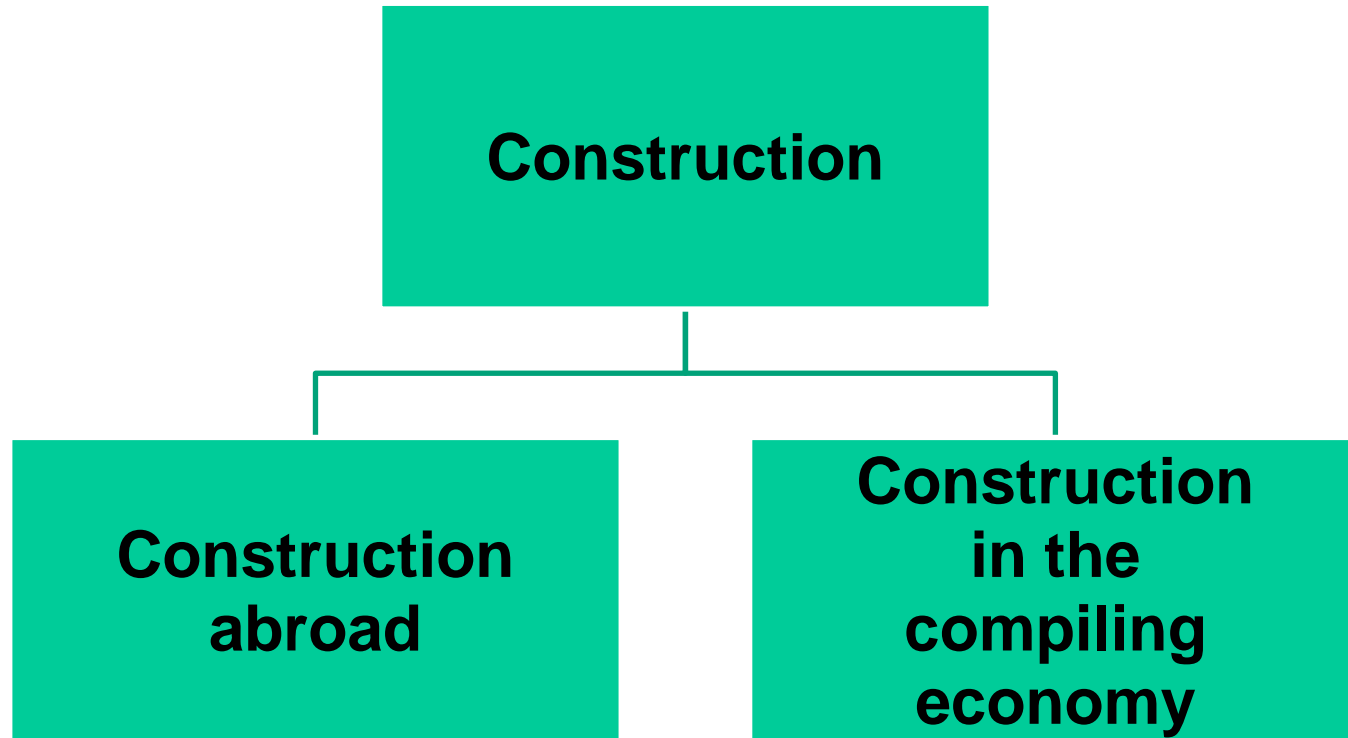


**Installation  
and assembly**



**Goods and  
services bought  
in construction  
economy**

# Disaggregation of construction BOP item...



## **GROSS RECORDING!**

**Total construction credits = construction abroad credits +  
construction in the compiling economy credits  
And the same for debits.....**

# Construction recorded in **BOP** or **FDI/FATS**?

## Combination of factors to consider!

Are external **operations** of a construction firm **substantial** to identify a branch in host country?

> 1 year: strong indication for more investigation



Type of project

Local site office?

- with separate set of accounts?
- indicators of activity in host country?  
(e.g. business premises, recruiting local staff, acquiring capital equipment)
- activity subject to which tax jurisdiction?

If international contracting important: consider survey  
(or direct reporting) for all projects/activities, and  
then separate BOP and FDI/FATS

# Distribution of International Works of Contractors by Nature of Work

Type

BOP or FATS?

Fields of Activity	Total Project Value (million USD)	(%)
Road/Bridge/Tunnel	2 656	13.8
Housing	2 528	13.1
Tourism Facilities	1 601	8.3
Transport (other)	1 233	6.4
Power Plants	1 099	5.7
Commercial Centers	923	4.8
Petrochemical Plants	840	4.4
Airports	753	3.9
Soc./ Cult. Facilities	715	3.7
Administrative Building	711	3.7
Other	6 205	32.2
Total	19 262	100.0

Duration of projects? >1 year

Which base of operations (i.e. list of criteria)?

Accrual accounting?

# Other data compilation issues

- **Complexity of construction cross-border activities**
- **Data sources:**
  - **ITRS (caution: transactions involving bank accounts in country where construction taking place)**
  - **Survey : more detailed and relevant data (in particular for construction abroad debits and construction in compiling economy credits)**
- **Aid: transaction between economy of aid agency and economy where construction + .....**

# Example

Construction project in U.A.E.:

- Conducted by enterprise from XX
- Construction of shopping mall
- lasts 9 months

Given information gathered, would you  
classify this construction project  
in BOP construction or in FDI/FATS?

- ▶ And if lasts more than 12 months?

# Construction project in U.A.E.

Conducted by enterprise from XX in year T

For this project XX company uses:

- ▶ Material, services and labour brought from XX 26
- ▶ Materials, services and labour sourced from residents of U.A.E.
  - Material from U.A.E. 9
  - Goods imported from Saudi Arabia in T-1 10
  - Subcontracting of painting services from U.A.E. 2
  - Employment of U.A.E. workers 4
- ▶ Subcontracting of engineering services from YY 5
- ▶ Operating surplus 15<sub>8</sub>



# How to record these transactions in BOP according to BPM6?

**XX**

**U.A.E**

**Construction abroad**

**Construction in the compiling economy**

**Credit: 71**

**Debit: 21**

**Goods and Services acquired by enterprise XX from residents of UAE**  
**21= (9+10+2)**

**Credit: 21**

**Debit: 71**

**Sourced in UAE**

**Imported from SA**

**Subcontracting UAE**

**4 cost of labor in UAE**  
**Compensation of employees (debit in xx and credit in UAE)**

