



FOREIGN AFFILIATES TRADE IN SERVICES: DATA SOURCES AND COMPILATION

By
Umami Kalsum Mohamad
Department of Statistics Malaysia

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Outline

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GATS Mode Of Supply: 4 Modes of International Trade in Services

MODE 1 –

**CROSS
BORDER
SUPPLY**

MODE 2 –

**CONSUMPTION
ABROAD**

MODE 3 –

**COMMERCIAL
PRESENCE**

MODE 4 –

**PRESENCE
OF NATURAL
PERSONS**



Original

**Foreign Affiliates Trade in Services
(FATS) – MSITS 2002**

Enhanced to

**Foreign Affiliates Statistics (FATS)
– MSITS 2010**

Foreign AffiliaTes Statistics

- Manual on FATS, 2007 (eurostat)

Basic Concept And Definition

FATS

- Refers to statistics describing overall operations of foreign affiliate

Foreign Affiliate

- Is defined as a foreign enterprise in which direct investor holds/controls majority (> 50%) of equity interest

Category of FATS

- **Inward FATS Statistics** describing the overall activity of foreign controlled affiliates operating in Malaysia
- **Outward FATS Statistics** describing the overall activity of Malaysia's controlled affiliates operating abroad

Statistical Unit

- **Inward FATS Statistics:** Establishment
- **Outward FATS Statistics:** Enterprise

Rationale for compiling FATS

extend the information provided by international trade statistics, FDI statistics and business statistics

describe international commercial presence of enterprises

measure the real economic impact of direct investment flows

complement the information on economic links between countries

relevant for research on economic globalisation – both in terms of reasons and effects/impacts

policy relevant – GATS, taxation, movement of capital

Fats Variables

No	Variables	Inward	Outward
1	Output	√	√
2	Value Added	√	√
3	Employment	√	√
4	Compensation of Employee (COE)	√	√
5	Fixed Assets	√	x
6	Gross Fixed Capital Formation (GFCF)	√	x
7	Purchases of goods & services	x	√
8	Total Assets	x	√
9	Total Liability	x	√

Data Sources of FATS Compilation for Selected Countries

Countries	Inward			Outward		
	FDI survey	Resident enterprise statistics	Separate survey	FDI survey	Resident enterprise statistics	Separate survey
Australia		X				X
Austria	X			X		
Belgium		X		X		
Canada				X		
Czech Republic		X		X		
Finland	X	X		X		
France		X		X		
Germany	X			X		
Hungary	X			X		
Italy			X	X		
Japan			X			X
MALAYSIA		X				X
Norway	X					
Poland		X				
Portugal	X			X		
Sweden			X			X
Switzerland	X			X		
United Kingdom		X				
United States	X			X		

*Source: WTO

Availability Of Inward & Outward FATS Variables -Selected Countries

COUNTRIES	INWARD			OUTWARD		
	NO. OF EMP	TURNOVER/ OUTPUT	VALUE ADDED	NO. OF EMP	TURNOVER/ OUTPUT	VALUE ADDED
Australia	X		X	X	X	
Austria	X	X		X	X	
Belgium	X	X		X	X	
Canada				X	X	
Czech Republic	X	X	X	X	X	
Denmark	X	X	X			
Finland	X	X	X	X	X	
France	X	X	X	X	X	
Germany	X	X		X	X	
Hong Kong, China	X	X	X			
Hungary	X	X	X	X	X	
Italy	X	X	X	X	X	
Japan	X	X	X	X	X	X
Luxembourg	X	X				
Malaysia	X	X	X	X	X	X
Netherlands	X	X	X	X		
Norway	X	X	X			
Poland	X	X				
Portugal	X	X	X	X	X	X
Sweden	X	X	X	X	X	
Switzerland	X			X		
United Kingdom	X	X	X			
United States	X	X	X	X	X	X

*Source: WTO

Background Of Inward FATS

Compilation Manual

Manual on Statistics of International Trade in Services (MSITS) 2010

Data Sources (Inward)

- Annual economic surveys
- Economics censuses – every 5 years
- Joint International Investment Position Survey (DOSM & BNM)
- Company annual report & website

Attribution of statistics

- By economic activity (based on MSIC 2008)
- By country of parent company

Info on Country of parent company

2010 : Economic Census 2010
2005 - 2009 : Joint IIP Survey

Background Of Outward FATS

Data Sources

Survey of Outward Foreign Affiliates (SOFA)

Methodology

- biennially survey
- Conducted biennially
 - 2008/2009
 - 2010/2011

Data Collection

Data of Affiliates Abroad collected through Malaysia ultimate parent company

Attribution of statistics

- By economic activity (based on MSIC 2008)
- By country of operation

Chronology Of Events –FATS

Prior 2005

✓ **2002: UN published MSITS 2002**

2006-2009

✓ **Sept 06: Workshop on Statistics on ITS, Organized by ASEAN Secretariat, KL**

✓ **Aug 07: Workshop on Services Statistics by Task Force on Services Statistics (TFSS)**

✓ **Jul 09: Training on FATS, Organized by ASEAN Secretariat, Melaka**

✓ **Nov 09: Started Inward FATS Developmental works (2005-2007)**

✓ **End 09: Establishment of Working Group on Services Statistics (WGSS)**

2010-2012

✓ **Mar 10: National Seminar on Statistics of ITS**

✓ **Mar-Apr 10: ITS Consultant (EASCAB Programme)**

✓ **2011-2012: Inward FATS compilation works (2008-2010)**

FINDINGS OF INWARD FATS 2005-2010

Chart 1: Number of Inward Foreign Affiliates

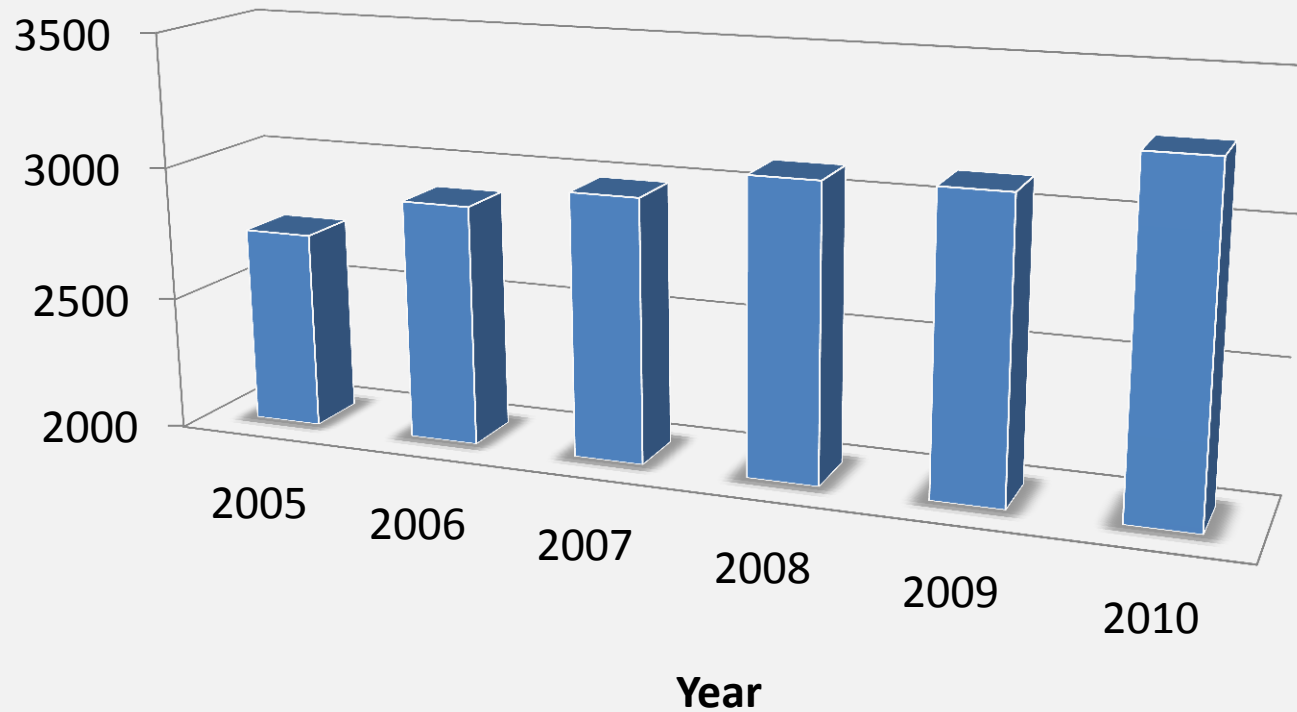


Chart 2 : Number Of Inward Foreign Affiliates By Selected Sectors, 2010

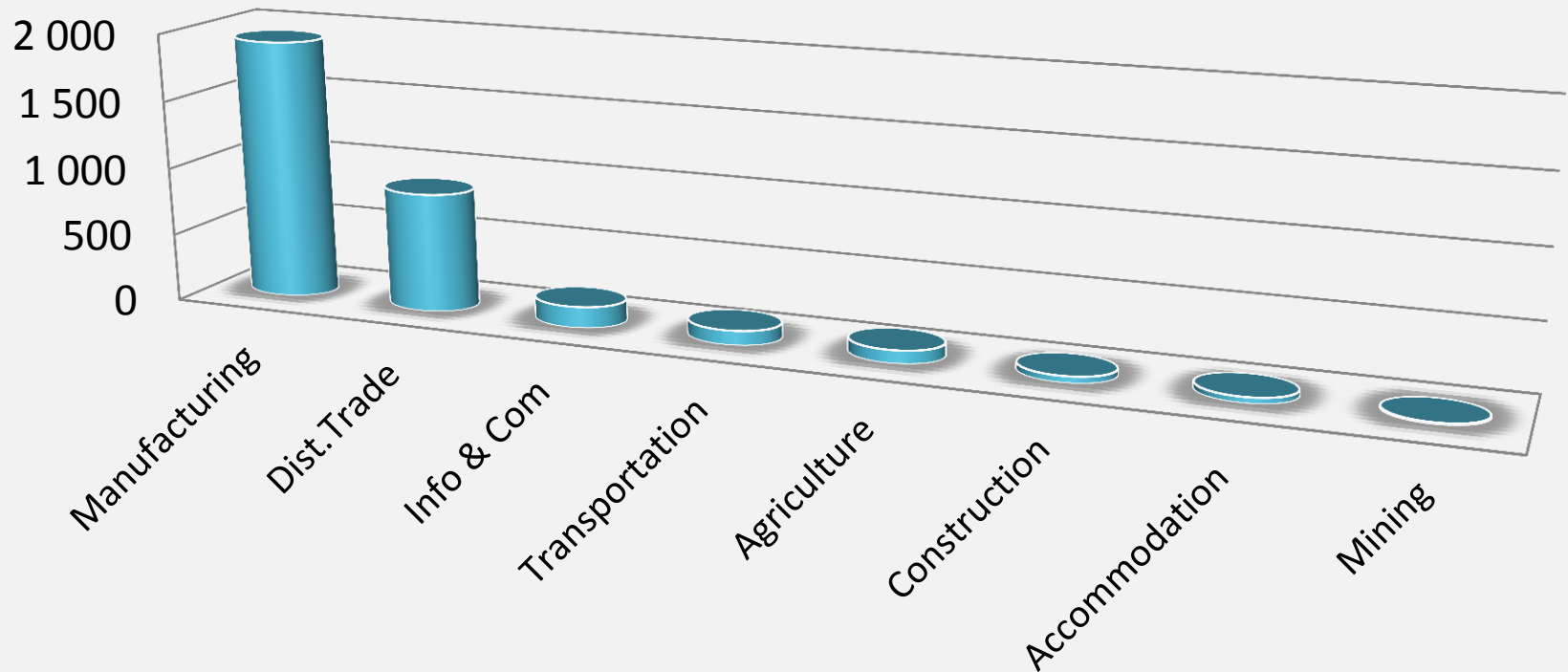
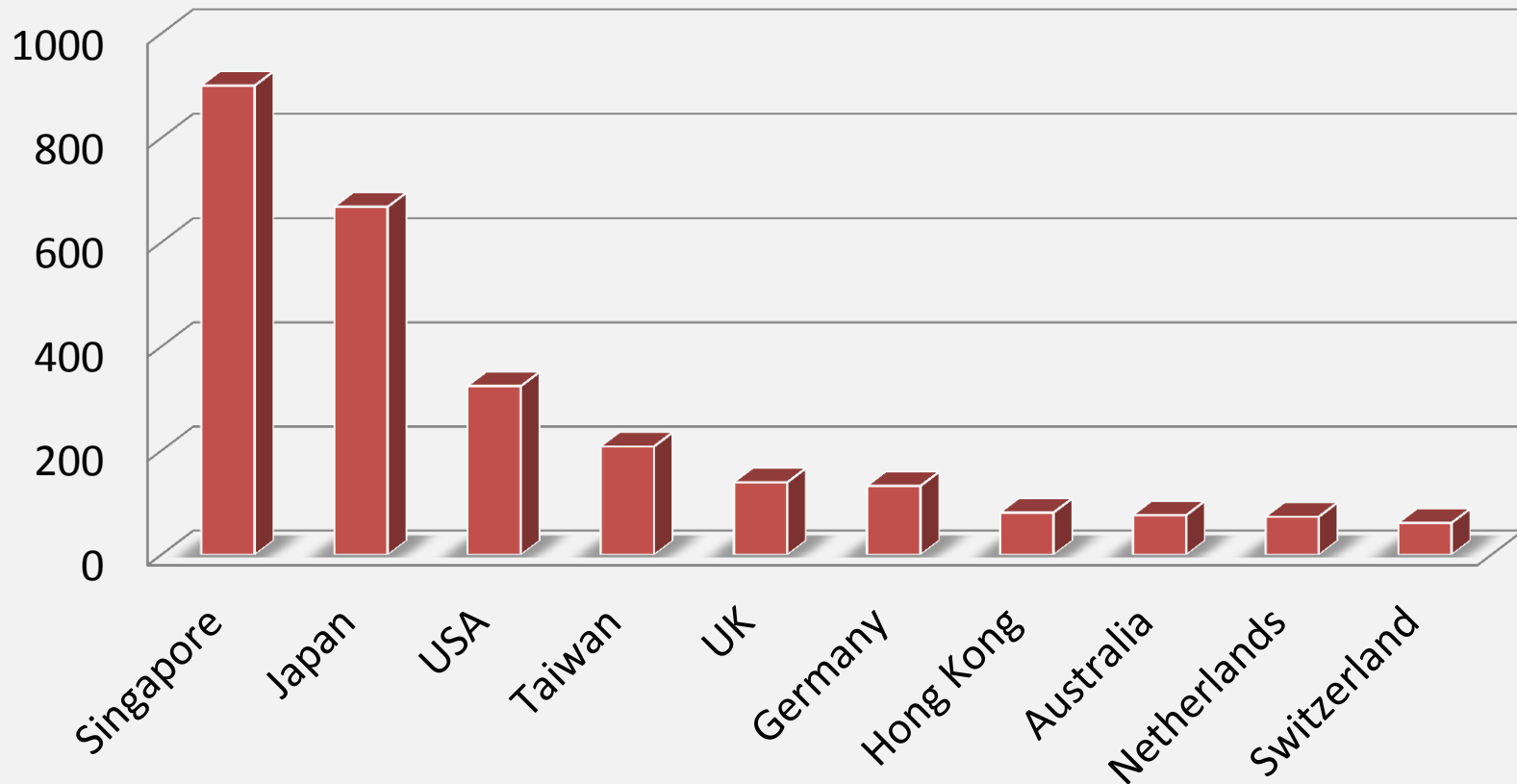
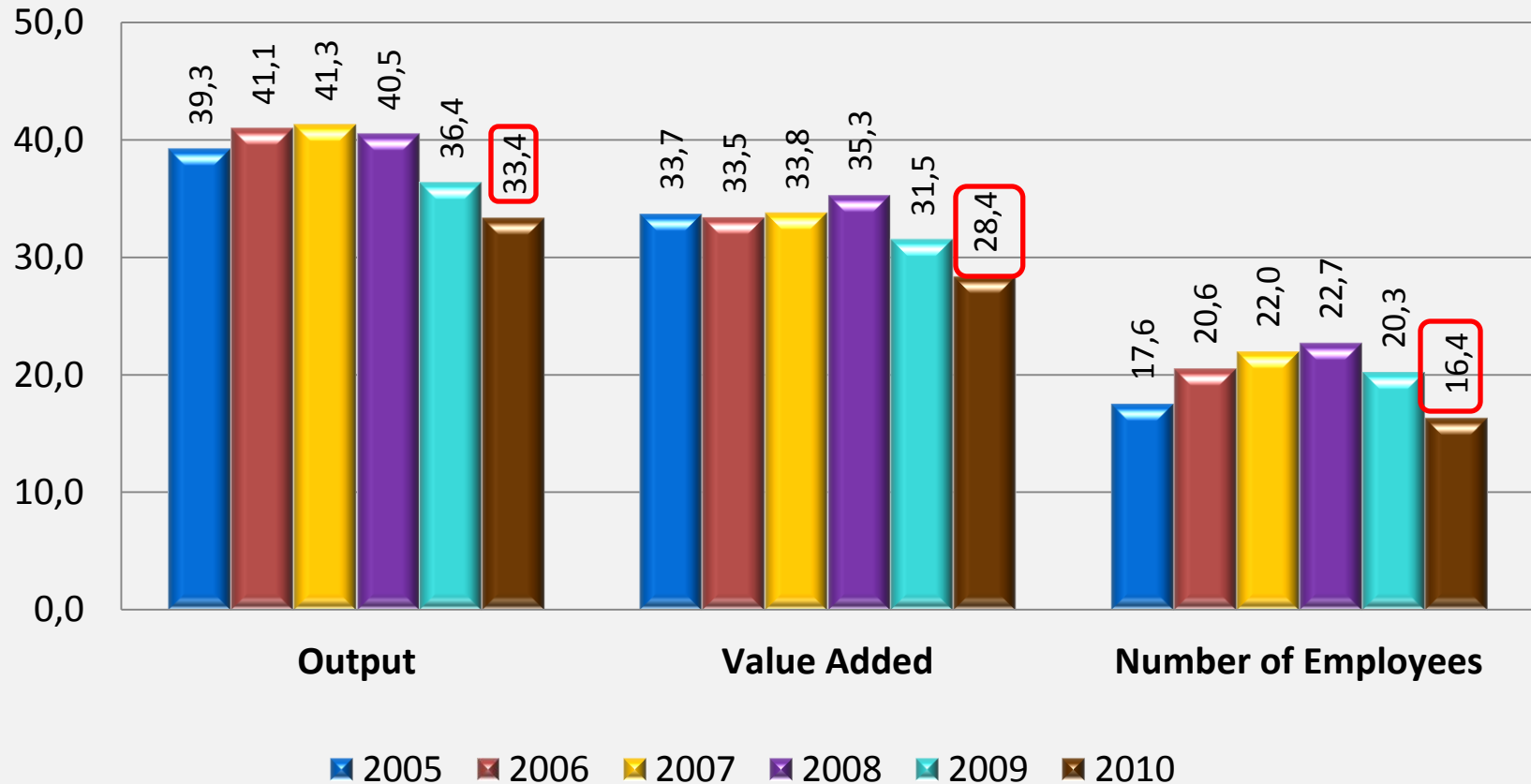


Chart 3: Number of Inward Foreign Affiliates by Top 10 Countries, 2010



Findings of Inward FATS 2005-2010 (cont'd)

Chart 4: Percentage Share Of Selected Principal Statistics of Inward Foreign Affiliates To Malaysia, 2005-2010 (%)



QUESTIONNAIRE - SURVEY OUTWARD FATS

Issues and challenges

Number of affiliates
abroad

Reporting and time
constraint

Operational issues

Actual population of
FATS parents
companies



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