



# Development of Foreign Affiliates Statistics (FATS) –Mode 3

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WORKSHOP ON STATISTICS OF INTERNATIONAL TRADE IN SERVICES  
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# Outline



1. Introduction
2. Why FATS is needed
3. Area of Concerns and FATS Variables
4. Development of Inward FATS
5. Development of Outward FATS



- ▶ FATS refers to statistics describing overall operations of foreign affiliates.
- ▶ **Foreign Affiliate** is defined as a company/enterprise in which direct investor from different country holds/controls majority ( $> 50\%$ ) of effective equity interest (directly or indirectly). Foreign affiliates could be a subsidiary, subsidiary to subsidiary (indirect subsidiary) or branches.
- ▶ **FATS Compilation Manual – Manual on Statistics of International Trade in Services (MSITS) 2002** published by UN and other international agencies.



# Introduction - Category of FATS



- ▶ Two categories of FATS:
  - ❑ **Inward FATS** – Statistics describing the overall activity of foreign controlled affiliates operating in Malaysia (ie. FDI companies).
  
  - ❑ **Outward FATS** – Statistics describing the overall activity of Malaysia's controlled affiliates operating abroad (including investment holding comp in tax haven countries/ offshore financial centres).



# Why FATS is needed ?



## Globalization of the world economy

- Need for information describing the activities and the performance of Malaysian foreign affiliates and its impact to domestic economy
- Use in negotiation and promotion of trade and investment with a specific country
- Assist in formulating the policy of economic subsectors liberalization and to bench the capacity/ level of domestic economy



Two area of concerns in FATS:

- Attribute the characteristics to a single country
- Attribute the characteristics to an economic activity



# FATS Variables



	FATS Variables
1	Sales/Turnover/Output
2	Employment
3	Value Added
4	Export of Goods and Services
5	Import of Goods and services
6	Number of Enterprises
7	Assets
8	Compensation of employee (COE)
9	Net worth
10	Net operating surplus
11	Gross fixed capital formation
12	Taxes on income
13	Research and Development expenditures
14	Purchases of goods and services



# DEVELOPMENT OF INWARD FATS



# Inward FATS

## Data Sources

- Tapped data from Economic Surveys carried out by three Divisions ie. Industrial Production and Construction Statistics Division, Services Statistics Division and Agriculture and Agro-Based Statistics Division
- The Economic Surveys questionnaires contained question on foreign equity ownership by resident/non-resident in Malaysia. Those establishments which reported on foreign equity ownership of more than 50 per cent are classified as FATS.



# Future Compilation of INWARD FATS

- ▶ Tapping data from Economic Census 2011
- ▶ Covers all variables needed in FATS
- ▶ Include the question regarding Country of Ultimate Parent Company as well as Total asset and liabilities



## New question - FATS in Economic Census 2011

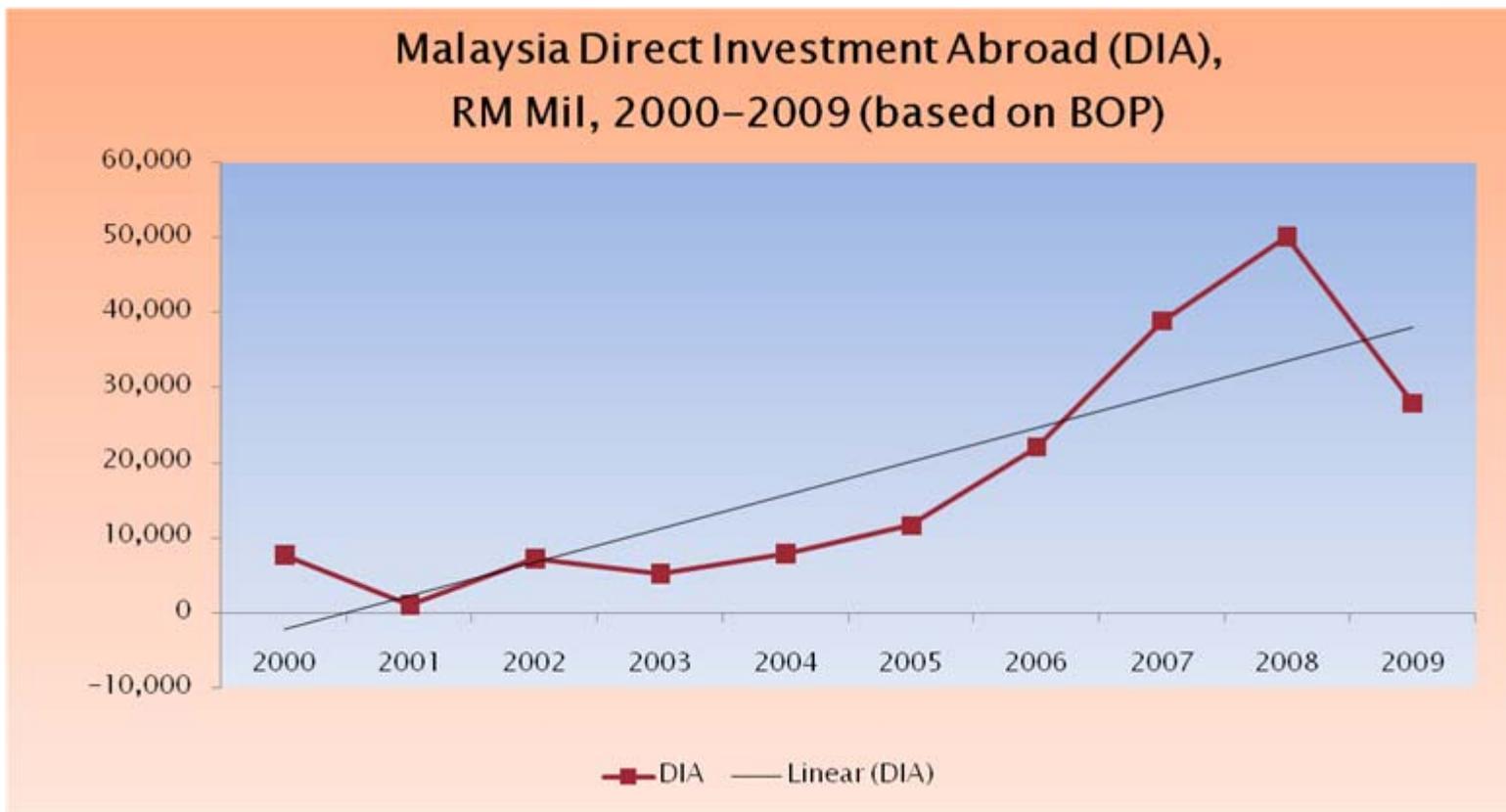
Jika modal berbayar pertubuhan tuan dipegang 51 peratus dan ke atas oleh syarikat / individu di luar negara, secara langsung atau tidak langsung, sila nyatakan negara syarikat induk muktamad  
*If your establishment's paid up capital is directly or indirectly held 51 per cent or more by a foreign company / individual, please specify the country of the ultimate parent company*

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# DEVELOPMENT OF OUTWARD FATS



Significantly increasing of DIA needs to be compliment with more comprehensive and detailed statistics



# Sources of FATS Compilation for Selected Countries



Countries	Inward			Outward		
	FDI survey	Economic survey/stats	Separate survey	FDI survey	Economic survey/stats	Separate survey
Australia		X				X
Austria	X			X		
Belgium		X		X		
Canada				X		
Czech Republic		X		X		
Denmark		X				
Finland	X	X		X		
France		X		X		
Germany	X			X		
Hong Kong, China		X				
Hungary	X			X		
Italy			X	X		
Japan			X			X
Luxembourg	X					
<b>MALAYSIA</b>		<b>X</b>				<b>X</b>
Netherlands		X				
Norway	X					
Poland		X				
Portugal	X			X		
Sweden			X			X
Switzerland	X			X		
Turkey		X				
United Kingdom		X				
United States	X			X		



# Thank you