



ZAMBIA-COUNTRY EXPERIENCE IN COMPILING FOREIGN AFFILIATES TRADE STATISTICS (FATS)

*WTO Seminar on Developments in Trade in
Services Statistics and the Way Forward
Geneva, 19th September 2014*

1. FATS in Relation to GATS

- FATS - also known as Transnational Corporation (TNC) data provide details on the economic operations of FDI based enterprises
- Are an Economic Indicator with direct linkage to WTO-GATS Mode 3 Legal Commitments; GATS Mode 3
- They are about commercial presence
- They include the indicators such as employment, contribution to GDP, imports and exports associated with the Foreign Affiliate, profits, sales and value addition

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2. Significance of FATS

- Important for policy makers
- Monitors activities of Foreign Affiliates and their contribution to and impact on the economy

3. Zambia's Experience

- ❖ FATS Data is based on a Comprehensive Private Sector Foreign Assets and Liabilities Surveys
- ❖ Surveys Consistently conducted since 2008, (VII Cycles so far)
- ❖ Surveys undertaken by Bank of Zambia (BoZ) in collaboration with Zambia Development Agency (ZDA), Central Statistics Office (CSO), Ministry of Commerce Trade and Industry (MCTI) and other member institutions of the BoP Technical Working Group
- ❖ The Survey obtains stocks and flows of foreign private investment, FATS, as well as investor perceptions.
- ❖ Findings of the survey are disseminated at a Workshop of major stakeholders, policy makers and respondents
- ❖ Report “Foreign Private Investment and Investor Perceptions in Zambia”, is published and posted on the BOZ website.
[www.boz.zm/publications/foreign private investment](http://www.boz.zm/publications/foreign_private_investment)
- ❖ Survey done in conformity with the IMF Balance of Payments and IIP Manual 6 (BPM6), CDIS and MSITS 2010.

4 MAJOR ACHIEVEMENTS

- ❖ First started collecting FATS in 2010, improving every year.
- ❖ Compile **All Inward FATS by International Standards Industrial Classification (ISIC) Rev.4** and by **Partner Country**
- ❖ In 2013 - ISIC, Rev.4 Categories for Foreign Affiliates in services (**ICFA, Rev.1**) (*Pure Services Categories*) -prescribed in *Manual on Statistics of International Trade in Services (MSITS) 2010*
- ❖ 2014 – Included *Purchases of domestic goods and services* and *Gross Fixed Capital Formation* (Now coverage all FATS variables)
- ❖ Have dedicated chapter on FATS in Publication; 2012, 2013 and finalising 2014.
- ❖ 2014 obtained BoP Services data by Partner Country and Mode of Supply.

5. Major Findings 2012

- ❖ There are 126 majority-owned foreign affiliates
- ❖ Employed 70,653 – approximately 10.0% of Zambia's formal employment (3, 875 *new jobs in 2012*)
- ❖ Contributed about US \$5,831.6 million value addition equivalent to 28.0% of GDP
- ❖ Paid corporate tax amounting to slightly below US \$1.0billion
- ❖ Overall profits after tax as percentage of turnover was 3.8 %
- ❖ Paid US \$1,232.5 million in wages and salaries
- ❖ Accounted for 81.6 % of Zambia's exports, and 55.1 % of imports

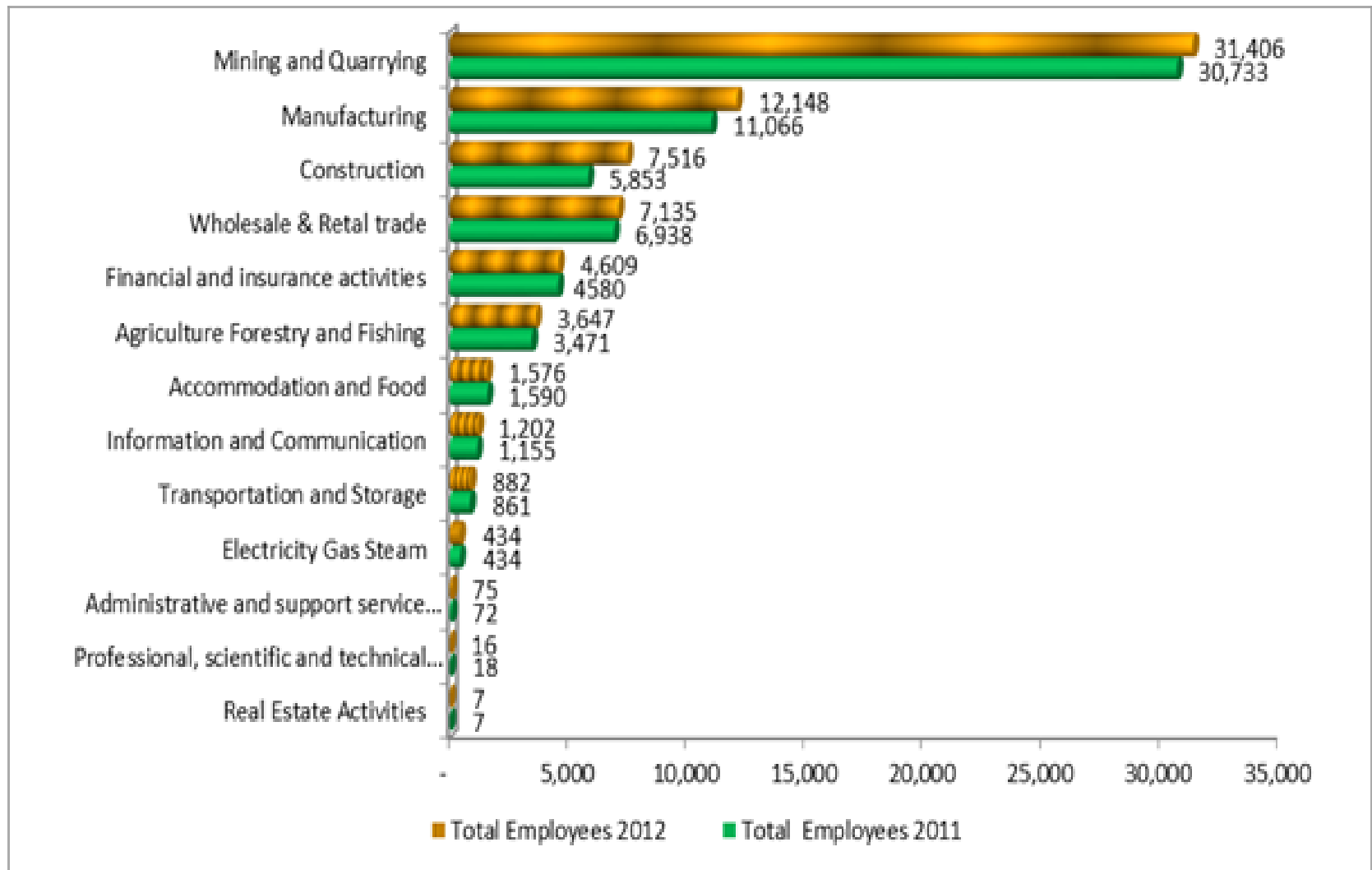
6. Compilation of FATS Data

- Inward FATS by Sector(ISIC) Rev 4 –
- Inward FATS by Partner Country
- Inward FATS by ISIC Rev 4 Categories for FATS (ICFA, Rev 1)
- Employment levels of MOFAs by Sector; and by Partner country
- Value added of MOFAs by Sector and by Partner Country
- Taxes on income of MOFAs by Sector and by Partner Country

7. Example: Inward FATS by Partner Country

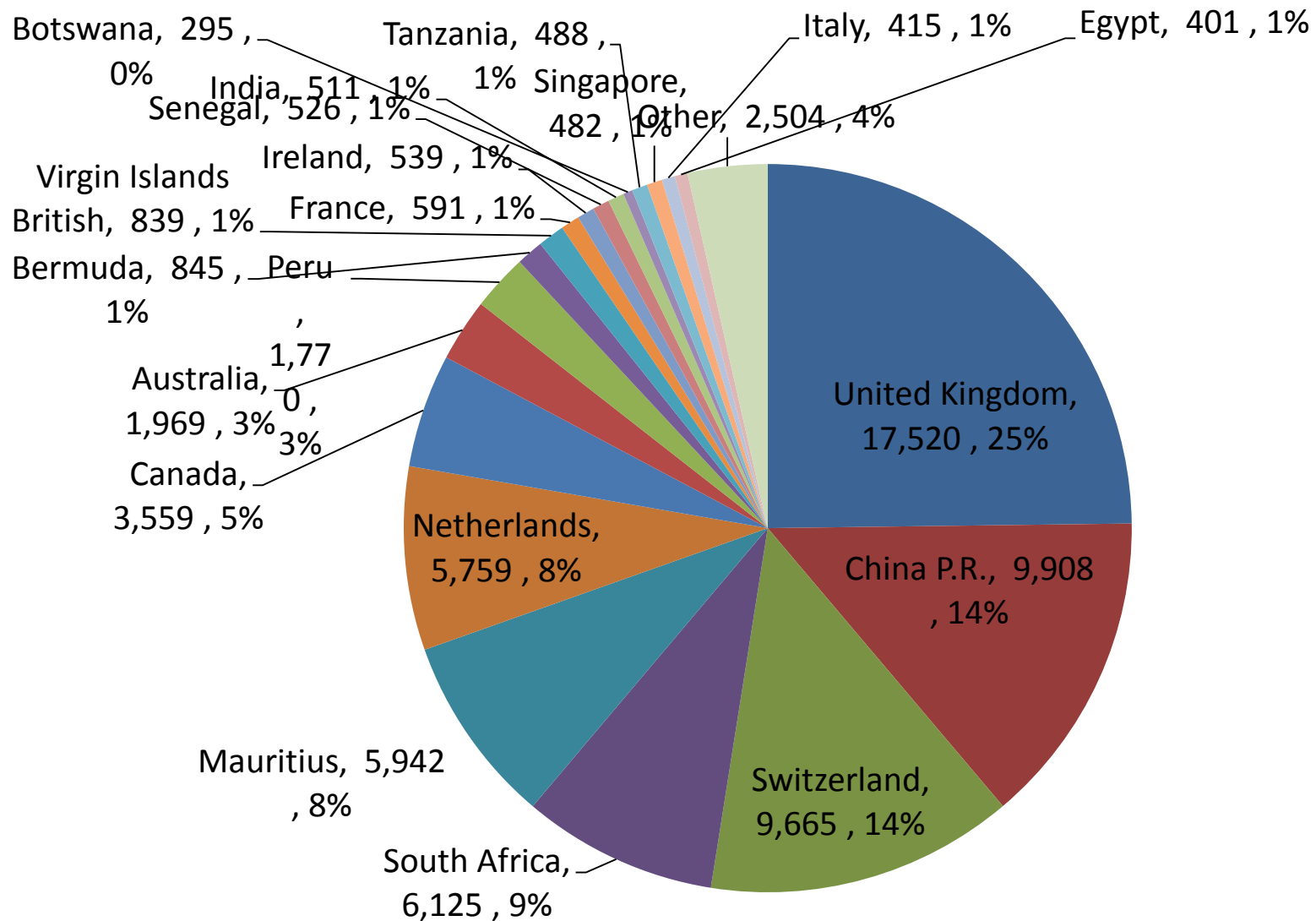
Inward FATS By Type/Country	Australia	-	Canada	China	Nether lands	South Africa	-	Grand Total
Total assets at end 2012	1,374	-	4,379	2,271	2,277	1,798	-	21,062
Total liabilities (excluding Equity) at end 2012	1,589	-	1,662	1,713	1,784	1,641	-	14,541
Net worth End-2012	-215	-	2,717	557	493	153	-	6,521
Sales or turnover in 2012	605	-	2,058	1,924	1,229	841	-	13,205
Net Operating Surplus	-815	-	838	181	375	152	-	1,319
Taxes on Income	220	-	389	13	57	47	-	921
Net Profit After Tax	-598	-	502	160	70	81	-	500
Total dividends	0	-	195	10	66	37	-	454
Salaries and wages	78	-	90	79	117	129	-	1,232
Total imports of goods	143	-	659	277	735	235	-	4,363
<i>Of which from foreign affiliates</i>	0	-	0	56	171	80	-	892
Total imports of services	11	-	15	4	57	6	-	176
<i>Of which from foreign affiliates</i>	0	-	0	1	4	6	-	47
Total exports of goods	9	-	1,545	1,548	463	154	-	7,654
<i>Of which to foreign affiliates</i>	0	-	264	48	277	4	-	1,549
Total exports of services	0	-	0	0	1	0	-	24
<i>Of which to foreign affiliates</i>	0	-	0	0	0	0	-	0
Research and Development Expenditures	22	-	0	0	0	0	-	27
Training Expenditure	2	-	0	29	1	12	-	129
Payments for royalties and license fees	52	-	114	21	2	8	-	441
Gross Output	587	-	1,964	2,018	938	831	-	12,542
Operating Expenditure	527	-	1,125	391	608	394	-	5,120
Value-added	51	-	839	122	330	468	-	5,832
Total Employment 2012	1,969	-	3,559	9,908	5,759	6,125	-	70,653
<i>Of which Management (2012)</i>	194	-	448	562	695	458	-	3,783
<i>Technicians (2012)</i>	456	-	1,534	4,750	1,444	3,626	-	24,211

8. Employment Levels of MOFAs by Sector, 2011-2012



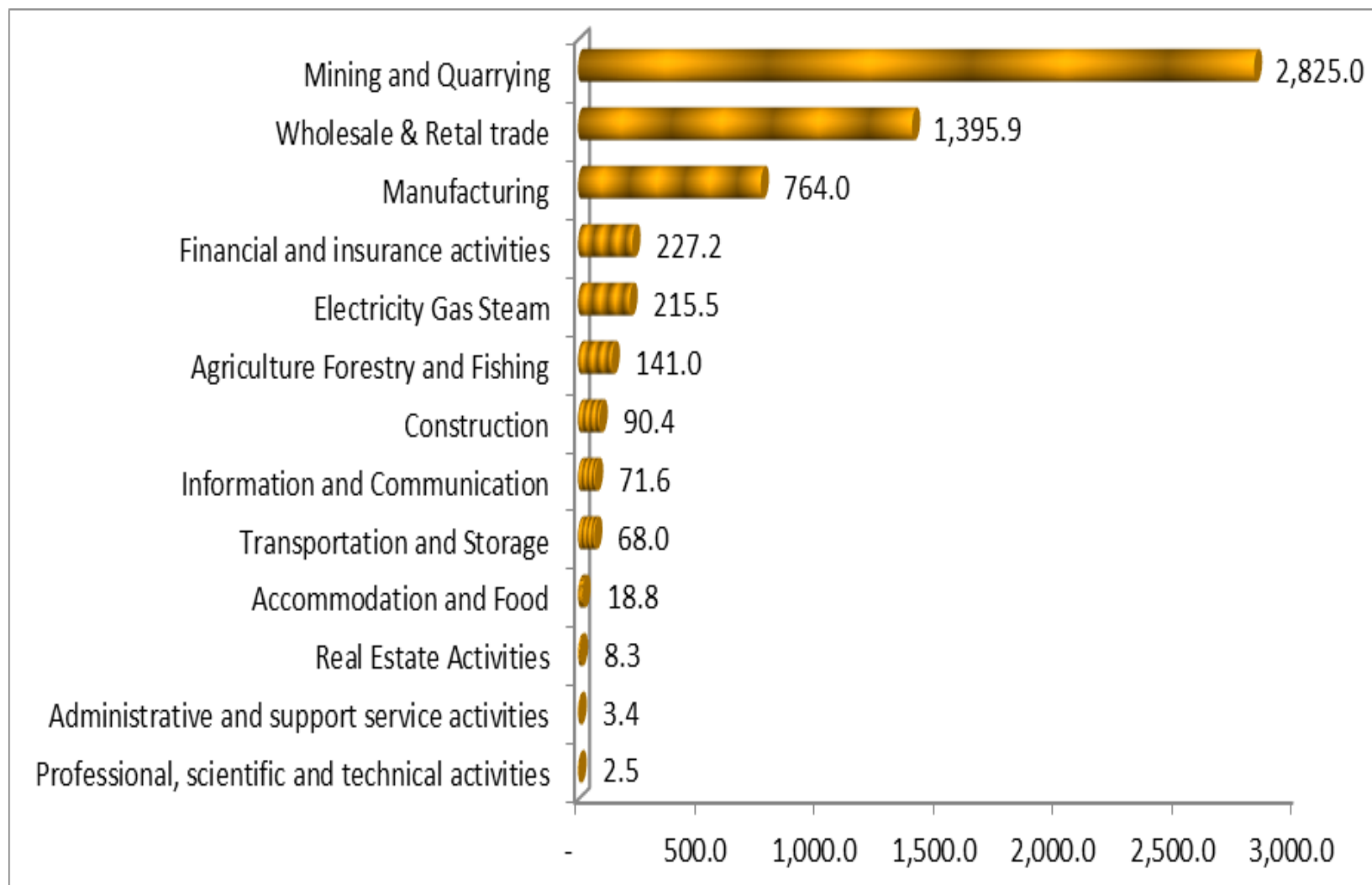
Source: Foreign Private Investment & Perceptions Survey, 2013

9. Employment Levels of MOFAs by Partner Country in 2012



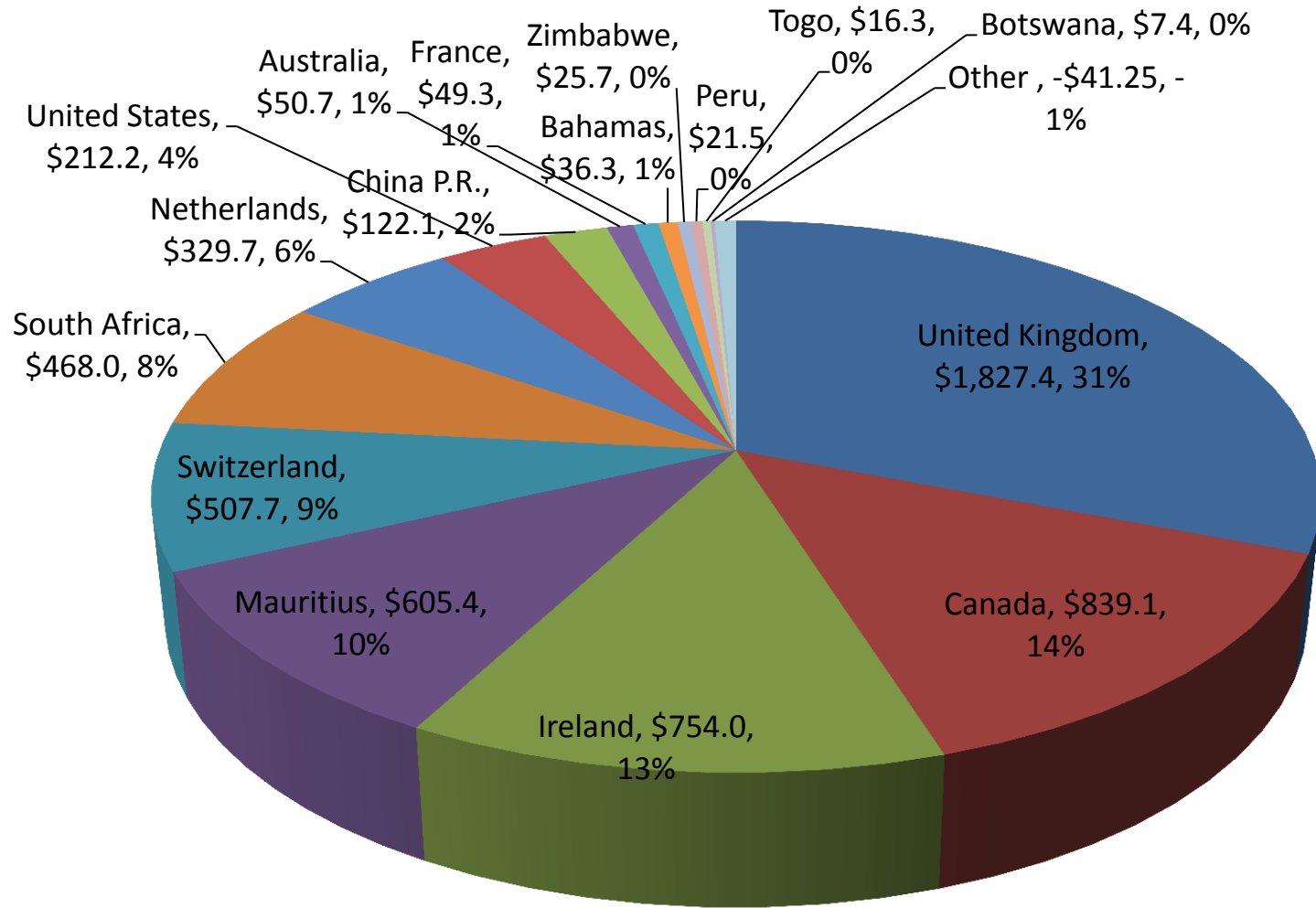
Source: Foreign Private Investment & Perceptions Survey, 2013

10. Value Added of MOFAs by Sector (US \$'million), 2012



Source: Foreign Private Investment & Perceptions Survey, 2013

11. Value Added of MOFAs by Partner Country in 2012, (US \$ million)



Source: Foreign Private Investment & Perceptions Survey, 2013

12. MAJOR CHALLENGES

- ❖ The process is demanding
- ❖ Limited human resource for this and other related tasks
- ❖ Gaps on selected variables—filled using information from Financial Statements
- ❖ Gaps on exports and imports,-addressed by utilising Customs data

13.CONCLUSION & WAY FORWARD

- ❖ Zambia has over the years been compiling Inward FATS
- ❖ Progressive improvement and coverage every year
- ❖ Major Challenge is Human Resource Limitation

Way Forward

- ❖ Employ more staff
- ❖ Continuous training of enumerators and supervisors on extracting information from financial statements
- ❖ Compile Outward FATS on Core Variables in 2015
- ❖ Compile Consolidated Services Report by Partner Country and Mode of supply in 2015.

End!

Thank you for your attention!