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Training Summary and Evaluation

Workshop on Capturing FDI in Services

April 28-29, 2008 in Bandar Seri Begawan, Brunei Darussalam



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Foreign direct investment statistics in ASEAN are not adequately capturing trade in services. Total stocks and flows could therefore be understated or inaccurate, leading to misinformed policy prescriptions and business decisions. ASEAN Member States have made strides to improve data collection, establishing in 2000 the Working Group on Foreign Direct Investment Statistics (WGFDIS). The Working Group's 2007-2008 Work Program called for FDI statistics to be captured for three services sectors: tourism (hotel and restaurants), travel agencies and healthcare. However, several member countries have had difficulty reporting these data.

The problem is not unique to ASEAN – many countries have difficulty quantifying FDI flows in services sectors. Quantifying *trade* in services is complicated given that services are not traded at a distinct entry or exit points, but rather across four modes of supply. Quantifying *investment* in services presents further challenges due to the complex nature of FDI definitions. To help ASEAN establish a plan to compile comparable FDI services statistics and address challenges in collection, the Facility sponsored a workshop 28-29 April in Brunei Darussalam. 41 participants from ASEAN Central Banks, boards of investment and statistical bureaus convened to share experiences gathering FDI services statistics and learn how to improve compilation.

The ASEAN-US Technical Assistance and Training Facility sponsored and moderated the Workshop on Capturing FDI Services Statistics. The Facility convened an international team of experts to outline international standards and procedures in this area. Mr. Masataka Fujita, Officer-in-Charge of the Investment Trends Section for the United Nations Conference on Trade and Development (UNCTAD) outlined the importance of FDI in services. Mr. François Renard, a consultant who formerly worked for the Banque du France introduced concepts and definitions – including the OECD Benchmark Definition for FDI – and outlined methodologies of compilation through bank settlement systems and direct reporting. Maria Borga, an economist with the U.S. Bureau of Economic Analysis outlined the collection procedures in the United States and discussed enterprise surveys. The agenda is attached.

The second day featured break-out sessions for discussion. ASEAN participants identified their current compilation procedures, specific challenges and possible solutions. For instance, member states are using different classification systems, making aggregation difficult. Also, several government agencies in each member state are collecting different aspects of FDI statistics through different methodologies and collection systems. The international experts recommended that other ASEAN Member States follow the lead of the Philippines and establish a coordinating body responsible for aggregating FDI data across agencies. An additional challenge to FDI services statistics now is that no member state is adequately gathering Foreign Affiliate Trade Statistics (FATS) which cover Mode 3 services investment – commercial presence. Capacity building on FATS would be required for Member States to collect the data. Finally, a number of challenges were identified in implementing the OECD Benchmark Definition of FDI, including the treatment of special purpose entities (SPEs), the concept of Ultimate Investing Company to be used for inward FDI, and the treatment of “fellow enterprises”.

These approaches are under consideration by the ASEAN Working Group on FDI Statistics, which is developing an ASEAN Framework for the Development of Investment Statistics in ASEAN.

The workshop was rated highly by participants, with all an average rating of five out of six for most presentations. Participant requested follow up assistance in response to the challenges identified – such as capacity building for FATS, help moving towards direct reporting and enterprise surveys based on common methodologies. The evaluation tally is attached.

Meanwhile, there is an urgency to improve FDI services statistical collection quickly. FDI services statistics are in high demand by ASEAN policy makers and academics. Four of the twelve ASEAN priority integration sectors are services sectors. In addition, ASEAN Economic Ministers are drafting an ASEAN Comprehensive Investment Agreement (ACIA) that for the first time extends coverage to services. FDI services statistics will be necessary to evaluate the success of these ASEAN initiatives. The workshop reaffirmed that user perspectives are important considerations for compilers.

Agenda

ASEAN-US Technical Assistance & Training Facility

Workshop on Capturing Services FDI in ASEAN

28-29 April, 2008 in Bandar Seri Begawan, Brunei Darussalam

The workshop aims to:

- (i) Strengthen ASEAN Member States' understanding and knowledge in capturing FDI data on the services sectors;
- (ii) Identify the various existing concepts, practices and approaches in the collection/compilation of services FDI statistics; and
- (iii) Assist ASEAN statistics compilers in assessing their data and capacity needs, and formulating strategies/plans toward capturing services FDI statistics.

Guest Speakers

- (i) Maria Borga, Economist, U.S. Bureau for Economic Analysis
- (ii) Masataka Fujita, Officer-in-charge of the Investment Trends Section of UNCTAD
- (iii) François Renard, Consultant, formerly of the Banque de France

Day 1: Monday, April 28

- 8:00 – 8:30 **Arrival/Check-in**
- 8:30 – 8:50 **Opening Remarks**
ASEAN Secretariat
Cena Maxfield, ASEAN-US Facility
- 8:50 – 9:00 **Special Remarks**
Mr. Houmpheng Souralay, Chairman of the ASEAN Working Group on Foreign Direct Investment Statistics (WGFDIS)

Session 1: Setting the Stage

This session aims to frame the discussion and to highlight key issues related to FDI in services, its role in regional development, competitiveness, and integration, and user needs for policy purposes.

- 9:00 – 9:20 **ASEAN Context of Services FDI, ASEAN Secretariat**
— Overview of FDI in services in ASEAN
— Current user needs regarding FDI statistics in the services sector
- 9:20 – 9:40 **Global Context of Services FDI, Masataka Fujita, UNCTAD**
— Global and regional trends in services FDI
— Importance of services FDI in host economies
— Services FDI and investment
- 9:40 – 10:00 **Data Requirements for Policy Purposes in Developing Countries, Masataka Fujita, UNCTAD**
- 10:00 – 10:20 **Coffee Break**

Session 2: Scope, Concepts, Definitions, Terms of Measurement, and Classification of Services FDI Statistics

This session aims to establish a common understanding of the concepts and definitions, terms of measurement, and classifications used in the compilation of Services FDI statistics, i.e., the components of a service FDI, as well as the types of data collected. It will also introduce the U.S. approach to services FDI collection.

- 10:20 – 11:20 **Concepts, Definitions, Components, Scope, and the OECD Benchmark Definition of FDI**, *Francois Renard*
- Definitions and concepts
 - Revision of the OECD Benchmark Definition of FDI (main changes)
 - Treatment of specific financial instruments (e.g. leasing); concepts such as business expenditure as proxies for investment; capturing new global business investment trends in such services sectors as outsourcing and call centres
- 11:20 – 11:40 **Q & A**
- 11:40 – 12:40 **Collection and Compilation of FDI Data in the United States**, *Maria Borgia, U.S. Bureau of Economic Analysis*
- Conceptual and legal framework
 - Types of data collected
 - Classification of services used
 - Overview of FDI data compilation practices in the United States
- 12:40 – 14:00 **Lunch**
- 14:00 – 14:20 **Q & A**

Session 3: Practices in Services FDI Statistics Compilation

This session aims to provide data compilers insights into approaches and methodologies used in collecting and compiling FDI services data at the country level, highlighting the advantages, limitations and issues to help ASEAN Members assess capacity needs and in formulating appropriate strategies. The session will begin with an overview of current practices in certain ASEAN Member States and then review world practices.

- 14:20 – 14:35 **Practices in Malaysia**, *Representative TBD*
- Concepts and current practices on FDI services statistics data collection, compilation methodologies
- 14:35 – 14:50 **Practices in Singapore**, *Representative TBD*
- Concepts and current practices on FDI services statistics data collection, compilation methodologies
- 14:50 – 15:20 **Q & A**
- 15:20 – 15:35 **Coffee Break**
- 15:35 – 16:55 **Challenges in FDI services statistics data collection in ASEAN**
- Brief presentations by other ASEAN Member States (10 minutes/country)
- 16:55 – 17:00 **Wrap-up/Announcements for Day 2**

- Continued on Day 2 (next page)

Day 2: Tuesday, April 29

Session 3: Practices in Services FDI Statistics Compilation (continued)

- 9:00 – 9:30 **Compilation of FDI Data using Bank Settlement Systems**, *François Renard*
- Collecting / compiling services FDI statistics among Central Banks using bank settlement data
 - Benefits and drawbacks
 - Reconciliation of FDI flows and stocks data
- 9:30 – 9:45 **Q & A**
- 9:45 – 10:00 **Coffee Break**
- 10:00 – 10:30 **Specific Issues Concerning the Compilation of FDI Services Statistics Through Direct Reporting**, *François Renard*
- Issues related to data compilation using direct reporting
 - Focus on capturing inward services transactions
- 10:30 – 10:45 **Q & A**
- 10:45 – 11:15 **Specific Issues Concerning the Compilation of FDI Services Statistics through Enterprise Surveys**, *Maria Borgia, U.S. Bureau of Economic Analysis*
- Issues related to enterprise survey approaches, sampling methods
 - Focus on capturing inward services transactions
- 11:15 – 11:30 **Q & A**

Session 4: Toward the Compilation and Dissemination of ASEAN Services FDI Statistics

The objective of this session is to discuss the strategies/next steps/future plans that can be pursued at the national and regional levels toward the compilation and dissemination of ASEAN Services FDI statistics.

- 11:30 – 12:30 **Breakout Session: Discussion on the strategies/next steps/future plans**,
ASEAN Secretariat Facilitator
- **Group 1:** Bank settlement based approaches / Balance of Payments compilers (Central Banks / Statistical Offices) *Facilitated by Francois Renard and Mastaka Fujita*
 - **Group 2:** Direct reporting and surveying methods / Administrative Foreign Investment statistics compilers (Boards of Investment / Statistical Offices) *Facilitated by Maria Borgia and ASEC Representative*
- 12:30 – 13:30 **Lunch**
- 12:30 – 14:30 **Breakout Session (continued)**
- 14:30 – 14:50 **Coffee**
- 14:50 – 16:30 **Discussion and Synthesis**, *led by ASEAN Secretariat and Speakers*
- 16:30 – 16:45 **Wrap up/Evaluations**

The ASEAN-US Facility would like to acknowledge and thank the ASEAN Secretariat and the E.U. APRIS program for their work to formulate this agenda.

Evaluation

Workshop on Capturing Services FDI in ASEAN

ASEAN-US Technical Assistance & Training Facility

28-29 April, 2008

Bandar Seri Begawan, Brunei Darussalam

Your answers to this questionnaire will help us to improve our training programs. Thank you for taking the time to fill it out.

Personal data

Country of representation

Brunei Darussalam, Cambodia, Laos PDR, Indonesia, Malaysia, the Philippines, Singapore, Thailand, Vietnam

Participants: 24 Women, 17 Men = 41 Total

Presentations

On a scale of 1 to 6, please rate how informative each session was for you. A rating of 6 indicates that you found the session highly informative; a rating of 1 that you did not find it informative.

Sesion	Presentation	
1	Setting the Stage	
	ASEAN Context of Services FDI, <i>ASEAN Secretariat</i>	5
	Services FDI in the Global Context, <i>Masatake Fujita, UNCTAD</i>	5
	Data Requirements for Policy Purposes in Developing Countries, <i>Masataka Fujita, UNCTAD</i>	5
2	Scope, Concepts, Definitions, Terms of Measurement, and Classification of Services FDI Statistics	
	Concepts, Definitions, Components, Scope, and the OECD Benchmark Definition of FDI, <i>François Renard</i>	5
	Collection and Compilation of FDI Data in the United States, <i>Maria Borgia, U.S. Bureau of Economic Analysis</i>	5
3	Practices in Services FDI Statistics Compilation	
	Country presentations, <i>various</i>	4
	Compilation of FDI Data using Bank Settlement Systems, <i>François Renard</i>	5
	Specific Issues Concerning the Compilation of FDI Services Statistics Through Direct Reporting, <i>François Renard</i>	5
	Specific Issues Concerning the Compilation of FDI Services Statistics through Enterprise Surveys, <i>Maria Borgia, U.S. Bureau of Economic Analysis</i>	5
4	Toward the Compilation and Dissemination of ASEAN Services FDI Statistics	
	Breakout Session: Discussion on the strategies/next steps/future plans	5

Subject Matter

Would you like to see more, the same, or less time devoted to the following negotiation topics:

Session	Presentation	More	Same	Less
1	Setting the Stage	9	21	0
2	Scope, Concepts, Definitions, Terms of Measurement, and Classification of Services FDI Statistics	17	12	2
3	Practices in Services FDI Statistics Compilation	21	9	1
4	Toward the Compilation and Dissemination of ASEAN Services FDI Statistics	18	13	0

General

1. What part of this course did you like the most?

- Breakout session **(7 comments)**
- Discussion by group
- Collection and compilation FDI Data in US **(4 comments)**
- Scope collection FDI in US
- Concept, Definitions, Components, Scope **(4 comments)**
- Practices in Services FDI data compilation **(3 comments)**
- Session 3 **(2 comments)**
- Specific issues concerning the compilation of FDI services statistics through direct reporting **(2 comments)**
- Compilation of FDI data using bank system
- Practices in Services FDI data compilation: through bank settlement, direct reporting, enterprises surveys
- I find "practices in practices in FDI statistics compilation" very interesting
- FDI Data Collection & Collection and dissemination
- Presentation per each countries
- All
- Session 2
- Definition of FATS ?
- Sharing by experts is good
- Session 1 - setting the stage
- Context of FDI in services and policy implication

2. What part of this course did you like the least?

- None **(5 comments)**
- FDI in Services
- Compilation of FDI data using Bank Settlements systems
- 2
- Services FDI in the global context

- Country presentation
- Country presentation, most countries are not well prepared in sharing their experiences
- Bank settlement system as not relevant to our country (2 comments)
- Presentation heavier on theories. Delivery could be more concise, synthesizing the various points on the side rather than hunting to go through each one.
- Data requirements for policy purposes in developing countries
- Scope concept & definition
- Compilation of FDI data using Bank Settlements systems
- Setting the stage

3. What other topics would you like to see included?

- Details of data to be collected. Form and application used.
- Practice to overcome difficulties in FDI data compilation for developing countries
- FDI Services included FATS data processing in the developed countries(2 comments)
- Direct reporting more detail / ITRS
- FATS
- Introduce the software and technique on recording
- More on FATS compilation and collection
- Collection/compilation practice from EU
- Clear definition and measurement in classification of FDI in Services
- Some topics of more practicing with various sample
- Attracting FDI in services sector in term of marketing
- How to set the standard for statistics among ASEAN Members.
- Service FDI in global context
- More detail about portfolio investment, BOP data collection system
- Collection and compilation on FDI data in the United States
- Practical application of compilation FDI in services

4. Did this course use a good mix of lecture and interactive discussion?

- Yes (24 comments)
- Specific issues concerning the compilation of FDI services statistics through direct reporting
- Sort of.
- The course gives a lot of information and some interactive discussion. However, it'll be better if we can go to the real example, not only theory.
- Interactive discussion

5. What sorts of follow-up activities for this course would you find useful?

- Data processing practice and data collection for FATS
- More instruction on implementation of compilation of FATS in the rest of the world (sharing in greater detail on methodology and issue encountered).
- Further readings on FATS forwarded to participants
- Look for financial support for data collection
- Working groups discussion especially on reporting about issues and problems facing.
- Breakout sessions (3 comments)
- Direct reporting and further breakdown FDI services to get detailed information
- Direct reporting.
- Match concept, definition, methodology among countries and to find the connection of them
- All parts are useful, in particular on the issue of compilation FDI in services
- More training.

- Workshop on survey for compiling FDI in services data
- Sharing of sample survey forms
- More country presentations by the developed country on FDI in services
- More sharing of experience and expertise in FDI in services

- Practical applicable of services FDI vs Trade in Services
- As, I said, more deep detail such as more examples.
- Session 2
- Session 2, 3 and 4
- Session 3, 4, 2 and 1
- Same as #3 including issues and problems encountered in doing the compilation

Thank you for filling out this questionnaire. Additional comments on any aspect of this course are welcome.