



ZAMBIA: COUNTRY EXPERIENCE ON COMPILATION & PUBLICATION OF FOREIGN AFFILIATES TRADE IN SERVICES STATISTICS (FATS)

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Presentation Outline

1.0 Introduction

2.0 Collection & Compilation Methodology

3.0 Findings & Publication of FATS-2013

4.0 Conclusion

INTRODUCTION

- ❑ FATS data-based on Comprehensive FDI Surveys
- ❑ Zambia has been undertaking Private Sector FAL Surveys since 2001 (Gaps-2002-2007). Phase VI done in 2013 preparations for Phase VII -April 2014.
- ❑ Surveys are undertaken by Bank of Zambia (BoZ) in collaboration with Zambia Development Agency (ZDA), Central Statistics Office (CSO) and other BoPSC member organisations.
- ❑ Survey obtain stocks and flows of foreign private investment, FATS, as well as investor perceptions.
- ❑ Findings of the survey are published in a report “Foreign Private Investment and Investor Perceptions in Zambia”, published on the BOZ website.
www.boz.zm/publications/foreign private investment
- ❑ Survey done in conformity with the International Monetary Fund (IMF) Balance of Payments and International Investment Manual 6 (BPM6), CDIS and MSITS 2010.
- ❑ First started collecting FATS in 2010, improving every year. Dedicated chapters in Publication; 2012-2013.
- ❑ 2013 - ISIC, Rev.4 Categories for Foreign Affiliates in services (ICFA, Rev.1)

2. COLLECTION & COMPILATION METHODOLOGY –FATS (Cont.)

2.1 Sampling

- ❖ Sampling frame stratified by industry, Use Kish (1988)
- ❖ 260 enterprises were surveyed, 226 responded – **86.9%** response rate .
- ❖ Of which, **126** majority-owned foreign affiliates

2.2. Questionnaire & Survey Administration

- ❖ Questionnaire design (include guide/fomulars), Training, Field work, Attach Financial Statements

2.3 Data Editing, Validation, Processing

- ❖ Use financial statements, Process - software

2.4 Filter Out MOFAs

- ❖ Use filter- single multinational shareholder >50%, Country, Sector
- ❖ **Attribution**-If a firm is identified as an MOFA, all figures are entirely included, No apportioning
- ❖ ISIC Rev 4, further sector breakdown (Used for ISIC, Rev 4, Categories for Foreign Affiliates in Services (ICFA, Rev .1)

2. COLLECTION & COMPILATION

METHODOLOGY –FATS (Cont.)

Description	Year-2012
2.1. Total assets at end 2012	
2.2. Total liabilities (excluding Equity) at end 2012	
2.3. Net worth at end 2012 =Total Assets(2.1) - Total liabilities [excluding equity](2.2)	
2.4. Sales or turnover in 2012	
2.5. Net Operating Surplus (or loss)	
2.6 Taxes on Income	
2.7 Net Profit After Tax (Earnings)	
2.8 Total dividends distributed/declared	
2.9 Salaries and wages paid	
2.10 Total imports of goods	
2.10.1 Of which: from foreign affiliates	
2.11 Total imports of services	
2.11.1 Of which: from foreign affiliates	
2.12 Total exports of goods	
2.12.1 Of which: to foreign affiliates	
2.13 Total exports of services	
2.13.1 Of which: to foreign affiliates	
2.14. Research and Development Expenditures	
2.15 Training Expenditure	
2.16 Payments for royalties and license fees	
2.17 Gross Output (value) =(Turnover + Value of Closing Stock - Opening Stock)	
2.18. Operating Expenditure	
2.19. Value-added = Gross Output (2.17) - Operating Expenditure (2.18)	
2.20. Total Employment (Number of employees)	

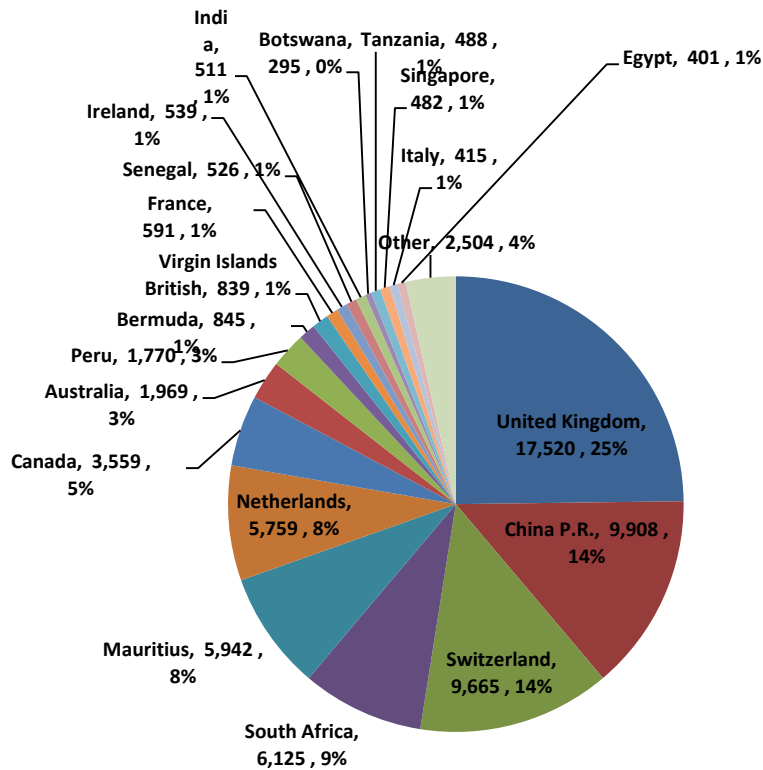
3. Findings & Publication of FATS

Inward Foreign Affiliate's Trade in Services (FATS) - 2012

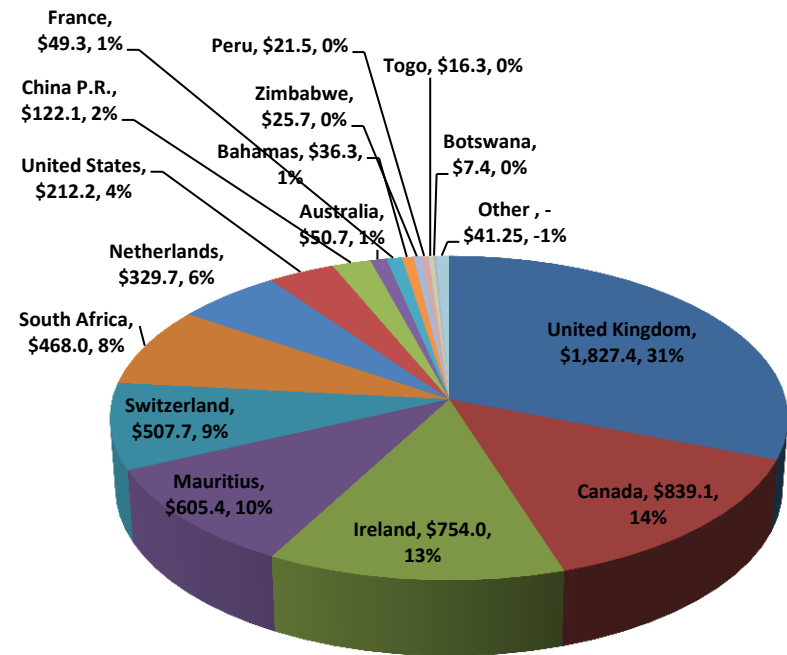
- 126 majority-owned foreign affiliates
- Employed 70,653 – approximately 10.0% of Zambia's formal employment (3, 875 *new jobs in 2012*)
- Contributed about US \$5,831.6 million value addition equivalent to 28.0% of GDP
- Paid corporate tax amounting to US \$920.7 million
- Overall profits after tax 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

3. Findings & Publication of FATS (Cont.)

Employment Levels of MOFAs by Immediate Partner Country in 2012



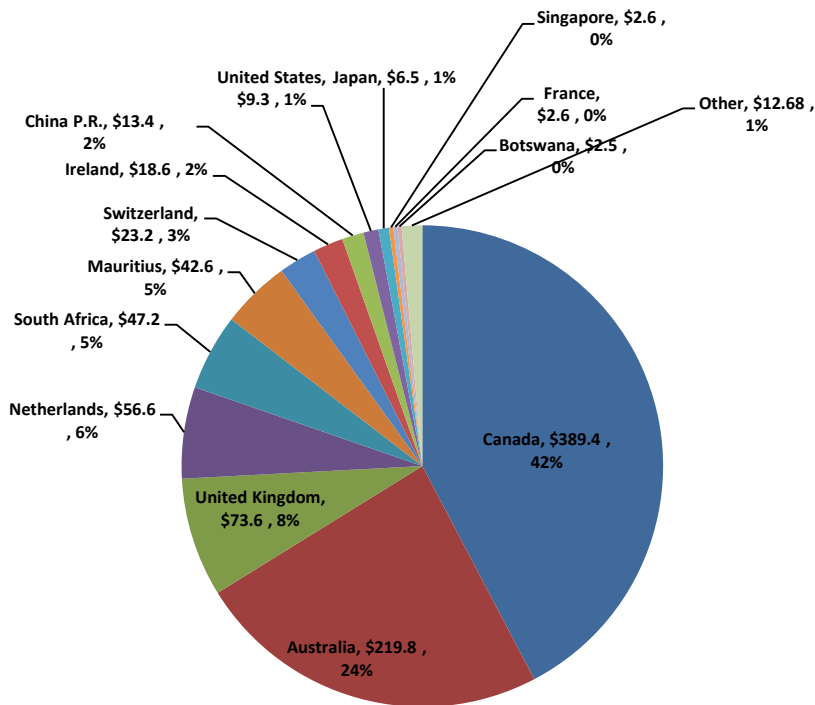
Value Addition of MOFAs by Immediate Partner Country in 2012, (US \$ million)



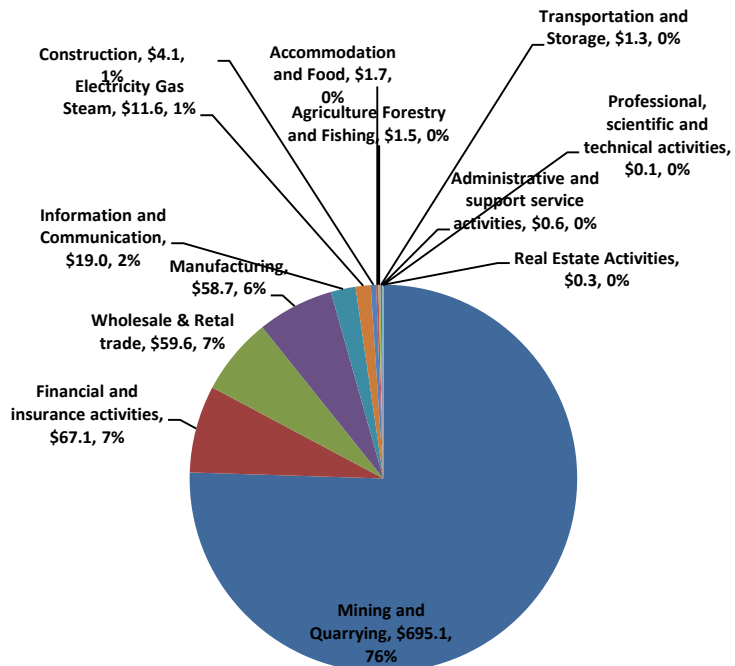
Source: Foreign Private Investment & Perceptions Survey, 2013

3. Findings & Publication of FATS (Cont.)

Taxes on Income of MOFAs by Immediate Partner Country in 2012, (US \$ million)



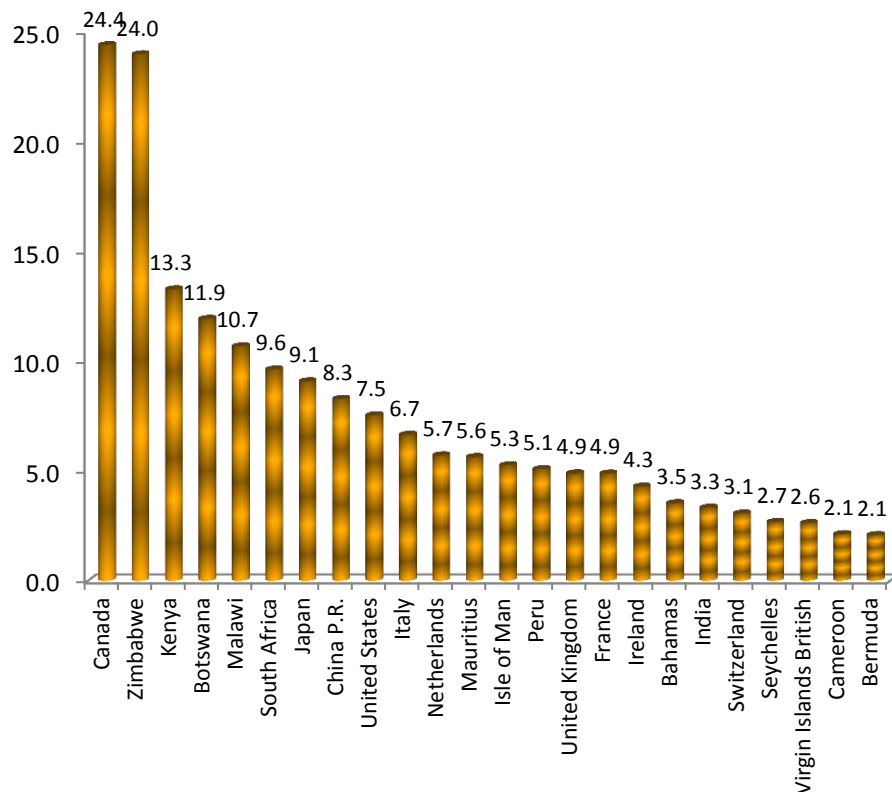
Taxes on Income of MOFAs by Sector in 2012, (US \$ million)



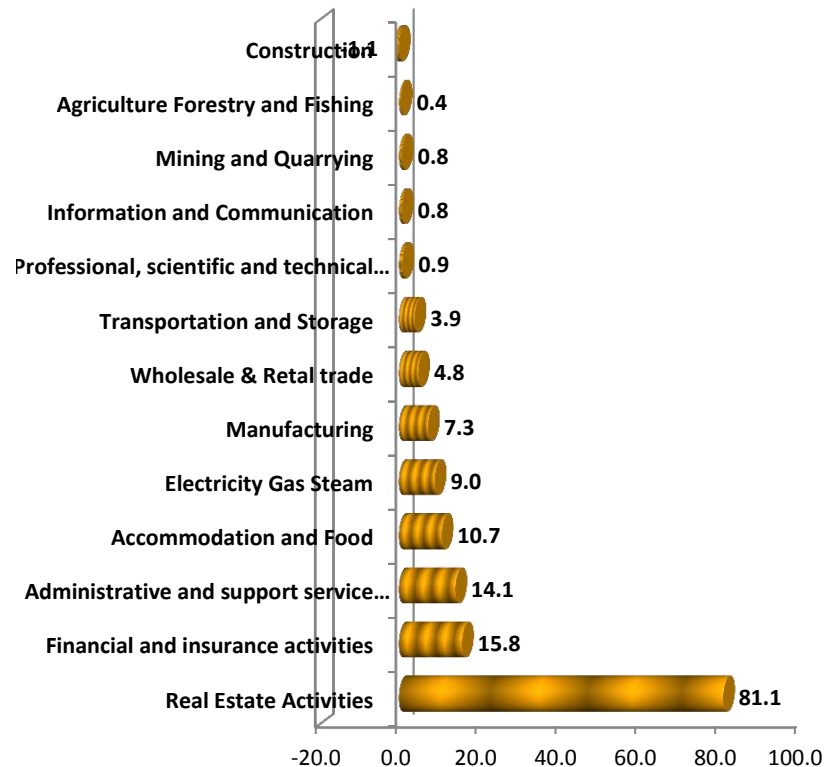
Source: Foreign Private Investment & Perceptions Survey, 2013

3. Findings & Publication of FATS (Cont.)

Profit after Tax as % of Turnover of MOFAs by Immediate source Country in 2012

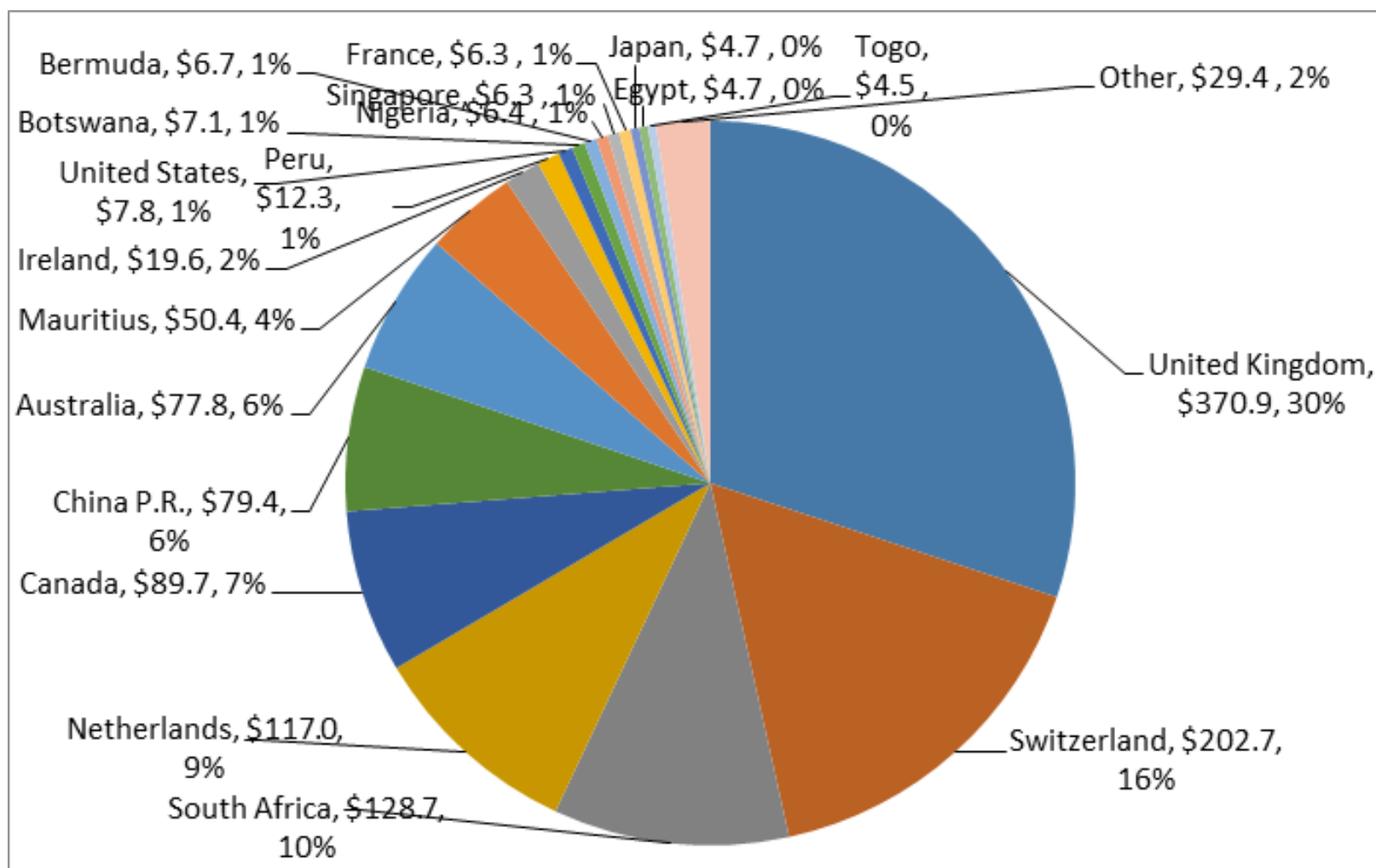


Profit after Tax as % of Turnover of MOFAs by Sector in 2012, (US \$ million)



Source: Foreign Private Investment & Perceptions Survey, 2013

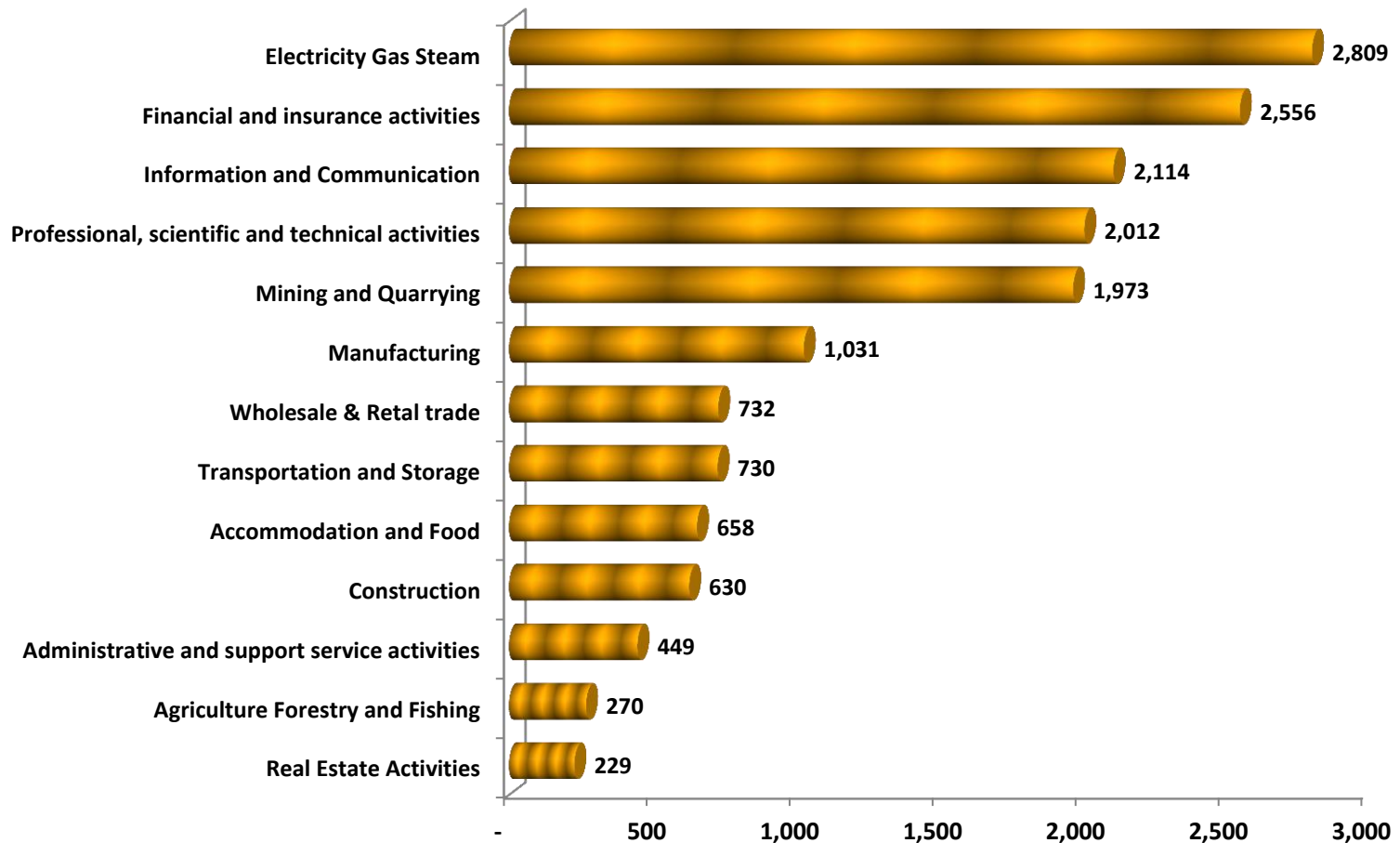
Compensation of Employees (Salaries and Wages) by Immediate Partner Country



Source: Foreign Private Investment & Investor Perceptions Survey 2013

3. Findings & Publication of FATS (Cont.)

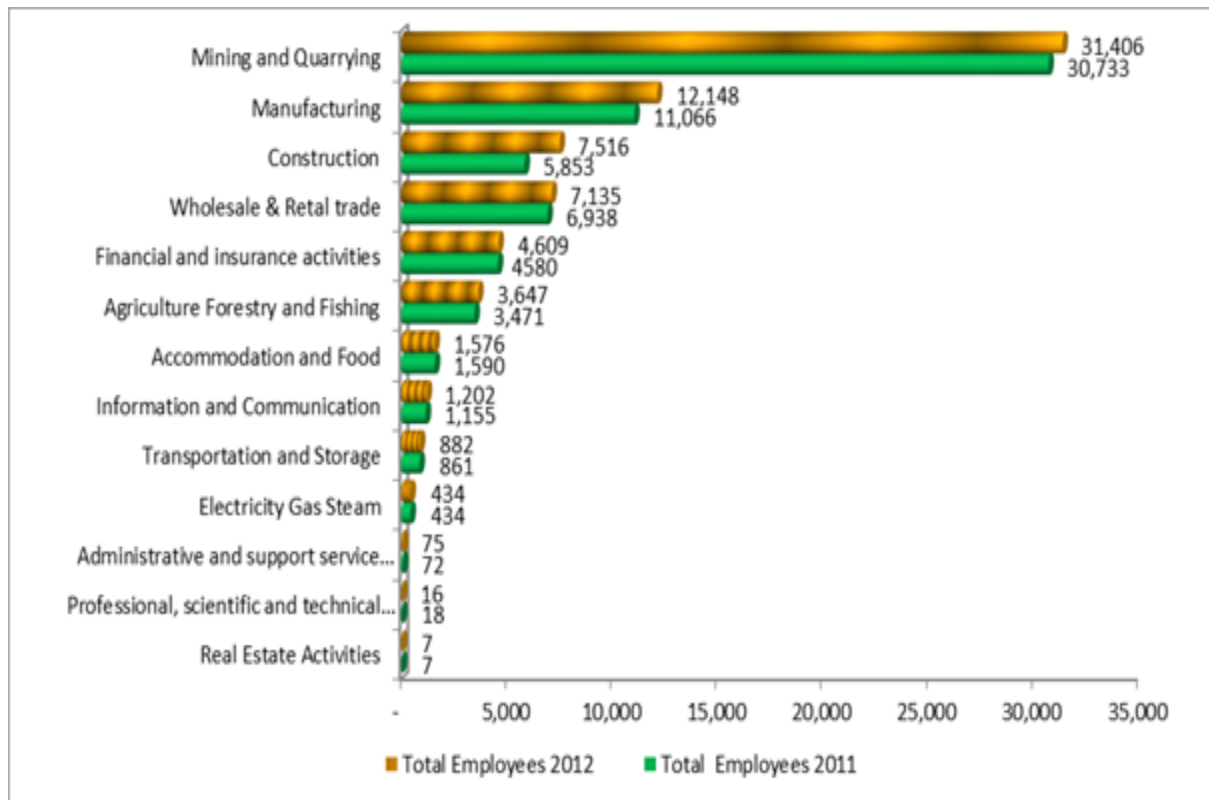
Average Salaries and Wages Per Worker by Sector 2012, US \$ per Month



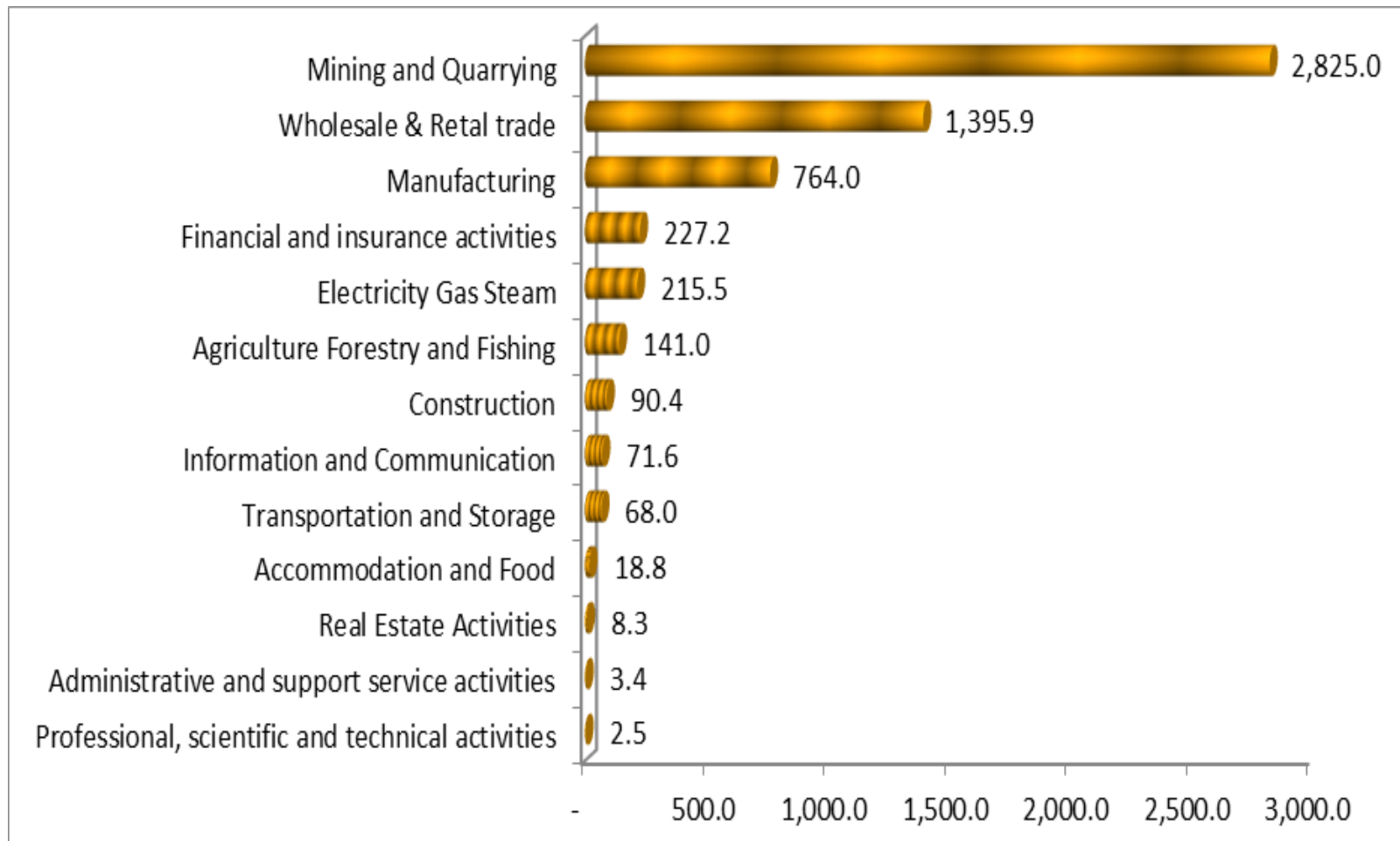
Source: Foreign Private Investment & Perceptions Survey, 2013

Inward FATS analysed by Sector

Figure 7.8: Employment Levels of MOFAs by Sector, 2011-2012



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



4. Conclusions

- ❖ Zambia has over the years been making progress in compiling Private Sector Foreign Assets and Liabilities & FATS
- ❖ Great interest has been generated over FATS in recent years
- ❖ Major Challenges have been on limited human resource for this and other Tasks
- ❖ The Proposed institutionalization of the project will greatly enhance our progress
- ❖ We look forward to go further on FATS and other trade in service statistics by source country and mode of supply beyond Travel, transportation, insurance and financial service.

**Thank you for
your attention!**