

This metadata describes the compilation practices, sources and methodology in use in 2001. Please refer to the contact person below for details of any changes that may have been introduced by the country since that time.

Singapore:

Direct Investment Compilation Practices, Data Sources and Methodology

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Direct Investment in Singapore

- **Balance of Payments (“Transactions Data”)**
- **International Investment Position (“Position Data”)**

Direct Investment Abroad

- **Balance of Payments (“Transactions Data”)**
- **International Investment Position (“Position Data”)**

[Glossary of Direct Investment Terms and Definitions](#)

DIRECT INVESTMENT IN SINGAPORE
BALANCE OF PAYMENTS (“TRANSACTIONS DATA”)

A. Compilation Practices and Data Sources

Data Availability: Preliminary quarterly data on direct investment financial flows (equity capital and other capital) are disseminated with a timeliness of 2 months after the end of the reference period. Annual (calendar year) data, which are more comprehensive than the quarterly data, are disseminated 15 months after the end of the reference period. Quarterly and annual data on direct investment income (income on equity, reinvested earnings, and income on debt [interest]) are compiled but not disseminated at present. However, it is planned that these data will begin to be disseminated in 1-2 years time.

Revision Policy: The data are revised whenever survey respondents provide updated information in subsequent surveys. The data are considered to be final two years after their first release.

Data Coverage: No major industrial sectors are excluded from the data.

Data Collection Methods: Data are collected on an aggregate basis, and reporting requirements are compulsory.

Data Sources: The data are compiled primarily from quarterly and annual enterprise surveys of direct investment enterprises in Singapore. Published sources (such as the company accounts) are used as a secondary data source. A business register of enterprises involved in direct investment is maintained. This register is updated on an ongoing basis using information from (i) other statistical collection forms, (ii) registers maintained by government licensing and regulatory authorities, and other departments within the statistical agency, and (iii) the financial press.

Geographic Classification: Annual (calendar year) data showing country breakdowns are disseminated for direct investment financial flows, with a timeliness of 15 months after the end of the reference period. Annual (calendar year) data showing geographic breakdowns for direct investment income are compiled but not disseminated at present. In accordance with the international standards, the debtor/creditor principle is used as the basis for the geographic allocation of the data. Bilateral information is not used in the compilation of the data. Data are disseminated showing breakdowns of direct investment financial flows by regions or economic zones for: (i) the European Union, (ii) ASEAN, (iii) Asia, and (iv) Europe. Data showing the same breakdowns for direct investment income are compiled, but not disseminated. The five countries with the largest amount of direct investment flows into Singapore during 1999 (ranked in descending order) were: the United States, the Netherlands, Bermuda, the United Kingdom, and Japan.

Industrial Classification: Quarterly data showing a breakdown by industry are disseminated for direct investment financial flows, with a timeliness of 15 months after the end of the reference period. Quarterly data showing a breakdown by industry for direct investment income are compiled but not disseminated at present. The data are based on the industry of the resident direct investment enterprise. The classification broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC). Specifically, Singapore compiles data at the five-digit level of the Singapore Standard Industrial Classification (SSIC), which adopts the basic framework and principles of the third revision of ISIC. Data for direct investment financial flows showing a breakdown by industrial sector/region or economic zone are disseminated for: (i) the European Union, (ii) ASEAN, (iii) Asia, and (iv) Europe. Data showing a breakdown by industrial sector/partner country are also disseminated. Data showing the same breakdowns for direct investment income are compiled, but not disseminated.

B. Methodology

Definition of Direct Investment Enterprises in Singapore: In accordance with the international standards, the basic criterion for defining direct investment enterprises in Singapore is 10 percent ownership by a nonresident investor, regardless of whether the investor has an effective voice in management. Enterprises in which the nonresident investor owns less than 10 percent but has an effective voice in management are not included. No value threshold is used to identify direct investment enterprises in Singapore, and unincorporated enterprises are not treated differently from incorporated enterprises.

Treatment of Indirectly-Owned Direct Investment Enterprises: The “Fully Consolidated System” (FCS) recommended by the international standards is partially applied. In accordance with the FCS, (i) the direct investment earnings data include the relevant share of indirectly-owned direct investment enterprises, and (ii) the direct investment financial flows data include the equity and other capital transactions between resident enterprises and nonresident enterprises of the same group of related enterprises. However, Singapore does not use the FCS to define groups of related enterprises, and instead uses the U.S. methodological system, which covers only those affiliates in which the direct investor has an indirect investment of 10 percent or more. Enterprises in Singapore are required by law to (i) produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, and (ii) identify all transactions with the parent company.

Measurement of Direct Investment Earnings: In accordance with the international standards, the “Current Operating Performance Concept” (COPC) is used to calculate earnings of direct investment enterprises. Specifically, (i) deductions are made for depreciation of capital, and for provisions for host-country income and corporation taxes, and (ii) realized and unrealized capital gains and losses, write-offs and exchange rate gains or losses are not included. In accordance with the international standards, when a direct investment enterprise makes a loss, the net loss is recorded as negative reinvested earnings.

Treatment of Income on Equity (Dividends and Distributed Branch Profits): Data on income on equity are compiled but not disseminated. The data cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, dividends and distributed branch profits are recorded (i) on the date they are payable and (ii) gross of any withholding taxes.

Treatment of Reinvested Earnings and Undistributed Branch Profits: Data on reinvested earnings and undistributed branch profits are compiled but not disseminated. The data cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, reinvested earnings and undistributed branch profits are recorded in the period in which they are earned.

Treatment of Income on Debt (Interest): Data on income on debt (interest) are compiled but not disseminated. The data cover interest income from: (i) long-term loans, and (ii) short-term loans. The data do not cover interest income from: (i) bonds and money market instruments, and (ii) trade credits. In accordance with the international standards, the data do not include interest from: (i) financial derivatives, and (ii) interest on deposits, loans and other claims and liabilities related to usual banking and financial intermediation activities between affiliated banks and affiliated financial intermediaries. In accordance with the international standards, the data are compiled on an accrual basis.

Treatment of Equity Capital: The data cover all types of financial flows affecting equity capital, namely: (i) listed voting stocks (shares), (ii) unlisted voting stocks, (iii) other non-voting stocks (including participating preference shares), and (iv) non-cash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, the data include equity transactions between affiliated banks and between affiliated financial intermediaries.

Treatment of Other Capital: The data cover (i) long-term loans, (ii) short-term loans, (iii) financial leases, and (iv) trade credits. The data do not cover: (i) bonds and money market instruments, and (ii) financial derivatives. In accordance with the international standards, the data exclude: (i) loans merely guaranteed by direct investors or related direct investment enterprises, (ii) changes in insurance company technical reserves, and (iii) transactions between affiliated banks and between affiliated financial intermediaries involving deposits, loans, and other claims and liabilities related to usual banking and financial intermediation activities. Contrary to the international standards, the data do not include transactions associated with permanent debt (that is, loan capital representing a permanent interest) between affiliated banks and between affiliated financial intermediaries.

Treatment of Reverse Investment: Transactions involving reverse investment are not treated in accordance with the international standards in all instances. Assuming that the direct investment enterprise is a resident of Singapore and the direct investor is a nonresident, when the direct investment enterprise owns at least 10 percent of its nonresident direct investor, and has therefore established a direct investment relationship in its own right, contrary to the international standards equity and loan transactions are recorded as “Direct Investment in Singapore: Decrease in Liabilities to Direct Investors”, rather than as “Direct Investment Abroad: Increase in Claims on Affiliated Enterprises” in both instances. When the direct investment enterprise owns less than 10 percent of its nonresident direct investor, equity and loan transactions are recorded in accordance with the international standards as “Direct Investment in Singapore: Increase in Claims on Direct Investors”.

Treatment of Quasi-corporations: In accordance with the international standards, the data include the activities of quasi-corporations involving the operation in Singapore by nonresidents of (i) mobile equipment such as ships, aircraft, and drilling rigs, and (ii) construction enterprises.

Treatment of Offshore Enterprises: In accordance with the international standards, activities of offshore enterprises established in Singapore by nonresidents are generally included in the direct investment data.

Treatment of Special Purpose Entities (SPEs): In accordance with the international standards: (i) activities of SPEs established in Singapore by nonresidents are generally included in the data, and (ii) in the case of SPEs established in Singapore by nonresidents that have the sole purpose of financial intermediation, transactions with affiliated banks and affiliated financial intermediaries, except transactions involving equity capital, are excluded from the data. Contrary to the international standards, in the case of SPEs established in Singapore by nonresidents that have the sole purpose of financial intermediation, the data do not include transactions with affiliated banks and affiliated financial intermediaries involving permanent debt.

Treatment of Land and Buildings: In accordance with the international standards, the data include purchases and sales of land and buildings in Singapore by nonresident enterprises and individuals.

Treatment of Natural Resources Exploration: Expenditure on exploration for natural resources in Singapore by nonresidents is not applicable.

Exchange Rate Conversion: Most transactions are converted to the unit of account at the exchange rate prevailing on the day of transaction, but some are converted at the average exchange rate in the period in which the transactions are recorded.

DIRECT INVESTMENT IN SINGAPORE

INTERNATIONAL INVESTMENT POSITION (“POSITION DATA”)

A. Compilation Practices and Data Sources

Data Availability: Annual (calendar year) data on (i) equity capital and reinvested earnings, and (ii) other capital, are disseminated with a timeliness of 6 months after the end of the reference period.

Revision Policy: The data are revised whenever survey respondents provide updated information in subsequent surveys. The data are considered to be final two years after their first release.

Data Coverage: No major industrial sectors are excluded from the data.

Data Collection Methods: Reporting requirements are compulsory.

Data Sources: The data are compiled primarily from annual enterprise surveys of direct investment enterprises in Singapore. Published sources (such as the company accounts) are used as a secondary data source. The perpetual inventory method (a method for deriving position data from transactions data) is not used. A business register of enterprises involved in direct investment is maintained. This register is updated on an ongoing basis using information from (i) other statistical collection forms, (ii) registers maintained by government licensing and regulatory authorities, and other departments within the statistical agency, and (iii) the financial press.

Geographic Classification: Annual data showing country breakdowns of total direct investment are disseminated with a timeliness of 15 months after the end of the reference period. In accordance with the international standards, the data are compiled on an “immediate country” basis. Bilateral information is not used in the compilation of the data. Data are disseminated showing breakdowns by regions or economic zones for: (i) European Union, (ii) ASEAN, (iii) Asia, and (iv) Europe. The five countries with the largest amount of direct investment in Singapore as at the end of 1999 (ranked in descending order) were: Japan, the United States, the Netherlands, Switzerland, and the United Kingdom.

Industrial Classification: Annual data showing a breakdown of total direct investment by industry are disseminated with a timeliness of 15 months after the end of the reference period. The data are based on the industry of the resident direct investment enterprise. The classification broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC). Specifically, Singapore compiles data at the five-digit level of the Singapore Standard Industrial Classification (SSIC), which adopts the basic framework and principles of the third revision of ISIC. Data showing a breakdown by industrial sector/region or economic zone are disseminated for: (i) the European Union, (ii) ASEAN, (iii) Asia, and (iv) Europe. Data showing a breakdown by industrial sector/partner country are also disseminated.

B. Methodology

Definition of Direct Investment Enterprises in Singapore: In accordance with the international standards, the basic criterion for defining direct investment enterprises in Singapore is 10 percent ownership by a nonresident investor, regardless of whether the investor has an effective voice in management. Enterprises in which the nonresident investor owns less than 10 percent but has an effective voice in management are not included. No value threshold is used to identify direct investment enterprises, and unincorporated enterprises are not treated differently from incorporated enterprises.

Treatment of Indirectly-Owned Direct Investment Enterprises: The “Fully Consolidated System” (FCS) recommended by the international standards is partially applied. In accordance with the FCS, the relevant share of indirectly-owned direct investment enterprises is included in (i) the reinvested earnings data, and (ii) the equity and other capital position data. However, Singapore does not use the FCS to define groups of related enterprises, and instead uses the U.S. methodological system, which covers only those affiliates in which the direct investor has an indirect investment of 10 percent or more. Enterprises in Singapore are required by law to (i) produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, and (ii) identify all transactions with the parent company.

Treatment of Equity Capital and Reinvested Earnings: The data all types of position data affecting equity capital and reinvested earnings, namely: (i) listed voting stocks (shares), (ii) unlisted voting stocks, (iii) other non-voting stocks, including participating preference shares, (iv) non-cash acquisitions of equity, such as through the provision of capital equipment, and (v) reinvested earnings. In accordance with the international standards, the data include equity positions between affiliated banks and between affiliated financial intermediaries. The reinvested earnings data cover both incorporated enterprises and unincorporated enterprises, and, in accordance with the international standards, are recorded in the period in which they are earned,. (See also the section on the *Measurement of Direct Investment Earnings* in the metadata on the Balance of Payments [transactions] data on Direct Investment in Singapore.)

Treatment of Other Capital: The data cover: (i) long-term loans, (ii) short-term loans (iii) financial leases, and (iv) trade credits. The data do not cover: (i) bonds and money market instruments, (ii) financial derivatives. In accordance with the international standards, the data exclude (i) loans merely guaranteed by direct investors or related direct investment enterprises, (ii) changes in insurance company technical reserves, and (iii) positions between affiliated banks and between affiliated financial intermediaries involving deposits, loans, and other claims and liabilities related to usual banking and financial intermediation transactions. Contrary to the international standards, the data do not include positions associated with permanent debt (that is, loan capital representing a permanent interest) between affiliated banks and between affiliated financial intermediaries.

Treatment of Reverse Investment: Positions involving reverse investment are not treated in accordance with the international standards in all instances. Assuming that the direct investment enterprise is a resident of Singapore and the direct investor is a nonresident, when the direct investment enterprise owns at least 10 percent of its nonresident direct investor, and has therefore established a direct investment relationship in its own right, contrary to the international standards, equity and loan positions are recorded as “Liabilities: Direct Investment in Singapore: Liabilities to Direct Investors”, rather than as “Assets: Direct Investment Abroad: Claims on Affiliated Enterprises” in both instances. In accordance with the international standards, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, equity and loan positions are recorded as “Liabilities: Direct Investment in Singapore: Claims on Direct Investors”.

Treatment of Quasi-corporations: In accordance with the international standards, the data include the activities of quasi-corporations involving the operation in Singapore by nonresidents of (i) mobile equipment such as ships, aircraft, and drilling rigs, and (ii) construction enterprises.

Treatment of Offshore Enterprises: In accordance with the international standards, activities of offshore enterprises established in Singapore by nonresidents are generally included in the direct investment data.

Treatment of Special Purpose Entities (SPEs): In accordance with the international standards: (i) activities of SPEs established in Singapore by nonresidents are generally included in the data, and (ii) in the case of SPEs established in Singapore by nonresidents that have the sole purpose of financial intermediation, positions with affiliated banks and affiliated financial intermediaries, except positions involving equity capital, are excluded from the data. Contrary to the international standards, in the case of SPEs established in Singapore by nonresidents that have the sole purpose of financial intermediation, the data do not include positions with affiliated banks and affiliated financial intermediaries involving permanent debt.

Treatment of Land and Buildings: In accordance with the international standards, the data include ownership of land and buildings in Singapore by nonresident enterprises and individuals.

Treatment of Natural Resources Exploration: Expenditure on exploration for natural resources in Singapore by nonresidents is not applicable.

Valuation: The data for listed companies are recorded at market value, as recommended in the international standards. However, the data for unlisted companies are recorded at book values, which are based on the last revalued prices, and may not be the current market prices.

Exchange Rate Conversion: The exchange rate used to convert foreign currencies into the unit of account is primarily that prevailing on the day to which the position data relate. However, the exchange rate prevailing on the day the stocks were acquired is also used in some instances.

SINGAPORE: DIRECT INVESTMENT ABROAD
BALANCE OF PAYMENTS (“TRANSACTIONS DATA”)

A. Compilation Practices and Data Sources

Data Availability: Preliminary quarterly data on direct investment financial flows (equity capital and other capital) are disseminated with a timeliness of 2 months after the end of the reference period. Annual (calendar year) data, which are more comprehensive than the quarterly data, are disseminated 15 months after the end of the reference period. Quarterly and annual data on direct investment income (income on equity, reinvested earnings, and income on debt [interest]) are compiled, but not disseminated at present. It is planned that these data will begin to be disseminated in 1-2 years time.

Revision Policy: The data are revised whenever survey respondents provide updated information in subsequent surveys. The data are considered to be final two years after their first release.

Data Coverage: No major industrial sectors are excluded from the data.

Data Collection Methods: Data are collected on an aggregate basis, and reporting requirements are compulsory.

Data Sources: The data are compiled primarily from quarterly and annual enterprise surveys of residents with direct investment enterprises abroad. Published sources (such as the company accounts) are used as a secondary data source. A business register of enterprises involved in direct investment is maintained. This register is updated on an ongoing basis using information from (i) other statistical collection forms, (ii) registers maintained by government licensing and regulatory authorities, and other departments within the statistical agency, and (iii) the financial press.

Geographic Classification: Annual (calendar year) data showing country breakdowns are disseminated for direct investment financial flows with a timeliness of 15 months after the end of the reference period. Annual data showing geographic breakdowns for direct investment income are compiled but not disseminated at present. In accordance with the international standards, the debtor/creditor principle is used as the basis for the geographic allocation of the data. Bilateral information is not used in the compilation of the data. Data are disseminated showing breakdowns of direct investment financial flows by regions or economic zones for: (i) the European Union, (ii) ASEAN, (iii) Asia, and (iv) Europe. Data showing the same breakdowns for direct investment income are compiled, but not disseminated. The five countries with the largest amount of direct investment flows from Singapore during 1999 (ranked in descending order) were: Hong Kong SAR, Belgium, Malaysia, the British Virgin Islands, and Mauritius.

Industrial Classification: Annual (calendar year) data showing a breakdown by industry are disseminated for direct investment financial flows, with a timeliness of 15 months after the end of the reference period. Annual data showing a breakdown by industry for direct investment income are compiled but not disseminated at present. The data are based on the industry of the resident direct investor. The classification broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC). Specifically, Singapore compiles data at the five-digit level of the Singapore Standard Industrial Classification (SSIC) which adopts the basic framework and principles of the third revision of ISIC. Data showing a breakdown by industrial sector/region or economic zone are disseminated for: (i) the European Union, (ii) ASEAN, (iii) Asia, and (iv) Europe. Data showing a breakdown by industrial sector/partner country are also disseminated. Data showing the same breakdowns for direct investment income are compiled, but not disseminated.

B. Methodology

Definition of Direct Investors Abroad: In accordance with the international standards, the basic criterion for defining direct investors abroad is 10 percent ownership of a nonresident enterprise by a resident investor, regardless of whether the investor has an effective voice in management. Investors which own less than 10 percent of a direct investment enterprise but have an effective voice in management are not included. No value threshold is used to identify direct investors abroad and unincorporated enterprises are not treated differently from incorporated enterprises.

Treatment of Indirectly-Owned Direct Investment Enterprises: The “Fully Consolidated System” (FCS) recommended by the international standards is partially applied. In accordance with the FCS, (i) the direct

investment earnings data include the relevant share of indirectly-owned direct investment enterprises, and (ii) the direct investment financial flows data include the equity and other capital transactions between resident enterprises and nonresident enterprises of the same group of related enterprises. However, Singapore does not use the FCS to define groups of related enterprises, and instead uses the U.S. methodological system, which covers only those affiliates in which the direct investor has an indirect investment of 10 percent or more. Enterprises in Singapore are required by law to (i) produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, and (ii) identify all transactions with the parent company.

Measurement of Direct Investment Earnings: In accordance with the international standards, the “Current Operating Performance Concept” (COPC) is fully used to calculate earnings of direct investment enterprises. Specifically, (i) deductions are made for depreciation of capital and for provisions for host-country income and corporation taxes; and (ii) realized and unrealized capital gains and losses, write-offs and exchange rate gains or losses are not included. In accordance with the international standards, when a direct investment enterprise makes a loss, the net loss is recorded as negative reinvested earnings.

Treatment of Income on Equity (Dividends and Distributed Branch Profits): Data on income on equity are compiled but not disseminated at present. The data cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, dividends and distributed branch profits are recorded (i) on the date they are payable, and (ii) gross of any withholding taxes.

Treatment of Reinvested Earnings and Undistributed Branch Profits: Data on reinvested earnings and undistributed branch profits are compiled but not disseminated at present. The data cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, reinvested earnings and undistributed branch profits are recorded in the period in which they are earned.

Treatment of Income on Debt (Interest): Data on income on debt (interest) are compiled but not disseminated at present. The data cover interest income from: (i) long-term loans, and (ii) short-term loans. The data do not cover interest income from: (i) bonds and money market instruments, and (ii) trade credits. In accordance with the international standards, the data do not include interest from: (i) financial derivatives, and (ii) interest on deposits, loans and other claims and liabilities related to usual banking and financial intermediation activities between affiliated banks and affiliated financial intermediaries. In accordance with the international standards, the data are compiled on an accrual basis.

Treatment of Equity Capital: The data cover all types of financial flows affecting equity capital, namely: (i) listed voting stocks (shares), (ii) unlisted voting stocks, (iii) other non-voting stocks (including participating preference shares), and (iv) non-cash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, the data include equity transactions between affiliated banks and between affiliated financial intermediaries.

Treatment of Other Capital: The data cover (i) long-term loans, (ii) short-term loans, and (iii) trade credits. The data do not cover: (i) bonds and money market instruments, (ii) financial leases, and (iii) financial derivatives. In accordance with the international standards, the data exclude (i) loans merely guaranteed by direct investors or related direct investment enterprises, (ii) changes in insurance company technical reserves, and (iii) transactions between affiliated banks and between affiliated financial intermediaries involving deposits, loans, and other claims and liabilities related to usual banking and financial intermediation activities. Contrary to the international standards, the data do not include transactions associated with permanent debt (that is, loan capital representing a permanent interest) between affiliated banks and between affiliated financial intermediaries.

Treatment of Reverse Investment: Transactions involving reverse investment are not treated in accordance with the international standards in all instances. Assuming that the direct investment enterprise is a resident of Singapore and the direct investor is a nonresident, when the direct investment enterprise owns at least 10 percent of its nonresident direct investor, and has therefore established a direct investment relationship in its own right, contrary to the international standards equity and loan transactions are recorded as “Direct Investment in Singapore: Decrease in Liabilities to Direct Investors”, rather than as “Direct Investment Abroad: Increase in Claims on Affiliated Enterprises” in both instances. When the direct investment enterprise owns less than 10 percent of its nonresident direct investor, equity and loan transactions are recorded in accordance with the international standards as “Direct Investment in Singapore: Increase in Claims on Direct Investors”.

Treatment of Quasi-corporations: In accordance with the international standards, the data include the activities of quasi-corporations involving the operation abroad by Singaporean residents of (i) mobile equipment, such as ships, aircraft, and drilling rigs, and (ii) construction enterprises.

Treatment of Offshore Enterprises: In accordance with the international standards, activities of offshore enterprises established abroad by Singaporean residents are generally included in the direct investment data.

Treatment of Special Purpose Entities (SPEs): In accordance with the international standards: (i) activities of SPEs established abroad by Singaporean residents are generally included in the data, and (ii) in the case of SPEs established abroad by Singaporean residents that have the sole purpose of financial intermediation, transactions with affiliated banks and affiliated financial intermediaries, except transactions involving equity capital, are excluded from the data. Contrary to the international standards, in the case of SPEs established abroad by Singaporean residents that have the sole purpose of financial intermediation, the data do not include transactions with affiliated banks and affiliated financial intermediaries involving permanent debt.

Treatment of Land and Buildings: In accordance with the international standards, the data include purchases and sales of land and buildings abroad by Singaporean resident enterprises and individuals.

Treatment of Natural Resources Exploration: In accordance with the international standards, the data include expenditure related to natural resources exploration abroad by Singaporean residents.

Exchange Rate Conversion: Most transactions are converted to the unit of account at the exchange rate prevailing on the day of transaction, but some are converted at the average exchange rate in the period in which the transactions are recorded.

SINGAPORE: DIRECT INVESTMENT ABROAD
INTERNATIONAL INVESTMENT POSITION (“POSITION DATA”)

A. Compilation Practices and Data Sources

Data Availability: Annual (calendar year) data on (i) equity capital and reinvested earnings, and (ii) other capital, are disseminated with a timeliness of 6 months after the end of the reference period.

Revision Policy: The data are revised whenever survey respondents provide updated information in subsequent surveys. The data are considered to be final two years after their first release.

Data Coverage: No major industrial sectors are excluded from the data.

Data Collection Methods: Reporting requirements are compulsory.

Data Sources: The data are compiled primarily from annual enterprise surveys of residents with direct investment enterprises abroad. Published sources (such as the company accounts) are used as a secondary data source. The perpetual inventory method (a method for deriving position data from transactions data) is not used. A business register of enterprises involved in direct investment is maintained. This register is updated on an ongoing basis using information from (i) other statistical collection forms, (ii) registers maintained by government licensing and regulatory authorities, and other departments within the statistical agency, and (iii) the financial press.

Geographic Classification: Annual data showing country breakdowns of total direct investment are disseminated with a timeliness of 15 months after the end of the reference period. In accordance with the international standards, the data are compiled on an “immediate country” basis. Bilateral information is not used in the compilation of the data. Data are disseminated showing breakdowns by regions or economic zones for: (i) European Union, (ii) ASEAN, (iii) Asia, and (iv) Europe. The five countries with the largest amount of direct investment from Singapore as at the end of 1999 (ranked in descending order) were: China, Hong Kong SAR, Malaysia, Indonesia, and the British Virgin Islands.

Industrial Analysis: Annual data showing a breakdown of total direct investment by industry are disseminated with a timeliness of 15 months after the end of the reference period. The data are based on the industry of the resident direct investor. The classification broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC). Specifically, Singapore compiles data at the five-digit level of the Singapore Standard Industrial Classification (SSIC) which adopts the basic framework and principles of the third revision of ISIC. Data showing a breakdown by industrial sector/region or economic zone are disseminated for: (i) the European Union, (ii) ASEAN, (iii) Asia, and (iv) Europe. Data showing a breakdown by industrial sector/partner country are also disseminated.

B. Methodology

Definition of Direct Investors Abroad: In accordance with the international standards, the basic criterion for defining direct investors abroad is 10 percent ownership of a nonresident enterprise by a resident investor, regardless of whether the investor has an effective voice in management. Investors which own less than 10 percent of a direct investment enterprise but have an effective voice in management are not included. No value threshold is used to identify direct investors abroad and unincorporated enterprises are not treated differently from incorporated enterprises.

Treatment of Indirectly-Owned Direct Investment Enterprises: The “Fully Consolidated System” (FCS) recommended by the international standards is partially applied. In accordance with the FCS, the relevant share of indirectly-owned direct investment enterprises is included in (i) the reinvested earnings data, and (ii) the equity and other capital position data. However, Singapore does not use the FCS to define groups of related enterprises, and instead uses the U.S. methodological system, which covers only those affiliates in which the direct investor has an indirect investment of 10 percent or more. Enterprises in Singapore are required by law to (i) produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, and (ii) identify all transactions with the parent company.

Treatment of Equity Capital and Reinvested Earnings: The data all types of position data affecting equity capital and reinvested earnings, namely (i) listed voting stocks (shares), (ii) unlisted voting stocks, (iii) other non-

voting stocks, including participating preference shares, (iv) non-cash acquisitions of equity, such as through the provision of capital equipment, and (v) reinvested earnings. In accordance with the international standards, the data include equity positions between affiliated banks and between affiliated financial intermediaries. The reinvested earnings data cover both incorporated enterprises and unincorporated enterprises, and, in accordance with the international standards, are recorded in the period in which they are earned. (See also the section on the *Measurement of Direct Investment Earnings* in the metadata on the Balance of Payments [transactions] data on Direct Investment Abroad.)

Treatment of Other Capital: The data cover: (i) long-term loans, (ii) short-term loans, and (iii) trade credits. The data do not cover: (i) bonds and money market instruments; (ii) financial leases, and (iii) financial derivatives. In accordance with the international standards, the data exclude (i) loans merely guaranteed by direct investors or related direct investment enterprises, (ii) changes in insurance company technical reserves, and (iii) positions between affiliated banks and between affiliated financial intermediaries involving deposits, loans, and other claims and liabilities related to usual banking and financial intermediation activities. Contrary to the international standards, the data do not include positions associated with permanent debt (that is, loan capital representing a permanent interest) between affiliated banks and between affiliated financial intermediaries.

Treatment of Reverse Investment: Positions involving reverse investment are not treated in accordance with the international standards in all instances. Assuming that the direct investment enterprise is a resident of Singapore and the direct investor is a nonresident, when the direct investment enterprise owns at least 10 percent of its nonresident direct investor, and has therefore established a direct investment relationship in its own right, contrary to the international standards, equity and loan positions are recorded as “Liabilities: Direct Investment in Singapore: Liabilities to Direct Investors”, rather than as “Assets: Direct Investment Abroad: Claims on Affiliated Enterprises” in both instances. In accordance with the international standards, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, equity and loan positions are recorded as “Liabilities: Direct Investment in Singapore: Claims on Direct Investors”.

Treatment of Quasi-corporations: In accordance with the international standards, the data include the activities of quasi-corporations involving the operation abroad by Singaporean residents of (i) mobile equipment, such as ships, aircraft, and drilling rigs, and (ii) construction enterprises.

Treatment of Offshore Enterprises: In accordance with the international standards, activities of offshore enterprises established abroad by Singaporean residents are generally included in the direct investment data.

Treatment of Special Purpose Entities (SPEs): In accordance with the international standards: (i) activities of SPEs established abroad by Singaporean residents are generally included in the data, and (ii) in the case of SPEs established abroad by Singaporean residents that have the sole purpose of financial intermediation, positions with affiliated banks and affiliated financial intermediaries, except positions involving equity capital, are excluded from the data. Contrary to the international standards, in the case of SPEs established abroad by Singaporean residents that have the sole purpose of financial intermediation, the data do not include positions with affiliated banks and affiliated financial intermediaries involving permanent debt.

Treatment of Land and Buildings: In accordance with the international standards, the data include ownership of land and buildings abroad by Singaporean resident enterprises and individuals.

Treatment of Natural Resources Exploration: In accordance with the international standards, the data include expenditure related to natural resources exploration abroad by Singaporean residents.

Valuation: The data are recorded primarily at market value, as recommended in the international standards. However, some positions are recorded at book values, which are based on the last revalued prices, and may not be the current market prices.

Exchange Rate Conversion: The exchange rate used to convert foreign currencies into the unit of account is primarily that prevailing on the day to which the position data relate. However, the exchange rate prevailing on the day the stocks were acquired is also used in some instances.