

This metadata describes the compilation practices, sources and methodology in use in 2003. 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”)**

DIRECT INVESTMENT IN SINGAPORE

BALANCE OF PAYMENTS (“INWARD TRANSACTIONS”) DATA

A. Compilation Practices and Data Sources

Data Availability

Separately identifiable annual (calendar year) data are compiled by the Department of Statistics (DOS) within the balance of payments framework on (a) one of the three components of direct investment income, namely, reinvested earnings, and (b) the components of direct investment financial flows: (i) equity capital, and (ii) other capital, with a timeliness of 2 months after the end of the reference year. (These are the most timely data.) The data are not disseminated, and are not available on request.

More comprehensive separately identifiable annual (calendar year) data are compiled by the Department of Statistics (DOS) within the balance of payments framework on (a) one of the three components of direct investment income, namely, reinvested earnings, and (b) the components of direct investment financial flows: (i) equity capital, and (ii) other capital, with a timeliness of 18 months after the end of the reference period. These data are not disseminated, but are available on request. These data are not reported to the IMF for publication, although there are plans to begin to do so within 2 to 5 years.

In addition, aggregate data showing total inward direct investment financial flows are disseminated with a timeliness of 2 months after the end of the reference period in the *Economic Survey of Singapore*, the *Monthly Digest of Statistics*, the *Yearbook of Statistics*, and on the SingStat Time Series (STS) online system. The aggregate data on total inward direct investment financial flows are also reported to the IMF for publication.

Separately identifiable data on (i) income on equity (dividends and distributed branch profits), and (ii) income on debt (interest), are not compiled. Instead annual data on these two components are included indistinguishably under the aggregate data on total income debits and total income credits in the balance of payments statistics. However, there are plans to begin to compile and disseminate separately identifiable annual data for these two components of direct investment income within the next 2 to 5 years.

Revision Practices

The data are preliminary when first made available on request. The data are revised quarterly for the current year and annually for the previous two years to incorporate the results of a more comprehensive survey and revised estimates arising from the availability of improved proxy indicators. The revised data are made available on request once a year together with the preliminary data for the latest year. The data are considered to be final 24 months after they were first made available on request.

The revised status of the data is clearly identified in the detailed data made available on request and in the aggregate data disseminated and the general public are informed of the reasons for major revisions. The historical data are revised as far back as possible in instances of major changes in methodology or data collection systems.

There are no differences in the revision practices between the data disseminated in the national publications and those reported to the IMF for publication.

Data Coverage

No major sectors of the economy or elements within those economic sectors are excluded from the data.

There are no differences in the sectoral coverage between the data disseminated in the national publications and those reported to the IMF for publication.

Data Collection Method

The data are collected on an aggregate basis and the reporting requirements are compulsory.

Data Sources

The most timely annual data for all components are estimates based on information from business registers and data models.

The more comprehensive annual data for all components are compiled primarily from annual enterprise surveys of resident enterprises. The company accounts of resident direct investment enterprises are used as a secondary data source.

There are no differences in the data sources between the data disseminated in the national publications and those reported to the IMF for publication.

A business register of enterprises involved in direct investment is used to compile the inward direct investment transactions data. The register is maintained by the DOS and is updated on an ongoing basis using information from (i) other statistical collection forms, (ii) registers maintained by government licensing and regulatory authorities, the stock exchange authorities, and other departments within DOS, (iii) the financial press, and (iv) compulsory direct investment surveys. The same business register is used to compile the inward direct investment transactions and position data, and the outward direct investment transactions and position data.

Geographic Classification

Annual data showing breakdowns by country for the direct investment financial flows data are compiled by the DOS. These data are not disseminated, but are available on request with a timeliness of 18 months after the end of the reference period. The data cover 41 countries and bilateral data are not used in the compilation of the data. Data showing breakdowns by country are not compiled for the direct investment income data.

The debtor/creditor principle is used as the basis for the geographic allocation of the data. The five countries with the largest amount of direct investment financial flows into Singapore during 2002 (ranked in descending order) were: the United Kingdom, Australia, Germany, the Netherlands, and Indonesia.

In addition to the data showing country breakdowns, annual data are compiled by the DOS showing breakdowns of the direct investment financial flows for the following regions/economic zones, including: (i) the EU15, and (ii) the ASEAN countries. These data are not disseminated, but are available on request with a timeliness of 18 months after the end of the reference period. Data showing breakdowns by regions/economic zones are not compiled for the direct investment income data.

There are no differences in the data coverage, sources, etc. between the inward transactions data showing geographic breakdowns made available on request and the aggregate inward data on direct investment financial flows reported to the IMF for publication.

Industrial Classification

Annual data showing breakdowns by industrial activity for direct investment financial flows are compiled by the DOS. These data are not disseminated, but are available on request, with a timeliness of 18 months after the end of the reference period. The data show a breakdown for 8 industrial activities. The classification used is the Singapore Standard Industrial Classification (SSIC), which broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC). Data showing breakdowns by industrial activity for the direct investment income data are not compiled.

The data on direct investment financial flows are classified on the basis of the industrial activity of the resident direct investment enterprises. The five industrial activities with the largest amount of direct investment financial flows into Singapore during 2002 (ranked in descending order) were: (i) finance, (ii) manufacturing, (iii) trade and commerce, (iv) business services, and (v) real estate.

Annual data are compiled by the DOS for the direct investment financial flows data showing a breakdown by both industrial activity and selected partner country. These data are not disseminated, but are available on request, with a timeliness of 18 months after the end of the reference period. The five highest ranking partner countries during 2002 (ranked in descending order) for which breakdowns by industrial activity are disseminated were: Indonesia, Taiwan, Malaysia, Thailand, and South Korea. Data showing a breakdown by both industrial activity and selected partner country are not compiled for the direct investment income data.

In addition, annual data are compiled by the DOS for the direct investment financial flows data showing a breakdown by both industrial activity and region/economic zone. These data are not disseminated but are available on request, with a timeliness of 18 months after the end of the reference period. Data showing a breakdown by both industrial activity and region/economic zone are not compiled for the direct investment income data.

There are no differences in the data coverage, sources, etc. between the inward transactions data showing industrial activity breakdowns made available on request and the aggregate inward data on direct investment financial flows reported to the IMF for publication.

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—that is, enterprises in which the nonresident direct investor owns 10 percent or more but does not have an effective voice in management are included, while enterprises in which the nonresident investor owns less than 10 percent but has an effective voice in management are not included. In accordance with the international standards, the 10 percent ownership is based on the ownership of each individual nonresident investor or group of related nonresident investors, rather than being calculated by combining the holdings of all nonresident investors in a specific enterprise or from a specific country. No value threshold is used to identify resident 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 in 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 equity and other capital transactions made directly between resident enterprises of a related group and nonresident enterprises of the same group. 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 associate companies, both foreign and domestic, 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 direct investment earnings. Specifically, (i) deductions are made for depreciation of capital, and for provisions for host-country income and corporation taxes, (ii) realized and unrealized capital gains and losses, write-offs, and realized and unrealized exchange rate gains and losses are not included, (iii) interest receivable/payable is included, and (iv) debt repayments receivable/payable are excluded.

Treatment of Income on Equity (Dividends and Distributed Branch Profits)

Although data on income on equity (dividends and distributed branch profits) are compiled, they are included indistinguishably under the aggregate data on total income debits and total income credits in the balance of payments statistics. The data cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) dividends and distributed branch profits for both incorporated enterprises and unincorporated enterprises are recorded on the date they are declared payable, (ii) dividends and distributed branch profits are recorded gross of any withholding taxes, (iii) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iv) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks.

Treatment of Reinvested Earnings and Undistributed Branch Profits

The data on reinvested earnings and undistributed branch profits cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) the reinvested earnings and undistributed branch profits are recorded in the period in which they are earned, (ii) the data include reinvested earnings and undistributed branch profits between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks, and (iv) when a direct investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings.

Treatment of Income on Debt (Interest)

Although data on income on debt (interest) are compiled, they are included indistinguishably under the aggregate data on total income debits and total income credits in the balance of payments statistics. The data cover both incorporated enterprises and unincorporated enterprises and include interest on (i) long-term loans, (ii) short-term loans, (iii) bonds and money market instruments and (iv) financial leases. (Prior to 1999 the data did not cover interest on bonds and money market instruments.) The data do not include interest on trade credits. In accordance with the international standards, the data do not include (i) interest on 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, (i) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks, and (iii) the data are recorded on an accrual basis.

Treatment of Equity Capital

The equity capital transactions data cover (i) listed voting stocks (shares), (ii) unlisted voting stocks (shares), (iii) participating preference [preferred] shares, (iv) other non-voting stocks (shares), and (v) noncash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, (i) the data include equity transactions between affiliated banks and between affiliated financial intermediaries, (ii) the data include equity transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks.

Treatment of Other Capital

The other capital transactions data cover: (i) long-term loans, (ii) short-term loans, (iii) bonds and money market instruments, and (iv) financial leases. (Prior to 1999, the data did not cover bonds and money market instruments.) The data do not cover trade credits. In accordance with the international standards, the data exclude (i) financial derivatives, (ii) loan/debt guarantees provided by direct investors or related direct investment enterprises, (iii) changes in insurance company technical reserves, and (iv) 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. In accordance with the international standards, (i) the data include non-participating preference shares, (ii) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, the data do not include transactions associated with permanent debt between affiliated banks and between affiliated financial intermediaries.

In instances when a loan/debt guarantee provided by a direct investor or related direct investment enterprise is invoked following default by a direct investment enterprise, the entire amount of the loan/debt guarantee outstanding is treated as direct investment lending by the guarantor and recorded under "Direct Investment in Singapore: Other Capital: Increase in Liabilities to Direct Investors" at the time the guarantee is invoked.

Treatment of Reverse Investment

Transactions involving reverse investment are not treated in accordance with the international standards in some 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, in accordance with the international standards, equity transactions are recorded as "Direct Investment Abroad: Equity Capital: Increase in Claims on Affiliated Enterprises" and loan transactions are recorded as "Direct Investment Abroad: Other Capital: Increase in Claims on Affiliated Enterprises".

Assuming that the direct investment enterprise is a resident of Singapore and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, contrary to the international standards, equity transactions are recorded as "Portfolio Investment: Increase in Assets: Equity Securities", rather than as "Direct Investment in Singapore: Equity Capital: Increase in Claims on Direct Investors", and loan transactions are recorded as "Other investment: Increase in Assets: Loans", rather than as "Direct Investment in Singapore: Other Capital: Increase in Claims on Direct Investors".

Treatment of Quasi-corporations

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

Treatment of Offshore Enterprises

In accordance with the international standards, activities of offshore enterprises established in Singapore by nonresidents are 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 included in the direct investment data, with no exceptions, and (ii) in the case of SPEs established in Singapore by nonresidents that have the primary purpose of financial intermediation, transactions with affiliated banks and affiliated financial intermediaries are excluded from the data, except those involving equity capital. (Contrary to the international standards, transactions with affiliated banks and affiliated financial intermediaries involving permanent debt are also excluded from the data.)

Treatment of Land and Buildings

In accordance with the international standards, the equity capital data include purchases and sales of land and buildings in Singapore by nonresident enterprises and nonresident individuals. Land and buildings purchased in Singapore by nonresident enterprises and nonresident individuals on long-term leases are included. (Long-term leases are defined as those leases with a duration of more than one year.)

Treatment of Natural Resources Exploration

In accordance with the international standards, (i) expenditure related to natural resources exploration in Singapore by nonresidents is included in the equity capital data, (ii) expenditure on bonus payments made by nonresidents to the host country for the right to undertake exploration for natural resources is included in the equity capital data when there is a clear intention to establish a direct investment enterprise, and (iii) in instances of the shutdown of a direct investment enterprise established in Singapore by nonresidents for natural resource exploration, no transactions are shown in the balance of payments statistics.

Exchange Rate Conversion

Most transactions are converted to the unit of account at the exchange rate prevailing on the day of the transaction. Some transactions are converted at the average exchange rate for the period.

DIRECT INVESTMENT IN SINGAPORE

INTERNATIONAL INVESTMENT POSITION LIABILITIES (“INWARD POSITION DATA”)

A. Compilation Practices and Data Sources

Data Availability

Separately identifiable annual (calendar year) data are compiled by the Department of Statistics (DOS) within the international investment position (IIP) framework on (a) equity capital and reinvested earnings, and (b) other capital with a timeliness of 6 months after the end of the reference period. These data are not disseminated, and are not available on request.

More comprehensive separately identifiable annual (calendar year) data are compiled by the Department of Statistics (DOS) within the international investment position (IIP) framework on (a) equity capital and reinvested earnings, and (b) other capital with a timeliness of 18 months after the end of the reference period. These data are not disseminated, and are not available on request. However, there are plans to begin to disseminate these data and to report them to the IMF for publication within 2 to 5 years.

In addition, aggregate data showing the total inward direct investment position are disseminated with a timeliness of 6 months after the end of the reference period on the National Summary Data Page on the DOS’s website <http://www.singstat.gov.sg>. The aggregate data are also reported to the IMF for publication.

Revision Practices

The aggregate data are preliminary when first released. The data are revised for the previous two years once a year to incorporate the results of a more comprehensive survey and revised estimates arising from the availability of improved proxy indicators. The revised aggregate data are disseminated once a year together with the preliminary data for the latest year. The data are considered to be final 24 months after the aggregate data were first disseminated.

The revised status of the data is clearly identified in the disseminated data and the general public are informed of the reasons for the revisions. The historical data are revised as far back as possible in instances of major changes in methodology or data collection systems.

There are no differences in the revision practices between the data disseminated in the national publications and those reported to the IMF for publication.

Data Coverage

No major sectors of the economy or elements within those economic sectors are excluded from the data.

There are no differences in the sectoral coverage between the data disseminated in the national publications and those reported to the IMF for publication.

Data Collection Method

The data are collected on an aggregate basis and the reporting requirements are compulsory.

Data Sources

The most timely annual data for all components are estimates based on information from business registers and data models.

The more comprehensive annual data for all components are compiled primarily from annual enterprise surveys of resident enterprises. The company accounts of resident direct investment enterprises are used as a secondary data source.

There are no differences in the data sources between the data disseminated in the national publications and those reported to the IMF for publication.

A business register of enterprises involved in direct investment is used to compile the inward direct investment position data. The register is maintained by the DOS and is updated on an ongoing basis using information from (i) other statistical collection forms, (ii) registers maintained by government licensing and regulatory authorities, the stock exchange authorities, and other departments within DOS, (iii) the financial press, and (iv) compulsory direct investment surveys. The same business register is used to compile the inward direct investment transactions and position data, and the outward direct investment transactions and position data.

Geographic Classification

Annual data showing breakdowns by country for the inward direct investment position data are compiled by the DOS. The data are disseminated once a year with a timeliness of 18 months after the end of the reference period in the DOS publication *Foreign Equity Investment in Singapore*. The data cover 41 countries and bilateral data are not used in the compilation of the data.

In accordance with the international standards, the data are compiled on an "immediate country" basis. The five countries with the largest amount of direct investment in Singapore as at the end of 2001 (ranked in descending order) were: the United States, the Netherlands, Japan, Switzerland, and the United Kingdom.

In addition to the data showing country breakdowns, annual data are compiled by the DOS showing breakdowns of the inward direct investment position data for the following regions/economic zones, including: (i) the EU15, and (ii) the ASEAN countries. These data are disseminated once a year with a timeliness of 18 months after the end of the reference period in the DOS publication *Foreign Equity Investment in Singapore*.

There are differences in the data coverage, sources, etc. between the inward position data showing geographic breakdowns disseminated in the national publications and the aggregate inward position data reported to the IMF for publication, in that the former are compiled solely from a survey of the corporate sector, while the latter are compiled from the results of an annual enterprise surveys of resident enterprises, supplemented by information from the company accounts of resident direct investment enterprises.

Industrial Classification

Annual data showing breakdowns by industrial activity for the inward direct investment position data are compiled by the DOS. These data are disseminated once a year with a timeliness of 18 months after the end of the reference period in the DOS publication *Foreign Equity Investment in Singapore*. The data show a breakdown for 8 industrial activities. The classification used is the Singapore Standard Industrial Classification (SSIC), which broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC).

The inward direct investment position data are classified on the basis of the industrial activity of the resident direct investment enterprises. The five industrial activities with the largest amount of direct investment in Singapore as at the end of 2001 (in descending order) were: (i) manufacturing, (ii) commerce, (iii) transport, storage, and communications, (iv) financial and insurance services, and (v) real estate.

Annual data are compiled by the DOS for the inward direct investment position data showing a breakdown by both industrial activity and main partner country. These data are disseminated once a year with a timeliness of 18 months after the end of the reference period in the DOS publication *Foreign Equity Investment in Singapore*. The five highest ranking partner countries as at the end of 2001 (ranked in descending order) for which breakdowns by industrial activity are disseminated were: the United States, the Netherlands, Japan, Switzerland, and the United Kingdom.

In addition, annual data are compiled by the DOS for the inward direct investment position data showing a breakdown by both industrial activity and region/economic zone. These data are disseminated once a year with a timeliness of 18 months after the end of the reference period in the DOS publication *Foreign Equity Investment in Singapore*.

There are differences in the data coverage, sources, etc. between the inward position data showing industrial activity breakdowns disseminated in the national publications and the aggregate inward position data reported to the IMF for publication, in that the former are compiled solely from a survey of the corporate sector, while the latter are compiled from the results of an annual enterprise surveys of resident enterprises, supplemented by information from the company accounts of resident direct investment enterprises.

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—that is, enterprises in which the nonresident direct investor owns 10 percent or more but does not have an effective voice in management are included, while enterprises in which the nonresident investor owns less than 10 percent but has an effective voice in management are not included. In accordance with the international standards, the 10 percent ownership is based on the ownership of each individual nonresident investor or group of related nonresident investors, rather than being calculated by combining the holdings of all nonresident investors in a specific enterprise or from a specific country. No value threshold is used to identify resident 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 in the international standards is partially applied. In accordance with the FCS, the data include (i) the relevant share of the reinvested earnings of indirectly-owned direct investment enterprises, and (ii) equity capital and other capital positions held directly by resident enterprises of a related group with nonresident enterprises of the same group. 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 associate companies, both foreign and domestic, and (ii) identify all transactions with the parent company.

Treatment of Equity Capital and Reinvested Earnings

The equity capital position data cover (i) listed voting stocks (shares), (ii) unlisted voting stocks (shares), (iii) participating preference [preferred] shares, (iv) other non-voting stocks (shares), and (v) noncash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, (i) the data include equity positions between affiliated banks and between affiliated financial intermediaries, (ii) the data include equity positions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks.

The reinvested earnings data cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) the reinvested earnings are recorded in the period in which they are earned, (ii) the data include reinvested earnings between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks, and (iv) when a direct investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings. (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 other capital position data cover: (i) long-term loans, (ii) short-term loans, (iii) bonds and money market instruments, and (iv) financial leases. (Prior to 2003 the data did not cover bonds and money market instruments.) The data do not cover trade credits. In accordance with the international standards, the data

exclude (i) financial derivatives, (ii) loan/debt guarantees provided by direct investors or related direct investment enterprises, (iii) changes in insurance company technical reserves, and (iv) 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. In accordance with the international standards, (i) the data include non-participating preference shares, (ii) the data include positions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, the data do not include positions associated with permanent debt between affiliated banks and between affiliated financial intermediaries.

In instances when a loan/debt guarantee provided by a direct investor or related direct investment enterprise is invoked following default by a direct investment enterprise, the entire amount of the loan/debt guarantee outstanding is treated as direct investment lending by the guarantor and recorded under "Liabilities: Direct Investment in Singapore: Other Capital: Liabilities to Direct Investors" at the time the guarantee is invoked.

Treatment of Reverse Investment

Positions involving reverse investment are not treated in accordance with the international standards in some 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, in accordance with the international standards, equity positions are recorded as "Assets: Direct Investment Abroad: Equity Capital: Claims on Affiliated Enterprises" and loan positions are recorded as "Assets: Direct Investment Abroad: Other Capital: Claims on Affiliated Enterprises".

Assuming that the direct investment enterprise is a resident of Singapore and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, contrary to the international standards, equity positions are recorded as "Assets: Portfolio Investment: Equity Securities", rather than as "Liabilities: Direct Investment in Singapore: Equity Capital: Claims on Direct Investors", and loan positions are recorded as "Assets: Other investment: Loans", rather than as "Liabilities: Direct Investment in Singapore: Other Capital: Claims on Direct Investors".

Treatment of Quasi-corporations

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

Treatment of Offshore Enterprises

In accordance with the international standards, activities of offshore enterprises established in Singapore by nonresidents are 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 included in the direct investment data, with no exceptions, and (ii) in the case of SPEs established in Singapore by nonresidents that have the primary purpose of financial intermediation, positions with affiliated banks and affiliated financial intermediaries are excluded from the data, except those involving equity capital. (Contrary to the international standards, positions with affiliated banks and affiliated financial intermediaries involving permanent debt are also excluded from the data.)

Treatment of Land and Buildings

In accordance with the international standards, the equity capital data include ownership of land and buildings in Singapore by nonresident enterprises and nonresident individuals. Land and buildings owned in Singapore by

nonresident enterprises and nonresident individuals on long-term leases are included. (Long-term leases are defined as those leases with a duration of more than one year.)

Treatment of Natural Resources Exploration

In accordance with the international standards, (i) expenditure related to natural resources exploration in Singapore by nonresidents is included in the equity capital data, (ii) expenditure on bonus payments made by nonresidents to the host country for the right to undertake exploration for natural resources is included in the equity capital data when there is a clear intention to establish a direct investment enterprise, and (iii) in instances of the shutdown of a direct investment enterprise established in Singapore by nonresidents for natural resource exploration, an adjustment to reflect that shutdown is made to the liabilities data on direct investment equity capital in the international investment position statistics.

Valuation of Assets and Liabilities

The data on equity capital for listed enterprises are recorded at market values. The data on equity capital for unlisted enterprises are recorded primarily at market values, which are based on one of the following (i) a recent transaction price, (ii) the Directors' valuation, or (iii) the net asset value (that is, total assets less non-equity liabilities). However, some of the data on equity capital for unlisted enterprises are valued at book values, which are the interim adjusted price.

The data on other capital are recorded primarily at market values. However, some are recorded at book values, which are the interim adjusted price.

The book values used are those shown in the accounting records of the resident direct investment enterprises, rather than the nonresident direct investors.

Exchange Rate Conversion

Most positions are converted to the unit of account at the exchange rate prevailing on the date to which the position data relate. Some positions are converted at the exchange rate prevailing on the date the stocks were acquired.

DIRECT INVESTMENT ABROAD

BALANCE OF PAYMENTS (“OUTWARD TRANSACTIONS”) DATA

A. Compilation Practices and Data Sources

Data Availability

Separately identifiable annual (calendar year) data are compiled by the Department of Statistics (DOS) within the balance of payments framework on (a) one of the three components of direct investment income, namely, reinvested earnings, and (b) the components of direct investment financial flows: (i) equity capital, and (ii) other capital, with a timeliness of 2 months after the end of the reference year. (These are the most timely data.) The data are not disseminated, and are not available on request.

More comprehensive separately identifiable annual (calendar year) data are compiled by the Department of Statistics (DOS) within the balance of payments framework on (a) one of the three components of direct investment income, namely, reinvested earnings, and (b) the components of direct investment financial flows: (i) equity capital, and (ii) other capital, with a timeliness of 18 months after the end of the reference period. These data are not disseminated, but are available on request. These data are not reported to the IMF for publication, although there are plans to begin to do so within 2 to 5 years.

In addition, aggregate data showing total outward direct investment financial flows are disseminated with a timeliness of 2 months after the end of the reference period in the *Economic Survey of Singapore*, the *Monthly Digest of Statistics*, the *Yearbook of Statistics*, and on the SingStat Time Series (STS) online system. The aggregate data on total outward direct investment financial flows are also reported to the IMF for publication.

Separately identifiable data on (i) income on equity (dividends and distributed branch profits), and (ii) income on debt (interest), are not compiled. Instead annual data on these two components are included indistinguishably under the aggregate data on total income debits and total income credits in the balance of payments statistics. However, there are plans to begin to compile and disseminate separately identifiable annual data for these two components of direct investment income within the next 2 to 5 years.

Revision Practices

The data are preliminary when first made available on request. The data are revised quarterly for the current year and annually for the previous two years to incorporate the results of a more comprehensive survey and revised estimates arising from the availability of improved proxy indicators. The revised data are made available on request once a year together with the preliminary data for the latest year. The data are considered to be final 24 months after they were first made available on request.

The revised status of the data is clearly identified in the detailed data made available on request and in the aggregate data disseminated and the general public are informed of the reasons for major revisions. The historical data are revised as far back as possible in instances of major changes in methodology or data collection systems.

There are no differences in the revision practices between the data disseminated in the national publications and those reported to the IMF for publication.

Data Coverage

No major sectors of the economy or elements within those economic sectors are excluded from the data.

There are no differences in the sectoral coverage between the data disseminated in the national publications and those reported to the IMF for publication.

Data Collection Method

The data are collected on an aggregate basis and the reporting requirements are compulsory.

Data Sources

The most timely annual data for all components are estimates based on banking records and data models. Press reports are used as a secondary data source.

The more comprehensive annual data for all components are compiled primarily from annual enterprise surveys of resident direct investors. Banking records are used as a secondary data source, and the company accounts of resident direct investors are also used as a data source.

There are no differences in the data sources between the data disseminated in the national publications and those reported to the IMF for publication.

A business register of enterprises involved in direct investment is used to compile the outward direct investment transactions data. The register is maintained by the DOS and is updated on an ongoing basis using information from (i) other statistical collection forms, (ii) registers maintained by government licensing and regulatory authorities, the stock exchange authorities, and other departments within DOS, (iii) the financial press, and (iv) compulsory direct investment surveys. The same business register is used to compile the outward direct investment transactions and position data, and the inward direct investment transactions and position data.

Geographic Classification

Not applicable. Data showing geographic breakdowns are not compiled for the direct investment income and the direct investment financial flows data.

Industrial Classification

Not applicable. Data showing industrial activity breakdowns are not compiled for the direct investment income and the direct investment financial flows data.

B. Methodology

Definition of Direct Investors

In accordance with the international standards, the basic criterion for defining resident direct investors is 10 percent ownership by a resident investor of an enterprise abroad, regardless of whether the investor has an effective voice in management—that is, enterprises abroad in which the resident direct investor owns 10 percent or more but does not have an effective voice in management are included, while enterprises abroad in which the resident investor owns less than 10 percent but has an effective voice in management are not included. In accordance with the international standards, the 10 percent ownership is based on the ownership of each individual resident investor or group of related resident investors, rather than being calculated by combining the holdings of all resident investors in a specific enterprise abroad or in a specific country abroad. No value threshold is used to identify resident direct investors, and unincorporated enterprises are not treated differently from incorporated enterprises.

Treatment of Indirectly Owned Direct Investment Enterprises

The “Fully Consolidated System” (FCS) recommended in 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 equity and other capital transactions made directly between resident enterprises of a related group and nonresident enterprises of the same group. 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 associate companies, both foreign and domestic, 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 direct investment earnings. Specifically, (i) deductions are made for depreciation of capital, and for provisions for host-country income and corporation taxes, (ii) realized and unrealized capital gains and losses, write-offs, and realized and unrealized exchange rate gains and losses are not included, (iii) interest receivable/payable is included, and (iv) debt repayments receivable/payable are excluded.

Treatment of Income on Equity (Dividends and Distributed Branch Profits)

Although data on income on equity (dividends and distributed branch profits) are compiled, they are included indistinguishably under the aggregate data on total income debits and total income credits in the balance of payments statistics. The data cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) dividends and distributed branch profits are recorded gross of any withholding taxes, (ii) dividends and distributed branch profits for both incorporated enterprises and unincorporated enterprises are recorded on the date they are declared payable, (iii) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iv) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks.

Treatment of Reinvested Earnings and Undistributed Branch Profits

The data on reinvested earnings and undistributed branch profits cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) the reinvested earnings and undistributed branch profits are recorded in the period in which they are earned, (ii) the data include reinvested earnings and undistributed branch profits between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks, and (iv) when a direct investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings.

Treatment of Income on Debt (Interest)

Although data on income on debt (interest) are compiled, they are included indistinguishably under the aggregate data on total income debits and total income credits in the balance of payments statistics. The data cover both incorporated enterprises and unincorporated enterprises and include interest on (i) long-term loans, (ii) short-term loans, (iii) bonds and money market instruments and (iv) financial leases. (Prior to 2003 the data did not cover interest on bonds and money market instruments.) The data do not include interest on trade credits. In accordance with the international standards, the data do not include (i) interest on 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, (i) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks, and (iii) the data are recorded on an accrual basis.

Treatment of Equity Capital

The equity capital transactions data cover (i) listed voting stocks (shares), (ii) unlisted voting stocks (shares), (iii) participating preference [preferred] shares, (iv) other non-voting stocks (shares), and (v) noncash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, (i) the data include equity transactions between affiliated banks and between affiliated financial intermediaries, (ii) the data include equity transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks.

Treatment of Other Capital

The other capital transactions data cover: (i) long-term loans, (ii) short-term loans, (iii) bonds and money market instruments, and (iv) financial leases. (Prior to 2003 the data did not cover bonds and money market instruments.) The data do not cover trade credits. In accordance with the international standards, the data exclude (i) financial derivatives, (ii) loan/debt guarantees provided by direct investors or related direct investment enterprises, (iii) changes in insurance company technical reserves, and (iv) 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. In accordance with the international standards, (i) the data include non-participating preference shares, (ii) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, the data do not include transactions associated with permanent debt between affiliated banks and between affiliated financial intermediaries.

In instances when a loan/debt guarantee provided by a direct investor is invoked following default by a direct investment enterprise, the entire amount of the loan/debt guarantee outstanding is treated as direct investment lending by the guarantor and recorded under "Direct Investment Abroad: Other Capital: Increase in Claims on Affiliated Enterprises" at the time the guarantee is invoked.

Treatment of Reverse Investment

Transactions involving reverse investment are not treated in accordance with the international standards in some 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, in accordance with the international standards, equity transactions are recorded as "Direct Investment Abroad: Equity Capital: Increase in Claims on Affiliated Enterprises" and loan transactions are recorded as "Direct Investment Abroad: Other Capital: Increase in Claims on Affiliated Enterprises".

Assuming that the direct investment enterprise is a resident of Singapore and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, contrary to the international standards, equity transactions are recorded as "Portfolio Investment: Increase in Assets: Equity Securities", rather than as "Direct Investment in Singapore: Equity Capital: Increase in Claims on Direct Investors", and loan transactions are recorded as "Other investment: Increase in Assets: Loans", rather than as "Direct Investment in Singapore: Other Capital: Increase in Claims on Direct Investors".

Treatment of Quasi-corporations

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

Treatment of Offshore Enterprises

In accordance with the international standards, activities of offshore enterprises established abroad by residents of Singapore are 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 residents of Singapore are included in the direct investment data, with no exceptions, and (ii) in the case of SPEs established abroad by residents of Singapore that have the primary purpose of financial intermediation, transactions with affiliated banks and affiliated financial intermediaries are excluded from the data, except those involving equity capital. (Contrary to the international standards, transactions with affiliated banks and affiliated financial intermediaries involving permanent debt are also excluded from the data.)

Treatment of Land and Buildings

In accordance with the international standards, the equity capital data include purchases and sales of land and buildings abroad by enterprises and individuals resident in Singapore. Land and buildings purchased abroad by enterprises and individuals resident in Singapore on long-term leases are included. (Long-term leases are defined as those leases with a duration of more than one year.)

Treatment of Natural Resources Exploration

In accordance with the international standards, (i) expenditure related to natural resources exploration abroad by residents of Singapore is included in the equity capital data, (ii) expenditure on bonus payments made by residents of Singapore to the host country for the right to undertake exploration for natural resources is included in the equity capital data when there is a clear intention to establish a direct investment enterprise, and (iii) in instances of the shutdown of a direct investment enterprise established abroad by residents of Singapore for natural resource exploration, no transactions are shown in the balance of payments statistics.

Exchange Rate Conversion

Most transactions are converted to the unit of account at the exchange rate prevailing on the day of the transaction. Some transactions are converted at the average exchange rate for the period.

DIRECT INVESTMENT ABROAD

INTERNATIONAL INVESTMENT POSITION ASSETS (“OUTWARD POSITION DATA”)

A. Compilation Practices and Data Sources

Data Availability

Separately identifiable annual (calendar year) data (the most timely) are compiled by the Department of Statistics (DOS) within the international investment position (IIP) framework on (a) equity capital and reinvested earnings, and (b) other capital with a timeliness of 6 months. These data are not disseminated, and are not available on request.

More comprehensive separately identifiable annual (calendar year) data are compiled by the Department of Statistics (DOS) within the international investment position (IIP) framework on (a) equity capital and reinvested earnings, and (b) other capital with a timeliness of 18 months after the end of the reference period. These data are not disseminated, and are not available on request. However, there are plans to begin to disseminate these data and to report them to the IMF for publication within 2 to 5 years.

In addition, aggregate data showing the total inward direct investment position are disseminated with a timeliness of 6 months after the end of the reference period on the National Summary Data Page on the DOS’s website <http://www.singstat.gov.sg>. The aggregate data are also reported to the IMF for publication.

Revision Practices

The aggregate data are preliminary when first released. The aggregate data for the previous two years are revised once a year to incorporate the results of a more comprehensive survey and revised estimates arising from the availability of improved proxy indicators. The revised aggregate data are disseminated once a year together with the preliminary data for the latest year. The data are considered to be final 24 months after the aggregate data were first disseminated.

The revised status of the data is clearly identified in the disseminated data and the general public are informed of the reasons for the revisions. The historical data are revised as far back as possible in instances of major changes in methodology or data collection systems.

There are no differences in the revision practices between the data disseminated in the national publications and those reported to the IMF for publication.

Data Coverage

No major sectors of the economy or elements within those economic sectors are excluded from the data.

There are no differences in the sectoral coverage between the data disseminated in the national publications and those reported to the IMF for publication.

Data Collection Method

The data are collected on an aggregate basis and the reporting requirements are compulsory.

Data Sources

The most timely annual data for all components are estimates based on banking records and data models. Press reports are used as a secondary data source.

The more comprehensive annual data for all components are compiled primarily from annual enterprise surveys of resident direct investors. Banking records are used as a secondary data source, and the company accounts of resident direct investors are also used as a data source.

There are no differences in the data sources between the data disseminated in the national publications and those reported to the IMF for publication.

A business register of enterprises involved in direct investment is used to compile the outward direct investment position data. The register is maintained by the DOS and is updated on an ongoing basis using information from (i) other statistical collection forms, (ii) registers maintained by government licensing and regulatory authorities, the stock exchange authorities, and other departments within DOS, (iii) the financial press, and (iv) compulsory direct investment surveys. The same business register is used to compile the outward direct investment transactions and position data, and the inward direct investment transactions and position data.

Geographic Classification

Annual data showing breakdowns by country for the outward direct investment position data are compiled by the DOS. The data are disseminated once a year with a timeliness of 18 months after the end of the reference period in the DOS publication *Singapore's Investment Abroad*. The data cover 41 countries and bilateral data are not used in the compilation of the data.

In accordance with the international standards, the data are compiled on an "immediate country" basis. The five countries with the largest amount of direct investment from Singapore as at the end of 2001 (ranked in descending order) were: China, the British Virgin Islands, Bermuda, Malaysia, and Hong Kong SAR.

In addition to the data showing country breakdowns, annual data are compiled by the DOS showing breakdowns of the outward direct investment position data for the following regions/economic zones, including: (i) the EU15, and (ii) the ASEAN countries. These data are disseminated once a year with a timeliness of 18 months after the end of the reference period in the DOS publication *Singapore's Investment Abroad*.

There are differences in the data coverage, sources, etc. between the outward position data showing geographic breakdowns disseminated in the national publications and the aggregate outward position data reported to the IMF for publication, in that the former are compiled solely from a survey of the corporate sector, while the latter are compiled from the results of an annual enterprise surveys of resident enterprises, supplemented by information from banking records and from the company accounts of resident direct investors.

Industrial Classification

Annual data showing breakdowns by industrial activity for the outward direct investment position data are compiled by the DOS. The data are disseminated once a year with a timeliness of 18 months after the end of the reference period in the DOS publication *Singapore's Investment Abroad*. The data show a breakdown for 8 industrial activities. The classification used is the Singapore Standard Industrial Classification (SSIC), which broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC).

The outward direct investment data are classified on the basis of the industrial activity of the resident direct investors. The five industrial activities with the largest amount of direct investment from Singapore as at the end of 2001 (in descending order) were: (i) manufacturing, (ii) construction, (iii) commerce, (iv) transport, storage, and communications, and (v) financial and insurance services.

Annual data are compiled by the DOS for the outward direct investment position data showing a breakdown by both industrial activity and main partner country. The data are disseminated once a year with a timeliness of 18 months after the end of the reference year in the DOS publication *Singapore's Investment Abroad*. The five highest ranking partner countries as at the end of 2001 (ranked in descending order) for which breakdowns by industrial activity are disseminated were: China, the British Virgin Islands, Bermuda, Malaysia, and Hong Kong SAR.

In addition, annual data are compiled by the DOS for the outward direct investment position data showing a breakdown by both industrial activity and region/economic zone. The data are disseminated once a year with a timeliness of 18 months after the end of the reference year in the DOS publication *Singapore's Investment Abroad*.

There are differences in the data coverage, sources, etc. between the outward position data showing industrial activity breakdowns disseminated in the national publications and the aggregate outward position data reported

to the IMF for publication, in that the former are compiled solely from a survey of the corporate sector, while the latter are compiled from the results of an annual enterprise surveys of resident enterprises, supplemented by information from banking records and from the company accounts of resident direct investors.

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—that is, enterprises in which the nonresident direct investor owns 10 percent or more but does not have an effective voice in management are included, while enterprises in which the nonresident investor owns less than 10 percent but has an effective voice in management are not included. In accordance with the international standards, the 10 percent ownership is based on the ownership of each individual nonresident investor or group of related nonresident investors, rather than being calculated by combining the holdings of all nonresident investors in a specific enterprise or from a specific country. No value threshold is used to identify resident 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 in the international standards is partially applied. In accordance with the FCS, the data include (i) the relevant share of the reinvested earnings of indirectly-owned direct investment enterprises, and (ii) equity capital and other capital positions held directly by resident enterprises of a related group with nonresident enterprises of the same group. 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 associate companies, both foreign and domestic, and (ii) identify all transactions with the parent company.

Treatment of Equity Capital and Reinvested Earnings

The equity capital position data cover (i) listed voting stocks (shares), (ii) unlisted voting stocks (shares), (iii) participating preference [preferred] shares, (iv) other non-voting stocks (shares), and (v) noncash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, (i) the data include equity positions between affiliated banks and between affiliated financial intermediaries, (ii) the data include equity positions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks.

The reinvested earnings data cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) the reinvested earnings are recorded in the period in which they are earned, (ii) the data include reinvested earnings between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks, and (iv) when a direct investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings. (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 other capital position data cover: (i) long-term loans, (ii) short-term loans, (iii) bonds and money market instruments, and (iv) financial leases. (Prior to 2003 the data did not cover bonds and money market instruments. The data do not cover trade credits. In accordance with the international standards, the data exclude (i) financial derivatives, (ii) loan/debt guarantees provided by direct investors or related direct investment enterprises, (iii) changes in insurance company technical reserves, and (iv) 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. In accordance with the international standards, (i) the data include non-participating preference shares, (ii) the data include positions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, the data do not include positions associated with permanent debt between affiliated banks and between affiliated financial intermediaries.

In instances when a loan/debt guarantee provided by a direct investor is invoked following default by a direct investment enterprise, the entire amount of the loan/debt guarantee outstanding is treated as direct investment lending by the guarantor and recorded under "Assets: Direct Investment Abroad: Other Capital: Claims on Affiliated Enterprises" at the time the guarantee is invoked.

Treatment of Reverse Investment

Positions involving reverse investment are not treated in accordance with the international standards in some 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, in accordance with the international standards, equity positions are recorded as "Assets: Direct Investment Abroad: Equity Capital: Claims on Affiliated Enterprises" and loan positions are recorded as "Assets: Direct Investment Abroad: Other Capital: Claims on Affiliated Enterprises".

Assuming that the direct investment enterprise is a resident of Singapore and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, contrary to the international standards, equity positions are recorded as "Assets: Portfolio Investment: Equity Securities", rather than as "Liabilities: Direct Investment in Singapore: Equity Capital: Claims on Direct Investors", and loan positions are recorded as "Assets: Other investment: Loans", rather than as "Liabilities: Direct Investment in Singapore: Other Capital: Claims on Direct Investors".

Treatment of Quasi-corporations

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

Treatment of Offshore Enterprises

In accordance with the international standards, activities of offshore enterprises established abroad by residents of Singapore are 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 residents of Singapore are included in the direct investment data, with no exceptions, and (ii) in the case of SPEs established abroad by residents of Singapore that have the primary purpose of financial intermediation, positions with affiliated banks and affiliated financial intermediaries are excluded from the data, except those involving equity capital. (Contrary to the international standards, positions with affiliated banks and affiliated financial intermediaries involving permanent debt are also excluded from the data.)

Treatment of Land and Buildings

In accordance with the international standards, the equity capital data include ownership of land and buildings abroad by enterprises and individuals resident in Singapore. Land and buildings owned abroad by enterprises and individuals resident in Singapore on long-term leases are included. (Long-term leases are defined as those leases with a duration of more than one year.)

Treatment of Natural Resources Exploration

In accordance with the international standards, (i) expenditure related to natural resources exploration abroad by residents of Singapore is included in the equity capital data, (ii) expenditure on bonus payments made by residents of Singapore to the host country for the right to undertake exploration for natural resources is included in the equity capital data when there is a clear intention to establish a direct investment enterprise, and (iii) in instances of the shutdown of a direct investment enterprise established abroad by residents of Singapore for natural resource exploration, an adjustment to reflect that shutdown is made to the assets data on direct investment equity capital in the international investment position statistics.

Valuation of Assets and Liabilities

The data on equity capital for listed enterprises are recorded at market values. The data on equity capital for unlisted enterprises are recorded primarily at market values, which are based on one of the following (i) a recent transaction price, (ii) the Directors' valuation, or (iii) the net asset value (that is, total assets less non-equity liabilities). However, some of the data on equity capital for unlisted enterprises are valued at book values, which are the interim adjusted price.

The data on other capital are recorded primarily at market values. However, some are recorded at book values, which are the interim adjusted price.

The book values used are those shown in the accounting records of the resident direct investors, rather than the nonresident direct investment enterprises.

Exchange Rate Conversion

Most positions are converted to the unit of account at the exchange rate prevailing on the date to which the position data relate. Some positions are converted at the exchange rate prevailing on the date the stocks were acquired.