



METHODOLOGY FOR FOREIGN DIRECT
INVESTMENT STATISTICS
BRUNEI DARUSSALAM



Introduction

In Brunei Darussalam, Department of Statistics, Department of Economic Planning and Development responsible in compiling the foreign direct investment statistics. At the moment, only inflows of foreign direct investment are collected. The purpose of collecting FDI data is used to prepare the statistical statements on the balance of payments statistics of Brunei Darussalam. The other uses of the FDI statistics in Brunei Darussalam is for policy making.

All Statistics which collected, compiled and published by DOS are covered under the authority of the Statistics Act, Chapter 81 from the Laws of Brunei Darussalam. All information provided will be treated as confidential and used for statistical purposes only.

Concepts and definition

The concepts and definitions practiced in the FDI statistics are used from IMF'S Balance of Payments Manual, Sixth Edition (BPM6) and OECD, Fourth Edition 2008.

Definitions

FDI implies that a resident equity is one economy exercises a significant degree of influence over the management of a business enterprise resident in another economy. Ownership of 10 percent or more of the ordinary shares or rating power (for incorporated enterprise) or the equivalent (for unincorporated enterprises) is taken as evidence of a significant degree of influence over management. FDI includes equity capital, reinvested earnings, and intercompany debt transactions. Reinvested earnings consist of the direct investor's share (in proportion to equity participation) of earnings not distributed as dividends.

Equity capital comprises; i) equity in branches; ii) all shares in subsidiaries and associates (except non-participating preferred shares that are treated as debt securities and included under direct investment, debt instruments); and iii) other contributions of an equity nature.

Data Methodology

In Brunei's context any investor that is non-resident (less than 1 year) and has at least 10 % of the shares in direct investment enterprises in Brunei is considered as foreign investment. Any foreign investment that is less than 10 % is considered as portfolio investment recorded in Balance of Payment Statistics.

Presentation of the FDI statistics is on a directional basis which is designed to provide users with information reflecting the direction of influence underlying the direct investment. This requires a compiling to determine whether the investment was inward (labeled as foreign direct investment inflows).

FDI statistics are also presented by FDI inflows by industrial sector and geographical distribution. This is explained as follows:

- Industrial Sector

This refers to the business activity that is reported by the companies through census or otherwise we can get this information from the Registrar of Companies Ministry of Finance. These activities then coded based on International Standard Industrial Classification of all economic activities (ISIC Rev.4)

- Geographical Distribution

The geographical origins of the investors are established based on their residential or registered addresses outside Brunei that are considered as foreign (non-resident) investors. They are recorded according to the immediate source economy, rather than the ultimate source economy. For e.g. if country X invest in Brunei through country Y, the source of investment would be recorded as country Y (immediate).

As for currency valuation, Brunei's FDI statistics are expressed in BND. For financial data, assets and liabilities data if the survey submitted in foreign currency it will be converted at the end of each period as at balance sheet and for income and expenses data is calculated at average period using exchange rate based from AMBD. FDI and other positions of financial assets and liabilities should, in general, be valued according to market value.

Data Sources

The data sources of FDI statistics is from the Survey of International Investment and International Services, it covered a sample based on the census returns and administrative data. Using administrative and other sources of information to improve coverage of new FDI enterprises in the quarterly survey; and closing other gaps in coverage (through annual survey), including the financial sector and capital inflows in connection with Production Sharing Agreements involving non-resident partners. The focus has been to cover all of the large direct investment enterprises. As for the timely update of survey frame, DOS and The Registrar of Companies, Ministry of Finance, is collaborating in updating the newly registered companies.