

Foreign Affiliates Statistics (FATS)

FATS - DATA COLLECTION

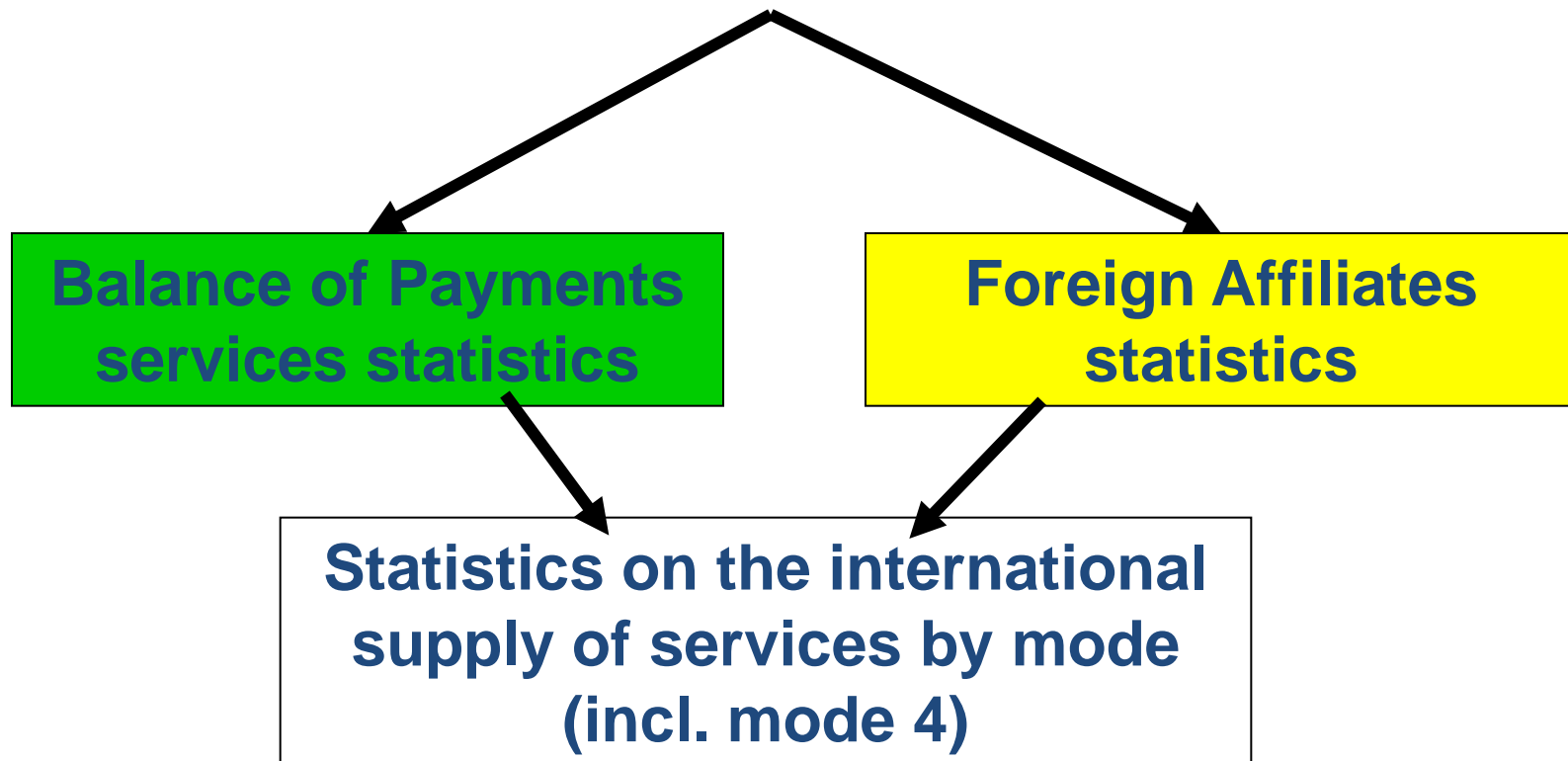
Interagency Task Force on Statistics of International Trade in Services



Published in 2010

The Manual on Statistics of International Trade in Services (MSITS 2010)

Guidelines and recommendations on the measurement of trade in services



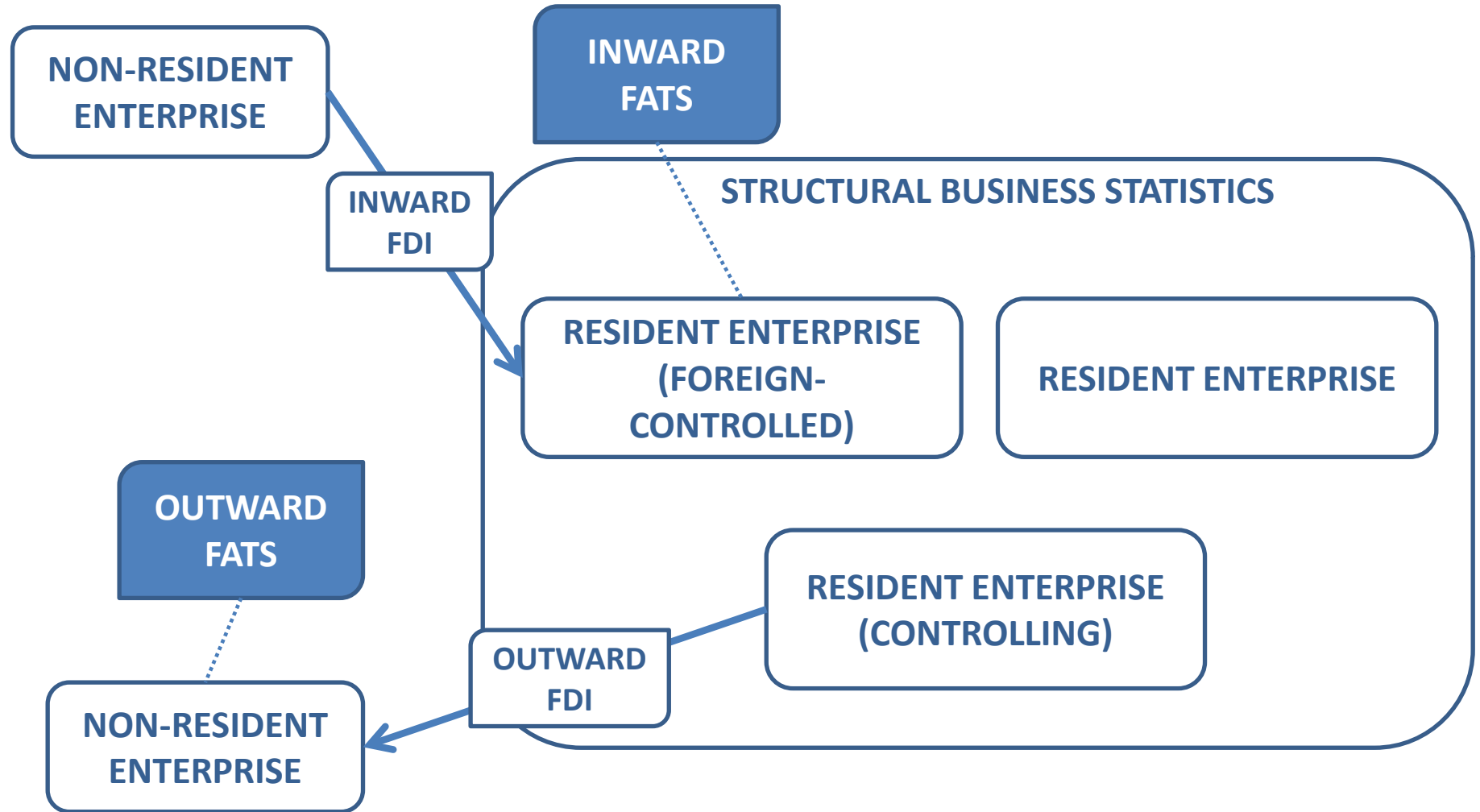
MSITS 2010 Compiler's Guide (CG)



- Establishment of UN expert group on compilation of SITS
- Objective: help compilers meet data requirements of **GATS** and other needs
- Improve availability, quality and comparability of statistics on the international supply of services
- **Within modes of supply framework**, i.e. complement IMF BPM6 Compilation Guide (resident-non resident trade in services) for FATS and modes of supply

December 2014: White cover version

FATS



Two approaches for data collection

1. Existing data sources on resident enterprises
(Structural Business Statistics)
2. Ad-hoc surveys
 - FDI surveys
 - FATS specific surveys



**Maximize the use of existing
information!**

Structural business statistics

Detailed economic and financial data on the activities of resident enterprises (employment, turnover...)

1. Identify the foreign-controlled enterprises
2. Complement the questions to cover the information needs of the MSITS 2010



- FATS comparable to indicators of domestic economy
- Little burden added for collection



- May be difficult to derive all the recommended items
- Only relevant for INWARD FATS

Country example: Germany (inward)

- **Data sources** used: BR+SBS
- **Rationale:** only use available data and minimize additional burden for enterprises



- Different thresholds needed in SBS and FATS
- Some FATS variables not included in SBS
=> must be imputed (e.g. value added and gross investment in tangible goods)

FDI surveys (1/2)

Possible synergies between FATS and FDI:

- FDI registers can be used to identify foreign-controlled affiliates
- FATS variables can be included in existing FDI surveys
- If FATS are not yet produced, FDI positions can be used as proxy of a country's interest in commercial presence

FDI surveys (2/2)

- Risk of increasing the response burden for non-controlled foreign affiliates
- Need to identify affiliates indirectly controlled
- Different frequency needed for FDI and FATS



**Can be a cost-effective, short-term solution
(especially for OUTWARD FATS)**

FATS surveys

- FATS collection carried out separately from other collection systems
- INWARD and OUTWARD conducted separately (different target populations)



- Easier to follow international recommendations
- Targeted to the controlled/controlling enterprises only



- Requires additional resources

Country example: US

- Specific surveys on operations of MNCs (inward and outward)
- All MNCs are covered
 - Majority and minority owned
 - Grouped by size
- System of surveys
 - benchmark surveys (every 5 years)
 - annual surveys
- Large, majority-owned companies are required to report annually the most detailed information

Country example: US

- Sales broken down into goods and services
- Trade between affiliated and unaffiliated parties is identified
- Data cross-checked for consistency with quarterly FDI surveys

FATS data collection

Selected economies

	Inward			Outward		
	FDI survey	Resident enterprise statistics	Separate survey	FDI survey	Resident enterprise statistics	Separate survey
Australia		X				X
Austria	X			X		
Belgium		X		X		
Canada				X		
Czech Republic		X		X		
Denmark		X				
Finland	X	X+				
France		X		X		
Germany	X					
Hong Kong, China		X				
India		X				X*
Israel						X
Italy				X+		
Japan			X			X
Luxembourg	X			X		
Netherlands		X				X+
Norway	X			X		
Poland		X				X
Portugal	X			X		
Sweden			X			X
Switzerland	X			X		
Thailand		X				
United Kingdom		X				X
United States	X			X		

Compiling agency?
mainly Statistics office
and/or Central bank

Main issues (1/3)

The structure of multinationals may be complex

- Establishments or enterprises?
- Complicated structures and sophisticated legal forms
- Rapidly changing corporate structures
- UCI attribution

Possible solutions:

- direct contacts/press/internet
- consultation between countries
(inward vs. outward FATS)
- different registers (e.g. Eurogroup register)



Main issues (2/3)

- Data completeness
- Estimations when thresholds applied (mainly a problem for Outward FATS)
- Consolidated reporting
- Trade variables, in particular intra-group trade
- Level of detail vs. confidentiality
- Consistency when using Structural Business Statistics (only for inward FATS)

Main issues (3/3)

Asymmetries Inward vs. Outward FATS

- Inward FATS ‘easier’ and thus more complete
- international comparisons and consultations very useful in order to improve Outward FATS

Asymmetric burden distribution between countries

- level of business internationalisation different
- number of Outward FATS statistical units ranging from less than 50 to more than 20.000....it depends on the country
- countries with the most impact on global figures have the most burden to cope with

Legal and Institutional framework

- Legal framework
 - Legal act/non-compliance/integrated approach/legally regional binding-agreements?
- Institutional arrangements
 - Involve key producers and data users/which economic agencies?/cooperation