

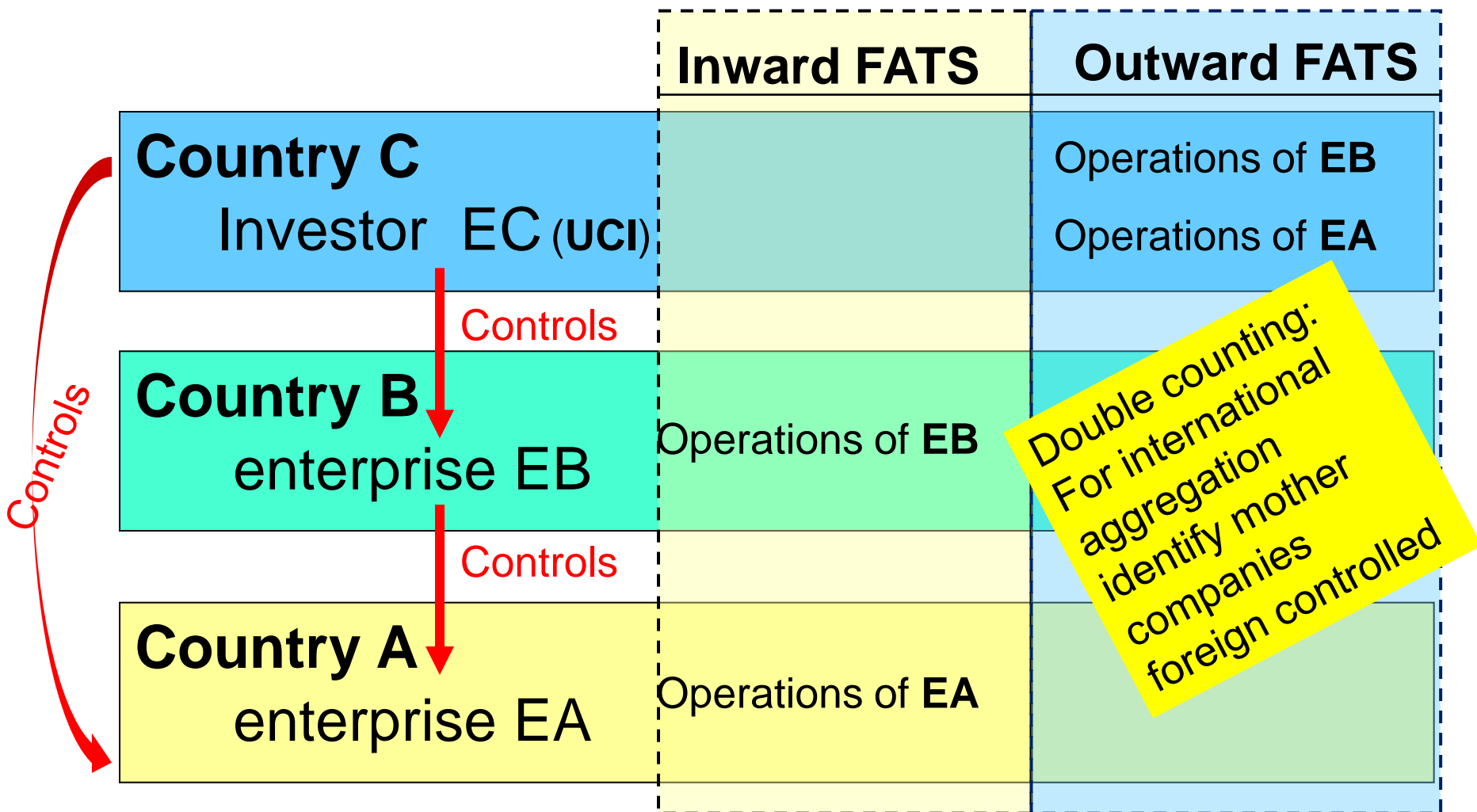
CEFTA Workshop on Foreign Affiliates Statistics

FATS compilation

**Brussels, Belgium
9-10 December 2014**

- 1. What does FATS mean?**
- 1. What does AMNEs stand for?**
- 2. What do they measure?**
- 3. What are FATS useful for?**
- 4. Difference(s) with FDI?**
- 5. Inward? Outward?**
- 6. UCI?**
- 7. Main sources for collecting FATS data?**

Recording of Inward and Outward FATS



Foreign Affiliates Statistics (FATS)

- FATS – Usefulness and definition
- Economic variables and GATS needs
- Attribution (classification) of FATS variables
 - By country
 - By activity and by product

Economic Variables for FATS

Most are drawn from SNA 2008

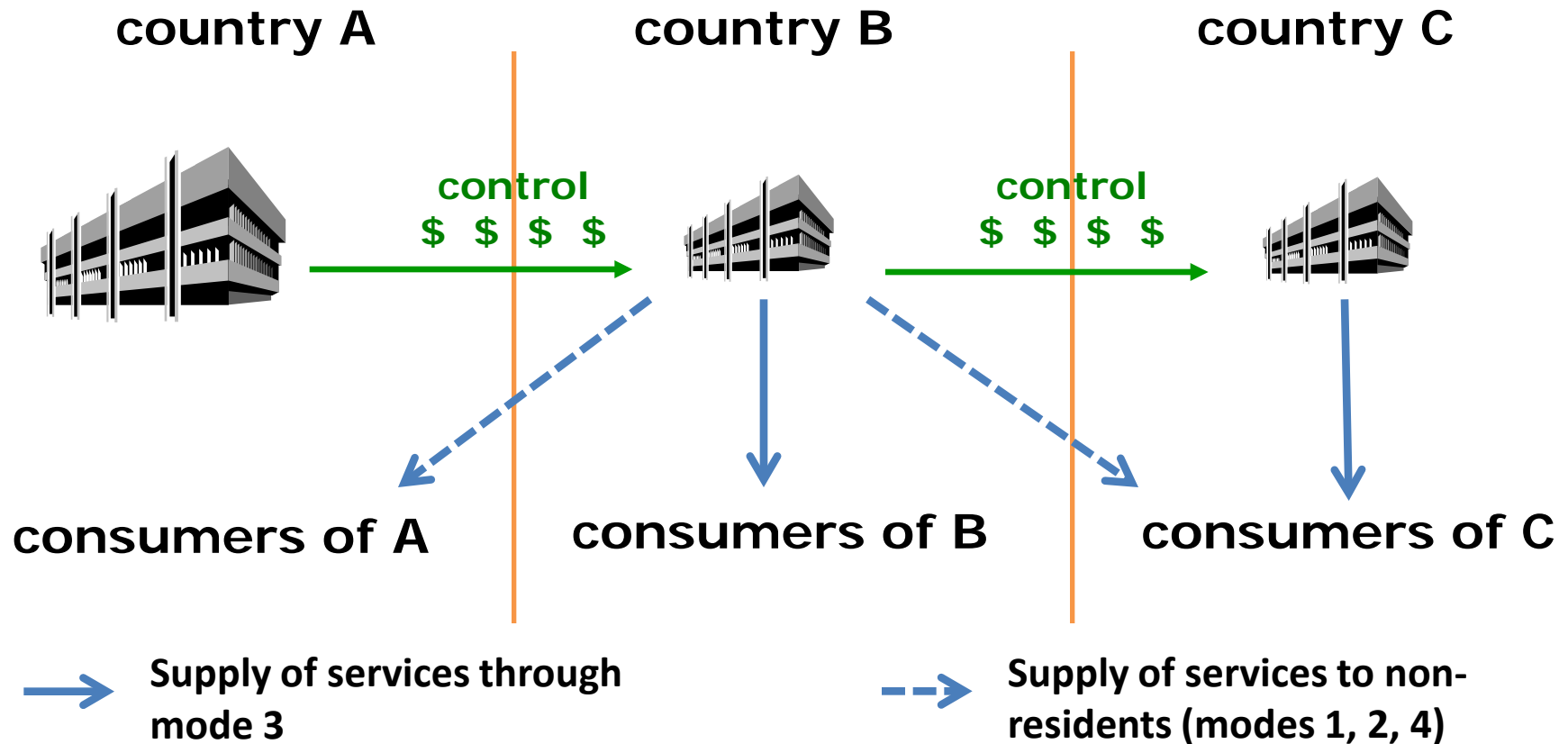
Basic FATS variables
(minimum recommended by MSITS)

- Assets
- Compensation of employees
- Net worth
- Net operating surplus
- Gross fixed capital formation
- Taxes on income
- Research and development expenditures
- Purchases of goods and services

- **Sales (turnover) and/or output**
- Employment
- Value added
- Exports and imports of goods and services
- Number of enterprises

**Additional
FATS variables**

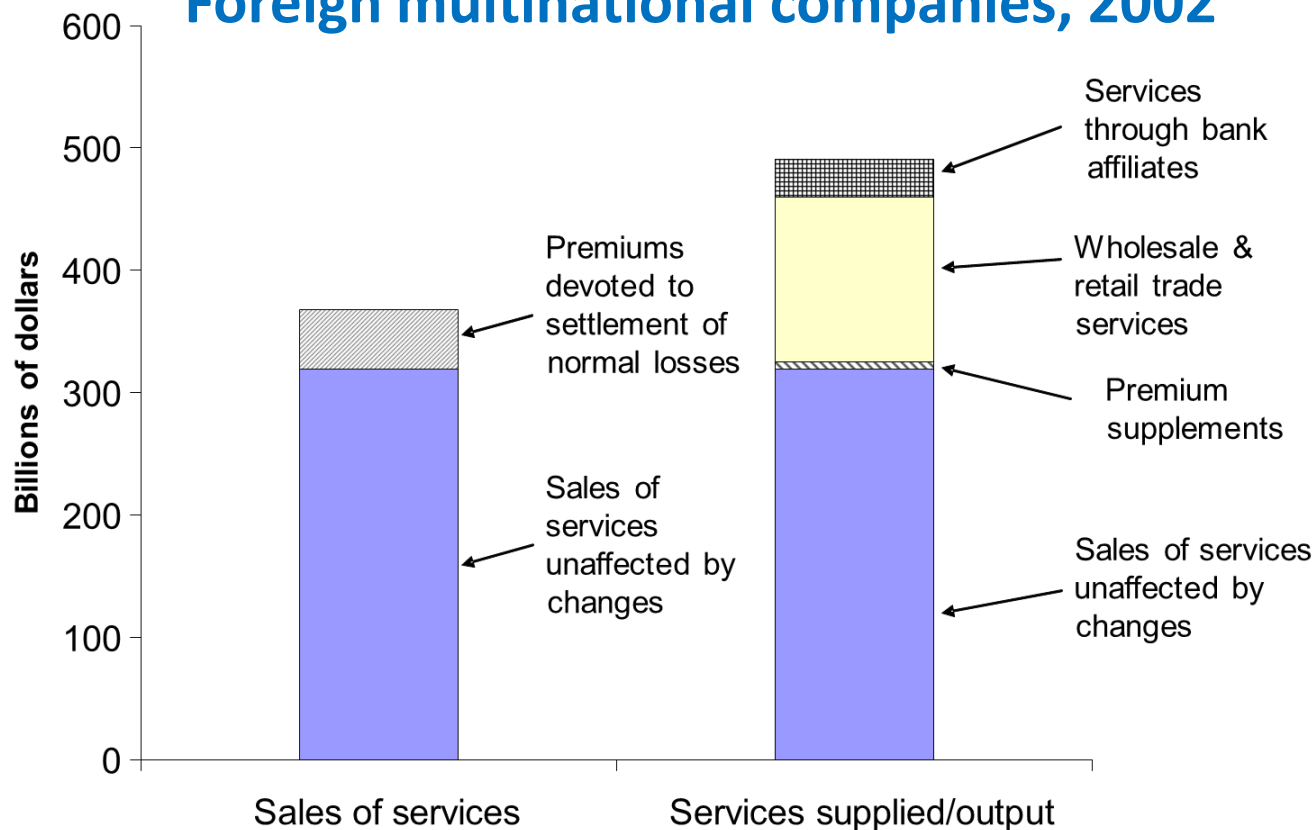
Summary of statistical framework for Services supply



Mode 3 supply of services is a share of an affiliate's output

FATS variables: sales or output?

Impact of compilation of services output by U.S. Affiliates of Foreign multinational companies, 2002



Source: US BEA

Foreign Affiliates Statistics (FATS)

- FATS – Usefulness and definition
- Economic variables and GATS needs
- **Attribution (classification) of FATS variables**
 - By country
 - By activity and by product

Breakdown of FATS variables (1/2)

1. Attribution by **primary activity** of affiliate enterprise (ISIC rev. 4)
 - not of the mother company!
 - All economic activities should be covered to enable cross-activity comparisons
 - More detail on services + total for service activities
indication of international supply of services



If SBS are the basis for INWARD FATS, coverage of all service activities should be ensured

ISIC Rev. 4 and ICFA 2010

ICFA headings/elements

ISIC Rev. 4 code

AGRICULTURE, FORESTRY AND FISHING

Crop and animal production, hunting and related service activities

Support activities to agriculture and post-harvest crop activities

Forestry and logging

Support services to forestry

Fishing and aquaculture

Section A

div. 01

group 016

div. 02

group 024

div. 03

MINING AND QUARRING

Mining support service activities

Section B

div. 09

MANUFACTURING

Repair and installation of machinery equipment

Section C

div. 33

ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY

Electric power generation, transmission and distribution

Section D

class 3510

WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDICATION ACTIVITIES

Section E

Water collection, treatment and supply

div. 36

Sewerage

div. 37

Waste collection, treatment and disposal activities; materials recovery

div. 38

Remediation activities and other waste management services

div. 39

ISIC Rev. 4 and ICFA 2010 (cont'd)

ICFA headings/elements

ISIC Rev. 4 code

CONSTRUCTION

Section F

WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES

Section G

Wholesale and retail trade and repair of motor vehicles and motorcycles

div. 45

Wholesale trade, except of motor vehicles and motorcycles

div. 46

Retail trade, except of motor vehicles and motorcycles

div. 47

TRANSPORTATION AND STORAGE

Section H

Land transport and transport via pipelines

div. 49

Passenger rail transport, interurban

class 4911

Freight rail transport

class 4912

Other passenger land transport

class 4922

Freight transport by road

class 4923

Transport via pipeline

class 4930

Water transport

div. 50

Sea and coastal water transport

group 501

Inland water transport

group 502

Air transport

div. 51

Warehousing and support activities for transportation

div. 52

Postal and courier activities

div. 53

Breakdown of FATS variables (2/2)

Attribution when services are **secondary activity??**

to measure services produced by enterprises primarily engaged in goods producing activities (and vice-versa)

2. Attribution by **product**

sales/turnover, output, exports and imports

=> most relevant information for negotiators and analysts

=> compatible with EBOPS

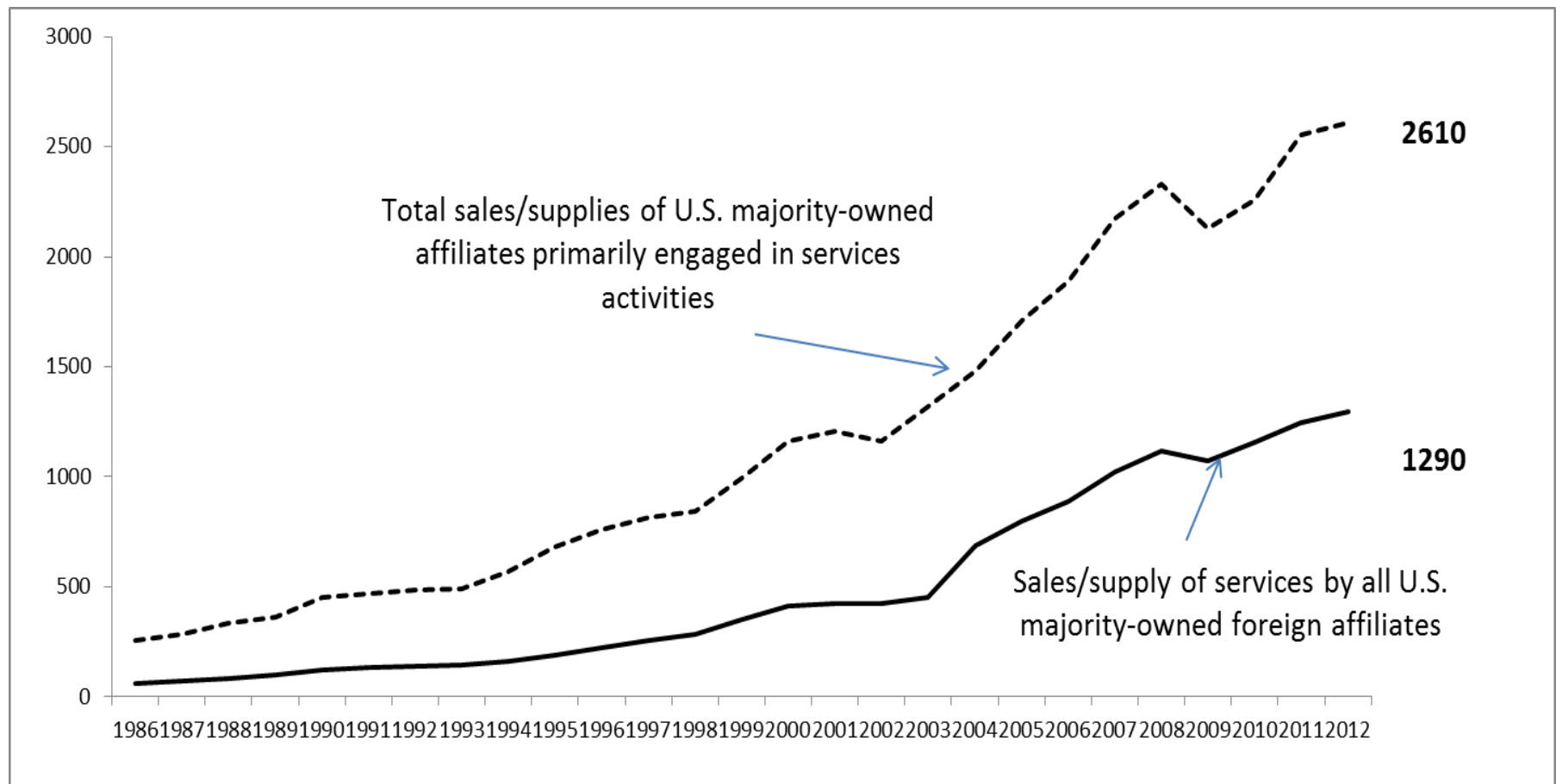
=> difficult to implement, long-term objective



Start from total goods and total services

Attribution by product: US

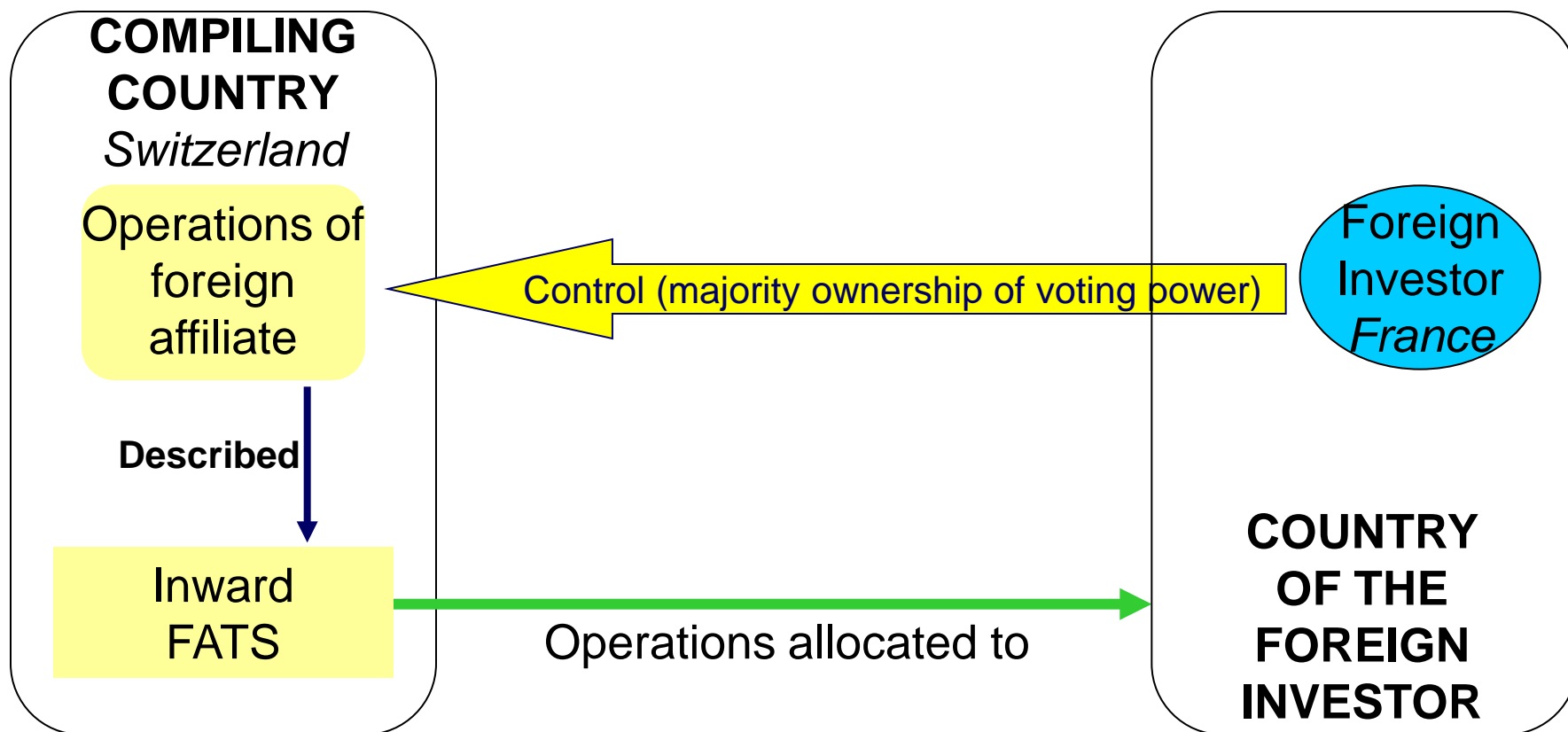
United States Outward FATS sales/supplies to foreign persons (billion USD)



Source: US BEA

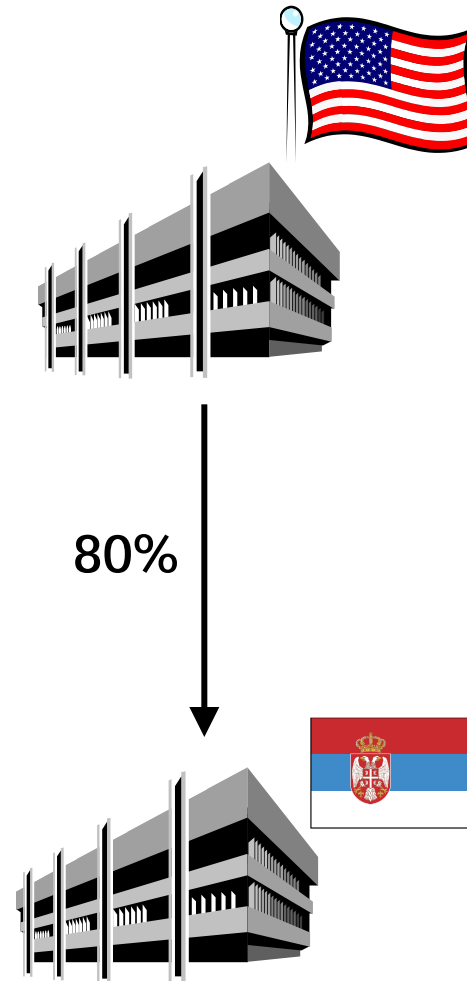
Geographical Attribution of Inward FATS (1/2)

**Foreign-controlled affiliates in the compiling country
(INWARD FATS)**





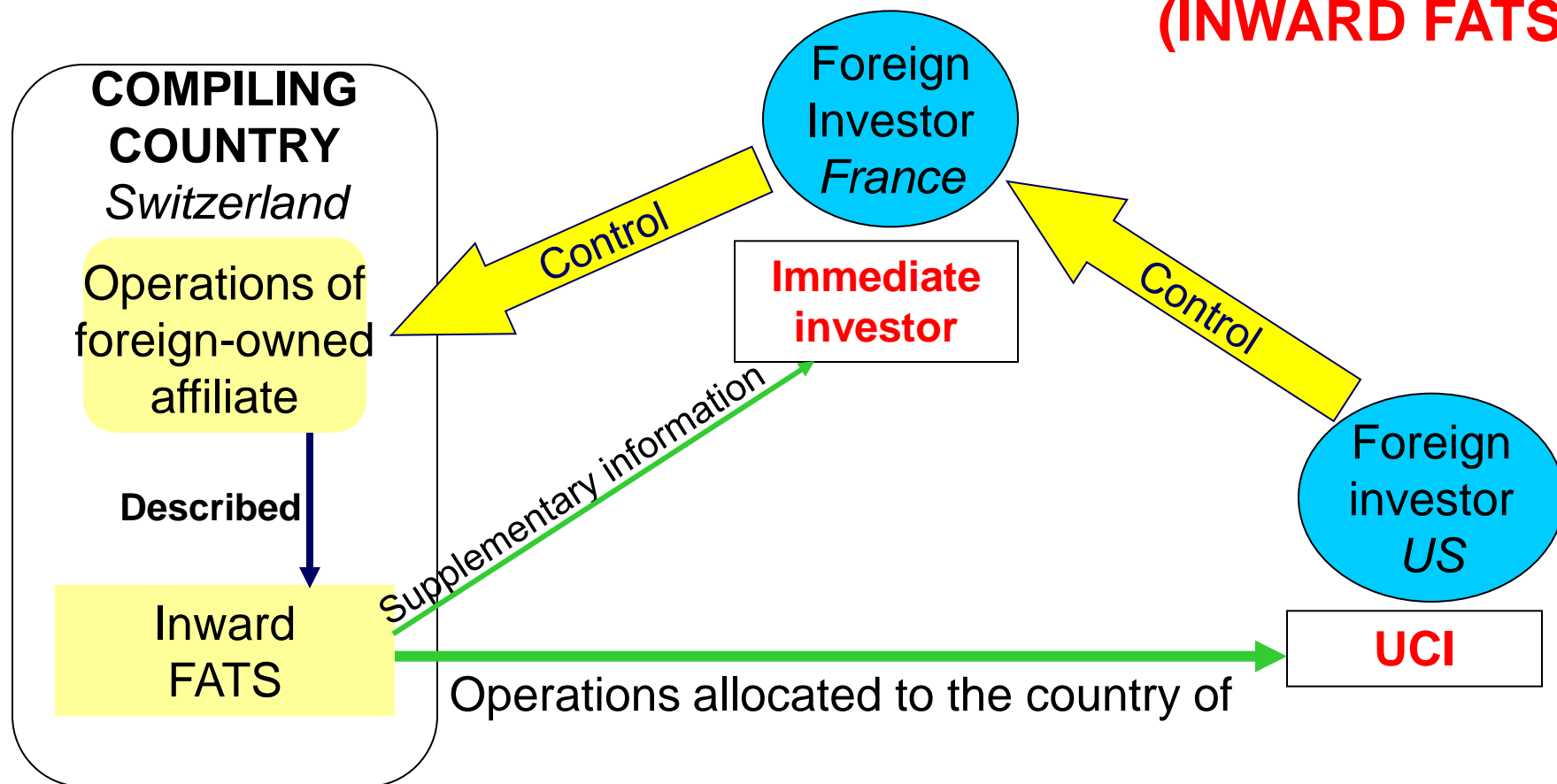
Inward FATS



Foreign investor is **immediate controller**
and **ultimate controlling institutional unit (UCI)**

Geographical Attribution of Inward FATS (2/2)

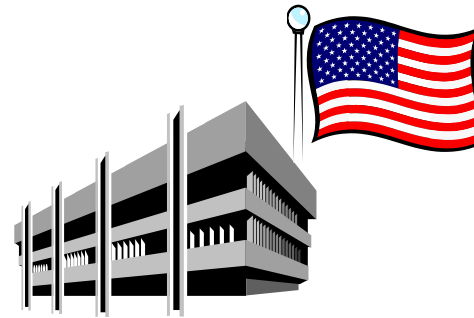
Foreign-controlled affiliates in the compiling country (INWARD FATS)



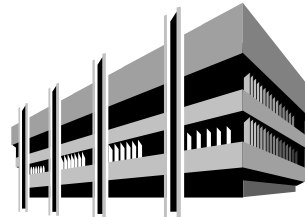


Inward FATS

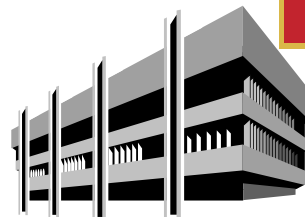
**Where to allocate
FATS variables?**



65%

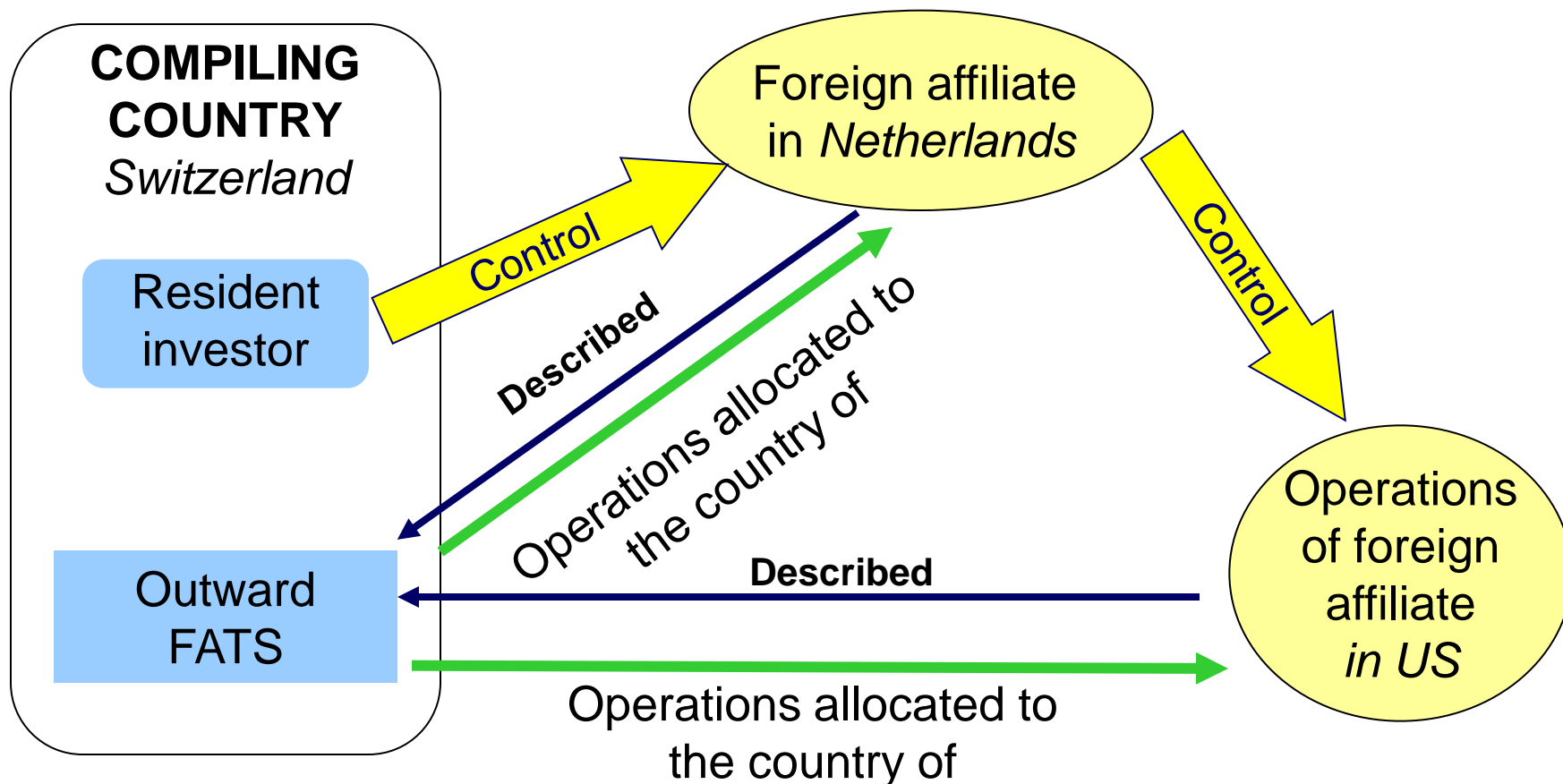


80%

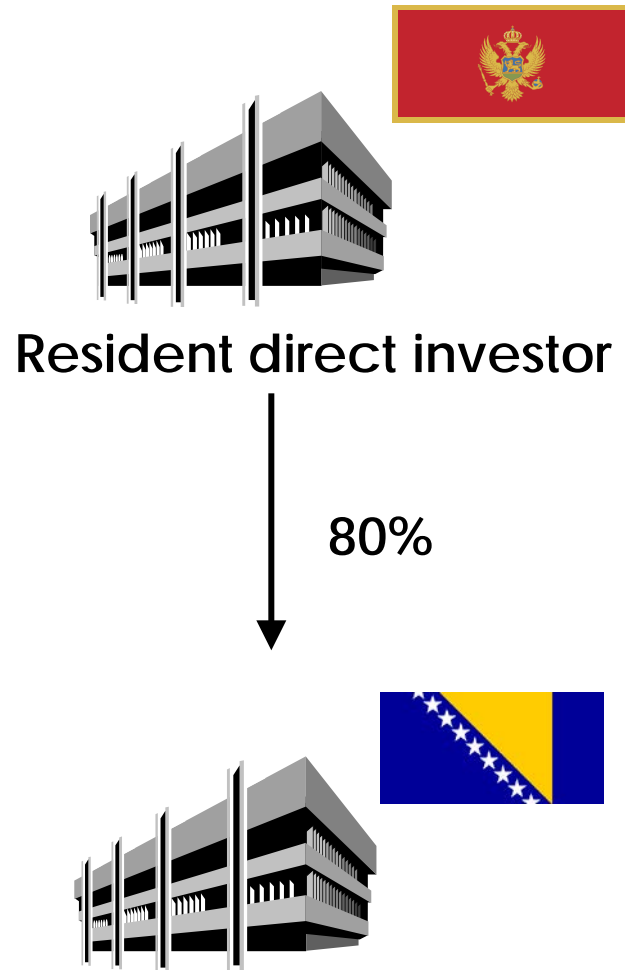


Geographical Attribution of Outward FATS

**Foreign affiliates of investors of the compiling country
(OUTWARD FATS)**



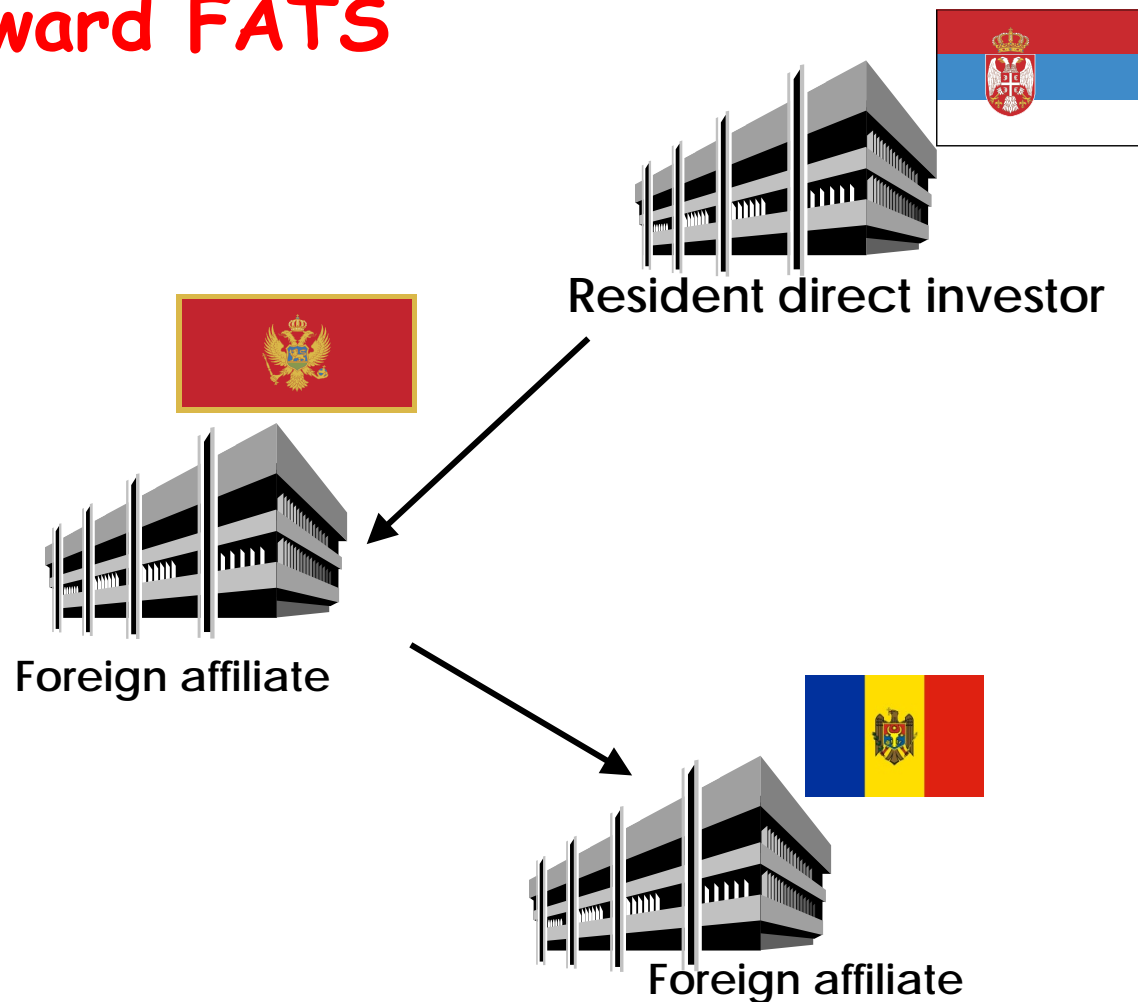
Outward FATS



Resident direct investor is the **immediate controller**

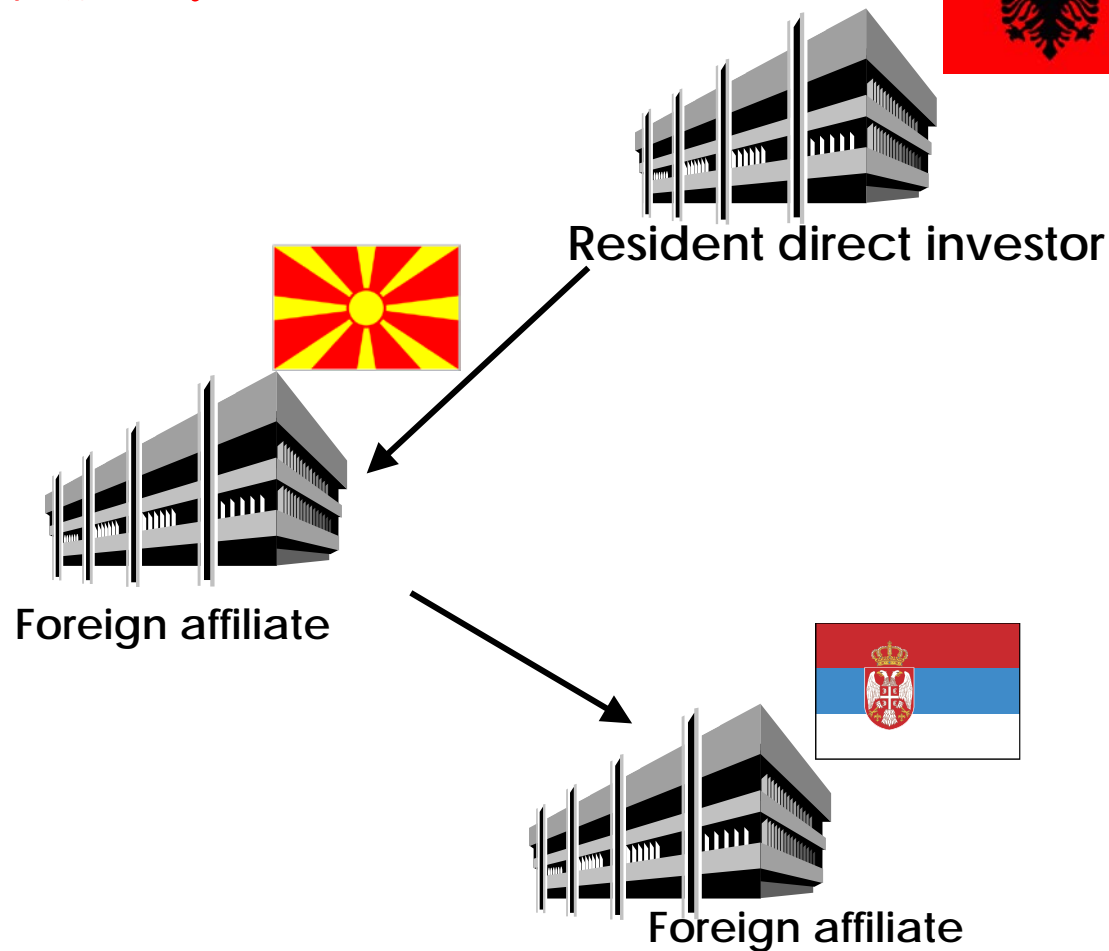
And the **ultimate controlling institutional unit**

Outward FATS



How to allocate FATS variables?

Outward FATS



How to allocate FATS variables?



REMEMBER

Foreign Affiliates Statistics (FATS)

- **Usefulness for measuring Mode 3 (commercial presence) and to understand globalisation**
- **Focus on the operations of controlled foreign affiliates**
 - of resident direct investors abroad (**outward FATS**)
 - of foreign direct investors, in the compiling economy (**inward FATS**)
- **Five basic variables, and additional variables**
 - Attributed by partner country
 - Classified as a priority on the basis of the primary activity of the foreign affiliate (ICFA – focus on services)