

CEFTA Workshop on Foreign Affiliates Statistics

Experiences in data collection and compilation

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

Development of FATS

- Importance for assessing globalisation / mode 3
- BOP trade in services: 185 economies
- Much smaller number of economies known to compile FATS (Mainly OECD and/or EU members, but also developing countries)
- 32 (+EU27) produce outward FATS , 38 for inward
- Increasing number begin data collection or envisage
- Actually many economies actually have some information but do not use it

FATS – what they are

Economic variables: Zambia

Inward Foreign Affiliates by Recipient Sector (USD million), 2012

	AGRICULTURE	MINING & QUARRING	MANUFACTURING	SERVICES
Sales	150.3	6,189.0	2,987.1	1,207.7
Employment (units)	3,647	31,406	12,148	8,367
of which: management	18.0	940.0	600.0	1,363.0
Total exports of goods	60.2	4,576.7	2,249.8	536.1
of which: exports of goods to foreign affiliates	8.9	1,220.6	289.4	-
Total exports of services	-	-	0.1	22.9
of which: export of services to foreign affiliates	-	-	0.1	0.2
Research and Development Expenditures	1.0	22.3	0.0	0.0
Net Operating Surplus	-0.7	543.5	324.5	224.1
Value-added	141.0	2,825.0	764.0	399.9
and more!

+ number of enterprises

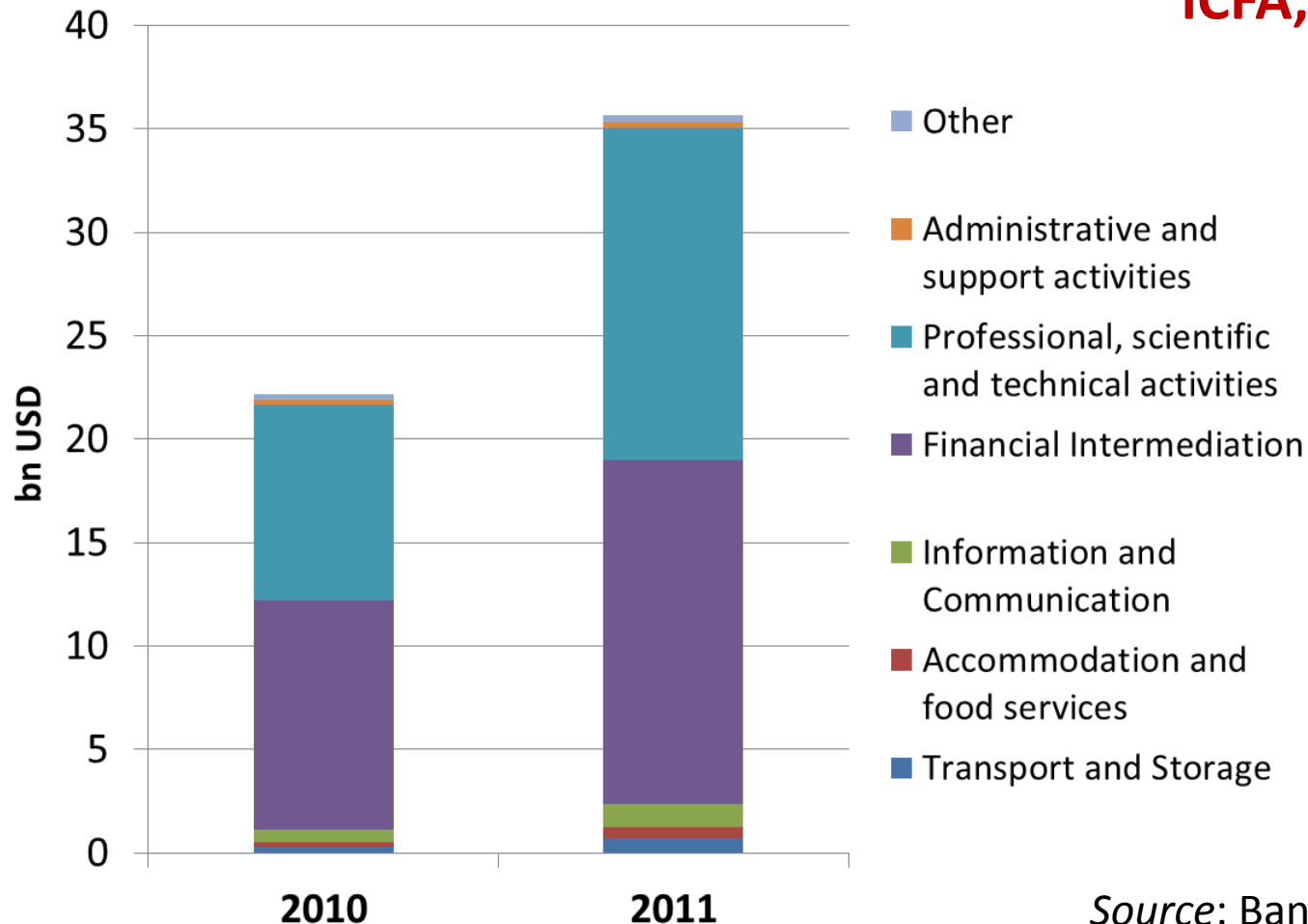
Source: Bank of Zambia

FATS – what they are

Activity breakdown: Thailand

Inward FATS classified by business

ICFA, Rev.1

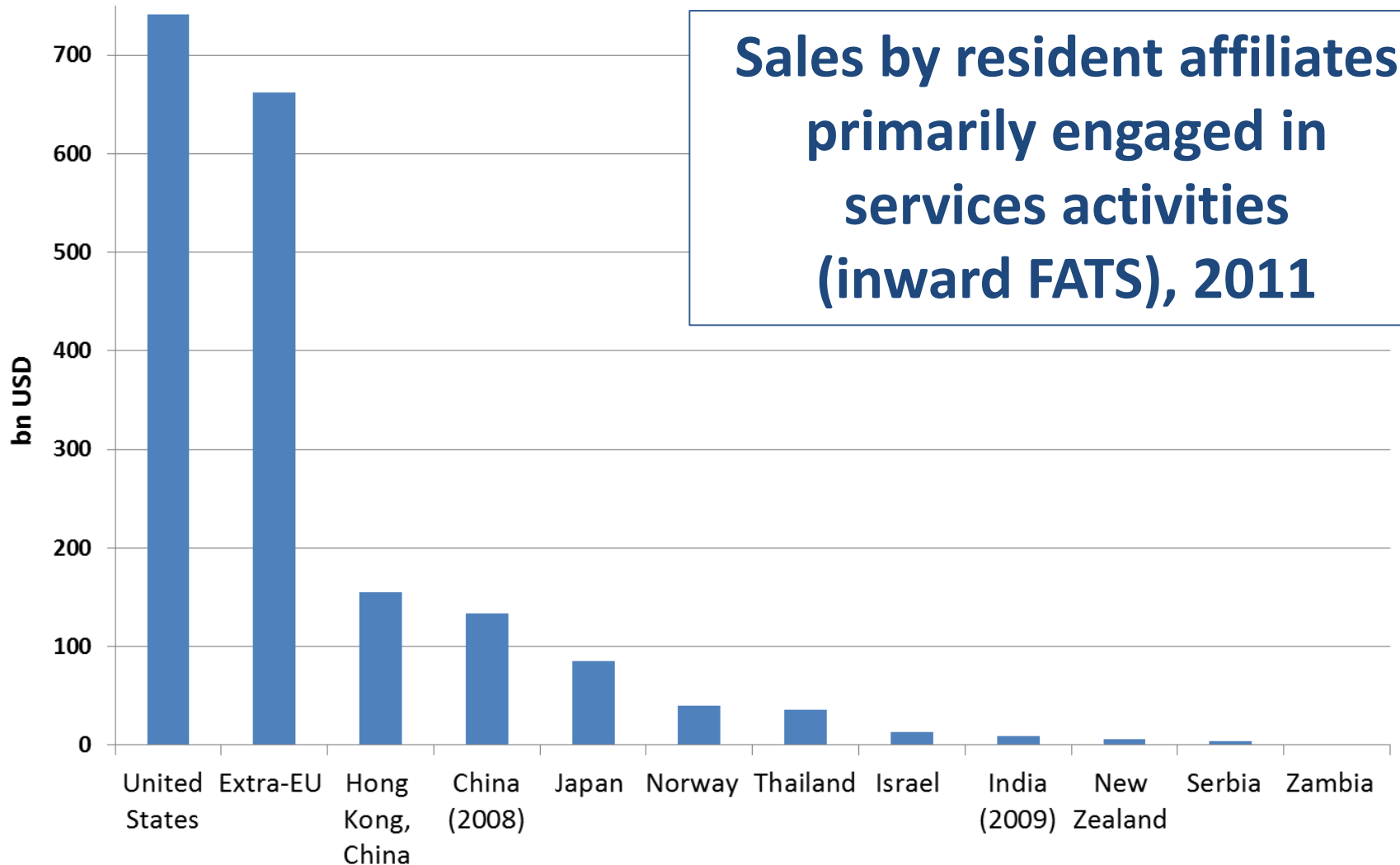


Source: Bank of Thailand

FATS – why they are useful

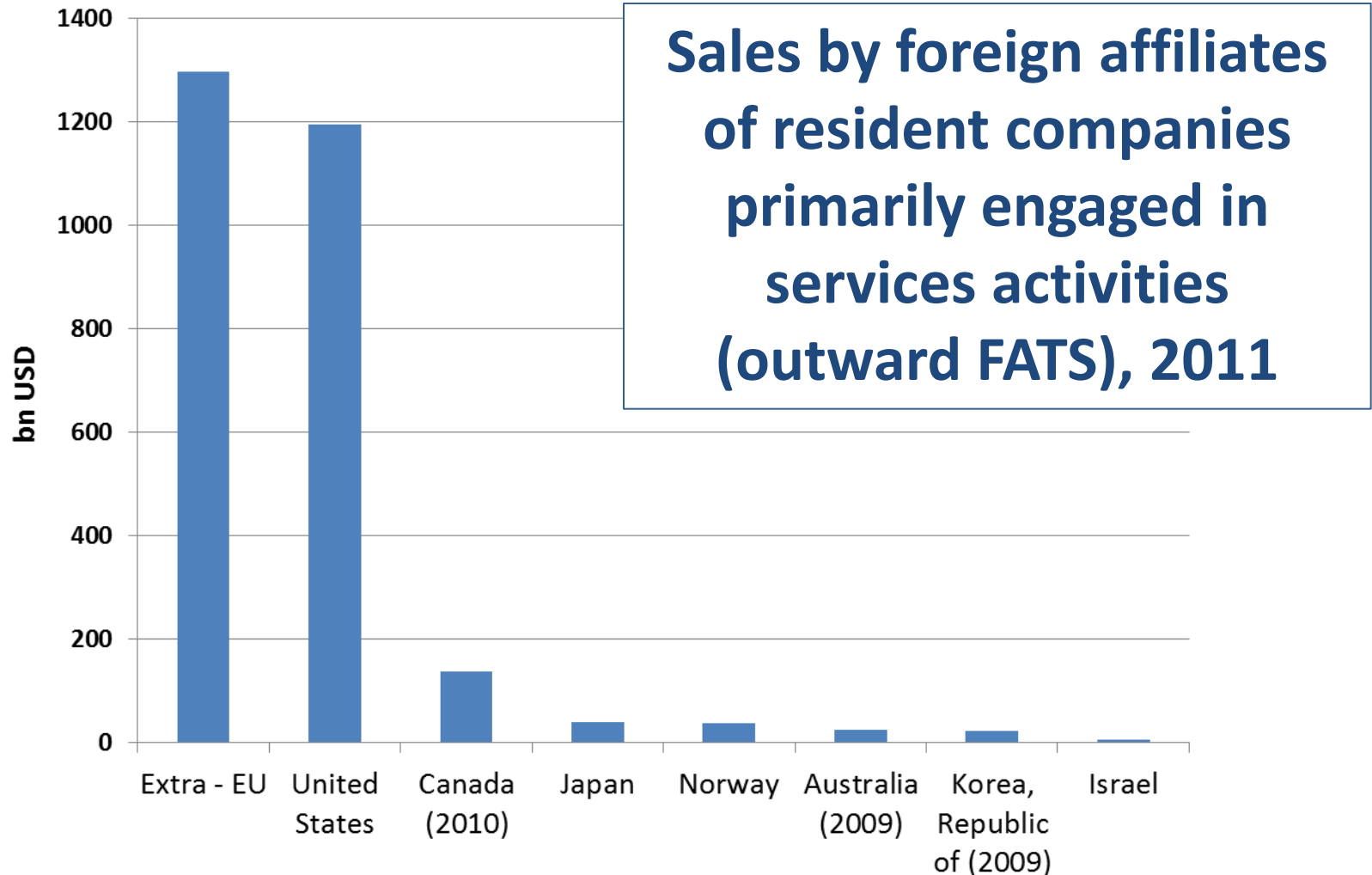
Supply of services through mode 3

Sales by resident affiliates primarily engaged in services activities (inward FATS), 2011



FATS – why they are useful

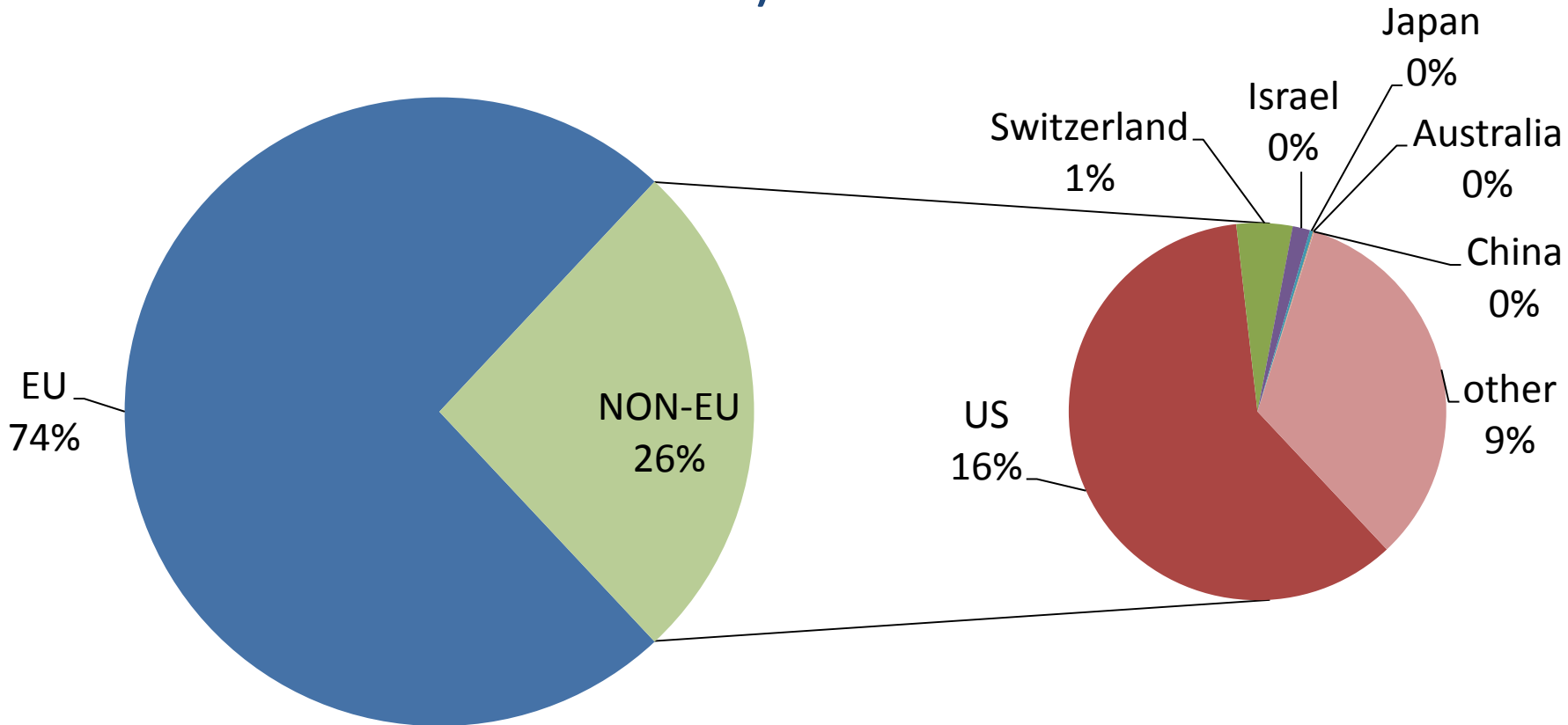
Supply of services through mode 3



FATS – why they are useful

Origin of investment: Hungary

Sales of majority-owned foreign affiliates in Hungary, by partner, 2011
(Information and communications sector)



Source: Eurostat

FATS – why they are useful

Foreign affiliates vs domestic firms: HK

Number, employment and value added of majority-owned foreign affiliates in Hong Kong, 2012 (financing and insurance, real estate, professional and business services sector)

	Majority owned enterprises	% of total economy
No. of establishments	2400	4.5%
Employment (thousands)	298	41.9%
Value added (HK\$ bn)	301.9	54.7%

Source: Census and Statistics Department, Hong Kong (China)



FATS Compilation guidance

- UN Statistical Commission requested compilation guidance
- Eurostat established recommendations for its members (latest edition 2012)
- OECD Handbook on Economic Globalisation Indicators (HEGI) provides some compilation guidance in chapter 3
- Experience and role of UNCTAD
- UN Trade in Service Statistics **compiler's guide**

United Kingdom Experience in Inward FATS

- Successfully conducted data collection through Annual Business survey
- Selection using the Ultimate Foreign Ownership Code available in the Inter-departmental Business Register
- Inter-departmental Business Register also used to identify activity of affiliates
- Main characteristics (variables) covered by the Annual Business Survey: business demographic variables, output related variables and input related variables

UK ABS Questionnaire

1. WHAT YOUR ANNUAL BUSINESS SURVEY FORM SHOULD COVER:

This survey covers the United Kingdom activity of businesses (including foreign owned businesses) **except** where the coverage is specified as Great Britain underneath your address on the front page. The United Kingdom consists of England, Wales, Scotland and Northern Ireland and **excludes** the Channel Islands and the Isle of Man. Great Britain consists of England, Wales and Scotland only.

The business unit for the survey is the company, partnership, sole proprietorship, etc. to which the form has been addressed **unless** specified otherwise on the front page of the form. Figures for subsidiaries of the business addressed should be **excluded, unless** specified otherwise on the front page. *see note 1.*

Please read the accompanying notes before completing your return

2. PERIOD COVERED BY THE RETURN *see note 2*

Your return should cover the **calendar year 2009**. (If no figures are available for that period, your return should relate to a business year that ends between **6 April 2009 and 5 April 2010**).

If you traded for only part of the year, please provide figures for the period in which you were trading.

Period covered by the return: from

Day	Month	Year		
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	11

Period covered by the return: to

Day	Month	Year		
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	12

3. INCOME (excluding VAT)

3.1 TOTAL TURNOVER *see note 3.1*

Total amount receivable in respect of invoices raised during the period of the return, for the sale of goods or services (including progress payments on work in progress)

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	000	399
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Hong Kong Experience in Inward FATS

- Data of establishments collected through the Programme of Annual Economic Surveys
- Information on the source of investment obtained from the Survey of External Claims, Liabilities and Income used for identifying MOFAs
- Many variables collected

Hong Kong Inward FATS in Annual Economic Survey (1/2)

2008 to 31 March 2009.)

Month Year Month Year

B. 擁有權的類別 (請✓適當方格) (見附註B)

Type of Ownership (please ✓ appropriate box) (See note B)

1 上市有限公司
Limited company, listed

2 私人有限公司
Limited company, private

3 獨資經營
Sole proprietorship

4 合夥經營
Partnership

5 其他 (請註明)
Others (please specify) :

C. 投資來源 (見附註C)

Origin of Investment (See note C)

香港
Hong Kong

國內
The mainland of China

或其他國家/地區 (請註明)
Or other countries/territories
(please specify)

持股量百分比
Percentage of share holding

共計
Total **1 0 0** %

若來自香港以外某一國家/地區的投資持股量超過百分之五十，當中是否有單一投資者擁有超過百分之五十的股權？(如有，請註明其持股量百分比。)

If investment from a country/territory outside Hong Kong constitutes more than 50% of share holding, is there a **single** investor holding more than 50% share?

(If yes, please indicate the percentage of share holding.)

1 是
Yes, _____
持股量百分比
Percentage of share holding

2 否
No

3 不適用
Not applicable

Hong Kong Inward FATS in Annual Economic Survey (2/2)

- J. 銷貨價值 (不包括離岸貿易所得的收益, 即不經運入香港或非由香港輸出而由來源地付運予在本港以外的買家的貨品)(見附註J)

Value of Sales of Goods (excluding receipts realized from offshore trade, i.e. trading of goods which are not imported into and exported from Hong Kong) (See note J)

- 銷貨價值的細目
Breakdowns for value of sales of goods

- a. 批發銷售
Wholesale sales
- b. 零沽銷售
Retail sales
- c. 出口銷售
Export sales
 - (i) 本港產品出口
Domestic exports
 - (ii) 轉口貨品
Re-exports



%



共計
Total 100%

- K. 其他收益 (見附註K)
Other Receipts (See note K)

港元
HK\$

- a. 服務收益(包括進行離岸貿易而得的毛利總額、進行商品服務而得的佣金及其他服務收益)

Receipts for services rendered (including **gross margin** realized from offshore trade, commissions received from rendering merchandising services and other service receipts)



- b. 房地地產的租金或分租收入
Rental income from letting/subletting land and premises





U.S. Experience in Inward FATS

- Longest experience in collecting such information
- Sales of goods and sales of services
- FDI survey based system (benchmark and annual interim surveys)
- Benchmark surveys: more comprehensive, different lengths of forms
- Link to Census Bureau establishment-level data every 5 year
 - Advantages: increased industry detail, comparison with national statistics, no additional reporting burden
 - Limitations: only for inward, less timely and frequent
- For inward: reporting on a fully consolidated basis
- www.bea.gov

United States Inward FDI Questionnaire

PART II – FINANCIAL AND OPERATING DATA OF U.S. AFFILIATE – Continued

Section C — DISTRIBUTION OF SALES OR GROSS OPERATING REVENUES

Distribute sales or gross operating revenues among three categories — sales of goods, sales of services, and investment income. For the purpose of this distribution, "goods" are normally outputs that are tangible and "services" are normally outputs that are intangible. When a sale consists of both goods and services and cannot be unbundled (i.e., the goods and services are not separately billed), classify the sales as goods or services based on whichever accounts for a majority of the value. Give best estimates if actual figures are not available.

NOTE — BEFORE COMPLETING THIS SECTION, PLEASE SEE THE INSTRUCTIONS FOR ITEMS 45 THROUGH 50 ON PAGE 25. Insurance companies also see page 26, V.A. for special instructions.

Utilities and Oil & Gas Producers and Distributors — To the extent feasible, revenues are to be allocated between sales of goods and sales of services. Revenues earned from the sale of a product (e.g., electricity, natural gas, oil, water, etc.) are to be reported as sales of goods. Revenues earned from the distribution or transmission of a product (e.g., fees received for the use of transmission lines, pipelines, etc.) are to be reported as sales of services.

		Bil.	Mil.	Thous.	Dols.
45. TOTAL SALES OR GROSS OPERATING REVENUES, EXCLUDING SALES TAXES — Equals item 35, and also sum of items 46 through 48	2243	1			000
46. Sales of Goods	2244	1			000
47. Investment income included in gross operating revenues. Include ALL interest and dividends generated by finance and insurance subsidiaries or units.	2245	1			000
48. Sales of Services, Total — Sum of items 49 and 50	2246	1			000
49. To U.S. persons or entities	2247	1			000
50. To foreign persons	2257	1			000

Canada's Experience in Outward FATS

- Outward only, covers goods and services
- Target population: foreign affiliates majority owned (more than 50% of voting power), as a subset of direct investment
- Specific questions included in FDI Abroad survey
- 1800 enterprises surveyed ($\frac{1}{2}$ every year, $\frac{1}{2}$ every three years) = 100% of population
- Mandatory
- Error detection, imputation, etc.
- www.statcan.ca

Canada Outward FDI Questionnaire (1/2)

Type of investment	Identity	Country Code (see enclosed list for codes)	Principal industrial activity (see page 5 for codes)	Office use only	Employment (estimate)	Exchange rate used to convert data in columns 1 to 9 to Canadian dollars
	Name of foreign subsidiaries, associates or joint ventures					
Type 1. Foreign subsidiaries						

Canada Outward Questionnaire (2/2)

8	9	10	11	12	13	14	
or other foreign entities						From the Balance Sheet of the Canadian reporting entity	
Income and Retained Earnings Statement Items							
Report the <u>total</u> value of each item as shown in the financial statements of the foreign entities							
Total long-term liabilities and equity	Total assets	Net income (loss)	Dividends Declared	**Sales or Gross operating revenue			Carrying value of the long-term investment in foreign entities
				Total \$'000	% Goods (estimate)	% Services (estimate)	
	Cdn \$'000 – Bracket negative amounts						Cdn \$'000

ANNUAL REPORT

ON OUTWARD EQUITY INVESTMENT

SN11, SN44

Reporting entity: _____ Contact person: _____

Address: _____ Tel. number of the contact person: _____

Registration number:

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 E-mail address: _____

Taxation number:

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Responsible person: _____

Tel. number of the responsible person: _____ City and date: _____

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 20

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Period:

3	1	1	2	2	0		
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A. LIST OF INVESTMENTS SN11, SN44

A.1. SN11 Reporting entity's investments abroad at first level								A.2. Sn44 Directly affiliated nonresident enterprise's investments in other nonresident enterprises – more than 10% of equity – second link of the vertical chain)							
Registration number of investment at first level	Type of investment at first level	Directly affiliated nonresident enterprise		Type of directly affiliated nonresident enterprise	Country of directly affiliated nonresident enterprise	Main activity of directly affiliated nonresident enterprise*	Equity share (%)	Ultimate host country (equity share > 50%)	Directly affiliated nonresident enterprise's equity share in other nonresident enterprise (%)	Registration number of investment	Type of investment	Indirectly affiliated nonresident enterprise		Country of indirectly affiliated nonresident enterprise	Main activity of indirectly affiliated nonresident enterprise
		Firm / Type of real estate	Address / City									Firm	Address / City		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16

C. OPERATIONAL INDICATORS OF NONRESIDENT ENTERPRISES CONTROLLED BY REPORTING ENTITY

Reporting currency 978 (EUR)

Registration number of directly affiliated investment	Country of controlled nonresident enterprises	Main activities of controlled nonresident enterprises	Number of enterprises	Number of persons employed	Personnel costs	Turnover	Intermediate consumption	Export of goods and services	Of that: intra-group exports of goods and services	Import of goods and services	Of that: intra-group imports of goods and services	Gross investment in tangible goods	Total intra-mural R&D expenditure	Total number of R&D personnel
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15