



FDI AND FATS: POLICY AND ANALYTICAL NEEDS

CEFTA Workshop on Foreign Affiliates Statistics

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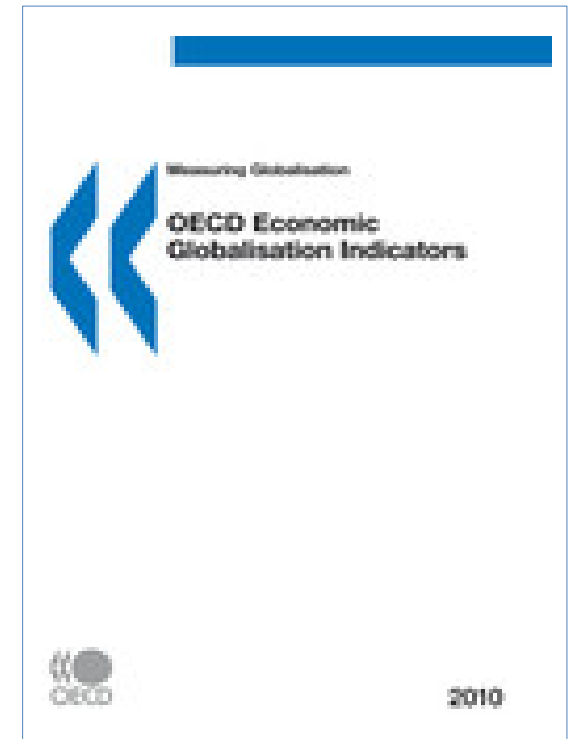
Some terminology for starters... (I am sorry)

- FDI: Foreign Direct Investment
- FATS: Foreign Affiliates Trade in Services Statistics
Foreign Affiliates Trade Statistics
Foreign Affiliates Statistics
- AMNE: Activities of Multinational Enterprises
- It is about multinational/transnational companies, i.e. companies with plants/establishments/enterprises in different countries
 - > difference between foreign affiliates and parents



Why bother? Well, economic globalisation is a lot about MNEs (1)

- Trade: exports/imports
- Capital: FDI
- People: migration
- Technology: R&D, patents, etc.
- Data
- Global value chains (GVC)





Why bother? Well, economic globalisation is a lot about MNEs (2)

- Trade: exports/imports
- Capital: FDI
- People: migration
- Technology: R&D, patents, etc.
- Data
- Global value chains

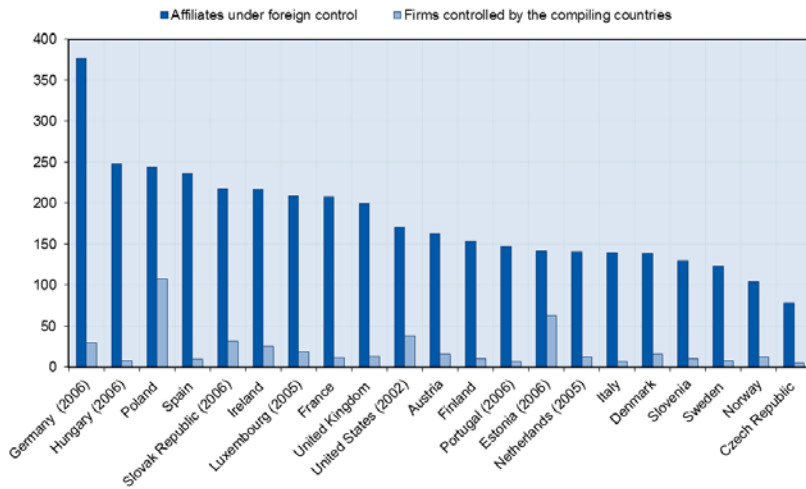
**MULTINATIONAL
ENTERPRISES**



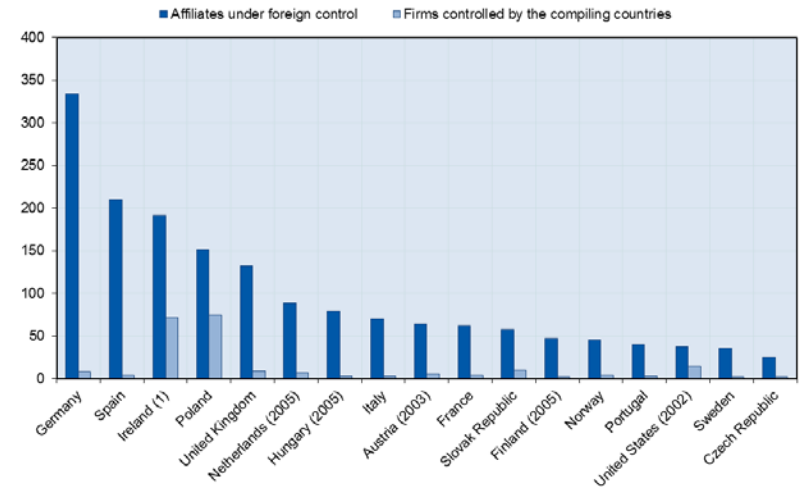


Why bother? Well, MNEs are different

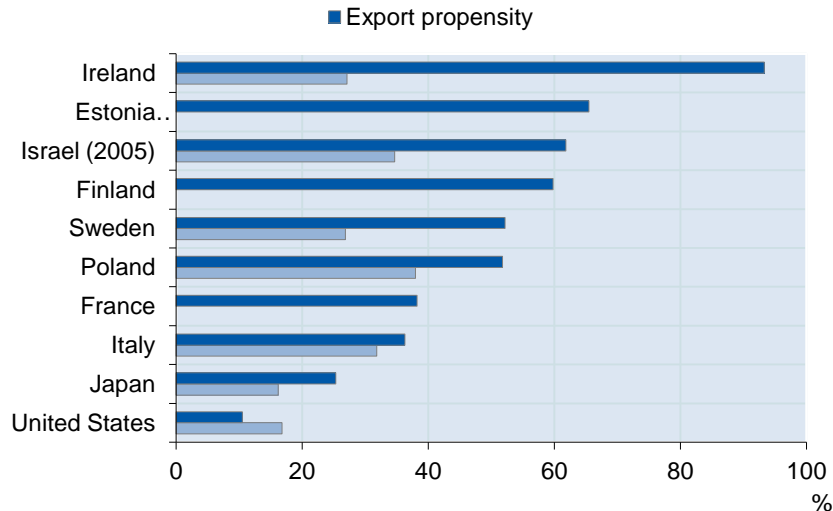
They are bigger...



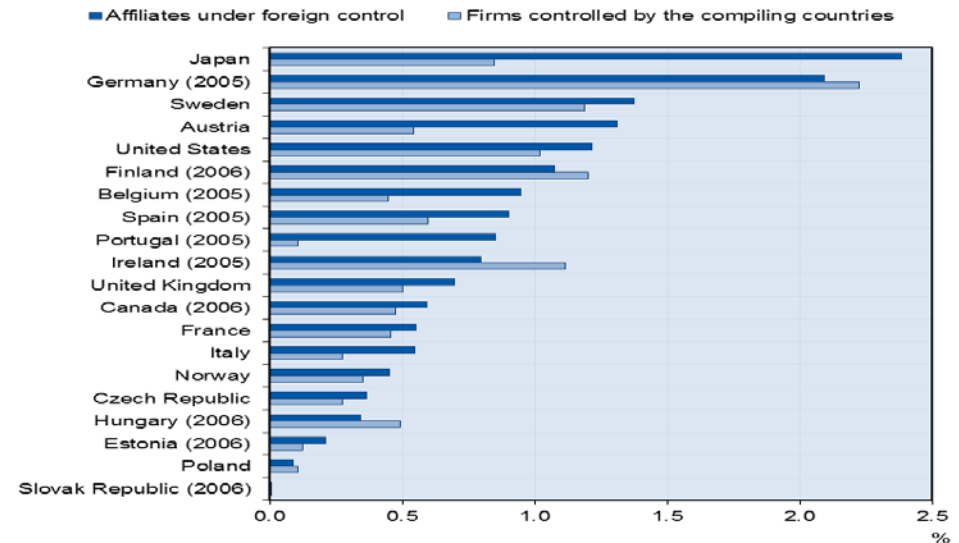
...more productive...



...export and import more...



... and are more innovative





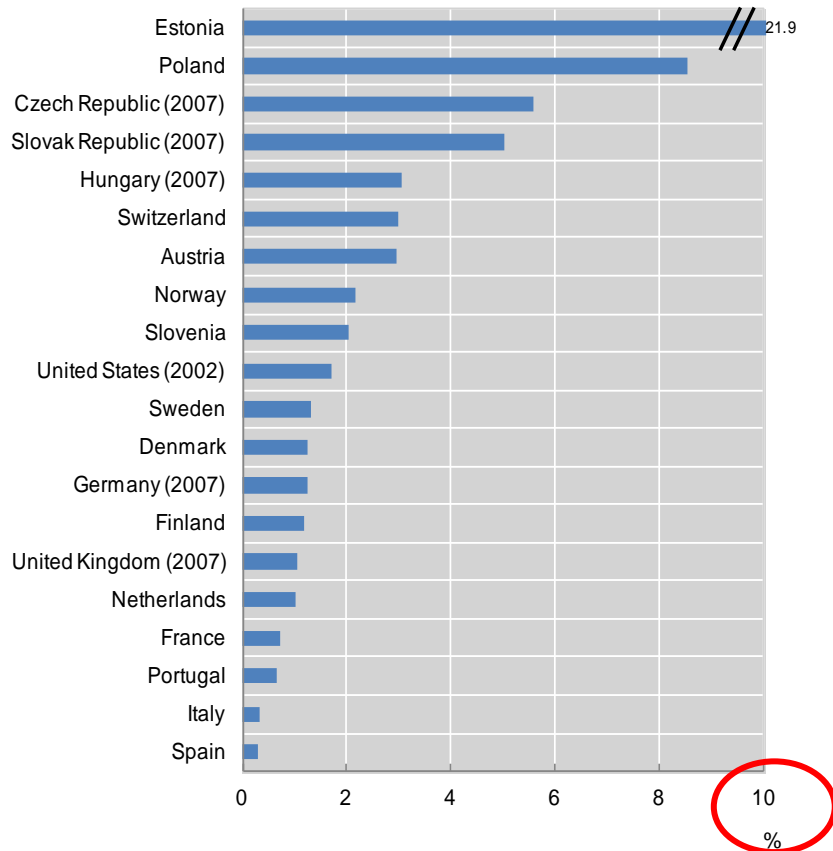
Why bother? Well, MNEs are important

- UNCTAD: foreign affiliates of transnational companies in 2011:
 - 69 million workers
 - 28 USD trillion in sales
 - 7 USD trillion in value added
 - (world exports of goods and services: 22 USD trillion)
- Slaughter: US MNE parents (i.e. headquarters) in:
 - 25% of private output in US
 - 48% of US exports
 - 76% of R&D investments

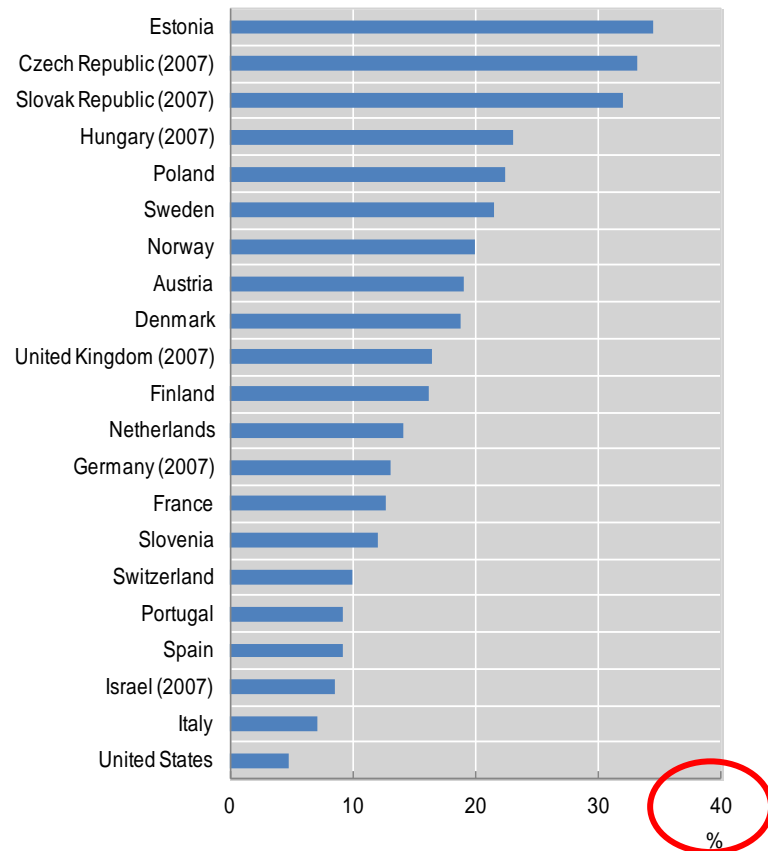


Importance of foreign affiliates (1)

Number of enterprises



Employment



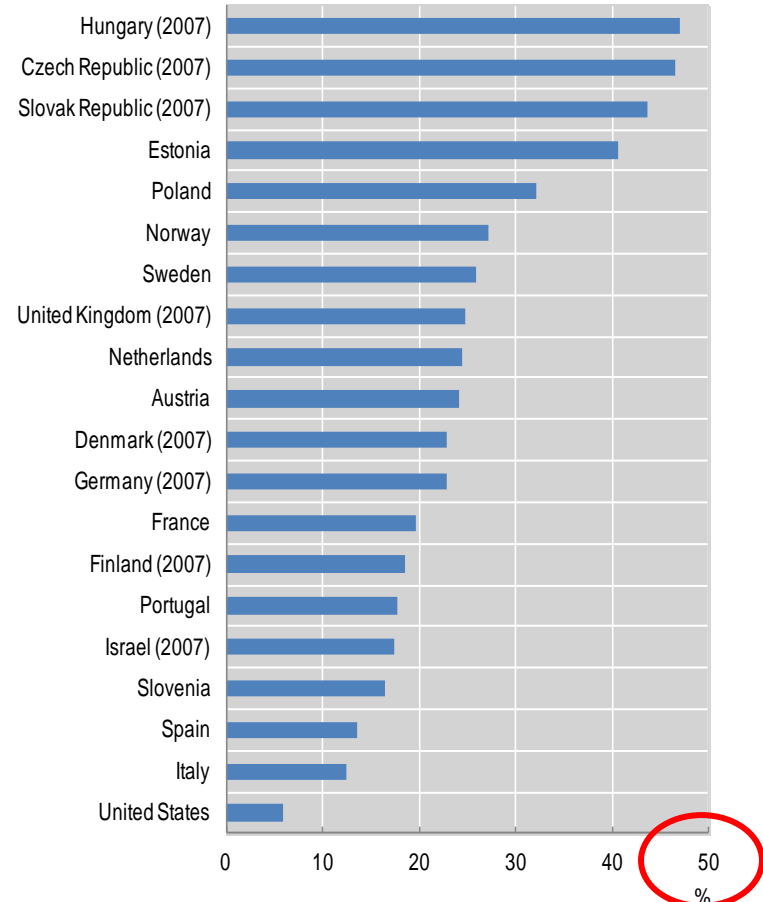


Importance of foreign affiliates (2)

Turnover



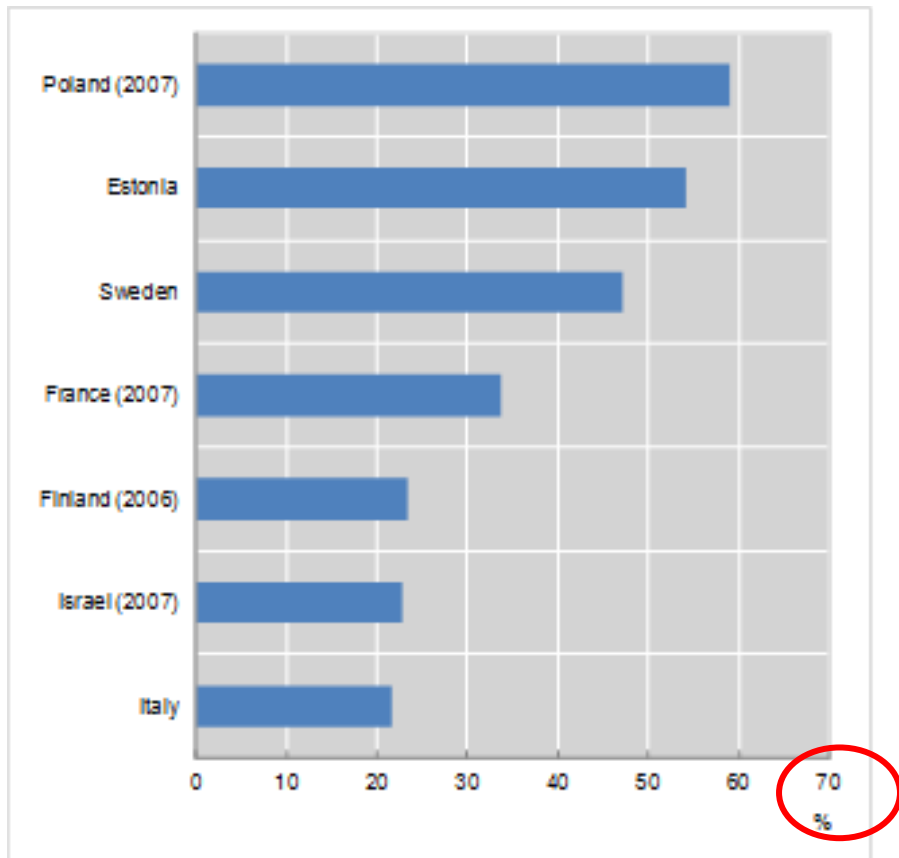
Value added



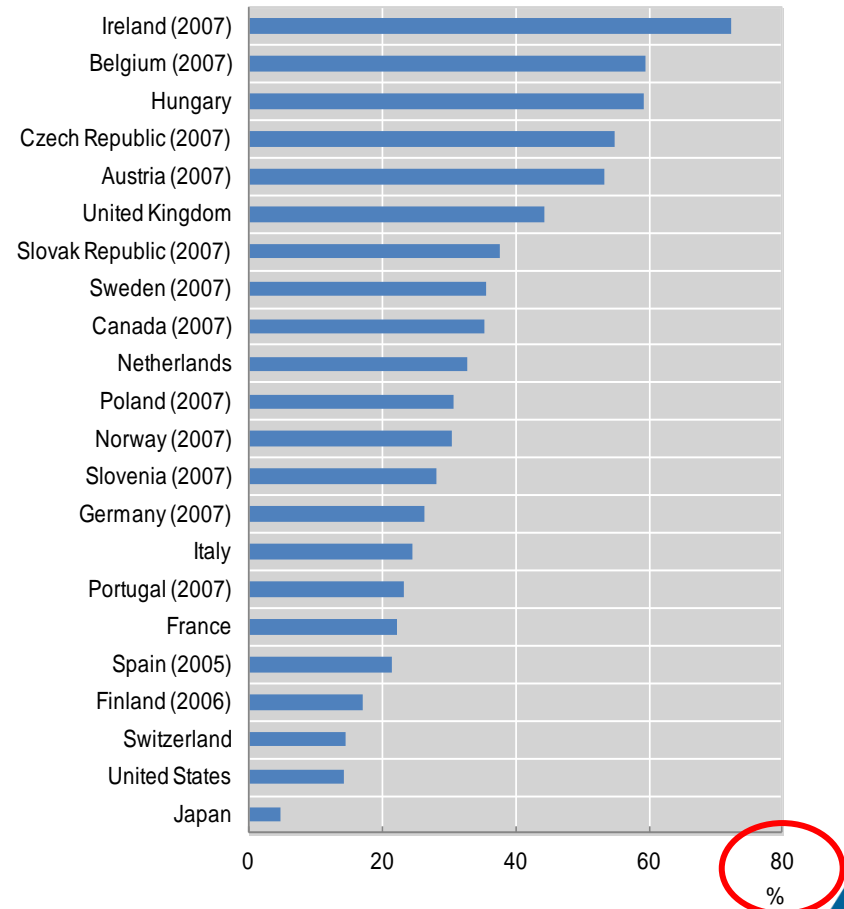


Importance of foreign affiliates (3)

Exports, 2011

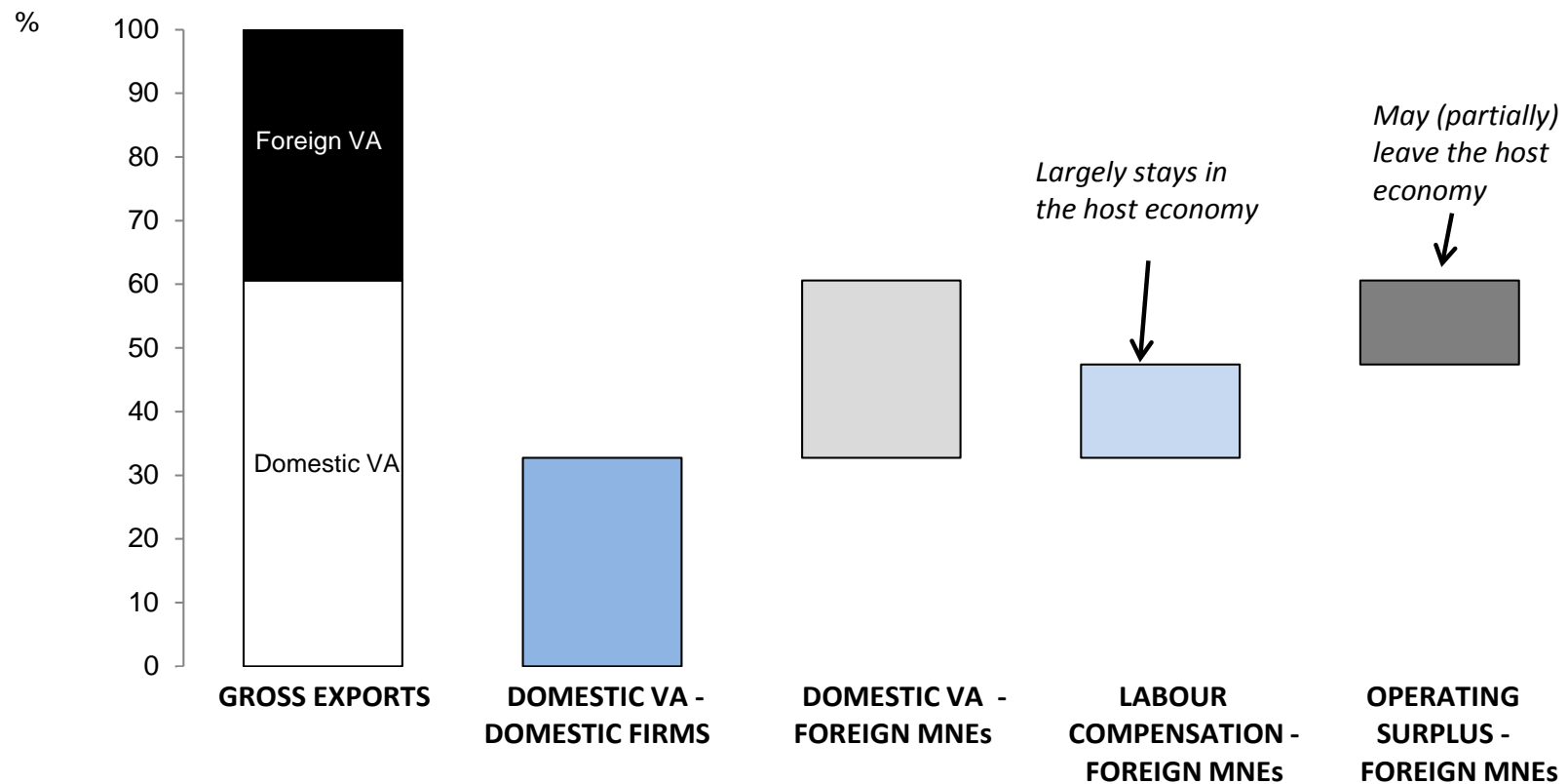


R&D investments, 2011



GVCs, international investment and MNEs

Czech Republic, 2009



Source: OECD calculations based on the OECD/WTO TiVA database and the OECD AMNE database.



Policy questions – inward FATS

- Who does what in your domestic economy – how dependent are you on foreign companies?
 - Important players in domestic industries
 - Important vehicles of economic globalisation
 - Real economic impact of direct investments flows
 - Causes and effects of international investment
- How much stays in your country?
- Attractiveness of your economy
- Broad range of policy domains: trade, investment, innovation, competitiveness, development, upgrading, taxation, etc.

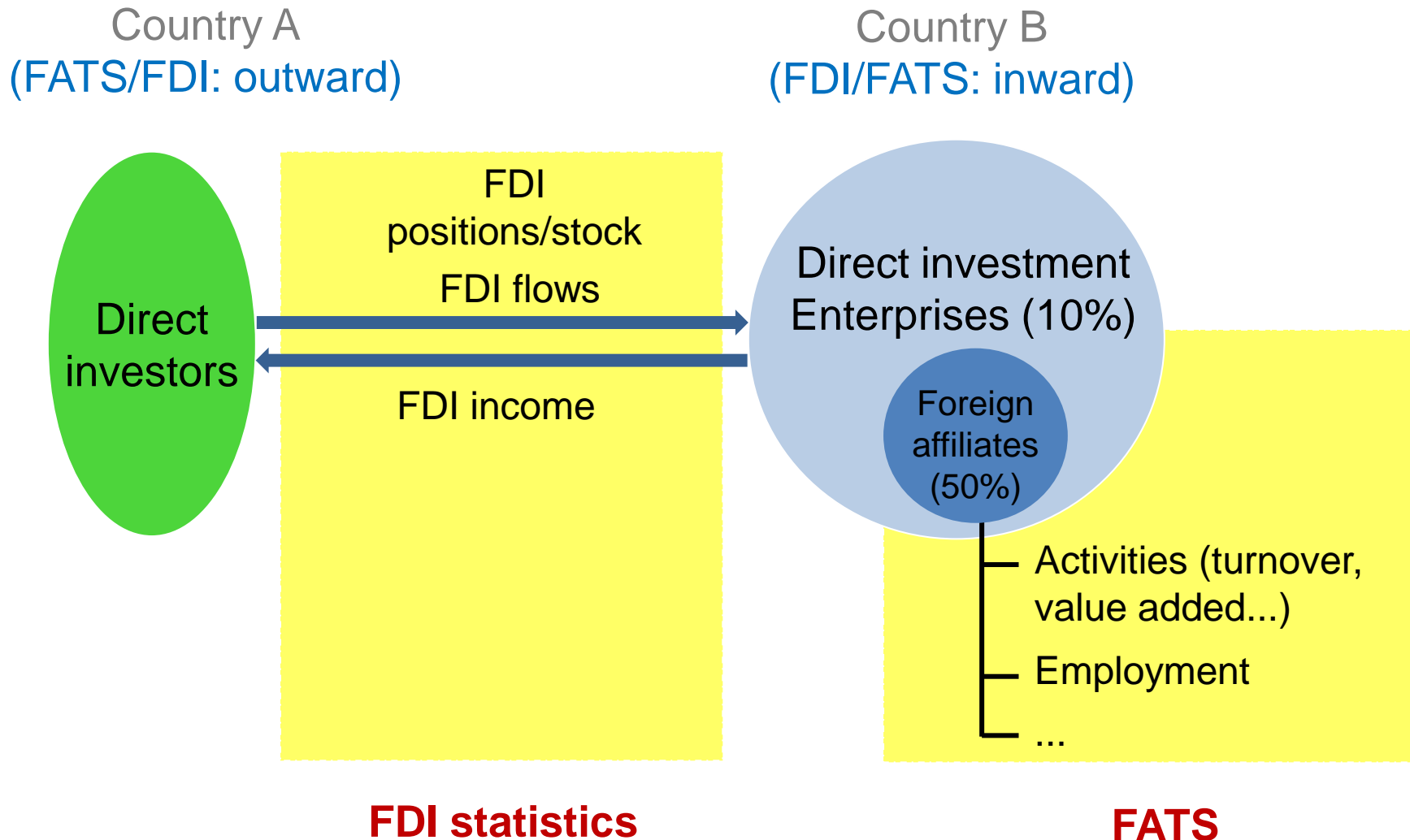


Policy questions – outward FATS

- How competitive your incumbent companies are on international markets
 - In addition to trade of goods (and services)
 - Across different industries
 - Effects on your home country
- Importance for knowledge sourcing
- Broad range of policy domains: trade, investment, innovation, competitiveness, internationalisation, etc.



Can't we use FDI statistics? Linkages and differences between FATS and FDI (2)





Can't we use FDI statistics? Linkages and differences between FATS and FDI (1)

FDI statistics

- Financial transactions
- Lasting interest: 10%
- Pro-rata assignment

FATS

- Economic transactions
- Lasting interest: 50%
- Complete assignment