



COMPILING FATS

CEFTA Workshop on Foreign Affiliates Statistics

Brussels, 9 December 2014

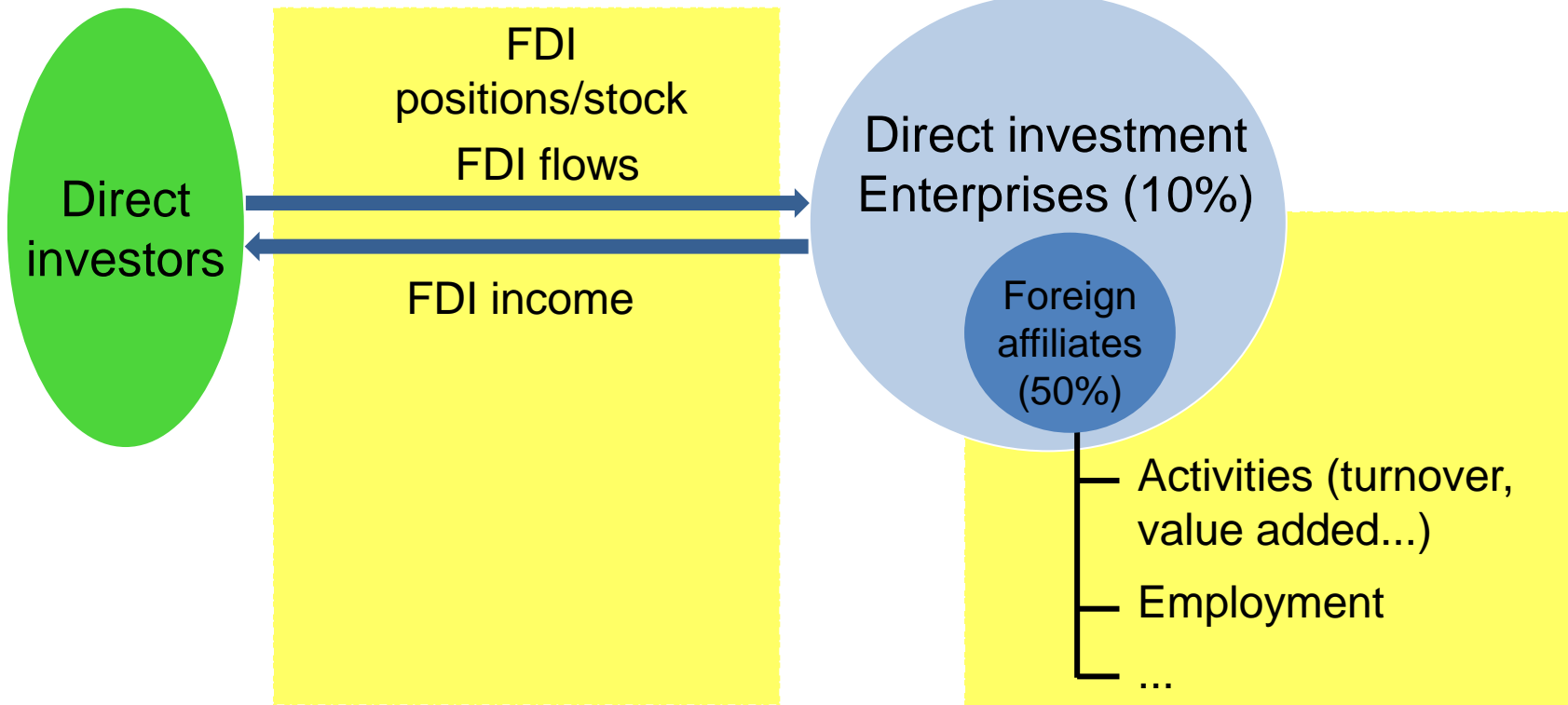
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FATS and FDI (1)

Country A
(FATS/FDI: outward)

Country B
(FDI/FATS: inward)



FDI statistics

FATS



Concept of control

- FATS statistics based on the concept of **control** (as opposed to influence in FDI statistics).
- **Control: ability to determine the strategy of an enterprise by choosing the majority of its directors.** In practice: more than 50% of voting power/majority ownership (versus 10% of ownership for FDI).
- This notion allows all of a company's activities (sales, employment, etc.) to be attributed to the country of the controlling investor.



FATS and FDI (2)

FDI statistics

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

FATS

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



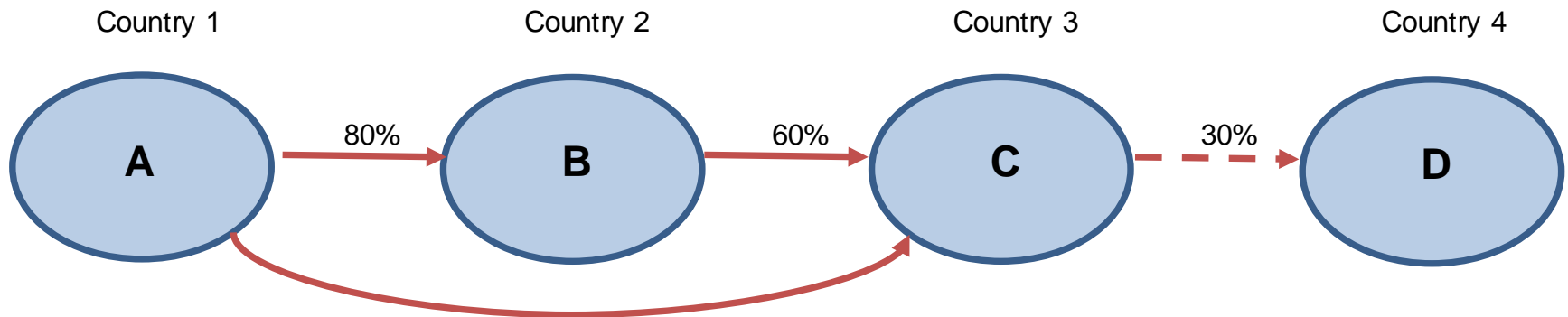
Concept of control – not always so clear

- Majority ownership of voting power by multiple unaffiliated foreign direct investors
- Ownership of exactly 50 per cent of voting power by a foreign direct investor
- Cases in which qualitative assessment made that effective control achieved through minority stake in enterprise



Control may be direct or indirect

Direct and indirect control links have to be taken into account.

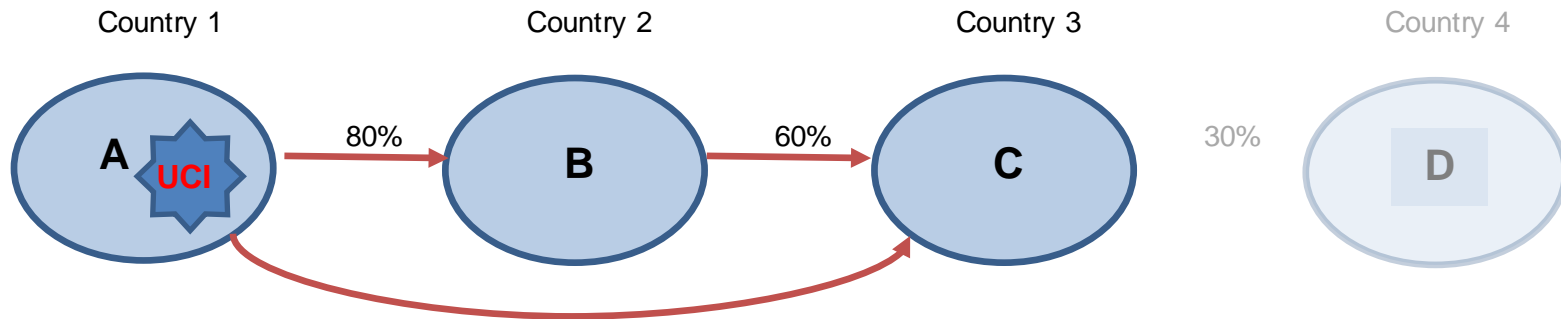


- B directly controls C
- A directly controls B
- C is indirectly controlled by A
- D is not controlled by another enterprise



UCI concept

Ultimate Controlling Institutional unit: entity which is on top of the ownership chain without being controlled by another entity.

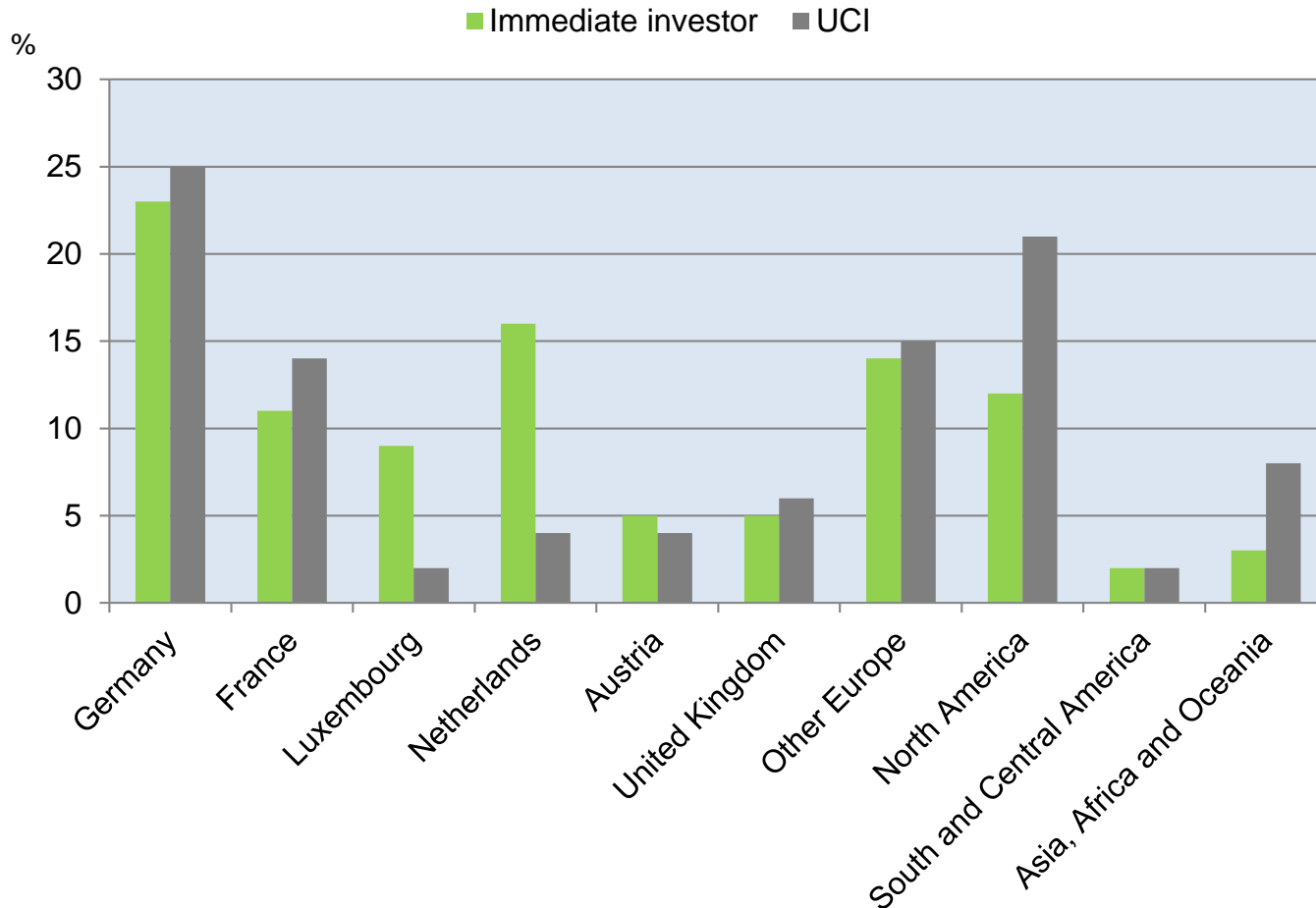


- Country 2 will report data on enterprise B for **inward FATS**, with partner country = country 1
- Country 3 will report data on enterprise C for **inward FATS**, with partner country = country 1
- Country 1 will report data on enterprises B and C for **outward FATS**, with partner countries = countries 2 and 3 respectively



Importance of the UCI concept

Employment in Swiss foreign-controlled affiliates broken down by immediate and ultimate investor, 2012





FATS versus AMNE

- **FATS** (Foreign Affiliates statistics) encompasses:
 - Inward FATS = activity of foreign affiliates resident in the compiling country **1st priority**
 - Outward FATS = activity of foreign affiliates abroad controlled by the compiling country **2nd priority**
- **AMNE** (Activity of Multinational Enterprises) further includes data on parent companies, i.e. resident enterprises having affiliates abroad. **Longer-term goal**



AMNE: Data sources

- Inward FATS
 - Information on economic variables usually obtained from **Structural Business Statistics**. Business registers, surveys and/or administrative data used to identify foreign-controlled enterprises.
- Outward FATS and parent companies having affiliates abroad
 - 1st step: Register-based sources to identify parent companies = reporting units for outward FATS
 - 2nd step: Values of variables often obtained from parent companies by a survey (e.g. FDI survey)

Using data from administrative sources helps to **reduce the response burden on enterprises**.



AMNE/FATS: Variables to collect

	OECD inward AMNE	OECD outward AMNE	OECD AMNE parent companies	Eurostat inward FATS	Eurostat outward FATS
Number of enterprises	X	X	X	X	X
Employment, number of persons employed	X	X	X	X	X
Turnover or gross premiums written	X	X	X	X	X
Employment, number of employees	X	X		X	
Production value	X	X		X	
Value added at factor cost	X	X		X	<i>X (opt.)</i>
Personnel costs	X	X		X	<i>X (opt.)</i>
Gross investment in tangible goods	X	X		X	<i>X (opt.)</i>
Gross operating surplus	X	X		X	
Exports of goods and services	X	X			
Imports of goods and services	X	X			
Intra-group exports of goods and services	X	X			
Intra-group imports of goods and services	X	X			
Total intramural R&D expenditure	X	X		X	
Total number of R&D personnel	X	X		X	
Technological payments	X				
Technological receipts	X				
Total purchases of goods and services				X	
Purchases of goods and services purchased for resale				X	