

Mirroring foreign affiliate statistics – what do we see?



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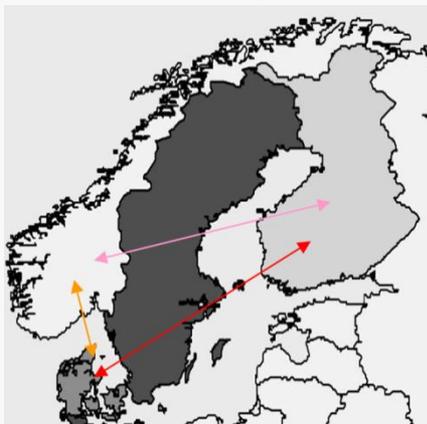
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What will I talk about

- Aim of the study
- Approach
- Main findings
- Recommendations, challenges and lessons learned

What should we ideally see

- Inward FATS (IFATS): foreign controlled enterprises resident in the country that compiles the statistics
- Outward FATS (OFATS): enterprises controlled by the compiling country, but resident abroad



- Residency of the ultimate controlling institutional unit (UCI) defines the nationalities of enterprises in both statistics

Why do we want a mirror reflection?

- Foreign affiliates contribute to a host country's international competitiveness and welfare
- And provides access to new markets and new technologies for domestic suppliers and buyers along the value chain
- Foreign affiliates statistics is used in economic research to measure the degree of globalisation
 - Cf. the economic globalisation indicators just presented
 - Are also used in international trade negotiations

What did we want to achieve?

- Test possible methods of improving the quality of FATS
 - by utilising information available within the European Statistical System (ESS) related to the population of foreign affiliates
- To see if we can improve the data quality and maybe reduce resources needed
 - By exchanging information about Nordic owned affiliates in Denmark, Finland and Norway
 - Come up with recommendations on future ways for improving FATS-statistics in the ESS

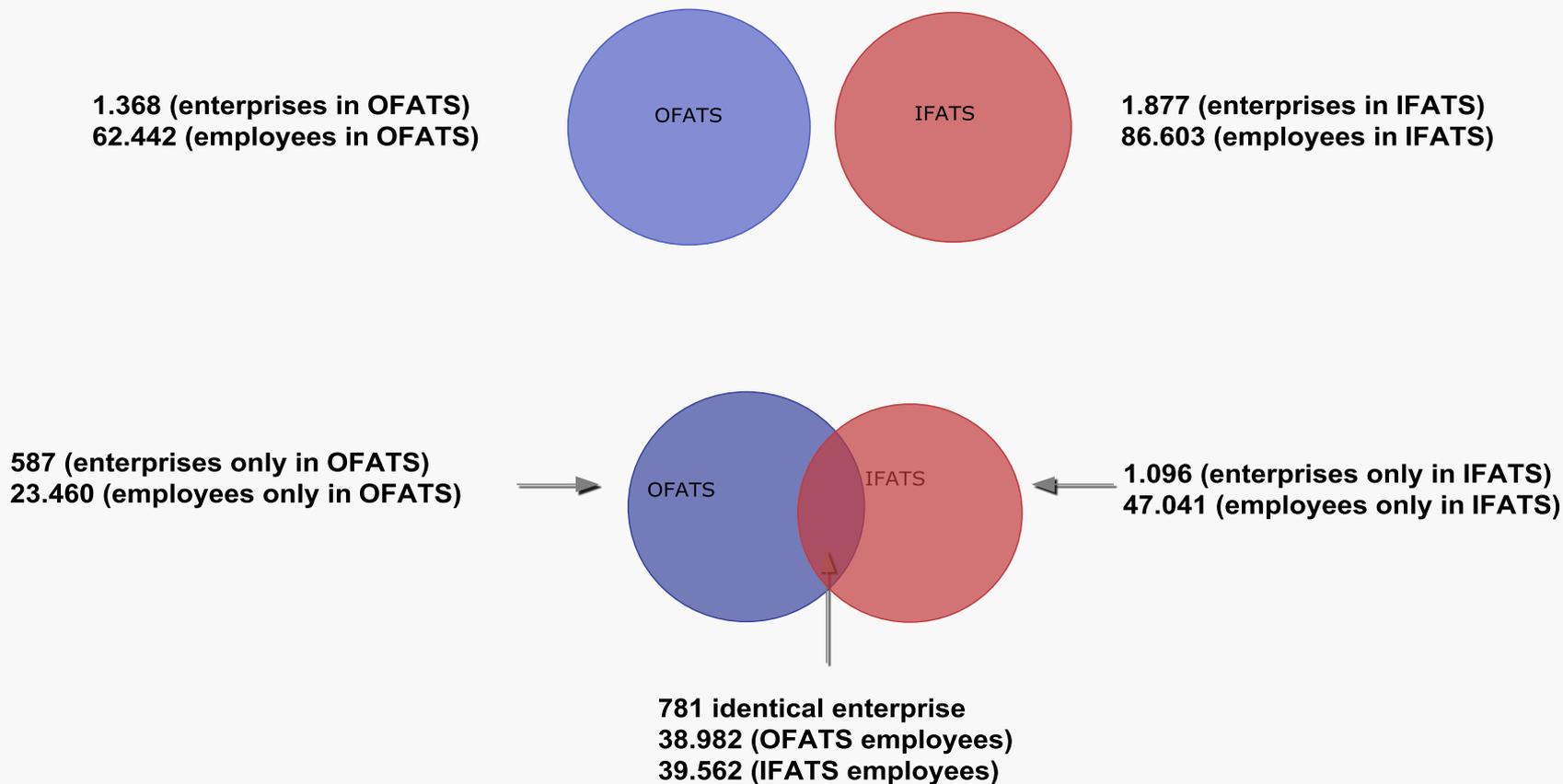
Approach of comparison

- Main question when linking the foreign outward FATS with the domestic inward FATS
 - Are the frame populations identical?
- We set up an approach to compare the OFATS data with sources of information available nationally
 - Business register, enterprise group register and inward FATS
 - Individual records were linked using the name of the enterprise

Looking in the mirror – the overall reflection

- 1 368 OFATS enterprises and 1 877 IFATS enterprises
 - i.e. reflection cannot be perfect
 - **Identical enterprise with same UCI determination: 781**
- Differences can be separated into two groups
 - 1) Enterprises only found in one of the statistics:
 - **587 enterprises in OFATS**
 - **1 096 enterprises in IFATS**
 - 2) Identical enterprise, but IFATS has a different UCI determination than the OFATS country:
 - **130 enterprises**

Overall results 1)



Overall results 2)

	IFATS	
UCI	Enterprise	Employees
Domestically owned	77	1 758
AE	3	906
AT	1	33
AU	1	3
BE	2	99
CH	2	23
DK*	1	1
DE	2	5
EE	1	2
ES	1	0
FI*	1	9
FR	1	28
IS	1	38
GB	5	108
LU	1	14
NL	1	164
NO*	1	9
SE	15	939
US	13	82
Total	130	4 221

Looking in the mirror: same activity?

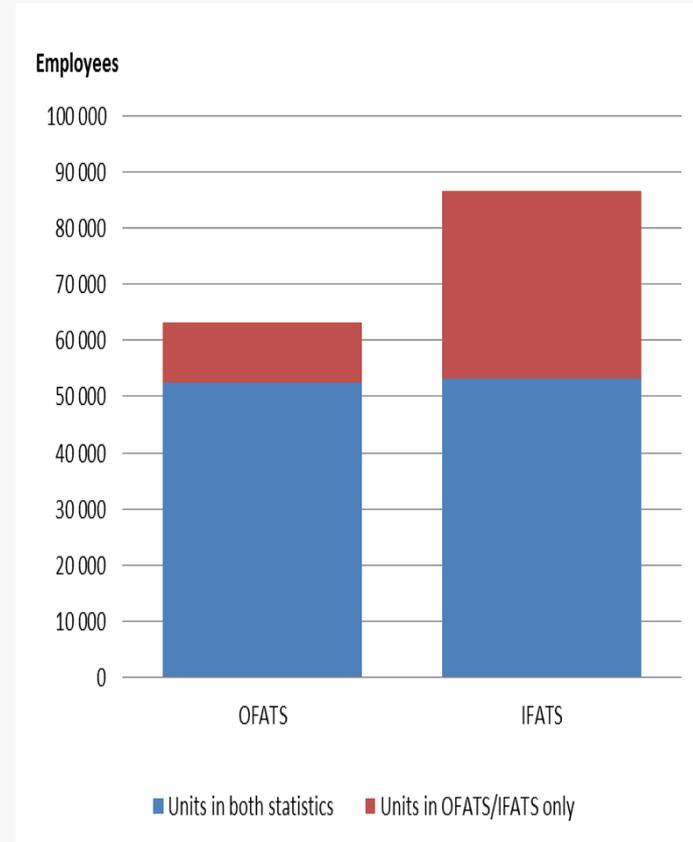


Looking in the mirror: same activity?

NACE 2.0	TOTAL	OFATS A	OFATS B	OFATS C	OFATS D	OFATS E	OFATS F	OFATS G	OFATS H
TOTAL	447	0	5	100	5	0	10	86	66
IFATS A	0	0	0	0	0	0	0	0	0
IFATS B	2	0	0	1	0	0	1	0	0
IFATS C	57	0	1	49	0	0	1	2	0
IFATS D	6	0	0	0	5	0	0	0	0
IFATS E	0	0	0	0	0	0	0	0	0
IFATS F	10	0	0	2	0	0	4	2	0
IFATS G	165	0	0	41	0	0	1	74	44
IFATS H	16	0	0	0	0	0	0	0	14

Looking in the mirror: Employing same amount of persons?

- Employed persons in the OFATS are always less than in the IFATS
- The differences in employed persons are mainly due to missing affiliates (red parts of the bar)
- Where both O/I FATS cover the same affiliates (the blue part) figures are fairly equal



What does the EGR say?

- For the 781 identical enterprise with same UCI determination:
 - 284 enterprises are found in the EGR
- For the 130 identical enterprise where IFATS has a different UCI determination than the OFATS country:
 - 27 can be found in the EGR

Main findings in the study

- Differences between the employee numbers of O/IFATS :
 - are mainly due to affiliates missing from them
- Differences in activity codes O/IFATS:
 - enterprises are on average placed in the same activity code
 - the biggest deviations where found in activity code G, Wholesale and retail trade
- Agreement on the UCI is central to improving the quality of both IFATS and OFATS

Recommendations

- Alternative 1: Use the EuroGroupRegister (EGR) to improve FATS statistics
- Alternative 2: Bi- or multilateral cooperation with other NSIs
 - Both methods have the common challenge on how to agree on the UCI
- Clarify the guidelines for determining the UCI in the FATS manual
- Important to have a legal framework for exchange of data in place