

# Globalisation

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### Accession examinations of candidate countries

#### Purpose

In accordance with the Accession Roadmaps adopted by the Council which set the modalities and the content of discussions, the Investment Committee has been asked to examine the ability and the willingness of each candidate country to assume the obligations of membership in its field of competence. In this context, the Working Group on International Investment Statistics (WGIIS) is mandated to assess the candidate countries' positions against the recommendations of the OECD Benchmark Definition of Foreign Direct Investment (BMD). The Accession Roadmaps also require the candidate countries to complete the OECD Survey of Implementation of Methodological Standards for Direct Investment (SIMSDI) and to agree to report data for the compilation of the OECD International Direct Investment Yearbook and the annual report on FDI trends published by the OECD, in accordance with the timetable and template agreed by Members

#### Objectives and outputs

The Working Group will continue its examinations on the positions of accession countries (Chile, Estonia, Israel, Slovenia and Russia) and, as appropriate, provide its assessment reports to the Investment Committee for incorporation in the final report to be submitted to the Council.

#### Non-member countries involved in the activity:

Chile, Estonia, Israel, Russian Federation, Slovenia

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## Activity of Foreign Affiliates

### Purpose

To measure globalisation, and the contribution of multinationals to the economic activity of countries.

### Objectives and outputs

The database on Activities of Foreign Affiliates (AFA) covers variables such as employment, production or R&D in conjunction with foreign direct inward investment. This data bank has been extended to the activity of affiliates of national firms abroad (outward investment) and to the activities of parent companies in the origin countries.

### Databases

Activity of Foreign Affiliates (AFA)

### Main Developments for 2009

#### General aspects:

No major changes.

# Globalisation

## Benchmark Definition of Foreign Direct Investment

### Purpose

To set standards on how foreign direct investment data should be compiled according to international standards. Internationally comparable data, based on these concepts, makes it possible to measure the degree of economic integration and competitiveness of markets.

### Objectives and outputs

The Benchmark Definition of Foreign Direct Investment serves several objectives. By providing operational guidance, the Benchmark Definition assists not only national compilers but also users of FDI statistics. The Benchmark Definition is consistent with the System of National accounts and the IMF Balance of Payments concepts. It also clarifies the linkages between cross-border investments and the activities of multinational enterprises described in the OECD Handbook on Economic Globalisation Indicators.

The extension of the work on the 4th edition, approved by OECD Council in May 2008, relates to (i) the research agenda as defined in Annex 13 of the manual; and (ii) preparatory work for implementation in 2010, including the development of a communications policy for the public at large.

More specifically its objectives are to provide:

(i) a single point of reference for foreign direct investment statistics; (ii) clear guidance for individual countries as they develop or change their statistical systems for recording direct investment; (iii) international standards for FDI taking into account the effects of globalisation; (iv) the basis for economic analysis of direct investment, especially in international comparisons, to the extent that progress is made in reducing national deviations from the standard; (v) practical guidance to users of direct investment statistics including the relations of FDI to other measures of globalisation and (vi) an objective basis for measuring methodological differences that may exist between national statistics that need to be taken into account both for cross-country and industry analysis of FDI.

### Non-member countries involved in the activity:

Albania, Argentina, Armenia, Asia, Australia, Austria, Azerbaijan, Belarus, Belgium, Bolivia, Bosnia and Herzegovina, Brazil, Bulgaria, Canada, Chile, China, Chinese Taipei, Colombia, Croatia, Cyprus, Czech Republic, Denmark, Ecuador, Estonia, Europe, European Commission, Finland, France, Georgia, Germany, Greece, Hong Kong, Hungary, Iceland, India, Indonesia, International organisation, Ireland, Israel, Italy, Japan, Kazakhstan, Korea, Kyrgyzstan, Latvia, Liechtenstein, Lithuania, Luxembourg, Macedonia, Malaysia, Malta, Mexico, Moldova, Mongolia, Morocco, Netherlands, New Zealand, Norway, Other, Peru, Poland, Portugal, Republic of Montenegro, Republic of Serbia, Romania, Russian Federation, Serbia and Montenegro, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Tajikistan, Thailand, Turkey, Turkmenistan, Ukraine, United Kingdom, United States, Uruguay, Uzbekistan, Venezuela

### Main Developments for 2009

#### General aspects:

Research agenda items: conceptual work on selected priority items such as:

- the treatment of multi-territory enterprises
- Voting power
- Clarifications of the extension of the directional principle to include fellow enterprises and related empirical studies
- Capital in transit in relation to all types of enterprises (i.e. special purpose entities and operational affiliated enterprises)

Other:

- Establishing a clear communications policy for data users on revised FDI definitions and concepts;
- Implementing an electronic version of the recommendations and practical examples, etc.
- Providing regional and other assistance as appropriate to national compilers.

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## Foreign Direct Investment Statistics and Trends

### Purpose

The purpose of this activity is to compile and disseminate reliable and up-to-date Foreign Direct Investment (FDI) statistics which are essential for a meaningful interpretation of investment trends for the purpose of policy analysis and decision.

### Objectives and outputs

FDI statistics provide a reliable and comprehensive source of information to OECD governments, potential investors and the public at large. They also provide the basis for periodical analyses of direct investment trends and of policies towards international direct investment in OECD member countries.

FDI statistical series provide detailed information on inward and outward FDI flows and positions to and from OECD countries. The information is based on a standard presentation designed according to internationally agreed standards based on the OECD Benchmark Definition of Foreign Direct Investment which is consistent with the IMF Balance of Payments Manual. Comparative tables and charts by geographical and sectoral breakdowns for direct investment flows and stocks complement the information included for individual countries.

Statistics are also included regularly or as required for trends analysis, to monitor foreign investment activities, country reviews, etc. Data and analysis are mainly published annually in two distinct publications: OECD International Direct Investment Yearbook and quarterly investment newsletters. Data are also provided on OECD.Stat for wider usage by OECD analysts.

### Non-member countries involved in the activity:

Argentina, Brazil, Chile, China, Hong Kong, India, Russian Federation, South Africa

### Databases

Foreign Direct Investment

### Main Developments for 2009

#### Data collection:

Data collection on the basis of the revised questionnaires and using the electronic questionnaire where countries are not applying GESMES.

#### Data management:

Preparations for the database to adapt to the requirements of the revised Benchmark Definition of Foreign Direct Investment, 4th edition. This work will continue in 2010.

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## Globalisation Indicators of Foreign Direct Investment

### Purpose

To provide economic globalisation indicators of FDI to analyse and measure the extent of cross-border direct investment in the global market. These indicators are based on the methodology set out in the OECD "Handbook on Economic Globalisation Indicators".

### Objectives and outputs

FDI indicators were disseminated in 2005 as a part of a new publication: "Measuring Globalisation: Economic Globalisation Indicators".

### Main Developments for 2009

#### General aspects:

No major changes.

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## International Trade Indicators

### Purpose

To measure globalisation in the context of international trade, for the levels of total trade (goods and services), trade of goods and trade of services. Some of the indicators refer to aggregated levels while other ones differentiate according to types of commodities traded, to types of services delivered or to types of economic activities involved.

### Objectives and outputs

An extension of modules was carried out in 2008, as well as the implementation of world totals as reference for the calculation of several indicators (previously: OECD totals). Thus, the relevance of the concerned indicators was considerably improved.

### Main Developments for 2009

#### General aspects:

Selective extension of a number of indicators in response to identified, globalisation-related statistical needs.

Improvement of timeliness of data updates, extension of FAME-based calculation and updating procedures to more indicators.

# Globalisation

## Reconciliation of FDI and AMNE Statistics

### Purpose

The application of the Council recommendation of 22 May 2008. This work relates to the conceptual and statistical reconciliation of foreign direct investment (FDI) statistics and of the statistics on the activities of multinational enterprises (AMNE, also referred to as FATS statistics)

### Objectives and outputs

The objective is to provide users with consistent and comprehensive statistics on cross-border financing and economic activities of multinational enterprises.

The second meeting of the Network of Statistical Experts on Foreign Direct Investment and Activities of Multinational Enterprises provided successful results as first steps towards reconciliation of the two data-sets. Furthermore, the Network of experts agreed to co-ordinate the revision of the OECD Handbook on Economic Globalisation Indicators.

### Main Developments for 2009

#### General aspects:

No major changes.

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# Survey of Implementation of Methodological Standards for Direct Investment- 2nd edition (SIMSDI-2)

### Purpose

The primary purpose of SIMSDI, in accordance with the OECD Council recommendation of 22 May 2008 (and of 1995), is to regularly review national practices applied by OECD and non-OECD countries to compile foreign direct investment (FDI) statistics and to provide an objective benchmarking tool to assess the extent of the implementation of international standards recommended by the OECD and the IMF. SIMSDI also provides comprehensive detailed metadata for the users of FDI statistics. SIMSDI is the assessment tool of the Benchmark Definition of Foreign Direct Investment.

### Objectives and outputs

SIMSDI, based on a standard questionnaire, allows compiling comprehensive and detailed metadata individually for all OECD and a large number of non-OECD countries. Standard information allows bilateral comparisons and provides, to a large extent, the underlying differences that explain the cross-country discrepancies in FDI statistics. SIMSDI allows monitoring the methodological improvements over time of the countries included in the survey. SIMSDI also provides valuable information to OECD for the revision of international methodological standards, namely on the difficulties experienced by national compilers when implementing some of the recommendations or the relevance/irrelevance of some guidelines as economic factors may change over time. SIMSDI results are analysed in "Foreign Direct Investment Statistics: How countries measure FDI" (OECD and IMF countries) and in How South Eastern Countries Measure FDI Statistics".

The SIMSDI questionnaire was revised to incorporate the revisions of the Benchmark Definition of Foreign Direct Investment, 4th edition.

### Non-member countries involved in the activity:

Chile, Estonia, Israel, Russian Federation, Slovenia

### Main Developments for 2009

#### General aspects:

Creation of a new database in a new IT environment.

# Globalisation

## Trade by enterprise characteristics

### Purpose

To measure, on the one hand, the contribution of real economic sectors to trading, and on the other hand, to complement business data with detailed information on trade, which is traditionally not part of business statistics.

### Objectives and outputs

Under guidance of the Business Economic Statistics and Trade (BEST) Steering Group, a first OECD Linkage Table, which is based on Eurostat's Standardisation Document Rev. 2, was sent out to participating Non-EU-OECD member countries. Up to now, OECD has received data collection tables from Canada, the United States and Norway. In addition, Eurostat provided OECD with the respective (published) data tables of several EU member states for reference year 2003. After reclassification of the Eurostat data to OECD standards (ISIC and CPC classifications, USD currency and OECD geo-nomenclature), these were integrated to the Trade by enterprise characteristics (TEC) database of the OECD, available in the globalisation cube of OECD.Stat.

### Main Developments for 2009

#### General aspects:

In 2009, the data collection should continue for more and more recent reference years (probably 2005 onwards), in co-operation with Eurostat. The next BEST Steering Group meeting (to be hosted by the US Census Bureau in Washington D.C., in early 2009) will be the crucial point to fix the next steps for the continuation and expansion of this database. It is envisaged to include more non-EU OECD member countries as reporters to the dataset (this depends, of course, on the capability and the willingness of the countries to perform this linkage exercise and, thus, to provide the respective data).