DRAFT SUMMARY RECORD

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1. **Opening Statement**

Ms. Carolyn Ervin, Director of OECD Directorate of Enterprise and Financial Affairs, welcomed participants of the Network which brings together the statistical experts of foreign direct investment (FDI) and of the Activities of Multinational Enterprises (AMNE). She recalled the importance of reconciling financial and economic measure of foreign direct investment and the advantages of carrying out this work with the support of an integrated network of experts which is also open to other major partners who are not members of the OECD. Ms. Ervin pointed to considerable government and business interests in the work of the Network. It appeared sensible that OECD takes the lead in this important initiative keeping in mind the work accomplished to date in the field of FDI and AMNE statistics in the context of the Benchmark Definition of Foreign Direct Investment and the Handbook on Economic Globalisation Indicators. The good co-operation between the Working Group on International Investment Statistics (WGIIS) and the Working Party on Globalisation of Industry (WPGI) sets an excellent example of collaborative work across directorates.

2. **Adoption of the Agenda**

The agenda was adopted. [COM/DAF/DSTI/A(2008)1/REV1].

3. **Scope and coverage of FDI and AMNE statistics**

3(a) **FDI and AMNE statistics: A comparative stocktaking of concepts and methods**

The Network considered a Secretariat document as a preliminary comparative stocktaking of concepts and methods of FDI and AMNE statistics [COMP/DAF/DSTI(2008)1]. More specifically, the document discussed statistical units and main concepts such as influence versus control; recording total amounts versus recording percentage share; immediate partner versus ultimate controlling unit. The document also touched on breakdowns by types of FDI and data variables for both sets of statistics.

4. There was a strong support from Delegations to complete this comparative catalogue for future discussions. The importance of two items were emphasized: (i) further research work on ultimate host/investing country; (ii) FDI by type (M&As, greenfield investments, etc.)
3(b) Population of FDI and AMNE statistics

5. Three documents were presented under this agenda item, each with a different perspective.

6. Delegates considered a document by Eurostat on the definition of populations and its impact on data analysis [COM/DAF/DSTI(2008)2]. In many cases it is believed that AMNE population is a subset of FDI population. However, to demonstrate this requires further work and investigation. This comprehensive presentation highlighted the need for further exploration of several issues: the application of the concepts of control including the concept of effective and multiple minority control; looking at directly and indirectly controlled units and the problem of possible double counting; the treatment of notional units; the concepts of ultimate investing/host country.

7. On the other hand, the discussion drew the attention to difficulties observed by FDI compilers to identify the economic sector of the non-resident direct investment enterprise. In contrast, AMNE this information is more easily available for AMNE compilers. It was found useful to pursue investigations on how the experience of AMNE compilers could benefit FDI compilers to identify the economic activity of the foreign affiliate.

8. Some delegates argued that in their country the economic sector of the director investor is a good proxy for the economic sector of the non-resident direct investment enterprise. However, this situation is limited only to some countries and cannot be generalised while other countries have experienced the opposite.

9. Eurostat also informed Delegates that a pilot feasibility study was launched to compile intra-firm trade variables.

10. The Network considered a document on the German experience of similarities and differences between FDI and AMNE statistics [COM/DAF/DSTI(2008)3]. The document described FDI and AMNE databases, the compilation of AMNE statistics as compared to FDI stocks, different types of country breakdowns and future work. The presentation of the concepts was supported by numerical examples. The compilation of primary and secondary FDI stocks provides the main linkage between the two data sets.

11. Germany also announced a revision of its statistics to align outward AMNE concepts with EU regulation requirements and to report only investments by German entities which were identified as ultimate controllers (i.e. not controlled by another entity).

12. The Network also considered a document by France on a preliminary review of the impact of revised methodological standards of FDI on the reconciliation of FDI and AMNE statistics [COM/DAF/DSTI(2008)4]. The Framework of Direct Investment Relationship - FDIR (or accepted alternative methods) marks a progress in the identification of populations of the two data sets in a more harmonised approach. Moreover, supplemental FDI series provide closer linkages with AMNE data even though further work is necessary to achieve greater convergence.

13. France also related its experience on data collection. While the Banque de France has the responsibility to collect, compile and disseminate FDI statistics, INSEE is responsible for AMNE statistics. However, for outward AMNE data, INSEE also has recourse to Banque de France data to complement their own compilation.

14. It emerged from this discussion that for the AMNEs France has two different sets of data based on (i) residence; and (ii) nationality. While the first one is consistent with all other macro-economic statistics, the second set of statistics may be interesting for specific analysis. Some further clarification on this dual data compilation is of interest to the Network.
4. **Analysing FDI and AMNE statistics**

15. The Network considered a document by Canada on past experience to produce FDI statistics identifying influence versus control [COM/DAF/DSTI(2008)5]. Some additional questions in the surveys allowed a presentation of capital abroad controlled by Canadian entities. In this presentation data relate to aggregate Canadian investments abroad as well as third party investments controlled by Canada. These data were also presented in broad sectors, as financial and insurance sectors and non-financial industries. The exercise also covered the ownership and control of long term inward capital in Canada which also included portfolio investment. This exercise was discontinued in the second half of the 1990s owing to resource constraints.

16. Delegates expressed considerable interest in this experience and agreed that the Network should explore further how it could be incorporated in future work. Delegates also noted with interest the current initiatives of Statistics Canada for linking micro data to their databases.

5. **Revision of the OECD Handbook on Globalisation Indicators**

17. The Network considered a Secretariat document on the revision of the OECD Handbook on Globalisation Indicators which was published in 2005. Delegates agreed that:

   - The Handbook should be revised to align concepts and definitions to other macro-economic statistical standards which were recently revised (*System of National Accounts, Balance of Payments and International Investment Positions, Benchmark Definition of Foreign Direct Investment*) and to take on board items which could not be included in the first edition;

   - The Network will be the responsible body for this revision. However, some parts will be dealt by other groups specialised in specific issues, such as technology, migration, some parts of trade;

   - The Secretariat will propose a time-table taking into account current responsibilities of national compilers to implement other standards;

   - The Secretariat will seek further comments on the preliminary outline of the Handbook presented in the document.

18. IMF welcomed the invitation of the OECD to contribute actively to develop a chapter on indicators of portfolio investment based on their experience and using the methodology of the Co-ordinated Portfolio Investment Survey.

6. **Conclusions and way forward**

19. The participants expressed strong support for the OECD’s initiative to set up a Network of Experts of FDI and AMNE Statistics. They also indicated the need and the usefulness of reconciling the two sets of data. This strong support was in priority for analytical considerations but also taking into account the need to reduce reporting burden by combining surveys (as was done recently in Austria), business registers, etc. Furthermore, the Japanese delegation indicated the interest of Asian countries to this work in the context of the new Economic Research Institute.
20. The following priorities for future work emerged:

   (i) Improve the catalogue of comparisons between FDI and AMNE statistics (including the identification of any discrepancies between OECD Handbook and the requirements by the EU regulation)

   (ii) More research on the population of FDI and AMNEs;

   (iii) Statistical units;

   (iv) Exploring ultimate host country allocation;

   (v) Different breakdowns of variables;

   (vi) FDI by type and linkages to AMNE statistics (M&As, Greenfiled investments, extension of capital, financial restructuring);

   (vii) Double counting of variables in AMNE statistics;

   (viii) Intra-firm trade;

   (ix) Analysis of FDI and AMNE variables

   (x) Time-table for the revision of the Handbook on Economic Globalisation Indicators.
## ANNEX
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