



# Thirtieth Meeting of the IMF Committee on Balance of Payments Statistics

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## **Progress Report on the Joint ESCB/ESS Task Force on Foreign Direct Investment**

Prepared by the European Central Bank



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**Item 22**

IMF Committee on Balance of Payments  
Statistics

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### Progress Report on the Joint ESCB/ESS Task Force on Foreign Direct Investment

#### **Overview**

- 1** Mandate
- 2** Ultimate Ownership and Greenfield Investment Concepts
- 3** Special Purpose Entities
- 4** FDI Asymmetries

## Mandate

- **Composition:** co-chaired by Eurostat and ECB, representatives from those NSIs and NCBs responsible for the compilation of FDI statistics in Europe, IMF, OECD and UNCTAD
- Main priorities included in the **Work programme**

#	Item	Description	Tentative time line
1	Green field investment	Develop the necessary methodology and guidance for presenting the FDI in greenfield.	Methodology 2017-2018 Final Report May 2019
2	Ultimate ownership concept	Develop the necessary methodology and guidance for presenting the FDI by ultimate owner concept.	Methodology 2017-2018 Final Report May 2019
3	Review and performance FDI network	The functioning of the network needs to be monitored in terms of the number of exchanges, the number of resolved issues as well as the decrease in asymmetries that can be attributed to it.	Regular, annual
4	Direct investment income	Establish best practices for equity income and the compilation of reinvested earnings under indirect FDI relationships.	2018
5	Definition and coverage of SPE's	Assess need for harmonisation of a Special Purpose Entities (SPE) definition and the coverage on SPE's and its comprehensiveness of treatment.	2017 - 2018
6	Intra EU and EA asymmetries analysis	Regular assessment of bilateral asymmetries by country, investigate recurrent biases and topical developments in the geographical distribution of FDI positions and flows, quarterly data. Link with FDI-Network.	Regular, annual
7	Asset Liability and Directional principle presentation	Support the reconciliation and understanding of the different FDI statistics presentations, i.e. asset/liability and (extended) directional principle within and between frequencies.	Mid 2018

## Ultimate Ownership and Greenfield Investment Concepts

### Background:

The EU regulation 2016/1013 requests Eurostat, in cooperation with the relevant international partners, to develop the methodology for compiling FDI statistics based on the ultimate ownership concept (UOC), distinguishing greenfield FDI transactions from takeovers

**Actions agreed** in the first TF meeting (3-4 May 2017) are as follows:

- To clarify and identify the methodological differences between UOC and Ultimate investing country (UIC) and ultimate controlling parent (UCP)
- To discuss with international organizations a common orientation/methodology based on the OECD metadata
- To assess the link to the OECD typology of FDI, i.e. the need to complement the concept of “greenfield” with the concept of “capital extensions”
- To circulate a fact-finding questionnaire on national experiences with FDI by type and to collect the views and the scope of the UOC of FDI

## Special Purpose Entities (SPE)

### Background:

The TF concluded on the need to obtain a **common comprehensive SPE definition and typology** in the European context. It was seen as a minimum requirement to improve coverage and identification as well as to enable a separate reporting of SPEs in b.o.p. / i.i.p.

### Actions:

- To support the work of the IMF TF-SPEs
- To promote the participation in the initiative of the IMF TF-SPEs to collect metadata (fact-finding exercise) among countries hosting SPEs. The TF co-chairs also stressed the relevance of coordination with other statistical domains

## FDI Asymmetries

### FDI Network

Eurostat presented the most recent operational results of the FDI Network and a revised version of the FDI Network manual

### Actions:

- To distribute details per country of the failures to reconcile and unanswered reconciliation requests

### Synthetic measures to assess the quality of the geographical dimension

(Euro area and EU) bilateral asymmetries affect the quality of the top-level geographical breakdowns and have a bearing on errors and omissions

### Actions:

- Calculate for FDI, on a quarterly basis, the synthetic measures for all the EU countries to support and prioritize the resolution of asymmetries
- Analyse the evolution of the indicators after revisions