



## Thirty-First Meeting of the IMF Committee on Balance of Payments Statistics

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For information

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





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**THIRTY-FIRST MEETING OF THE IMF COMMITTEE ON BALANCE OF PAYMENTS  
STATISTICS**

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on Foreign Direct Investment**

## Background

The Joint ESCB-ESS Task Force on Foreign Direct Investment (TF-FDI) was set up in 2017 as the main forum to address methodological and compilation issues in the area of FDI. The Task Force is co-chaired by Eurostat and the ECB and includes representatives from the IMF, OECD, UNCTAD and from those NSIs and NCBs responsible for the compilation of FDI statistics in the EU.

The main initiatives, within its mandate, carried out by the TF-FDI since the last BOPCOM meeting were the following:

- Support the development of methodological frameworks and integrated data sources for FDI statistics and European statistical business registers;
- Develop the necessary methodology and guidance for extended FDI presentations, including ultimate ownership concept (UOC) and greenfield investment;
- Design innovative approaches to support the work on addressing FDI asymmetries;
- Support and follow the international work on Special Purpose Entities and the international co-operation on FDI statistics.

## Methodological framework for FDI and European statistical business registers

In order to strengthen the analytical relevance of FDI statistics and better capture economic and financial links between countries, the TF-FDI is exploring new possibilities for enhancing the methodological framework for FDI statistics. In particular, the OECD and the ECB presented some methodological proposals to mitigate the effects of “pass-through” and its potentially distortive effects on multi-country aggregates.

The TF-FDI discussed and encouraged the use of European statistical business registers (such as the EuroGroup Register (EGR) and the Register of Institutions and Affiliates Database (RIAD)) to help harmonising the identification of cross-border ownership links and hence reduce asymmetries. Follow-up discussions on the possibility of integrating the information coming from the two registers are foreseen for the next TF-FDI meetings.

## Pilot study on ultimate ownership concept and greenfield investment

Regulation (EU) 2016/1013 requests Eurostat and the Member States to assess the feasibility of developing extended measures for FDI statistics. This request was justified by the increased complexity in international financial flows, in particular, by the increased use of special purpose vehicles and legal constructions for channelling capital flows. The TF-FDI received the feedback from users at the national and European level on the potential relevance and analytic use of these extended FDI measures. Selected countries documented their experiences in collecting and producing extended FDI measures.

Pilot studies were started in the context of the TF-FDI to establish the conditions, including the methodological and statistical framework, to test data collections on FDI positions by Ultimate Investing Country and Ultimate Host Country, and on Greenfield FDI transactions, assess the costs of the related data collections, the quality of the statistics and the cross-country comparability. Decisions on the main methodological choices for the pilot studies were agreed by the TF-FDI at its last meeting in Frankfurt in April 2018. A detailed time-plan for data delivery by the Member States was agreed on to comply with the deadlines set for the evaluation report by Eurostat to the European Parliament and Council (July 2019).

### **FDI Asymmetries**

The TF-FDI welcomed and supported the ECB work on the measurement and analysis of asymmetries in FDI data through a set of innovative synthetic indicators. This work focused mainly on quarterly FDI data (flows, stocks and income), but is planned as well on annual data, once the ECB has full accessibility to the annual data collected by Eurostat under Regulation 184/2005. The TF-FDI endorsed the exchange of information on FDI income in the FDI network and the launch of a survey on country practices on the compilation for FDI income.

The TF-FDI welcomed the results presented by Eurostat on the activities of the FDI Network for the period 2013-2017. Possible enhancements of the functioning of the Network will be discussed at the forthcoming meeting of the TF-FDI (Luxembourg, 27-28 November 2018).

### **IMF task-force on SPEs, co-operation on FDI statistics**

The TF-FDI has supported and followed the work of the IMF BOPCOM Task Force on SPEs on a continuous basis. The TF-FDI welcomed the outcome of the IMF-OECD cooperation program on FDI statistics.