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Methodologies and Working papers

Foreign AffiliaTes Statistics (FATS) Recommendations Manual

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Preface

The FATS manual is a milestone on the road to EU-wide harmonised Foreign AffiliaTes Statistics (FATS). Its importance becomes even more apparent when we consider the political background to this project.

All over the world, 'globalisation' is seen as the predominant agent of change and the main policy challenge. At the heart of this complex and somewhat blurry concept, however, lie businesses and their ever-increasing drive to expand their activities across national borders, most notably by establishing foreign affiliates. Europe plays a key role in this. The EU has become a very important destination for foreign companies and their affiliates, and European businesses are among the most active around the world. A host of crucial policy challenges flow from this, not least the issue of outsourcing jobs and keeping European firms competitive.

Consequently, there is a huge and ever-growing demand for data on these developments. FATS statistics are particularly useful because they help explain how businesses are expanding internationally and what the consequences are for the European Union. The FATS Regulation ensures that harmonised FATS are available from 2009 onwards and the FATS Manual plays a crucial role in compiling them. It gives national compilers the definitions and guidelines they need in order to produce FATS that can be added together to produce meaningful EU-wide aggregates.

The manual has to comply with the rules in the FATS Regulation and must meet the practical needs of the national compilers. The first edition was therefore thoroughly discussed at meetings of the FATS Joint Working Group and went through many rounds of written procedure with Member States at all stages of its production. Then, in 2008, two new Commission Regulations came into force, implementing and amending the FATS Regulation, and this made it necessary to improve the manual. A second edition was therefore published in 2009. However, the Member States' subsequent experience with FATS data collection and compilation showed that some of the manual's recommendations needed further clarifications, and that some important guidance were to be completed. Eurostat therefore proposed an updated edition, with extended content where appropriate.

This third edition of the Manual has been restructured, making it easier to handle. Furthermore, Chapter I now explains in greater detail how to identify the Ultimate Control Institutional Unit (UCI). A section on the nature and treatment of Special Purpose Entities (SPEs) has also been added.

During the consultation process, Eurostat received extremely helpful comments from many delegates. 'Harmonising' always implies 'compromising'. Consequently, the definitions and guidelines contained in this manual are not always the preferred options for every Member State. However, Eurostat has been extremely careful to ensure that the provisions in the manual are in keeping with the concerns of the maximum number of Member States.

Walter Radermacher

Director-General, Eurostat

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Introduction

Legal basis

[Regulation (EC) No 716/2007 of the European Parliament and the Council (EC) of 20 June 2007 on the structure and activity of foreign affiliates](#)[1] — the so-called FATS Regulation (FATS-R) — is the regulatory framework for the provision of foreign affiliates statistics (FATS) in the European Economic Area (EEA)[2] (see Annex 1).

Article 7 of the FATS Regulation requires the Commission to *'publish a recommendations manual which contains the relevant definitions and supplementary guidance concerning the Community statistics produced pursuant to this Regulation.'*

Objective of this manual

This manual provides a common methodological framework for anyone working on the collection, compilation, transmission and analysis of FATS. As such, it makes a significant contribution to data quality and comparability. The target audience are FATS compilers, including statisticians in National Statistical Institutes (NSIs), National Central Banks (NCBs), Eurostat and other international organisations. The manual can also be used by FATS data users as background information.

The FATS Recommendations Manual aims at laying down the methodology and guidelines for the collection and compilation of inward and outward FATS in the European Union. Member States of the EU have to provide information to Eurostat according to the FATS-R, the implementing and amending FATS Commission regulations and the recommendations of this manual. Full implementation of these recommendations will help to ensure that FATS are compiled and maintained on a consistent basis in all Member States; thus ensuring comparability and quality.

The manual goes beyond the provisions in the FATS-R to make further progress towards a harmonised methodology by identifying and recommending best practices. It also includes useful information on the experiences of Member States. Thus, it can be a reference compilation guide for non-EU countries setting up their own FATS data collections.

The manual comprises three parts:

- Chapter I covers general guidelines and explanations relevant for both inward and outward FATS, in particular the main concepts, definitions of the target populations and characteristics.

- Chapters II and III deal with EU data requirements and data-transmission issues in inward and outward FATS, respectively.

In order to ensure international comparability, this FATS manual is harmonised with Chapter 3 of the Handbook of Economic Globalisation Indicators (HEGI), which covers the economic activity of multinational enterprises. Consistency is ensured wherever possible with the latest version of the Manual on Statistics of International Trade in Services (MSITS) developed and published jointly by the European Commission, the International Monetary Fund, the OECD, the United Nations, the United Conference on Trade and Development and the World Trade Organisation, and the 4th edition of the OECD Benchmark Definition of Foreign Direct Investment (hereinafter referred to as BD4), in particular Chapter 8 'FDI and globalisation'.

Results of the data collection for both inward and outward FATS are disseminated in the Structural Business Statistics section of [Eurostat's free-of-charge database](#).

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[1] OJ L 171, 29.6.2007, p. 17.
[2] The contracting parties to the EEA Agreement are three of the four EFTA countries — Iceland, Liechtenstein and Norway — and the 27 EU Member States along with the European Union.
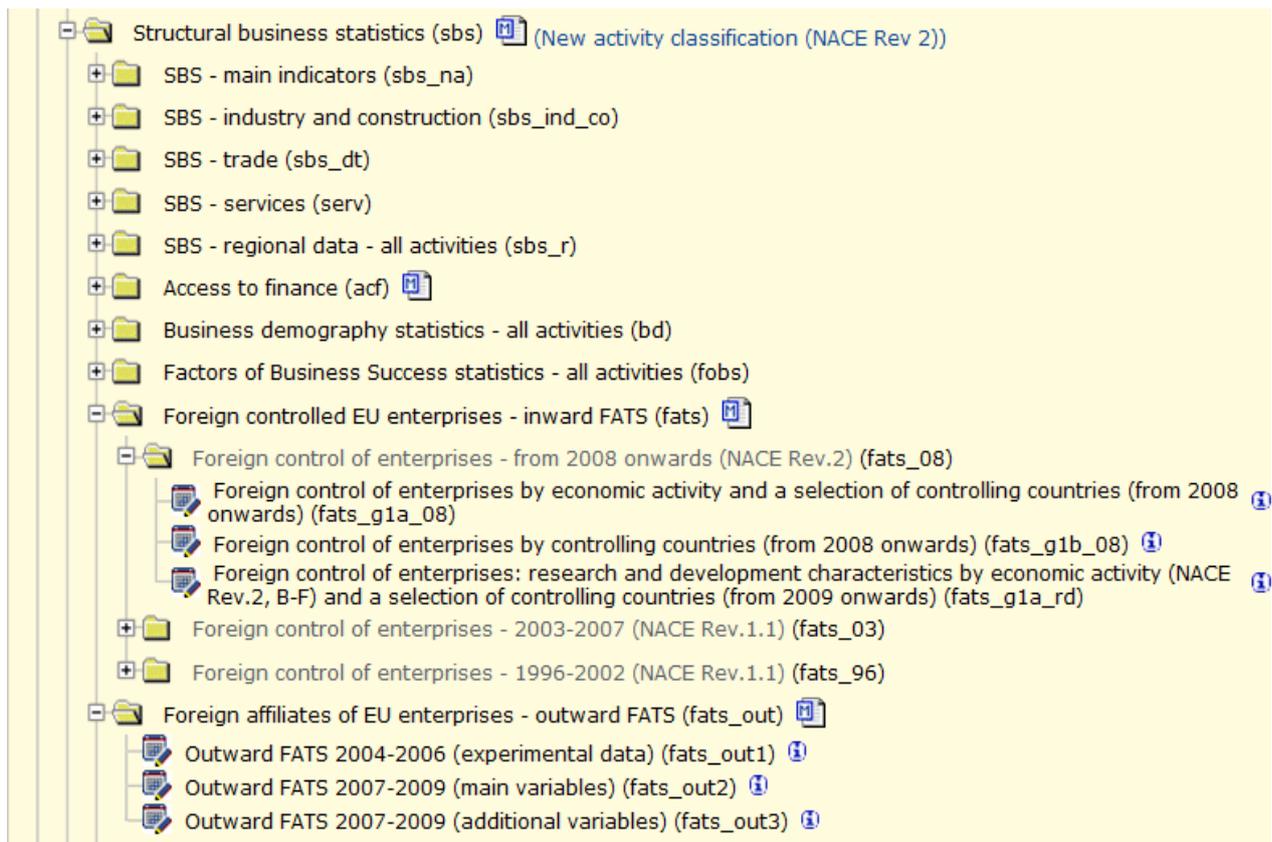
Need for, and validity of, this 3rdedition

Since the publication in 2009 of the previous edition of the FATS Recommendations Manual, EU Member States have acquired additional practical experience with FATS data collection and compilation. It appeared that not all the recommendations of the manual were clear enough and some important guidance was missing. These problems were discussed in the FATS Working Group meeting in September 2010. Moreover, the OECD proposed streamlining its FATS data request with Eurostat in order to reduce the data-reporting burden for member countries of both organisations. Implementation of this proposal requires changing Eurostat's data requests as described in this manual. There was also a need to delete several tables related to outward FATS that referred to NACE Rev. 1.1 and to account for the newly achieved progress in the EuroGroups Register project on definitions crucial for FATS (ultimate controlling institutional units and special purpose entities).

Apart from the clear advantage for national compilers, there is a broader reason why it is of the utmost importance that the manual's content be as complete and up-to-date as possible. With the revision of the Manual on Statistics of International Trade in Services (MSITS2010), FATS became an important new aspect of the statistics of international trade in services and started to be implemented by several non-EU countries. This publication remains the only international FATS compilation guide to which they can refer. This is also why in this edition of the manual all general methodological topics have been grouped in one chapter, while more EU-specific data-requirement issues are examined in separate chapters.

The revision of the present manual was carried out by **Szymon Bielecki** and **Tatiana Mrlianova** (now in charge of FATS — Tatiana.Mrlianova@ec.europa.eu) in close cooperation with the members of the Joint FATS Working Group (FATS JWG).

FATS

1

I.1 Main Concepts and Definitions

I.1.1 Concept of target population

I.1.1.1 Foreign Affiliates and Foreign Affiliates Statistics

Foreign affiliate, Foreign Affiliates Statistics, inward and outward FATS are defined in Article 2 of the FATS-R:

Box I.1 **Definitions of *FATS***	
Foreign affiliate	'Foreign affiliate' shall mean an enterprise resident in the compiling country over which an institutional unit not resident in the compiling country has control, or an enterprise not resident in the compiling country over which an institutional unit resident in the compiling country has control.
Foreign AffiliaTes Statistics (FATS)	'Statistics on foreign affiliates' shall mean statistics describing the overall activity of foreign affiliates.
Inward FATS	'Inward statistics on foreign affiliates' shall mean statistics describing the activity of foreign affiliates resident in the compiling economy.
Outward FATS	'Outward statistics on foreign affiliates' shall mean statistics describing the activity of foreign affiliates abroad controlled by the compiling economy.

This definition of 'foreign affiliate' is consistent with the BRRM definition.[3]

The definition of 'foreign affiliate' uses three expressions that need to be further defined; namely, control (Box I.2), institutional unit (Box I.11) and residency (Box I.13).

I.1.1.2 Control

The concept of control is used for the breakdown of the FATS variables. Control is defined in Article 2 of the FATS-R. This definition is the general definition. It will sometimes be difficult in practice to identify foreign control of an enterprise. Therefore, this manual contains a more specific definition of 'control'. The definitions are given in Box I.2 and discussed below.

Box I.2 **Definition of *Control***
'Control' shall mean the ability to determine the general policy of an enterprise by choosing appropriate directors, if necessary. In this context, enterprise A is deemed to be controlled by an institutional unit B when B controls, whether directly or indirectly, more than half of the shareholders' voting power or more than half of the shares (FATS-R, Article 2).
Indirect control means that an institutional unit may have control through another affiliate which has control over enterprise A.
Control can be exerted via effective minority control without owning more than half of the shareholders' voting power or more than half of the shares.
Control can be exerted by a government through a legislation decree or regulation, which empowers the government to determine corporate policy or to appoint the directors.

As can be seen from the definition, control implies the ability to determine the strategy of an enterprise, to guide its activities and to appoint a majority of directors. In most cases, this ability can

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[3] See BRRM glossary.

be exercised by a single investor holding a majority (more than 50%) of the voting power or of the shares, directly or indirectly.

Control can be direct or indirect. Figure I.1 shows an example of indirect control:

Figure I.1: **Example of indirect control**
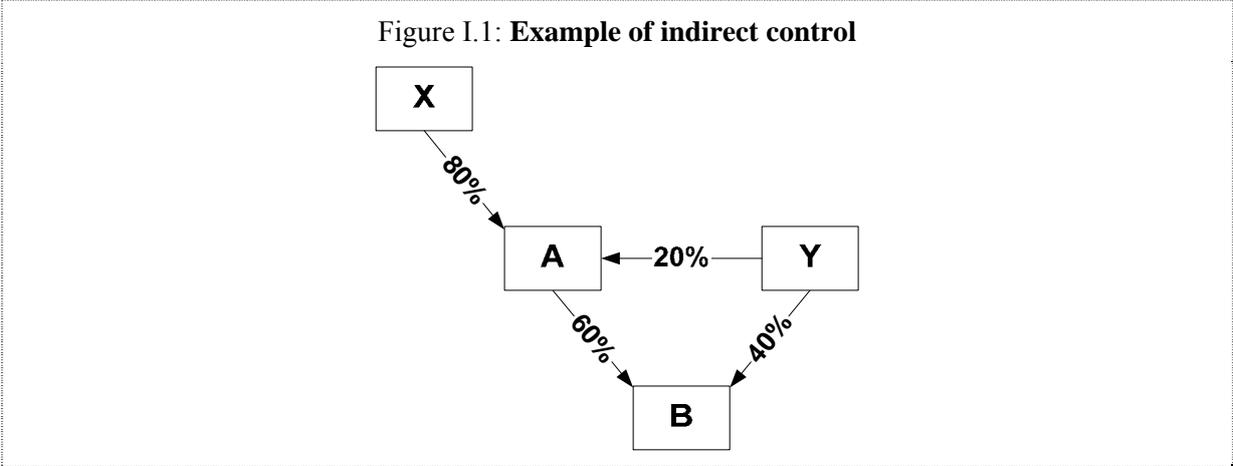
A directly controls B, but as A is controlled by X, B is controlled indirectly by X through its affiliate A. This case is an example of indirect majority ownership.

While majority ownership is the major criterion for determining control, it is not indispensable for exercising control. A government can exert control through a legislative decree or regulation, empowering it (the government) to determine the enterprise's policy or to appoint (a majority of) directors.

Control can be achieved by agreements among minority shareholders or if some shareholders do not attend a meeting. It is also possible that some shareholders might have shares with limited voting rights, the voting rights might be temporarily suspended or the transfer of shares might be forbidden.

Figure I.2 shows an example of effective minority control. There is one large shareholder and a large number of dispersed shareholders, none of whom holds a significant share of the capital. In such cases, effective control can be exerted without having the majority of the voting rights or shares, if no majority of shareholders is really able to oppose it. A group of shareholders acting in concert and behaving as a single person could control enterprise B as well.

Figure I.2: **Example of effective minority control**
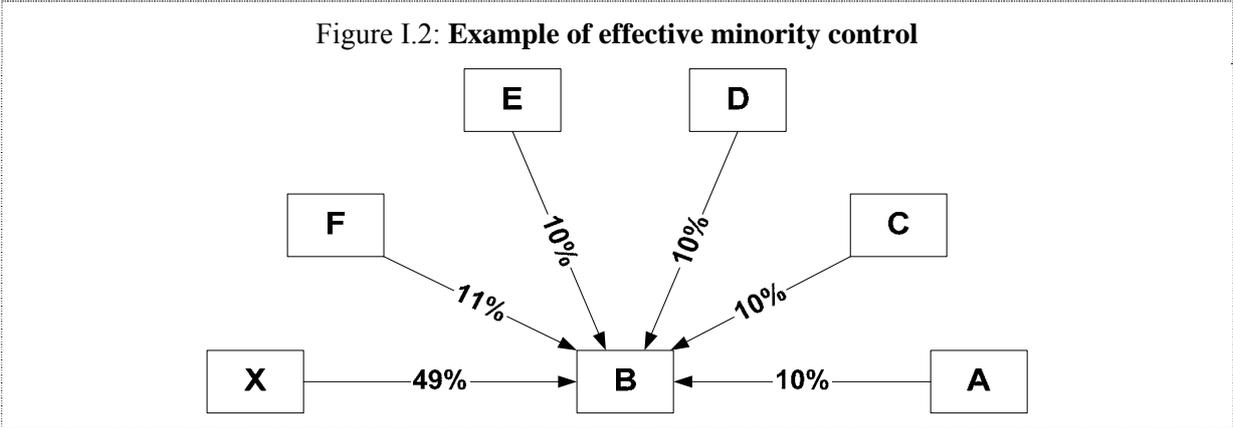
Only shareholdings of 10% and more should be considered. Recording shares below 10% (portfolio investment) is likely to be too burdensome. In most cases control will however be exercised by a single investor.

Situations vary very much from country to country and depend on the legal framework for corporate governance, i.e. the legislation regulating the allocation of property rights and control of enterprises. In particular, the principles can differ considerably between civil-law and common-law systems. Precise

allocation of control between national and foreign entities requires compilers of statistics not just to apply the definition but also to make a supplementary assessment.

This is true in particular for the so-called special cases. One interesting situation for inward FATS is that in which the entire ownership is in the hands of foreign investors but none of them owns more than 50%. If concerted action cannot be determined, this enterprise would be treated as nationally controlled, with an obvious underestimation of the set of foreign-controlled units. These special cases are discussed in Chapter I.1.2.3.

These recommendations are consistent with the European System of Accounts (ESA) 1995, the System of National Accounts (SNA) 1993, the Statistical Units Regulation (SUR),[4] the Business Register Recommendations Manual (BRRM) and the HEGI. The relevant paragraphs are quoted below. Bear in mind that the terminology used is not always consistent, e.g. 'subsidiary' is used interchangeably with 'affiliate'. For further information regarding the glossary, please see the BRRM glossary.

Box I.3 **Control definition in ESA 1995**

Control, §2.26 ESA 1995

A single institutional unit (…) secures control over a corporation by owning more than half of the voting shares or otherwise controlling more than half of the shareholders' voting power. In addition, government secures control over a corporation as a result of special legislation decree or regulation, which empowers the government to determine corporate policy or to appoint the directors.

In order to control more than half the shareholders' voting power, an institutional unit need not own any of the voting shares itself. A corporation C could be a subsidiary of another corporation B in which a third corporation A owns a majority of the voting shares.

Corporation C is said to be subsidiary of corporation B when: either corporation B controls more than half of the shareholders' voting power in corporation C or corporation B is a shareholder in C with the right to appoint or remove a majority of the directors of C.

Box I.4 **Control links in the BRRM**[5]

Control and ownership

21.32 The definition [ESA 95 2.26] states that control may be exercised in various ways. The acquisition of an absolute majority (50%+1) of shareholdings with voting rights is the main instrument used to take control over a legal unit and in the absence of other information it is generally used as a proxy for control. On the other hand, the absolute majority of ownership of the capital share ownership is not always a necessary or sufficient condition to have control.

Forms of control other than majority control

21.33 It may not be a necessary condition because there may be situations in which a large relative shareholding with voting rights but without absolute majority is enough to take control. This can be due to:
(a) legislation, contracts or agreements affecting control;
(b) failure by other shareholders to attend the meeting. This is more a *de facto* situation and difficult to prove in practice.

21.34 It may not be a sufficient condition because the ability to exercise control effectively depends on the ability to participate actively in the decision-making process. This may be limited by:
(a) shareholdings with limited voting rights;
(b) statutory provisions that limit the transferability of shares;
(c) temporary suspension of voting rights.

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[4] Council Regulation (EEC) No 696/93 of 15 March 1993 on the statistical unit for the observation and analysis of the production system in the Community (SUR), OJ L 76, 30.3.1993, p. 1.
[5] More detailed discussion on control can be found in BRRM, chapter 21.

Box I.4 **Control links in the BRRM**[5]
21.36 Situations vary considerably from country to country and depend on the legal framework concerning corporate governance, i.e. the legislation that regulates the allocation of property rights and the control of enterprises in the economy. In particular, the principles may vary considerably between civil-law and common-law systems.
21.37 Control can be a *de facto* situation without a legal basis or other proof and in such cases the information should not to be stored in the business register. Strategies of outsourcing, aimed at reducing production costs and increasing productivity, such as exclusive sales or supply contracts, may generate dependency of one legal unit on another without any direct participation on the part of the latter in the capital share of the former. A legal unit can thus be 'captured' by another unit without being owned by it. The link may be a commercial contract, which grants the '*de facto* controlling' legal unit the exclusive rights to the work of the 'subordinate' unit. In the case of natural persons, such subordinate units have often been referred to in business demography as 'false self-employed'. At least in theory, such a subordinate can cease this control by closing down its legal unit. This is not possible for a subsidiary that is owned by the parent enterprise.
Effective minority control
21.35 Effective minority control means having effective control of a unit without holding the majority of voting stock. It does not include indirect control via a majority-controlled subsidiary. The most common case is a minority but large shareholder and a very large number of dispersed small shareholders, none of whom hold a significant share of the capital. The minority shareholder can thus exercise effective control insofar as no majority of shareholders is really able to oppose it. However, it is possible that the small shareholders could join forces in order to have more influence over strategic decisions. Effective minority control is, in general, difficult to prove in practice and a shareholding between 10 and 50 per cent is generally regarded as *influence*, not control.
Indirect control
21.38 According to the SU Regulation (Annex III C, Explanatory notes 4), *'The subsidiary enterprises of a subsidiary enterprise are considered to be subsidiaries of the parent enterprise. (…)'*. This means that a parent unit may have indirect control over a legal unit (sub-subsidiary) through one or many other subsidiaries. Indirect control does not require the parent unit to own a majority of an integrated shareholding in the capital share of the sub-subsidiaries.

I.1.1.3 Foreign control

Foreign control is defined in Article 2 of the FATS-R:

Box I.5 **Definition of *Foreign control***
Foreign control means that the controlling institutional unit is resident in a different country from the one where the institutional unit over which it has control is resident.

I.1.1.4 Statistical unit

Box I.6 **Definition of *Statistical unit***		
Inward FATS	FATS-R, Annex 1, Section 1	The **statistical units** are the enterprises and all branches, which are under foreign control according to the definition contained in Article 2.
Outward FATS	FATS-R, Annex 2, Section 1	The **statistical units** are the enterprises and all branches abroad that are controlled by an institutional unit resident in the compiling economy, according to the definitions contained in Article 2.

There are a number of definitions stemming from other established legislation which should be applied when defining the population of the statistical units in Member States. These definitions are summed up in the text boxes below.

Box I.7 **Background definitions of *Statistical unit***	
FATS-R, Art. 2	**'Enterprise'**, '**Local unit'** and **'Institutional unit'** have the meanings attributed to them in Regulation (EEC) No 696/93 of 15 March 1993[6] on the statistical unit for the observation and analysis of the production system in the EU.
SUR, Annex, Section III, A	The **enterprise** is the smallest combination of legal units that is an organisational unit producing goods or services, which benefits from a certain degree of autonomy in decision-making, especially for the allocation of its current resources.
FATS-R, Art. 2	**'Branches'** means local units not constituting separate legal entities, which are dependent on foreign-controlled enterprises. They are treated as quasi-corporate enterprises within the meaning of point 3(f) of the Explanatory notes to Section III (B) of the Annex to Regulation (EEC) No 696/93.
SUR, Annex, Section III, F	The **local unit** is an enterprise or part thereof (e.g. a workshop, factory, warehouse, office, mine or depot), situated in a geographically identified place. At or from this place economic activity is carried out for which — save for certain exceptions — one or more persons work (even if only part-time) for one and the same enterprise.

The **Institutional unit** has been defined in Chapter I.1.1.5 of this Recommendations Manual. For FATS statistics, only branches with permanent addresses should be covered.

Box I.8 **Consistent definitions in other EU legislation**	
BR-R, Art. 3 (3)	**Local units** not constituting separate legal entities (branches), which are dependent on foreign enterprises, and classified as quasi-corporations in accordance with the [ESA95] and the [SNA93], shall be deemed to be enterprises for the purposes of the business registers.
BR-R, Art. 3 (5)	This Regulation shall apply only to **units which, wholly or partially, exercise an economic activity**. Any activity comprising the offer of goods and services on a given market shall be regarded as an economic activity. In addition, non-market services contributing to the GDP, as well as direct and indirect holding of active legal units shall be regarded as economic activity for the purposes of business registers. Economically inactive legal units are part of an enterprise only in combination with economically active legal units.

Paragraph 7.7 of the BRRM explains the link between legal unit and enterprise: 'Enterprises and legal units have different purposes. The legal unit is a part of the legal and administrative world. Only a legal unit may enter into contracts or be an owner of property, rights or goods (i.e. factors of production). However, legal units are a construct of law and administration and thus do not always reflect economic reality. There may be legal or fiscal advantages to separating production factors into two or more different legal units. In the economic view, these individual legal units cannot act without the others.'

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[6] OJ L 76, 30.3.1993, p. 1.

<table>
<tr><td colspan="2" align="center">Box I.9 Definition of Legal unit</td></tr>
</table>

According to the SUR definition **legal units** include:

- **Legal persons** whose existence is recognised by law independently of the individuals or institutions which may own them or are members of them;

- **Natural persons** who are engaged in an economic activity in their own right.

It is further stated that 'the legal unit always forms, either by itself or sometimes in combination with other legal units, the legal basis for the statistical unit known as the '**enterprise'**.

Account should only be taken of legal units that, at any time during a given reference period, are economically active or are part of a chain of control of active legal units.

I.1.1.5 Ultimate controlling institutional unit (UCI)

FATS should be compiled according to the ultimate controlling institutional unit (UCI) concept, which is defined in Article 2 of the FATS-R:

<table>
<tr><td colspan="2" align="center">Box I.10 Definition of UCI</td></tr>
<tr><td>UCI</td><td>'Ultimate controlling institutional unit of a foreign affiliate' shall mean the institutional unit, proceeding up a foreign affiliate's chain of control, which is not controlled by another institutional unit.</td></tr>
</table>

The UCI definition is based on the concept of **institutional unit** laid down in the SUR (Council Regulation (EEC) No 696/93), which defines statistical units for the observation and analysis of the production system in the European Union.

<table>
<tr><td align="center">Box I.11 Definition of Institutional Unit</td></tr>
</table>

The institutional unit is an elementary economic decision-making centre characterised by uniformity of behaviour and decision-making autonomy in the exercise of its principal function. **A unit is regarded as constituting an institutional unit** if it has decision-making autonomy in respect of its principal function and keeps a complete set of accounts:

- In order to be said to have autonomy of decision in respect of its principal function, a unit must be responsible and accountable for the decisions and actions it takes.

- In order to be said to keep a complete set of accounts, a unit must keep accounting records covering all its economic and financial transactions carried out during the accounting period, as well as a balance sheet of assets and liabilities.

The following are deemed to be institutional units:

- **units which have a complete set of accounts and autonomy of decision:**

    (a) private and public companies, public corporations;
    (b) cooperatives or partnerships recognised as independent legal entities;
    (c) public enterprises which by virtue of special legislation are recognised as independent legal entities;
    (d) non-profit institutions recognised as independent legal entities;
    (e) agencies of general government;

> - **units which have a complete set of accounts and which, by convention, are deemed to have autonomy of decision:**
>
>   (f) quasi-corporate enterprises: sole proprietorships, partnerships and public enterprises, other than those referred to in points (a), (b) and (c), in so far as their economic and financial behaviour can be separated from that of their owners and resembles that of corporate enterprises;
>
> - **units which do not necessarily keep a complete set of accounts but which by convention are deemed to have autonomy of decision:**
>
>   (g) households.

In the enterprise sector an institutional unit corresponds to the enterprise. It is recognised that for national statistical institutes it is in practice not always easy to apply the term 'institutional unit', given that they lack information on natural persons which should not be neglected in the context of UCI identification.

The crucial characteristic of an ultimate controlling institutional unit which makes the UCI approach different from the ownership-based one is that **the UCI should effectively control and manage the group, i.e. take global strategic decisions**.

The UCI definition is consistent with the definition of the **global decision centre** in the BRRM (see Box I.12.

Box I.12 **Definition of** *global group head* **and** *global decision centre* **(BRRM glossary)**	
Global group head (GGH)	The group head is a parent legal unit, which is not controlled either directly or indirectly by any other legal unit. […] The global group head is the group head of the multinational enterprise group […].
Global decision centre (GDC)	The global decision centre is the unit where the strategic decisions referring to an enterprise group are taken.

In most cases, the UCI (global decision centre) is the same as the **global group head** and is located at the top of the chain of control of an enterprise group. In exceptional cases where the global group head does not take strategic decisions for the whole group, another unit should be selected that takes strategic decisions on a global level. Specific problems related to determination of the UCI are discussed in Chapter I.1.2.

The Ultimate Beneficial Owner (UBO) concept is closer to the concept of ownership than that of control. To find the UBO one has to proceed up through the chain of ownership. As ownership of 10 % or more of the equity of the enterprise (and not control) is taken into account, there can be several UBOs.

In the exceptional case of the geographical allocation of units not being based on the UCI, this should be clearly stated in the methodological notes, and the procedure used to determine the UCI of the unit should be clearly explained.

I.1.1.6 Concept of Residency

Box I.13 **Definition of** *Residency*
The place of residency of an UCI should be the country of registration of the UCI in case of legal entities and country of residence in case of natural persons acting as UCI. Residency is often but not always the nationality of the UCI.

This is consistent with the HEGI, as according to Box 3.8 on page 113 the country of control should be the country of residence. Residency is defined in the HEGI (Box 2.9 on page 47) according to the BPM5, § 58) as 'The concept of residence is not based on nationality or legal criteria, although it may be similar to concepts of residence used for exchange control, tax and other purposes in many countries. The concept of residence is based on a sectoral transistor's centre of economic interest. (…) It is necessary to recognise the economic territory of a country as the relevant geographical area to which the concept of residence is applied. An institutional unit is a resident unit when it has a centre of economic interest in the economic territory of a country.'

In the case of individuals acting as UCI a specific difficulty may occur if the nationality of the individual does not coincide with the place of residence. To be consistent with BoP statistics and in particular with foreign direct investment statistics, the data of the foreign affiliate should be allocated to the place of residence of the individual. This approach would also ensure comparability with FATS statistics from other non-EU sources, most notably the United States, which follow the same principle.

I.1.1.7 Special-purpose entities

Box I.14 **Treatment of** *special purpose entities*
Special-purpose entities (SPEs) are relevant for both inward and outward FATS. They should be excluded from the target populations of statistical or reporting units only if they had no turnover and no employment during the reporting period.

'Special-purpose entity' (SPE) is a category of enterprises which are created in order to serve the international revenue optimisation of enterprise groups. SPEs are usually located in countries offering corporate tax privileges, they are controlled from abroad and do not undertake any substantial economic activity in the country of residency. Because they often receive and send large capital flows across national boundaries, they considerably affect international statistics on foreign direct investment. The work of national-accounts statisticians is also complicated by SPEs, which often manage assets on behalf of enterprises resident in another economy, thus making the attribution of value added and output variables according to sound economic reasoning far from straight-forward.

There is no single, harmonised definition of an SPE, reflecting their great and dynamic variety of form, detailed purpose and way of operation. However, they can be characterised by listing the most common purposes and characteristics. A single list of common criteria of SPEs based on BD4 was approved in 2010 by Eurostat's Balance of Payments Working Group and ECB's Working Group External Statistics in order to ensure SPEs were treated consistently in FDI statistics by the EU's national statistical authorities.[7]

Box I.15 **Eurostat/ECB criteria of** *special purpose entities*
(b4) For the compilation of national statistics, a single definition of SPEs should be applied to enhance cross-country comparability. In line with the guidelines in the BD4 (Box 6.2), as adapted to European experience, an entity could be defined as an SPE in a Member State if it meets all the following criteria:
(i)   The enterprise is a legal entity incorporated in the Member State, or a branch registered in the country.
(ii)   The enterprise is ultimately controlled by a parent enterprise not resident in the Member State either directly or indirectly.
(iii)   The enterprise has no or few employees, little or no production in the national economy and little or no physical presence.
(iv)   Cross-border assets and liabilities (assessed from the most recent available positions data)

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[7] Document 'Recommendations on the implementation of the FDI extended directional principle in the EU' for Eurostat's BoP WG and ECB's WG-ES, dated 30 March 2010.

> dominate the simplified notional balance sheet as described in Annex 1. In the case of chains of entities without any physical presence within a country, the assessment should be carried out as if this chain were only one entity. This criterion should be assessed on a 'best efforts' basis.
>
> (v) The core business of the enterprise frequently (but not necessarily) consists of group financing or holding activities, i.e. — viewed from the perspective of the compiler in a given country — the channelling of funds from non-residents to other non-residents. However, in its daily activities, managing and directing play only minor roles. NACE codes 7010 (headquarters) or 6420 (holding companies) are to be seen as good (but non-exclusive) indicators of criterion (v) being fulfilled.
>
> In addition, conduits and similar entities having a non-resident UCP and limited connection with the local economy should also be treated as SPEs even if they finance themselves locally and do not meet SPE criterion (iii) above.

A very good overview has been also provided by the joint UNECE/Eurostat/OECD Group of Experts on the Impact of Globalisation on National Accounts (GGNA) which devoted the whole chapter IV of its comprehensive final report to special-purpose entities and their treatment in national accounts.[8]

SPEs are relevant also for production of FATS but it is apparently not always clear how they should be treated. **SPEs should not be automatically excluded from the target population** of statistical units, as some of them may carry out substantial economic transactions (and non-zero turnover) with their respective parents and associated enterprises. This could be the case of intra-group trade in services, notably in the area of management of intellectual property rights. Since FATS is focused on multinational enterprises, such intra-group transactions should be recorded. To that end, when compiling FATS, SPEs should be treated as any other business unit under consideration, i.e. included if they fulfil the definition of a statistical unit in FATS specified in section I.1.1.4 and have a non-zero turnover or employment (see also Box I.29).

An important difficulty relating to recording the activity of SPEs in FATS is that they often have no physical office or even address. This is particularly relevant for inward FATS where SPEs are part of the target population and they should report on their activity and be included in the overall data. However, it may be very difficult to obtain any information and to get a statistical survey filled if there is no physical office and no employee. In cases of non-response, the accounting companies responsible for domestic financial reporting of the SPEs in question should be contacted to request the missing figures.

I.1.2 Determining the UCI

I.1.2.1 General procedure

If the UCI cannot be extracted directly from existing data, the decision about the UCI should be based on a **step-by-step analysis of control relationships up the ownership chain** in the enterprise group. Once the global group head has been identified, the next stage is to verify whether it exercises effective control over the enterprise group, i.e. that it can and does take global strategic decisions in the group and is the global decision centre of the group. If not, another institutional unit at a lower level of the group structure should be chosen, underpinned by appropriate economic arguments (see Chapter I.1.2.3).

I.1.2.2 Indirect control

The UCI is particularly difficult to determine in cases of indirect control. Figure I.3 shows how the decision should be taken.

Figure I.3: **Defining the UCI in cases of indirect control**
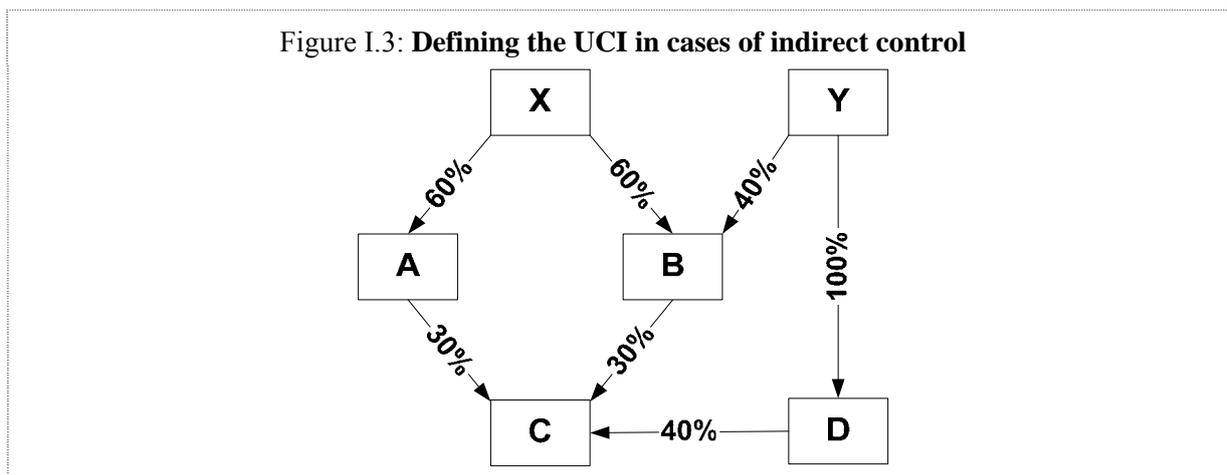
The institutional unit X has indirect control over enterprise C, even though it indirectly owns only 36% (60% * 30% + 60% * 30%) of its capital share. X directly controls its two affiliates A and B, and their combined voting rights at C's shareholders meeting account for 30% + 30% = 60%. Y owns 52% (40% * 30% + 100% * 40%), but does not control enterprise C, since its effective voting rights at C's shareholders meeting amount only to 40%.

This example demonstrates that if the UCI is not instantly identifiable from existing information about the enterprise, then the decision as to the UCI should be based on a thorough analysis of the ownership chain of the units involved. A step-by-step analysis of the units (in this example, paths C-A-X, C-B-X, C-B-Y and C-D-Y), determining control at each step, is the sound way to determine the UCI. Multiplying ownership shares for alternative candidate UCIs leads to wrong results.

I.1.2.3 Multiple minority ownership and effective minority control

Box I.16 **Recommendations for *attributing the country of the UCI* in cases where more than 50 % is in foreign hands but there is no majority ownership**
Affiliates are to be considered foreign-controlled and relevant for FATS when they are effectively controlled from abroad, even if no majority shareholdings exist. It must be ascertained whether there is effective minority control. All data should be attributed to the country of the UCI. If effective minority control can be proven, the UCI should be attributed to the country where the effective minority controller is resident. If there is no such evidence, shares should be added up by country of residence of their owners and the country that 'controls' the largest proportion should be considered the UCI's country. In cases of equal shareholdings (or shares added up by country), the procedure for joint ventures should be followed. In cases where more than one EU parent firm is involved, coordination between the relevant national statistical authorities is indispensable.

Minority control is a case where an enterprise (W in the example below) is owned by three or more foreign investors resident in at least two different foreign countries (A, B and C in Figure I.4) and none of the enterprises has a 50 % share of ownership or more. Although it is difficult to identify effective minority control, FATS data would be underestimated if such cases were neglected and affiliates controlled by several foreign minority shareholders were considered domestically controlled.

It is therefore important to determine the existence of minority control and to verify the links between the owner enterprises, at least for enterprises and groups with a high impact on the economy. In practice, the affiliate must be able to specify which shareholder controls it, even if the latter does not have majority ownership. Should there be no such direct evidence, the country of the UCI should be identified by adding up the shares of all shareholders resident in each individual country and selecting the country 'controlling' the largest part of the shares. Should those parts be equal, the procedure for joint ventures (section I.1.2.3.4) should be followed.[9]

In **inward FATS** the dominant investor should be identified by using administrative sources, additional sources such as annual records, or by contacting the enterprise. All data should be attributed to the country of this dominant investor (UCI).

For the marginal cases where this is not possible, two special codes are provided in the FATS-R. Z7 should be used for enterprises controlled equally by enterprises located in more than one EU Member State. If the enterprise is known to be foreign-controlled by non-EU Member States, but the country of the UCI is not known, it can be allocated to the Z8 (extra-EU not-allocated enterprises).

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[9] The criteria proposed in the MSITS (§4.34) could also be helpful in identifying effective minority control in the absence of direct evidence. They give preference to direct owners over indirect ones, government over commercial owners and economically-active entities over holding companies, units located in tax havens, etc. However, Eurostat does not recommend splitting the reported values by ownership shares - a 'last-resort' solution proposed by MSITS in the same paragraph.

Figure I.4 **Example of multiple ownership with three foreign owners**
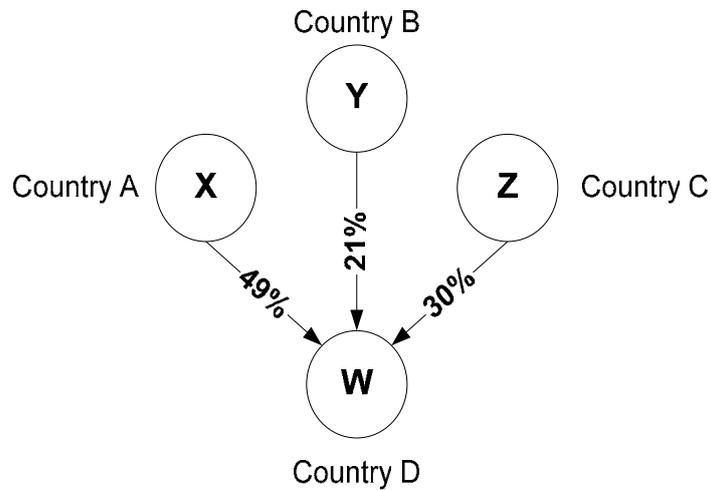
In **outward FATS** the situation may be more complicated. There are various scenarios to consider:

- Firstly, two or more domestic owners with minority shares combine to achieve a controlling stake of more than 50 % of the affiliate's capital.

- Secondly, two or more minority shareholders from the same EU Member State combine together to achieve a controlling stake of more than 50 % of the affiliate's capital. In addition parent firms either from other EU countries or third countries might or might not have a stake in the affiliate.

- Thirdly, two or more minority shareholders from more than one EU Member State combine to achieve a controlling stake of more than 50 % of the affiliate's capital.

Figure I.5: **Multiple Minority Ownership, Scenario No 1**
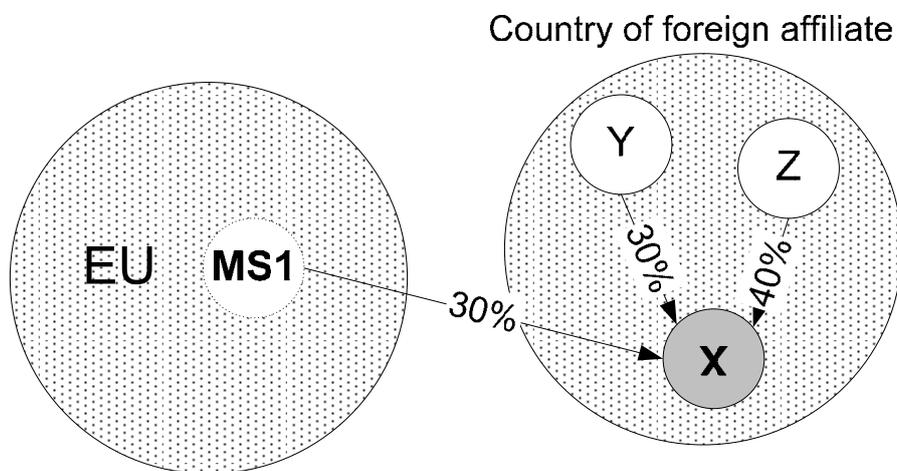
Figure I.6: **Multiple Minority Ownership, Scenario 2**
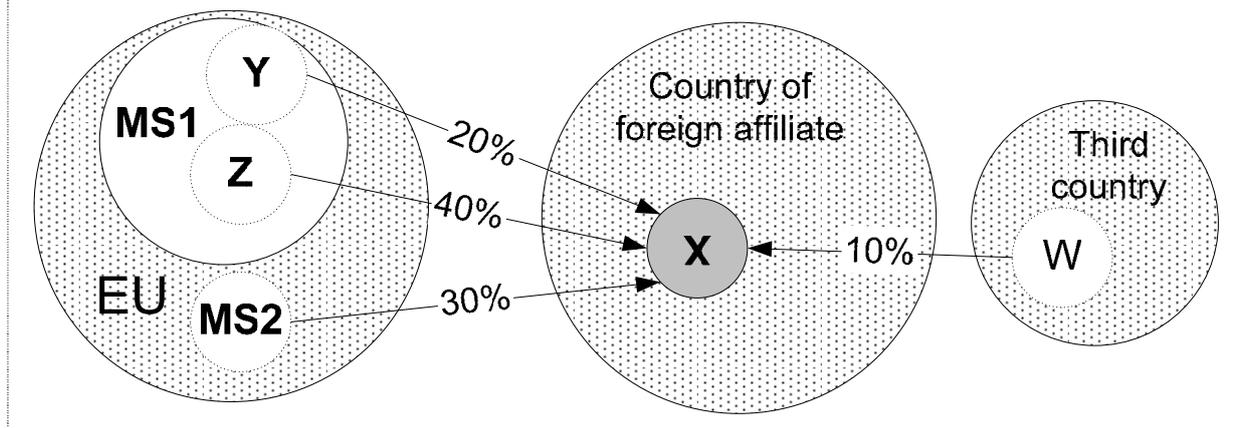
Figure I.7: **Multiple Minority Ownership, Scenario 3**
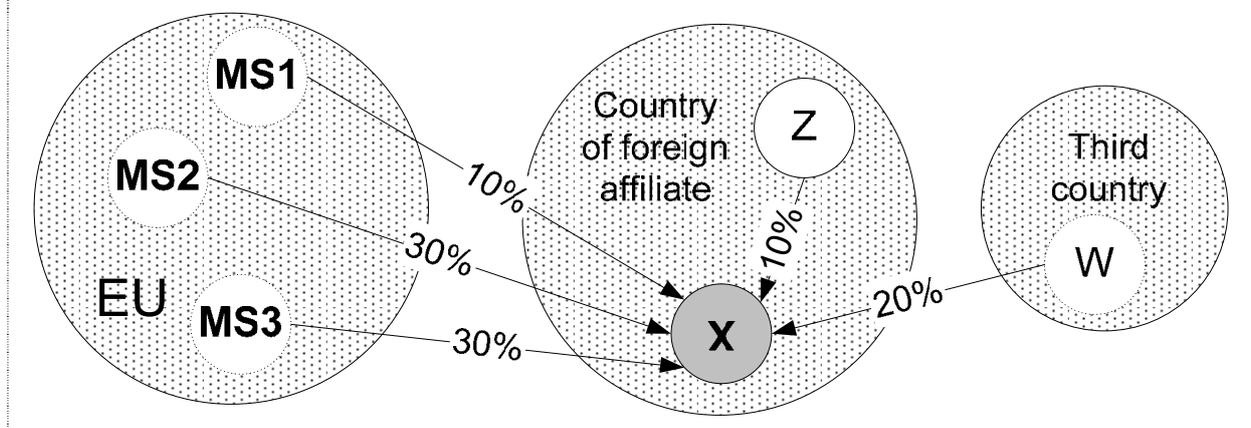
The first case (Figure I.5) is not relevant for the collection of FATS data by country MS1. Unless there is additional information about the affiliate which reveals that the EU minority shareholders effectively control the firm, despite the majority share being held by national parties, it should be assumed that EU parent firms with a stake in the affiliate do not control it.

The second case (Figure I.6) is relevant for outward FATS data compilation. If two or more firms from the same EU Member State combine to achieve a share in voting rights exceeding 50 %, the data for the foreign affiliate should be compiled by the home country of those parent firms (MS1 in the example). Double counting of data for affiliate X must be avoided, i.e. data received from enterprises Y and Z must be checked for consistency and recorded only once.

The third scenario (Figure I.7), involving firms from more than one EU Member State, is more complex. In this case, the data should be compiled by the Member State from which the company or companies that hold(s) the largest minority share originate(s). If the minority shares of parent companies from different EU Member States are equally large, say each controlling 30 % of total assets, the national statistical authorities of the Member States involved should in consultation with each other identify the dominant minority shareholder and the home country to which the foreign affiliates should be allocated. Incidentally, this also applies where at least one of the dominant minority shareholders comes from a non-EU Member States. In that case, cooperation has to be sought with the relevant statistical authorities of that country. Moreover, it is essential for ensuring the proper aggregation of FATS datasets from Member States that compilers give details in their metadata reports to Eurostat of the relevant cases and how they were resolved.

I.1.2.4 Special cases

In specific cases the group level decisions are taken not by the unit which is at the top of the control chain (GGH), but by a different unit at a lower level of the MNE structure. If this is proved, a UCI other than GGH should be selected.

In 2009, Eurostat's UCI Task Force defined four types of such special cases and drew up recommendations for identifying the UCI. They were designed primarily for business-register statisticians and should help make the information contained in the EuroGroups Register (see Chapter I.2.2.1.2) more consistent. The FATS Working Group accepted these recommendations in 2009.

The following four types of special cases were defined by the Task Force:

- natural persons and families;
- units in tax havens, in offshore financial centres, SPEs, non-profit institutions,
- dual-listed companies,
- joint ventures.

There is also another special case of multinational groups controlled by the state. This situation was not discussed by the UCI Task Force but a recommendation is provided.

Recommendations concerning special cases are based on the assumption that the global group head has been already identified by extracting this information from existing data or by the general step-by-step analysis of control relationships in the enterprise group and that this GGH is not the global decision centre of the group. At this point, the next controlling unit down the control chain should be examined according to the decision tree recommended for the relevant special case. This analysis is of course to a certain degree subjective and requires further investigation.

The following criteria can be used to determine the country of the global decision centre:

- where sufficient resources are available for global decisions;
- where the headquarters are located;
- where the board meets;
- where the contact address of the group is;
- where the companies of the group are listed;
- the country of which the currency is used in the consolidated accounts.

This information may be found for example on the Internet websites of the groups (sections to consult: annual report, corporate governance, investors' relationships, contacts), corporate directories, company profiles, etc.)

The challenge in all of these cases is not only that they require more information on the part of the compiling authority to take the appropriate decisions, but also that cooperation and sharing of information with national authorities in other EU countries are indispensable to ensure the quality of the data compiled. Obviously, this cooperation has to take place within the limits set by the relevant legislation in Member States. However, Member States are asked to make full use of the scope for cooperation provided in the current legal frameworks, with both EU and non-EU authorities.

In the next sections, the five types of special cases are presented, together with recommendations on how to define the UCI.

Box I.17: **Recommendations for treatment of *natural persons as owners***
Natural persons should be included if they are engaged in an economic activity in their own right.

The relevant legislation allows natural persons to be the UCI. In some Member States, the identification of natural persons as owners is difficult because the national BR contains ownership details only for corporate bodies; in other Member States, cross-border transactions by individuals are not readily identified by central banks. If Member States cannot identify natural persons in their population, these enterprises will be included in the nationally-controlled series, thus underestimating foreign control. Efforts should be made to include natural persons as owners in the data collection.

As for holding companies set up by natural persons, the provisions in Box I.18 apply.

Box I.18 **Recommendation for *holding companies set up abroad by natural persons***
If the holding enterprise established abroad in turn controls an enterprise in the country of residence of the natural person, the country of the UCI is clearly the country of residence of the natural person.
If the investor lives and becomes resident in the foreign country, the UCI should be attributed to the foreign country.

Holding companies established abroad are a special case if they are set up by natural persons. One of the two possible cases is where the holding enterprise in turn controls an enterprise in the country of residence of the natural person. In this case, the country of the UCI is clearly the country of residence of the natural person and not the country where the holding company is located. A second case is where the investor lives and becomes a resident in the foreign country. In the latter situation, the UCI should be attributed to the foreign country.

In order to provide economically-meaningful statistics, data compilers should link affiliates with the country where global strategic decisions are made for the whole enterprise group. Thus, it is recommended that natural persons are treated as the UCI whenever they take real decisions for the group. Each such case should be analysed individually and bilateral consultations with other national data compilers may be necessary in order to agree on which country contains the UCI.

The following decision tree could assist decision-making on special cases related to natural persons and families:
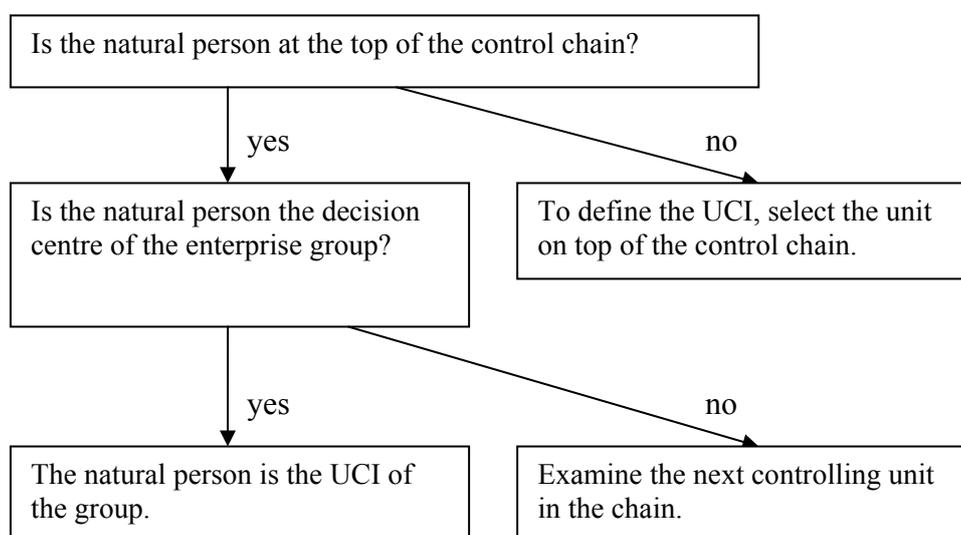
In practice, some Member States do not consider natural persons as UCI because statistical reporting of natural persons is not allowed there by national law. In Outward FATS, in cases where natural persons cannot be surveyed because the legal basis is lacking, a separate reporting unit has to be appointed that may be surveyed and is able to supply data on the enterprise group. If the UCI (natural person) and the reporting unit are resident in different countries, the appointment of the reporting unit should be coordinated between the respective data compilers and agreed with the natural person controlling the group. Ideally, data collected from that reporting unit should be shared with, and reported by, the country in which the UCI is located.

I.1.2.4.2 Units in tax havens, in offshore financial centres, special-purpose entities, non-profit institutions

Units without a substantial physical presence and without significant economic activities cannot engage in decision-taking or effectively manage subsidiaries. This applies to 'empty shell' units located in tax havens and in offshore financial centres, to special-purpose entities and to many non-profit units (e.g. foundations, trusts, 'Stiftungen', 'Anstalten'). Thus, they should not be appointed as UCIs.

The following decision tree should help in the analysis of such cases. The starting point is the examination of the unit at the top of the control chain.
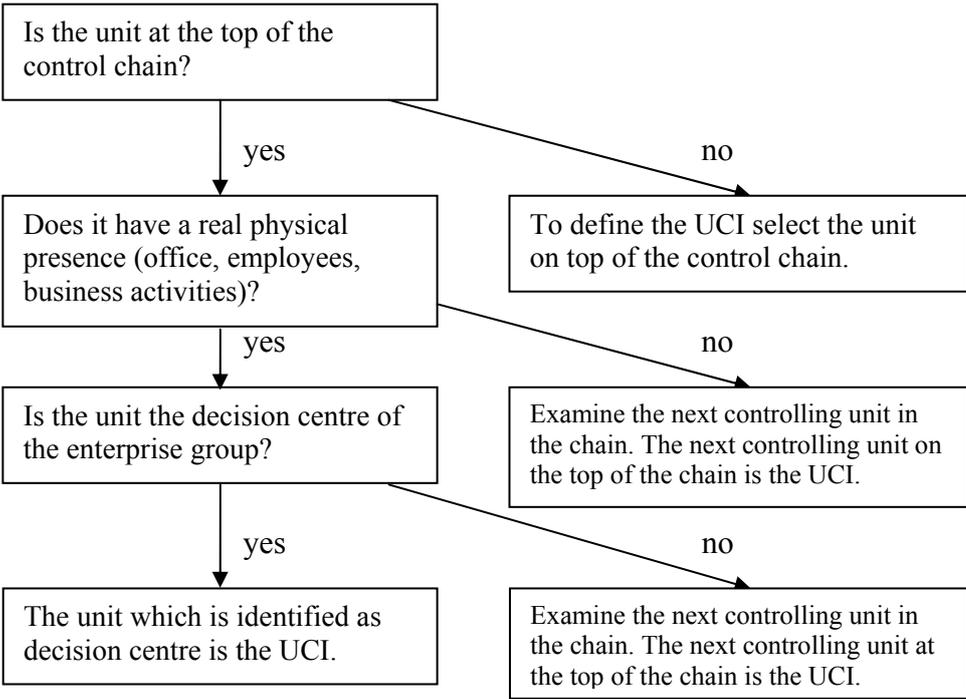
For some countries, resident 'empty shells' are particularly relevant. In order to determine the real UCI, compilers should bilaterally consult countries where they suppose the UCI is located. If no agreement can be reached, Eurostat will examine the particular cases. They UCI Task Force may be used for this purpose.

I.1.2.4.3 Dual-listed companies

Dual-listed companies are registered in two countries as two distinct legal structures that have no direct control relationship but share a common corporate identity (e.g. brand name). When a dual-

listed company presents itself as a single entity, a single UCI should also be determined. The key criterion is the location of the real decision centre.

```
┌─────────────────────────┐
│ Does the legal incorporation │
│ show two separate groups?   │
└─────────────────────────┘
        │ yes                    ╲ no
        ▼                         ▼
┌─────────────────────────┐   ┌─────────────────────────┐
│ Does the company present itself │ │ Not a dual-listed company, normal │
│ as a single economic entity?    │ │ rules to define UCI.              │
└─────────────────────────┘   └─────────────────────────┘
        │ yes                    ╲ no
        ▼                         ▼
┌─────────────────────────┐   ┌─────────────────────────┐
│ Is it possible to define one │ │ Two groups with separate UCIs. │
│ decision centre?          │   └─────────────────────────┘
└─────────────────────────┘
        │ yes                    ╲ no
        ▼                         ▼
┌─────────────────────────┐   ┌─────────────────────────┐
│ The decision centre is the UCI. │ │ Two groups with separate UCIs. │
└─────────────────────────┘   └─────────────────────────┘
```
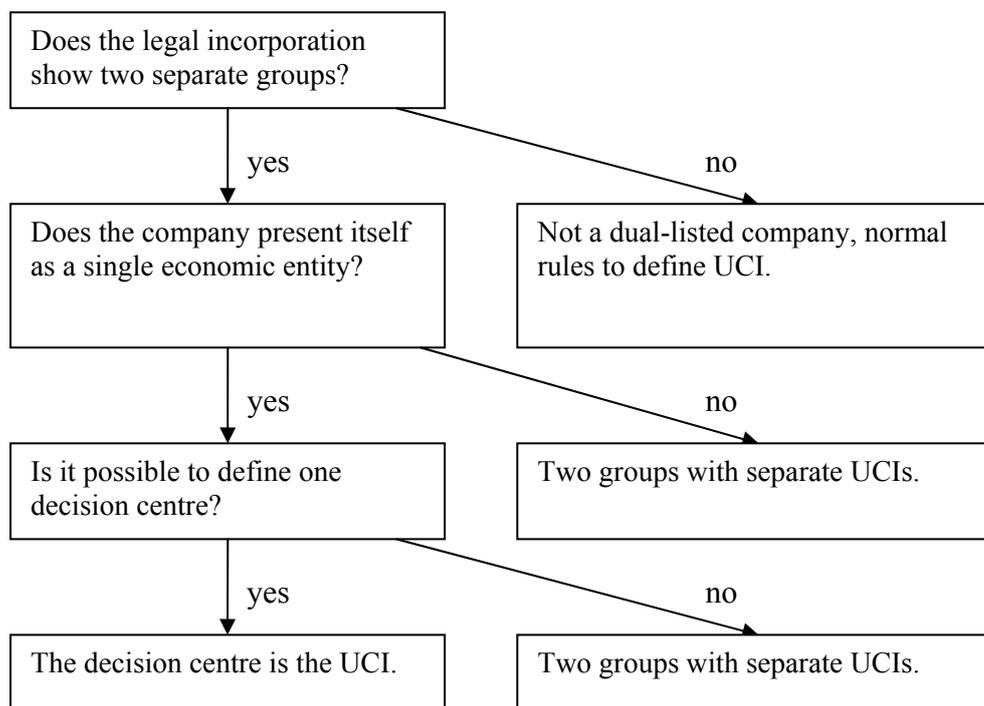
There are only very few dual-listed companies identified in the EU and registered in the EGR. Correct handling of such cases requires close cooperation between the respective countries. Eurostat can provide advice and a platform for such consultations.

I.1.2.4.4 Joint ventures

Box I.19 **Recommendations for *identifying the country of the UCI* in the case of a joint venture with two foreign investors, each of whom holds 50 % of the shares or voting power**
The values of characteristics should be reported by one country only.
First decide whether there is a *de facto* dominant controller. The recommended method is to use administrative sources. Other possible methods are annual reports as additional sources and consultations with the enterprise being controlled.
If the de facto dominant controller cannot be decided in this way, a decision tree (below) should be applied. Only in exceptional cases should the residual geographical codes Z7 and Z8 be used.

According to paragraph 13.23 of the BRRM, a joint venture is created 'when two or more independent enterprises agree to commit a certain amount of resources to work together on a common project or on continuous business relationship'. The two enterprises may be located in different countries and the newly created one may be located in a third country or in one of the countries in which they are located. The assets may be split unequally or equally. Such a joint venture might be created to carry out special tasks. There may be a legal obligation to share the assets equally.

If the assets are split unequally, there will be one majority owner and the general recommendations can be followed. If the assets are split equally, first check whether one of the investors has more influence in the joint-venture and can be considered *de facto* dominant. If there is such evidence, **the dominant partner should be taken as the UCI, irrespective of where all the partners are resident**.

The UCI should be attributed to the dominant investor as determined using administrative sources or, if that is not possible, annual reports. These methods would both be neutral. A third option would be to attribute the UCI in cooperation with the controlled affiliate. This solution would have the advantage that the enterprise must know who controls it, but it might be difficult to obtain a correct answer from the enterprise because the employees responsible for filling in the forms often do not have the information required.

If no dominant partner in the joint-venture can be identified, the residency of all partners is an additional criterion to be used. First check whether both investors are foreign from the perspective of the affiliate. If yes, then the enterprise can be regarded as under foreign control and relevant for FATS as both controlling enterprises are foreign. If one investor is resident in the same country as the affiliate under consideration, the joint venture can be considered as under domestic control (and irrelevant for FATS) according to the foreign-national criterion, where the control exerted by the foreign investor is considered as weaker than that of the domestic investor.

If a joint venture is controlled only by foreign partners and one of them is from an EU or EFTA country, the European controlling unit should be chosen. In cases of only non-European controlling units, the decision on the UCI should be taken at the national level by the compiling statistical authority. In cases where all the foreign controlling units are European, the decision on the UCI should be taken at the European level. Eurostat could facilitate the necessary consultations.

In exceptional cases where the country of the UCI cannot be determined, the data should be attributed to residual geographical codes Z7 (UCI resident in the EU, only for inward FATS) or Z8 (UCI resident outside the EU).

The following decision tree summarises the recommended procedure for assigning the UCI in cases of 50-50 % joint ventures.[10]

| Is it possible to define a dominant partner (decision centre) in the joint venture? | —yes→ | The dominant partner is the UCI. |

↓ no

| Is one of the partners resident in the same economy as the affiliate? | —yes→ | The resident unit is the UCI and the affiliate is not foreign-controlled. |

↓ no

| Is one of the partners an EU unit, the other not? | —yes→ | The EU unit is the UCI. |

↓ no

| Are both of the partners EU units? | —yes→ | Decision on the UCI at the EU level. |

↓ no

| Decision on the UCI to be taken by the data-compiling institution. |

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[10] This decision tree can be used both for cases where the joint venture is on top of an enterprise group and for those where it is in the middle of the control chain. In the latter case, application of the recommendations leads not to an identification of the UCI but to determination of the controlling unit, whose further control relationships up the ownership chain should lead to the real UCI.

It may be useful to consider some examples specific to outward FATS. There are, in fact, three different scenarios to be considered in this context.

- Firstly, a foreign affiliate in a non-EU country is co-owned by a national entity and an EU-based business, both controlling 50% of the voting rights.

- Secondly, a foreign affiliate in a non-EU country is co-owned by two businesses, one from an EU Member State and one from a third (non-EU) country, both controlling 50% of the voting rights.

- Finally, a foreign affiliate in a non-EU country is co-owned by two businesses that are based in different EU Member States, both controlling 50% of the voting rights.

Figure I.8: **50-50 Joint Venture Scenario 1**

Figure I.9: **50-50 Joint Venture Scenario 2**

Figure I.10: **50-50 Joint Venture Scenario 3**
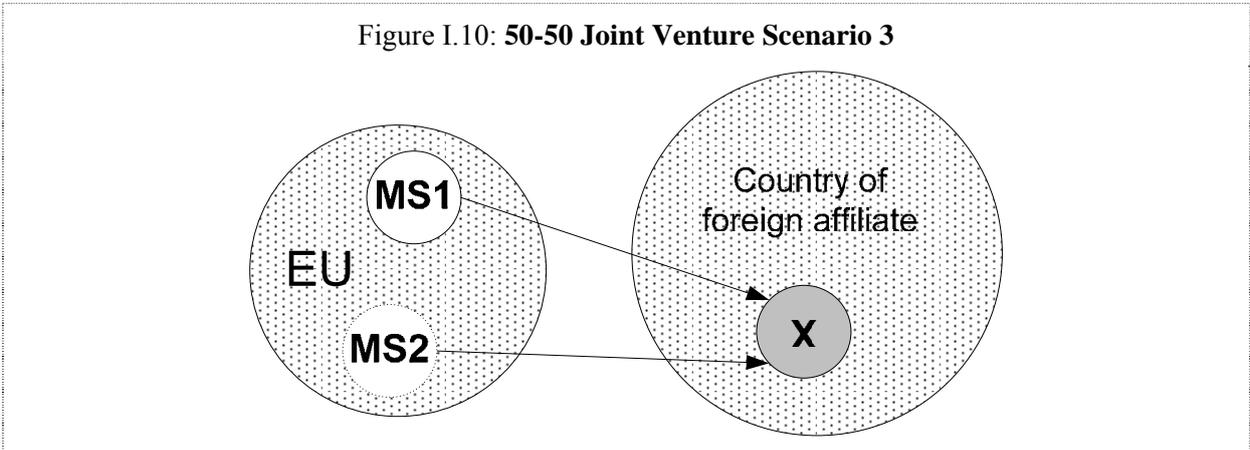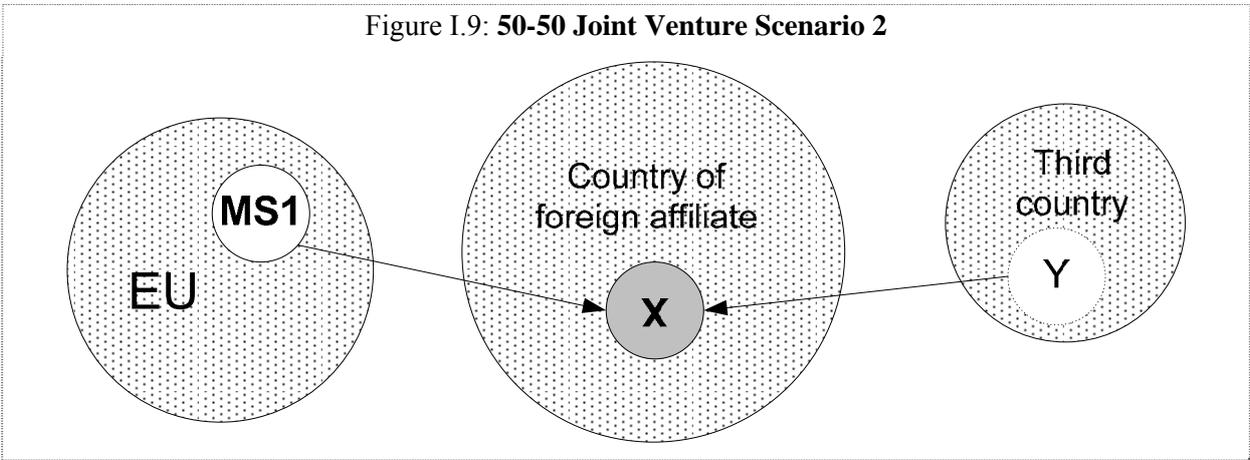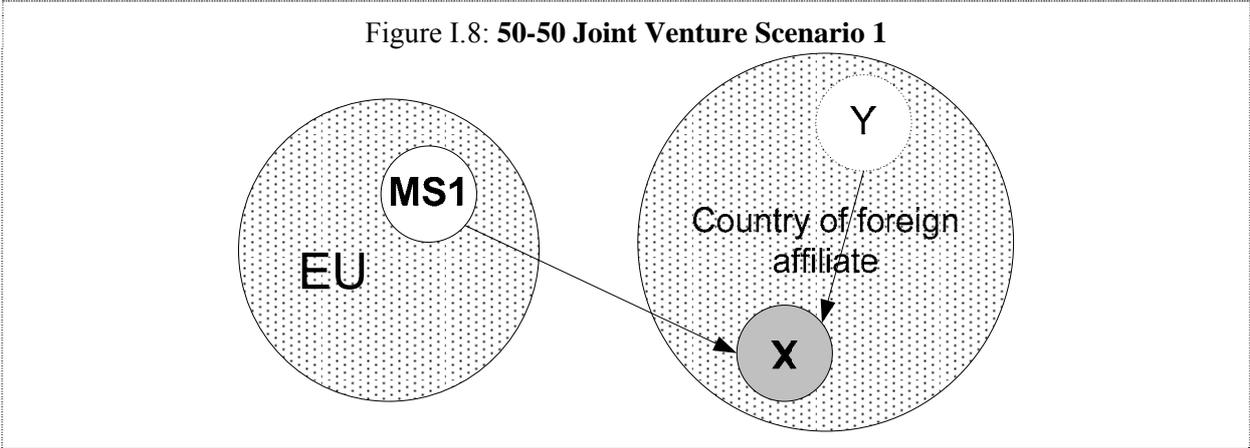
The first two scenarios (Figure I.8 and Figure I.9) are somewhat similar. The first challenge in these cases is to determine if the partner resident in the compiling economy (MS1) is dominant in the joint venture. If it is, the foreign affiliate has to be included in outward FATS data collection by MS1. If there is no evidence of one of the partners being dominant, the affiliate X in case 1 should in principle be treated as domestically-controlled and not relevant for MS1's outward FATS.[11] In case 2, MS1 should include X in the population of statistical units in outward FATS because the other partner is resident in a non-EU country.

The third case (Figure I.10) comes with an additional complication. In the case of two businesses from different EU Member States co-owning an affiliate in a third (non-EU) country, the question arises which of the two national authorities involved should report the affiliate. Without coordination between the two, there would be the risk of double-counting. It is essential for ensuring the proper aggregation of FATS datasets from Member States that in their metadata reports to Eurostat they give details of the relevant cases and how they were resolved.

In relatively rare cases, joint ventures can also have different legal structures, e.g. 3 times 33 % or 4 times 25 %. As a general rule, if there is no evidence of a dominant partner one should first check if the majority of the partners are foreign or resident from the perspective of the affiliate. The joint venture is then accordingly domestically or foreign-controlled (by EU or non-EU residents). In the case of three (four) owners of an affiliate, two (three) of those companies might be from the same country, in which case the latter would be the country of the UCI. If all owners come from different countries, it is essentially a case of multiple minority ownerships and the provisions in section I.1.2.3 apply.

All methods imply a case-by-case investigation that might not be possible for all Member States due to resource limitations, although cases of 50/50 joint ventures are rare. However, this effort should be made at least for enterprises with a high impact on the economy.

There is a practical difficulty that joint ventures are often missing from the published MNE structures. It is thus very important that Member States share their knowledge about such cases with each other, preferably by appropriately updating the EuroGroups Register.

I.1.2.4.5 State-owned enterprises

There are numerous cases of enterprises controlled by the government directly (through nominating its representatives on the board) or indirectly (through state-owned funds and agencies) that themselves control affiliates in another country. This situation is relevant for FATS, but who is the UCI of such a group? And what about other multinational enterprises controlled by the same government? Are they all part of a big group controlled by the state? An answer to these questions is crucial for FATS compilation as it affects the choice of the UCI for the group and for the reporting of FATS variables in all countries concerned.

Governments, state-owned funds and agencies should not be treated as the UCI of any multinational enterprise group. The UCI should be selected at a lower level of the corporate structure. The general rules of UCI attribution discussed above (and special cases if applicable) should be followed.

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[11] In some cases, a limitation to 50 % ownership of the foreign (EU) partner is forced upon this entity due to national laws outlawing majority ownerships by foreigners of domestic businesses or some similar legal or quasi-legal provision of the host country. If evidence of such legal provisions can be found that effectively prevent the foreign party in a joint venture from taking a majority stake, compilers are asked to further investigate which partner effectively has control over the joint entity.

I.1.3 Allocation of values

I.1.3.1 Allocation by country

Box I.20 **Recommendation for the allocation of values by country**
100 % of values of characteristics should be allocated **to one country** even if it does not exercise full ownership.

Values should be attributed to one country only. It is not recommended to split values according to shares of ownership or to double-count. As an example, if institutional units A and B are identified as the foreign shareholders of an enterprise in country C, with respective shares of 80 % and 20 %, then the total values of characteristics such as *turnover* should be allocated to the country where A is resident in this instance.

The allocation of 100 % of the values to two or more countries would result in double-counting. In addition, values should not be split. All owners would be captured, but the values would not match the enterprise counts. A similar method not to be recommended, that combines the first two methods, is the allocation of the UCI to the country with the highest share of ownership and splitting the values equally between the controlling enterprises according to their percentages of ownership. Although all controlling enterprises would be captured, this would lead to inconsistencies with enterprise counts and with the rule concerning the allocation of values. It would no longer reflect any notion of control.

This recommendation is consistent with the HEGI, where paragraph 299 on p. 102 states that *'the notion of control allows all of a company's activities to be attributed to the controlling investor. This means that variables such as a company's turnover, staff or exports are all attributed to the controlling investor and the country from which he comes.'*

I.1.3.2 Allocation by activity

Box I.21 **Recommendation for the allocation of values by activity**
Values of characteristics should be allocated **to the main activity of the foreign affiliate**.

This implies that data are compiled on an industrial activity basis and not on a product basis. The latter might be useful for analytical purposes, in particular since other trade statistics are organised by product categories.[12] Therefore it is recommendable to compile data on a product basis at least at the most aggregated level of 'goods' versus 'services'.

This recommendation is consistent with the HEGI (see Box 3.9 on p. 117). Nevertheless, both the HEGI and BMD4 set the collection of data by product as a longer-term goal, encouraging countries to work toward disaggregating some of the characteristics by product, such as turnover, exports and imports.

Even though FATS and FDI are closely related domains, FATS will more completely reflect the industries in which direct investment enterprises are producing goods and services. As stated in the BMD4 (see Paragraph 418 on page 118) *'FDI statistics are attributed to the industries of the enterprises with which direct investors have direct transactions and positions. Statistics tabulated on this basis show the types of enterprises with which direct investors have financial claims and liabilities'*. According to this approach the industries associated with the activities of indirectly held direct investment enterprises will not be reflected in FDI, but they will be reflected in FATS. Consequently, FATS may give a truer picture of the economic nature of the activities of foreign affiliates than do FDI statistics.

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[12] International organisations, notably OECD, UN and WTO which are involved in analysis of data across statistical domains raised several times the question of feasibility of FATS compilation on a product basis.

In case of special purpose entities (SPEs, see section I.1.1.7) it is sometimes difficult to attribute any activity code. Very useful may be for this purpose table 1 in the final report of Eurostat's Task Force on the recording of certain activities of multinationals in national accounts (TF MUNA).[13]

I.1.4 Reference period

Box I.22 **Recommendation for the *reference period***
The reference period is the calendar year. This is defined in the FATS-R, in Annex I, Section 4 for inward FATS and in Annex II, Section 4 for outward FATS.

As a matter of principle, all characteristics should refer to the calendar year. However, it should be noted that most characteristics are compiled from already existing data. For these characteristics the reference period has to be taken as a given and might not always coincide with the calendar year. Specific recommendations for individual characteristics are given in Chapter I.2 Definitions of Characteristics.

Member States should specify in the methodological notes whether they compile data on a calendar, fiscal or accounting year basis.

I.1.5 Cut-off thresholds

Box I.23 **Recommendation for cut-off thresholds**
It is recommended to have **no cut-off thresholds**.
Thresholds should be kept to a minimum and regular checks of sub-threshold units are required in order to document and analyse the effect of their exclusion.
If a threshold is applied, the country should report the threshold in the quality report and should use methods for grossing up to the total in order to have comparable datasets.

A cut-off threshold is used, mainly for cost or burden reasons, to exclude from the target population units contributing very little to the statistics requested, e.g. small businesses.

In principle, no thresholds should be applied when compiling FATS data. All foreign affiliates are relevant, as there will be cases where below-threshold enterprises might have a negligible effect overall, but their exclusion might result in a considerable bias as far as some specific dimension of the data is concerned (geographical or activity breakdown).

In practice, however, thresholds exist in practically all countries that compile FATS data. Often these stem from the thresholds of SBS or FDI surveys to which FATS data compilation is linked. There are quite significant differences in the thresholds applied in the countries that already compile FATS, leading to reduced comparability between the data.

Going by the experience with voluntary data collection, the thresholds are usually based either on the balance sheet or on employment, for instance:

- Enterprises with 20 and more persons employed;
- Enterprises with 20 and more persons employed and turnover of more than €0.7 m;
- Total assets of more than € 1 m;
- Foreign direct investment of at least € 40 000;
- Enterprises with share of foreign capital 10 % and more;
- Balance sheet total of more than € 3 m;
- Enterprise groups with at least 1 employee abroad;

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[13] Document Eurostat/C1/GNIC/154 EN for the 17th meeting of the GNI Committee on 7-8 July 2009, page 13. This table has been also reproduced in the UNECE/Eurostat/OECD's *Guide on the impact of globalisation on national accounts* (Annex 4.4).

- Nominal capital of more than € 100 000.

Our aim is to have no threshold in all countries. Further work on this area is needed to assess the possibilities in the different countries.

I.2 Data collection

I.2.1 Target populations

The target population is the conceptual population of units at which the survey is aimed and for which statistics should be produced. In the context of FATS it must be differentiated between the target population of statistical units (on which data are collected) and the target population of reporting units (from which data are collected).

I.2.1.1 Inward FATS

Box I.24 **Definition of *target population* for inward FATS**
The target population as defined in the FATS-R comprises all enterprises and all branches under foreign control. It is a subset of the target population of Structural Business Statistics (SBS). Target populations of statistical and reporting units are equal in inward FATS, as data are collected directly from enterprises and branches on which information is needed.

In its Handbook the OECD recommends four target populations for multinational enterprises (Box 3.3, p. 100). Two of them are target populations for inward FATS, of which the first is foreign-controlled affiliates without controlled affiliates abroad, and the second is foreign-controlled affiliates with controlled affiliates abroad. The FATS-R makes no distinction if foreign-controlled enterprises in the economy are themselves controlling enterprises abroad or not. The third and fourth OECD target populations of multinational enterprises are nationally-controlled enterprises with foreign affiliates abroad and without foreign affiliates (so-called non-multinational enterprises). The inward FATS aggregate A2 covers nationally-controlled enterprises without distinction as to whether they have foreign affiliates abroad or not. The aggregate A1 covers all four OECD target populations. There are no plans to change this in future, but Member States are encouraged to collect the target populations separately.

Foreign control, enterprises and branches are defined in Chapter I.1.1 of this manual.

I.2.1.2 Outward FATS

Box I.25: **Definitions of target populations in outward FATS**
The **target population of statistical units** is composed of all foreign affiliates that are controlled by an institutional unit resident in the compiling country. The **target population of reporting units** contains all resident institutional units that control affiliates abroad.
Thus, the **target population of statistical units does not equal the target population of reporting units** in outward FATS.

In the EU context we define the target population of outward FATS by combining the definitions of Article 2 of the FATS-R, of Section 1 of that regulation's Annex II and the requirements as to the geographical breakdown that are limited to extra-EU affiliates (see Section 4 of Annex II and Annex III), the target population is composed of all foreign affiliates located in extra-EU countries that are controlled by an institutional unit resident in an EU Member State.

It is imperative for a number of users, primarily the ECB but also various Commission departments, to be able to analyse trends for sub-groups of Member States, most importantly the Euro Area. The

obligatory geographical breakdown for outward FATS data as specified in the FATS-R does not include foreign affiliates located in the EU Member States. Therefore, Member States are not obliged under the FATS-R to compile intra-EU outward FATS data. Nonetheless, given the users' keen interest in this information, Member States are asked to compile these data on a *voluntary* basis. The UCI principle should ensure that the additional costs incurred by including intra-EU foreign affiliates are kept to a minimum. In fact, intra-EU outward FATS could be of interest for each Member State itself, as national data published without taking into account the affiliates located in other EU countries would not provide a complete picture needed for data analysis.

In outward FATS the target population of statistical units is composed of non-resident units that can't be directly surveyed in order to collect economic information needed. **The population of reporting units differs from the population of statistical units**. In all practical applications known so far, the reporting units are the resident parents controlling affiliates abroad. Consequently, regardless of the approach used to identify the target population, either by compiling information from the available public registers or by basing it on existing FDI or SBS surveys, the population of reporting units for outward FATS will always be, by definition, a subset of the population of reporting units for outward FDI statistics.[14] To identify the relevant **target population of reporting units** and to unambiguously associate the statistical units with them, Member States should apply the 'Ultimate Controlling Institutional unit approach' (UCI) further described in Chapter I.1.1.5 of this manual. All EU Member States should follow this approach in order to avoid double-counting on the EU level. A 'national' approach may be applied in parallel for the needs of national publications.[15]

In the example (Figure I.11), affiliate (enterprise or branch) X located in an extra-EU country is controlled directly by a unit resident in MS3 and indirectly by a unit resident in MS2, which in turn is controlled by the first unit in MS1. This chain of indirect ownerships can be extended *ad libitum*. Thus, it is not uncommon that, as described in Figure III.1, a unit in MS1 exerts indirect control over a foreign affiliate X by direct control of a unit in MS2 and indirect ownership of a unit in MS3. Only MS1 (in which the UCI is located) would report data on all affiliates W, X, Y and Z (and, on a voluntary basis, on the intra-EU affiliates in MS2, MS3 and MS4), while other Member States would not report any data on outward FATS. They would however collect and report inward FATS as they have resident affiliates controlled by foreign enterprises (resident in MS1).

Figure I.11: **Statistical and reporting units in FATS**
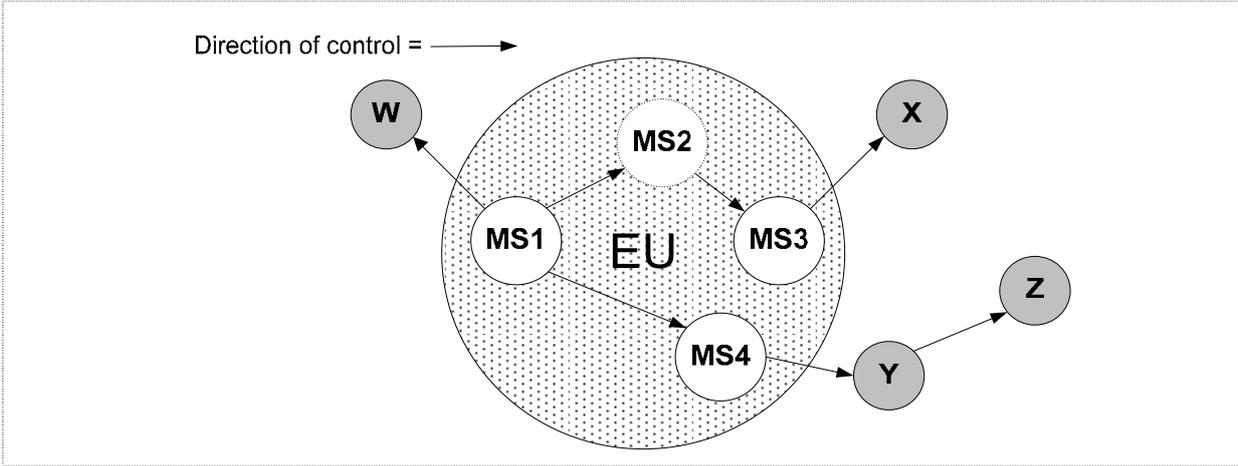
In principle, it should be much easier to identify the relevant UCIs for outward FATS than for inward FATS, as in the case of outward FATS they would be located on the territory of the compiling country. However, as with all other alternative approaches, there is a risk of inaccuracy in the form of either **under-reporting** or **double-counting**. In Figure I.11 this might occur if compilers in MS2 and

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[14] FDI statistics typically include investments with a foreign ownership share of 10% or more, while for FATS usually only majority ownerships of more than 50% are considered. Therefore, the target population for FDI statistics should be larger than that for outward FATS.
[15] In the 'national' approach data are compiled from all resident enterprises controlling affiliates abroad irrespectively whether they are themselves controlled by other institutional units.

MS3 erroneously consider enterprises on their territory to be the UCI of affiliate X (or compilers in MS4 assume that affiliates Y and Z are controlled by a UCI in MS4). In that case, if all Member States involved reported data on X, the EU aggregate would be inflated by double-counting or triple-counting of the characteristics related to the activity of X.[16] However, given that compilers would have a maximum of information at hand to verify the control structure of the enterprises located within their jurisdiction, this risk should be manageable. For a limited number of exceptions where clarifying the control relationships within an enterprise group might require coordination between two or more Member States, the definitions of 'UCI' and 'institutional unit' as presented in section I.1.1 of this Recommendations Manual should be sufficient to allow for a clear identification of UCIs.

It should be noted that parent companies in the EU which are controlled by yet another UCI outside the EU are to be excluded from the target population of reporting units in outward FATS. Thus, if in Figure I.11, MS1 were itself controlled by an entity located outside the EU, the entire chain of control need not be considered for outward FATS reporting in the EU. This approach provides for more clarity. It also facilitates comparability of FATS data between the EU and non-EU countries. It ensures that no enterprise and the chain of control it commands is counted twice (once as UCI in Europe and, simultaneously, as the UCI of the non-EU country.)

I.2.2 Data sources

The FATS Regulation is output-oriented and stipulates in Article 4, paragraph 1, that Member States must use 'all sources they consider relevant and appropriate'.

There are different ways to collect data: registers, statistical surveys or administrative sources.

In **inward FATS** data are usually extracted from SBS data by encoding foreign controlled enterprises. Information on foreign control and the country of UCI may be obtained by linking with other available data sources or by surveying enterprises. Using data from — already existing — administrative sources also helps to reduce the response burden on businesses. Where feasible, the statistical information about enterprises can be combined from the various sources via an enterprise identification number.

In **outward FATS** the difference between statistical and reporting units leads to a two-step approach. First, target population of reporting units must be identified by using a range of register-based sources. Then, information on economic characteristics of foreign affiliates is obtained from reporting units (domestic enterprises) by a survey (which may be annexed to the FDI survey or not) and by exploring existing enterprise data.

Cooperation between national statistical institutes and central banks is strongly recommended for providing FATS data and ensuring the compatibility of published data, e.g. with SBS or FDI. It is also important for gaining data on financial sector (NACE Rev. 2 section K).

I.2.2.1 Statistical registers

Statistical registers fulfil a crucial function in the compilation of FATS information through surveys. They form part of the basis for identifying the relevant target population for any survey, be it FATS, SBS or FDI surveys that are extended to include FATS-related questions. This is because they may offer compilers important information about control and ownership of foreign affiliates by the enterprises listed in these registers.

I.2.2.1.1 Business Register for statistical purposes

One important source for identifying target populations in FATS and for allocating affiliates to the UCI in inward FATS is the Business Register for statistical purposes (BR). According to Article 1 of Regulation No 177/2008 (BR-Regulation) *'Member States shall set up one or more harmonised registers for statistical purposes, as a tool for the preparation and coordination of surveys, as a*

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[16] See also §§ 292-296 of the HEGI for a similar though not identical problem.

source of information for statistical analysis of the business population and its demography, for the use of administrative data, and for the identification and construction of statistical units.'

There is a considerable degree of harmonisation of statistical BRs in the EU Member States. The BR-R sets standards for coverage of activities, units and variables, thus helping to ensure a certain level of data quality, particularly as regards comparability.

Under the BR-R, Member States are required to hold data on the enterprise, a harmonised statistical unit that removes the impact of different legal and organisational infrastructures. The BR-R now covers more links of control and ownership. It should be considered as the 'key' to FATS.

Article 10 of BR-R provides for the exchange of confidential data between Member States for statistical purposes to ensure the quality of information in the EU on multinational enterprise groups. National authorities can also be Central Banks. However, data exchange has to comply with national legislation.

Article 11 sets provisions for the exchange of confidential data on multinational enterprise groups and their constituent units between the Commission and Member States (and *vice versa* if at least one legal unit is located in the Member State) for statistical purposes.

Statistical BRs are themselves generally fed from a number of different sources. The administrative sources generally include tax registers (e.g. for value added tax, corporation tax or income tax), compulsory registration systems (e.g. for limited liability businesses or those quoted on stock markets), social security sources and other public or private sector data holdings. The statistical sources generally comprise returns from various surveys.

The choice of sources is left to the Member States under the principle of subsidiarity, though the minimum standards set out in the Regulation must be complied with.

FDI information could be linked to the BR, but in many countries legal limitations prevent linking of FDI information maintained usually by central banks with the BR. Therefore, other sources have to be used for the identification of foreign ownership and control.

The following characteristics are to be stored in the BR according to the BR-Regulation:

Box I.26: **Information required by the BR-R (Extract from the Annex)**
Control of units:
The resident control links can be recorded either top-down (1.11a) or bottom-up (1.11b). Only the first level of control, direct or indirect, is recorded for each unit (the whole chain of control can be obtained by combining these).
• 1.11a: Identity number(s) of resident legal unit(s) which are controlled by the legal unit
• 1.11b: Identity number of the resident legal unit which controls the legal unit
• 1.12a: (a) Country(ies) of registration, and (b) identity number(s) or name(s), address(es) of the non-resident legal unit(s) which are controlled by the legal unit
• 1.12b: Conditional — VAT number(s) of non-resident legal unit(s) which are controlled by the legal unit
• 1.13a: Country of registration, and identity number or name and address of the non-resident legal unit which controls the legal unit
• 1.13b: Conditional — VAT number of the non-resident legal unit which controls the legal unit
Ownership of units — all conditional:
The resident ownership can be recorded either top-down (1.14a) or bottom-up (1.14b). *The recording of the information and the threshold used for the shareholding are subject to the availability of this information in the administrative sources. The recommended threshold is 10% or more of direct ownership*
• 1.14a: (a) Identity number(s), and (b) shares (%) of resident legal unit(s) owned by the legal unit
• 1.14b: (a) Identity number(s), and (b) shares (%) of resident legal unit(s) which own(s) the legal

unit
- 1.15: Country(ies) of registration, and (b) identity number(s) or, name(s), address(es) and VAT number(s), and(c) shares (%) of non-resident legal unit(s) owned by the legal unit
- 1.16: Country(ies) of registration, and (b) identity number(s) or, name(s), address(es), and VAT number(s), and (c) shares (%) of non-resident legal unit(s) which own(s) the legal unit

Multinational enterprise groups:
- 4.13a: Identity number of the global group head (UCI), if the group head (UCI) is resident (i.e. the identity number of the legal unit, which is the group head). If the global group head is non-resident, its country of registration
- 4.13b: Optional — global group head identity number or name and address, if non-resident

The recording of variables 4.11 and 4.12a is optional until transmission of information on multinational groups has been established:
- 4.11: Identity number of the global group
- 4.12a: Name of the global group
- 4.12b: Optional — Country of registration, postal, electronic mail and web site addresses of the global head office

Economic/Stratification characteristics — all optional:
- 4.14: Number of persons employed globally
- 4.15: Consolidated global turnover
- 4.16: Country of global decision centre
- 4.17: Countries where enterprises or local units are located

I.2.2.1.2 EuroGroups Register

The BR-R also provides the legal basis for setting up an EU-wide statistical register on multinational enterprise groups and their constituent units, EuroGroups Register (EGR), to be implemented under the Community Statistical Programme 2008-2012. The objective of the EGR is to cover step-by-step all multinational enterprise groups operating in the EU. The EGR operates as a network of statistical business register units coordinated by Eurostat. The contributing institutions use the information available to them to check and to complete the data obtained by Eurostat from commercial and statistical sources.

This network concept makes the best use of national and European expertise/knowledge, shares the responsibility for managing and monitoring the quality of the register data and provides a platform to keep survey populations coordinated.

One of the main objectives of the EGR is to serve as a frame for the coordination of statistics, as regards:

- identification of the target population (e.g. sampling) of statistical and/or reporting units
- stratification of statistical units for the allocation of statistical data, e.g. NACE code or country code
- the data collection process (e.g. reporting unit)
- linkages between statistical units in the EGR and units in other statistical and non-statistical databases
- chain of control and/or ownership, UCI.

With a full and well developed EGR, the main benefits are: no overlap (double counting) or gaps, consistency between the same datasets from different compilers, link-ability between different datasets and consistent approach of enterprise (groups) in data collection.

EGR is expected to coordinate the country code of the UCI to which the enterprises belong. With the full coverage it will also offer the means to delineate multinational groups as a frame for selection/sampling and to define whether an enterprise belongs to this category.

Some Member States already have an enterprise group register held by government institutions, e.g. the Central Bank, that can be used to find the country of UCI. Other Member States use private sources on enterprise groups. The information about foreign control or ownership is often based on annual reports. Problems might occur because the annual reports often lag behind the reference year.

The EGR is expected to become the single platform supporting the production of micro-based statistics on globalisation in the EU and EFTA[17] countries, at both country and EU/EFTA level, by offering compilers access to integrated and up-to-date register data on those enterprise groups which have statistically relevant transnational operations (financial and non-financial) in at least one of the European countries. By collecting, comparing and selecting information from different commercial and institutional sources, the EGR provides a set of pooled information that allows compilers of statistics to organise their data collection and to produce statistics on the basis of a Europe-wide shared and coordinated information basis.

I.2.2.1.3 National registers of enterprise groups and foreign enterprises

Some Member States have registers of enterprise groups or foreign-owned enterprises, held by public institutions, e.g. central bank, that can be used as a basis for identification of the population of foreign-controlled domestic enterprises. They offer links to information on FDI enterprises and investors and may be useful both for inward and outward FATS. In fact, in some EU Member States such registers are treated as the main source of information used to identify target populations, as there are established rules of maintenance and regular updates of the information contained and the data quality is very high. It is of upmost importance that the content of national groups registers is also used to improve the EGR and remains consistent with it.

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Box I.27: **Recommendation of data for the geographical breakdown in inward FATS**

As the main source for the geographical breakdown, the Business Register is recommended. Regulation (EC) No 177/2008 of the European Parliament and of the Council of 20 February 2008 establishes a common framework for business registers for statistical purposes.[18]

It is the legal framework in the EU for business registers and includes information on foreign control and foreign ownership of legal units on a harmonised basis.

Other statistical registers, for example enterprise group[19] registers or registers on foreign-controlled enterprises could be used in addition, if available.

Only if the necessary information is not available from the Business Register should alternative methods be used such as surveys, adding questions to existing surveys, administrative or any other sources such as private databases, annual reports, media or information from chambers of commerce.

Difficult cases should be clarified by contacting the enterprise.

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[17] EFTA — European Free Trade Association (Iceland, Norway, Liechtenstein and Switzerland).
[18] OJ L 61, 5.3.2008, p. 6.
[19] According to the SU-R the enterprise group is defined as 'an association of enterprises bound together by legal and/or financial links. A group of enterprises can have more than one decision-making centre, especially for policy on production, sales and profit. It may centralise certain aspects of financial management and taxation. It constitutes an economic entity, which is empowered to make choices, particularly concerning the units that it comprises.'.

I.2.2.2 Surveys

I.2.2.2.1 Inward FATS

In inward FATS it is recommended to use the SBS survey as the source of economic characteristics and the activity breakdown. The respective definitions for inward FATS (FATS-R, Annex 1, Section 2) are consistent with SBS and already available in all Member States. Only data for R&D variables, which are no longer collected in the SBS framework after Regulation No 295/2008 entered into force, could be obtained from R&D statistics.

In order to analyse and identify the chain of ownership and the UCI of a group a dedicated survey or inclusion of an additional question to an existing survey could be used. Questions could be added to the SBS survey and also to some other surveys, e.g.:

- Annual Services Enquiry: In some EU Member States this survey is the basis for SBS for the services sector;
- Annual Industrial Survey: In some Member States this survey is the basis for SBS for the manufacturing industries;
- Foreign Direct Investment survey;
- Annual Accounts Statistics;
- System of Enterprise Economic Accounts as an indicator of existence of a control relationship when the enterprise is not recorded in the database;
- Employment statistics.

Example of questions concerning ownership and UCI:

The information provided should refer to the ownership for calendar year 20xx.

1. Are 10 % of the voting shares or more owned by a foreign owner?

☐ Yes, since year _____. → Please respond to question No 2

☐ No

2. Please specify the share of voting rights in % and the countries of shareholders:

	Share of voting rights in %	Country
Majority owner:		
Minority owner:		
Minority owner:		
Minority owner:		

3. Which is the Ultimate Controlling Institutional Unit and where is it registered?

The ultimate controlling institutional unit ('UCI') is the enterprise which is not controlled by another enterprise, usually at the top of the chain of ownership, which takes global strategic decisions for the whole enterprise group. The 'country' refers to the country where the UCI is registered. In case of all equal shares (e.g. joint venture), the countries of all shareholders should be included. If possible, the dominant shareholder should be indicated.

Name of UCI	Country

Box I.28: **Recommendations for data collection methods in outward FATS**
Specific surveys **dedicated to compiling outward FATS data are the most preferred option**. They allow data compilers to tailor the reporting population exactly to the needs and requirements in FATS.
If specific FATS surveys are not feasible, e.g. due to resource constraints or efforts to minimise the administrative burden on national statistical authorities and enterprises, the next best option are *combined FDI-FATS or SBS-FATS surveys*, where FATS questions are added to existing FDI or SBS questionnaires.

For the compilation of economic characteristics, surveys remain the backbone of any systematic effort to collect outward FATS data. This implies that there are likely to be links to existing data on foreign direct investment. As the MSITS notes: 'Where there are surveys of foreign affiliates, registers used in collecting FDI data would typically be used to identify foreign-controlled affiliates for which FATS variables should be collected. Alternatively, key FATS variables might be incorporated in existing FDI surveys. However, compilers should note that FDI surveys may need to be conducted more frequently (for example, quarterly), whereas FATS may be needed less frequently (for example, annually). Incorporating FATS-related questions in FDI surveys may also increase the response burden imposed on enterprises that are not part of the FATS population' (MSITS2010, §4.67). As outward FATS reporting units form a subset of the SBS population as well, adding outward FATS questions to an existing SBS survey is another option to minimise the administrative burden.

The MSITS advises that the link to FDI statistics, '[…] whether implemented by adding questions to existing surveys or through the instituting of new surveys covering the foreign-controlled subset of the FDI population, allows for the compilation of outward as well as inward statistics and provides more options for tailoring the data to specific needs' (MSITS2010, §4.69).

I.2.2.3 Miscellaneous sources

I.2.2.3.1 National Company registers

National Company Registers (NCR) may be a relevant complementary source of information on the FATS reporting units. NCRs are usually extensive and legally valid databases containing all associations and enterprises, as well as foreign representations, registered in a country. Such databases are based on original documents and contain information about the legal status of the company, its main activities, shareholders, registered capital, name of the managing director etc. NCRs are updated 'live' as soon as a company reports any changes. In most countries access to NCRs is not free of charge.

I.2.2.3.2 Administrative sources

Administrative sources contain information that is not primarily collected for statistical purposes. The most commonly used sources for statistical purposes are related to taxation systems such as Value Added Tax (VAT) and personnel income tax.

Administrative sources can be used wherever they are not already included in the statistical BR to find information on ownership links and the UCI. Access to administrative data sources is legally allowed according to Article 16 of Council Regulation (EC) No 322/97 of 17 February 1997 on Community Statistics:[20] 'In order to reduce the burden on respondents, and subject to paragraph 2 the national authorities and the Community authority shall have access to administrative data sources, each in the fields of activity of their own public administrations, to the extent that these data are necessary for the production of Community statistics. The practical arrangements and the limits and conditions for

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[20] OJ L 52, 22.2.1997, p. 5.

achieving effective access shall be determined where necessary by each Member State and the Commission in their respective spheres of competence.'

I.2.2.3.3 Private databases

There are a number of **international commercial databases** providing information on enterprise groups, including their structure and basic economic variables. The methodology used there is not consistent with this FATS Recommendations Manual, but the information could be used as an alternative source for identifying reporting units for outward FATS. A large part of the relevant data contained in private databases will be also included in the EuroGroups Register and verified by the respective national statistical institutes.

I.2.2.3.4 Other sources

Annual reports provided by companies are another alternative source of information on enterprise groups' structure and characteristics. If not all links to the mother company are known, annual reports could be used to get information on the first foreign owner as a starting point for inward FATS purposes. Often they contain a list of foreign affiliates which is useful for outward FATS, but usually restricted to the most important ones and not necessarily providing an exhaustive overview of the group's entire structure.

Chambers of commerce very often collect information about joint ventures and other forms of cooperation by their members. In addition, **diplomatic missions** sometimes maintain lists of companies from the countries they represent.

Specialised **news media**, including **newspapers** and **business magazines**, publish articles providing interesting and up-to-date information about companies' international links. Systematic searches using electronic media and search engines may also yield relevant information.

I.3 Definitions of Characteristics

Up to reference year 2007 the characteristics[21] were defined in Commission Regulation (EC) No 1670/2003 of 1 September 2003 implementing Council Regulation (EC, Euratom) No 58/97 with regard to the definitions of characteristics for structural business statistics and amending Regulation (EC) No 2700/98 concerning the definitions of characteristics for structural business statistics.[22] They can be found in the 2007 edition of the FATS Recommendations Manual.

From reference year 2008, with Regulation (EC) No 295/2008 of the European Parliament and of the Council of 11 March 2008 concerning structural business statistics, which recast Council Regulation No 58/97,[23] Regulation No 2700/98 had to be modified to take the amendments into account. Commission Regulation (EC) No 250/2009 repeals Regulation No 2700/98 as regards the definitions of characteristics, the technical format for the transmission of data, the double reporting requirements for NACE Rev.1.1 and NACE Rev.2 and derogations to be granted for structural business statistics.

Regulation No 2700/98 should, however, still be used for the collection, compilation and transmission of data for reference years up to and including 2007. The definitions from reference year 2008 are as follows in Chapters I.3.1-I.3.12. Chapters I.3.13 and I.3.14 have been prepared with input from the Drafting group on FATS trade variables.

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[21] The terms 'characteristics' and 'variables' are used interchangeably.
[22] OJ L 244, 29.9.2003, p. 57.
[23] OJ L 97, 9.4.2008, p. 13.

I.3.1 Number of enterprises

Box I.29 **Definition of *Number of enterprises* (11 11 0)**
Number of enterprises is a count of the number of market enterprises as defined in Council Regulation No 696/93[24] registered to the population concerned in the business register, corrected for errors, in particular frame errors.[25]
Only active units which had turnover or employment at any time during the reference period should be included. Dormant (temporarily inactive) and inactive units are excluded. This statistic should include all units active during at least a part of the reference period.
It also includes local units (branches) which do not constitute a separate legal entity and which are dependent on foreign enterprises, except for the activities covered by Annex V of Regulation No 295/2008 [insurance]. For the statistics on activities defined in Section 3 of Annex V of Regulation (EC) No 295/2008 this characteristic should be limited to the number of enterprises established according to the law of the reporting country and branches of enterprises with their head office in non-EEA countries. For reinsurance enterprises no branches of enterprises with a head office in non-EEA countries are recorded. For the statistics on activities defined in Section 3 of Annex VII of Regulation (EC) No 295/2008 [pension funds] this characteristic should also comprise pension funds that do not employ personnel. It should also include pension funds which are not established as legal entities and which are managed by pension fund management companies, insurance enterprises or other financial institutions (without however being covered by the annual accounts of these institutions). This characteristic should however not include the number of pension funds which are not established separately from the sponsoring undertaking or trade (i.e. the non-autonomous pension funds or the book reserve system normally managed as an ancillary activity by the employer).

I.3.2 Turnover

Box I.30 **Definition of *Turnover* (12 11 0)**
For the statistics on activities defined in Section 3 of Annexes I to IV and VIII of Regulation (EC) 295/2008, except for the activities classified in NACE Rev.2 Section K, turnover comprises the totals invoiced by the observation unit during the reference period, and this corresponds to market sales of goods or services supplied to third parties. The sales of goods include the goods produced by the enterprise as well as the merchandise purchased by a retailer or land and other property held for resale (if land and other property were initially purchased for investment purposes they should not be included in turnover). The rendering of services typically involves the performance by the enterprise of a contractually agreed task over an agreed period of time. The revenue of the long-term contracts (e.g. building contracts) should be recognised by reference to the stage of completion of the contract and not the finished contract method. Goods produced for own consumption or investment should be excluded from turnover.
Turnover includes all duties and taxes on the goods or services invoiced by the unit with the exception of the value added type taxes (VAT). VAT are collected in stages by the enterprise and fully borne by the final purchaser.
It also includes all other charges (transport, packaging, etc.) passed on to the customer, even if these charges are listed separately in the invoice. Reductions in prices, rebates and discounts as well as the

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[24] OJ L 76, 30.3.1993, p. 1.

[25] In fact, this definition from Regulation (EC) No 250/2009 is not strictly true for outward FATS where Number of enterprises is a count of enterprises which are registered abroad and not in the compiling economy. In order to take it into account the variable Number of enterprises could be alternatively described as a count of statistical units as defined in the FATS-R (see box I.8). The rest of box I.19 gives a guidance on which enterprises should be taken into account.

value of returned packing must be deducted.

Income classified as other operating income, financial income and extra-ordinary income in company accounts according to the 4th Accounting Directive and revenue from the use by others of enterprise assets yielding interest, royalties and dividends and other income according to IAS/IFRS is excluded from turnover. Operating subsidies received from public authorities or the institutions of the European Union are also excluded.

For the statistics on activities defined in Section 3 of Annex V of Regulation (EC) No 295/2008 [insurance], the corresponding title of this characteristic is 'Gross premiums written'. This characteristic is defined in Article 35 of Directive 91/674/EEC.[26] Note: For the layout of the profit and loss account (technical account): Article 34, I. 1(a) of Directive 91/674/EEC for non-life insurance business and Article 34, II. 1(a) of Directive 91/674/EEC for life insurance business.

For the statistics on activities defined in Section 3 of Annex VII of Regulation (EC) No 295/2008 [pension funds], the corresponding title of this characteristic is 'Total pension contributions'. This characteristic shall comprise all pension contributions, due during the financial year, in respect of pension contracts, such as all mandatory contributions, other regular contributions, voluntary additional contributions, incoming transfers, other contributions.

Link to company accounts

For the statistics on activities defined in Section 3 of Annexes I to IV and VIII of Regulation (EC) No 295/2008 except for the activities classified in NACE Rev.2 Section K.

4th Accounting Directive: Council Directive (EEC) No 78/660

Turnover as defined above for statistical purposes comprises the accounting heading
• Net turnover including other taxes on products linked to turnover but not deductible

IAS Regulations: European Parliament and Council Regulation (EC) No 1606/2002[27] and Commission Regulation (EC) No 1725/2003

Turnover as defined above for statistical purposes comprises the accounting headings:
• Revenue from the sales of goods and the rendering of services (IAS 18.35). If revenue from interest, dividends and royalties is included in this item, they should be subtracted.

Link to other variables

For the statistics on activities defined in Section 3 of Annexes I to IV and VIII of Regulation (EC) No 295/2008 with the exception of enterprises with an activity classified in NACE Rev.2 Section K
• Turnover is used in the calculation of Production value (12 12 0) and other aggregates and balances.

I.3.3 Production value

Box I.31 **Definition of *Production value* (12 12 0)**

For the statistics on activities defined in Section 3 of Annexes I to IV of Regulation (EC) No 295/2008 with the exception of enterprises with an activity classified in NACE Rev.2 Section K

The production value measures the amount actually produced by the unit, based on sales, including changes in stocks and the resale of goods and services.

The production value is defined as turnover or revenue from sales of goods and rendering of services, plus or minus the changes in stocks of finished products, work in progress and goods and services purchased for resale, minus the purchases of goods and services for resale (only for the goods and services sold during the reporting period and excluding the costs of storage and transport of the goods purchased for resale), plus capitalised production, plus other (operating and extra-ordinary) income

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[26] OJ L 374, 31.12.1991, p. 7.
[27] OJ L 243, 11.9.2002, p. 1.

(excluding subsidies). Income and expenditure classified as financial or as revenue in the form of interests and dividends in company accounts is excluded from production value. Included in purchases of goods and services for resale are the purchases of services purchased in order to be rendered to third parties in the same condition.

Note: Capitalised production includes the own-account production of all goods that are retained by their producers as investment. The latter includes the production of fixed tangible assets (buildings, etc.) as well as intangible assets (development of software, etc.). Capitalised production is unsold production and is valued at production cost. Note that these capital goods are also to be included in investment.

Note: Other (operating and extra-ordinary) income is a company accounting heading. The contents of this heading may vary between sectors and over time and as such can not be defined precisely for statistical purposes.

For the statistics on activities of NACE Rev.2 groups 65.1 and 65.2, the production value is defined as gross premiums earned plus total portfolio investment income plus other services produced minus gross claims incurred, excluding claims management expenses plus capital gains and provisions.

For the statistics on activities defined in Section 3 of Annex VI of Regulation (EC) No 295/2008 [credit institutions], the production value is defined as interest receivable and similar income less interest payable and similar charges plus commissions receivable plus income from shares and other variable-yield securities plus net profit or net loss on financial operations plus other operating income.

For the statistics on activities defined in Section 3 of Annex VII of Regulation (EC) No 295/2008 [pension funds], the production value is defined as turnover less insurance premiums payable plus investment income plus other income plus insurance claims receivable less total expenditure on pensions less net change in technical provisions.

For the enterprises of the NACE Rev.2 class 64.11 (central banks) the production value is defined as interest receivable and similar income less interest payable and similar charges plus commissions receivable plus income from shares and other variable-yield securities plus net profit or net loss on financial operations plus other operating income.

Link to company accounts

For the statistics on activities defined in Section 3 of Annexes I to IV of Regulation (EC) No 295/2008 except for the enterprises with an activity classified in NACE Rev.2 Section K

4th Accounting Directive: Council Directive (EEC) No 78/660

The components of Production value are included in the following accounting headings;
• Net turnover
• part of Other operating income — excluding subsidies
• part of Extra-ordinary income — excluding subsidies
• Variation in stocks of finished goods and work in progress
• part of Raw materials and consumables relating to purchases and change in stocks of goods for resale
• Work performed by the undertaking for its own purposes and capitalised

IAS Regulations: European Parliament and Council Regulation (EC) No 1606/2002 and Commission Regulation (EC) No 1725/2003

The components of Production value are included in the following accounting headings (function of expense method):
Revenue from sales of goods and rendering of services, income from royalties (excluding revenue from interests and dividends if included in revenue)
+ Other income — excluding subsidies
+ Changes in inventories of finished goods and work in progress
– part of raw materials and consumables used relating to purchases and change in stocks of goods for resale

+ work performed by the undertaking for its own purposes and capitalised (included in other income)

The components of Production value are included in the following accounting headings (nature of expense method):
Revenue from sales of goods and rendering of services, income from royalties (excluding revenue from interests and dividends if included in revenue)
+ Other income — excluding subsidies
− cost of sales excluding depreciation and amortisation costs
+ work performed by the undertaking for its own purposes and capitalised (included in other income)

Link to other variables

For the statistics on activities defined in Section 3 of Annexes I to IV, of Regulation (EC) No 295/2008 except for the enterprises with an activity classified in NACE Rev.2 Section K, the production value is based on

Turnover (12 11 0),
+/- Change in stocks of finished products and work in progress manufactured by the unit (13 21 3)
+/- Change in stocks of goods and services purchased for resale in the same condition as received (13 21 1)
- Purchases of goods and services purchased for resale in the same condition as received (13 12 0)
+ Capitalised production
+ Other operating income (excluding subsidies)

Production value is used in the calculation of Value added at factor cost (12 15 0) and other aggregates and balances.

For the statistics on activities of NACE Rev.2 groups 65.1 and 65.2, the production value is calculated as follows:

For life insurance:

Gross premiums written (12 11 0),
+ Gross change in the provision for unearned premiums (32 11 2)
+ Investment income (32 22 0)
- Value re-adjustments on investments (32 71 5)
- Gains on the realisation on investments (32 71 6)
- Income from participating interests (32 71 1)
+ [(Total gross technical provisions (37 30 0) — Total net technical provisions (37 30 1)) / Total net technical provisions (37 30 1)] x (Investment income (32 22 0) — Value readjustments on investments (32 71 5) — Gains on the realisation of investments (32 71 6) — Income from participating interests (32 71 1)),
+ Other technical income, net amount (32 16 1)
+ Other income (32 46 0)
- Gross claims payments (32 13 1)
- Gross change in the provision for outstanding claims (32 13 4)
+ External and internal claims management expenses (32 61 5)
+ Gains on the realisation on investments (32 71 6)
+ Unrealised gains on investments (32 23 0)
- Losses on the realisation on investments (32 72 3)
- Unrealised losses on investments (32 28 0)
- Gross change in life insurance provision (32 25 0)
- Bonuses and rebates, net amount (32 16 3)
- Change in fund for future appropriations (part of 32 29 0)
- Net changes in other technical provisions, not shown under other headings (32 16 2).

For non-life insurance and reinsurance:

Gross premiums written (12 11 0)
+ Gross change in the provision for unearned premiums (32 11 2)
+ Investment income (32 42 0)
- Value re-adjustments on investments (32 71 5)
- Gains on the realisation on investments (32 71 6)
- Income from participating interests (32 71 1)
+ [(Total gross technical provisions (37 30 0) — Total net technical provisions (37 30 1)) / Total net technical provisions (37 30 1)] x (Investment income (32 42 0) — Value readjustments on investments (32 71 5) — Gains on the realisation of investments (32 71 6) — Income from participating interests (32 71 1))
+ Other technical income, net amount (32 16 1)
+ Other income (32 46 0)
- Gross claims payments (32 13 1)
- Gross change in the provision for outstanding claims (32 13 4)
+ External and internal claims management expenses (32 61 5)
+ Gains on the realisation on investments (32 71 6)
- Losses on the realisation on investments (32 72 3)
- Bonuses and rebates, net amount (32 16 3)
- Change in the equalisation provision (32 15 0)
- Net changes in other technical provisions, not shown under other headings (32 16 2).

For the statistics on activities defined in Section 3 of Annex VI of Regulation (EC) No 295/2008 [credit institutions], Production value is calculated as:

Interest receivable and similar income (42 11 0)
- Interest payable and similar charges (42 12 0)
+ Commissions receivable (42 14 0)
+ Income from shares and other variable-yield securities (42 13 1)
+ Net profit or net loss on financial operations (42 20 0)
+ Other operating income (42 31 0)

For the statistics on activities defined in Section 3 of Annex VII of Regulation (EC) No 295/2008 [pension funds], Production value is calculated as:

Turnover (12 11 0),
- Insurance premiums payable (48 05 0)
+ Investment income (48 01 0)
+ Other income (48 02 2),
+ Insurance claims receivable (48 02 1)
- Total expenditure on pensions (48 03 0)
- Net change in technical provisions (48 04 0)

I.3.4 Value added at factor cost

Box I.32 **Definition of *Value added at factor cost* (12 15 0)**
For the statistics on activities defined in Section 3 of Annexes I to IV, of Regulation (EC) No 295/2008 except for the enterprises with an activity classified in NACE Rev.2 Section K, value added at factor cost is the gross income from operating activities after adjusting for operating subsidies and indirect taxes.
It can be calculated from turnover, plus capitalised production, plus other operating income (including operating subsidies), plus or minus the changes in stocks, minus the purchases of goods and services, minus other taxes on products which are linked to turnover but not deductible, minus the duties and taxes linked to production. The duties and taxes linked to production are compulsory,

unrequited payments, in cash or in kind, which are levied by general government, or by the Institutions of the European Union, in respect of the production and importation of goods and services, the employment of labour, the ownership or use of land, buildings or other assets used in production irrespective of the quantity or the value of goods and services produced or sold. Alternatively it can be calculated from gross operating surplus by adding personnel costs.

Income and expenditure classified as financial in company accounts according to the 4th Accounting Directive (78/660) is excluded from value added. Income and expenditure classified as interest income, dividend income, foreign exchange gain from foreign currency borrowings related to interest costs, gains on redemption and extinguishment of debt or finance costs according to Commission Regulation (EC) 1725/2003 are excluded from value added.

Value added at factor cost is calculated 'gross' as value adjustments (such as depreciation and impairment losses) are not subtracted.

For the statistics on activities of NACE Rev.2 groups 65.1 and 65.2, the value added at factor cost is defined as production value minus gross value of reinsurance services received minus other intermediate consumption.

For the statistics on activities defined in Section 3 of Annex VI of Regulation (EC) No 295/2008 [credit institutions], the value added at factor cost is defined as production value less total purchases of goods and services.

For the statistics on activities defined in Section 3 of Annex VII of Regulation (EC) No 295/2008 [pension funds], the value added at factor cost is defined as production value less total purchases of goods and services.

For the enterprises of the NACE Rev.2 class 64.11, the value added at factor cost is defined as production value less total purchases of goods and services.

Link to company accounts

For the statistics on activities defined in Section 3 of Annexes I to IV of Regulation (EC) No 295/2008 except for the enterprises with an activity classified in NACE Rev.2 Section K

4th Accounting Directive: Council Directive (EEC) No 78/660

Value added at factor cost can be calculated directly from the following accounting headings:
- Net turnover
- Variation in stocks of finished goods and work in progress
- Work performed by the undertaking for its own purposes and capitalised
- Raw materials and consumables
- Other external charges
- Other operating charges
- Other operating income
- Extra-ordinary charges
- Extra-ordinary income

IAS Regulations: European Parliament and Council Regulation (EC) No 1606/2002 and Commission Regulation (EC) No 1725/2003

Value added at factor cost can be calculated directly from the following accounting headings from the nature of expense method:

Revenue (excluding revenue from interests and dividends if included in revenue)
+/- Changes in inventories of finished goods and work in progress
- Raw materials and consumables used
- Other expenses
+ Other income

Value added at factor cost can be calculated directly from the following accounting headings from the function of expense method:

Revenue (excluding revenue from interests and dividends if included in revenue)
- (Cost of sales excluding employee benefits costs, depreciation and amortisation costs)
- (Distribution costs excluding employee benefits costs)
- (Administrative expenses excluding employee benefits costs)
- Other expenses
+ Other income

Link to other variables

For the statistics on activities defined in Section 3 of Annexes I to IV, of Regulation (EC) No 295/2008 except for the enterprises with an activity classified in NACE Rev.2 Section K,

Value added at factor cost is based on

Turnover (12 11 0)
+/-   Change in stocks of goods and services (13 21 0)
+   Capitalised production
+   Other operating income
-     Purchases of goods and services (13 11 0)
-     Other taxes on products which are linked to turnover but not deductible
-     Duties and taxes linked to production
-     Value added at factor cost is used in the calculation of gross operating surplus (12 17 0) and other aggregates and balances.

For the statistics on activities of NACE Rev.2 groups 65.1 and 65.2, Value added at factor cost is calculated as:

Production value (12 12 0),
-     Intermediate consumption (13 11 0).

For the statistics on activities defined in Section 3 of Annex VI of Regulation (EC) No 295/2008 [credit institutions], the value added at factor cost is calculated follows:

Production value (12 120),
-     Total purchases of goods and services (13 11 0).

For the statistics on activities defined in Section 3 of Annex VII of Regulation (EC) No 295/2008 [pension funds], the value added at factor cost is calculated follows:

Production value (12 12 0),
-     Intermediate consumption (= total purchases of goods and services (13 11 0)).

I.3.5 Total purchases of goods and services

Box I.33 **Definition of *Total purchases of goods and services* (13 11 0)**

Purchases of goods and services include the value of all goods and services purchased during the accounting period for resale or consumption in the production process, excluding capital goods the consumption of which is registered as consumption of fixed capital. The goods and services concerned may either be resold with or without further transformation, be completely used up in the production process or, finally, be stocked.

Included in these purchases are the materials that enter directly into the goods produced (raw materials, intermediate products, components), plus non-capitalised small tools and equipment. Also included are the values of ancillary materials (lubricants, water, packaging, maintenance and repair materials, and office materials) as well as energy products. Included in this variable are the purchases of materials made for the production of capital goods by the unit.

Services paid for during the reference period are also included regardless of whether they are industrial or non-industrial. In this figure are payments for all work carried out by third parties on behalf of the unit including current repairs and maintenance, installation work and technical studies.

Amounts paid for the installation of capital goods and the value of capitalised goods are excluded.

Also included are payments made for non-industrial services such as legal and accountancy fees, patents and licence fees (where they are not capitalised), insurance premiums, costs of meetings of shareholders and governing bodies, contributions to business and professional associations, postal, telephone, electronic communication, telegraph and fax charges, transport services for goods and personnel, advertising costs, commissions (where they are not included in wages and salaries), rents, bank charges (excluding interest payments) and all other business services provided by third parties. Included are services which are transformed and capitalised by the unit as capitalised production.

Expenditure classified as financial expenditure or as revenue in the form or interests and dividends is excluded from the total purchases of goods and services.

Purchases of goods and services are valued at the purchase price, i.e. the price the purchaser actually pays for the products, including any taxes less subsidies on the products bought excluding however value added type taxes

All other taxes and duties on the products are therefore not deducted from the valuation of the purchases of goods and services. The treatment of taxes on production is not relevant in the valuation of these purchases.

For the statistics on activities defined in Section 3 of Annexes I to IV, of Regulation (EC) No 295/2008 except for the enterprises with an activity classified in NACE Rev.2 Section K, expenditure classified as financial expenditure in company accounts is excluded from the total purchases of goods and services.

For the statistics on activities of NACE Rev.2 groups 65.1 and 65.2, the total purchases of goods and services is defined as the gross value of reinsurance services received plus total of commissions as referred to in Article 64 of Council Directive 91/674 plus any other external expense on goods and services (excluding personnel costs).

For the statistics on activities defined in Section 3 of Annex VI of Regulation (EC) No 295/2008 [credit institutions], the total purchases of goods and services is defined as commissions payable plus other administrative expenses plus other operating charges.

Link to company accounts

For the statistics on activities defined in Section 3 of Annexes I to IV of Regulation (EC) No 295/2008 except for the enterprises with an activity classified in NACE Rev.2 Section K

4th Accounting Directive: Council Directive (EEC) No 78/660

Purchases of goods and services can be calculated from the accounting headings:
- Raw materials and consumables (before account is made of changes in stocks of goods and services);
- Other external charges (before account is made of changes in stocks of goods and services);
- Part of Other operating charges — the part included here concerns payments for goods and services not included in the two headings above (raw materials and consumables and other external charges). The part not included here concerns the payment of taxes on production;
- Extra-ordinary charges.

IAS Regulations: European Parliament and Council Regulation (EC) No 1606/2002 and Commission Regulation (EC) No 1725/2003

Purchases of goods and services can be calculated from the following accounting headings from the nature of expense method:
- Raw materials and consumables used;
- Other expenses (before account is made of changes in stocks of goods and services).

Purchases of goods and services can be calculated from the following accounting headings from the function of expense method:
- Cost of sales (before account is made of changes of goods and services and excluding employee benefits costs, depreciation and amortisation costs);

- Distribution costs (made during the accounting period and excluding employee benefits costs, depreciation and amortisation costs);
- Administrative expenses (made during the accounting period and excluding employee benefits costs, depreciation and amortisation costs);
- Other expenses.

Link to other variables

For the statistics on activities defined in Section 3 of Annexes I to IV, of Regulation (EC) No 295/2008 except for the enterprises with an activity classified in NACE Rev.2 Section K, total purchases of goods and services is used in the calculation of Value added at factor cost (12 15 0) and other aggregates and balances.

Many items included within Total purchases of goods and services are identified separately:
- Purchases of goods and services purchased for resale in the same condition as received (13 12 0);
- Payments for agency workers (13 13 1);
- Payments for long term rental and operational leasing of goods (13 41 1);
- Purchases of energy products (20 11 0).

For the statistics on activities of NACE Rev.2 groups 65.1 and 65.2, intermediate consumption is calculated as:

For life insurance:

Reinsurance balance (32 18 0),
- + [(Total gross technical provisions (37 30 0) — Total net technical provisions (37 30 1)) / Total net technical provisions (37 30 1)] x (Investment income (32 22 0) — Value re-adjustments on investments (32 71 5) — Gains on the realisation of investments (32 71 6) — Income from participating interests (32 71 1)),
- + Commissions (32 61 1),
- + Other external expenditure on goods and services (32 61 4) — depreciation on fixed assets for own use)

For non-life insurance and reinsurance:

Reinsurance balance (32 18 0),
- + [(Total gross technical provisions (37 30 0) — Total net technical provisions (37 30 1)) / Total net technical provisions (37 30 1)] x (Investment income (32 42 0) — Value re-adjustments on investments (32 71 5) — Gains on the realisation of investments (32 71 6) — Income from participating interests (32 71 1)),
- + Commissions (32 61 1),
- + Other external expenditure on goods and services (32 61 4) — depreciation on fixed assets for own use)

For the statistics on activities defined in Section 3 of Annex VI of Regulation (EC) No 295/2008 [credit institutions], intermediate consumption is calculated as:

Commissions payable (42 15 0),
- + Other administrative expenses (42 32 2),
- + Other operating charges (42 33 0).

For the statistics on activities defined in Section 3 of Annex VII [pension funds] of Regulation (EC) No 295/2008, the variable Total purchases of goods and services (13 11 0) is used in the calculation of the variable Total operational expenses (48 06 0).

I.3.6 Purchases of goods and services purchased for resale in the same condition as received

> ### Box I.34 **Definition of *Purchases of goods and services purchased for resale in the same condition as received* (13 12 0)**
>
> Purchases for resale are purchases of goods for resale to third parties without further processing. It also includes purchases of services by 'invoicing' service companies, i.e. those whose turnover is composed not only of agency fees charged on a service transaction (as in the case of estate agents) but also the actual amount involved in the service transaction, e.g. transport purchases by travel agents. The value of goods and services which are sold to third parties on a commission basis are excluded since these goods are neither bought nor sold by the agent receiving the commission.
>
> When services for resale are referred to here, the services concerned are the output from service activities, rights to use predetermined services, or physical supports for services. Purchases of goods and services purchased for resale in the same condition as received are valued at the purchase price excluding deductible VAT and other deductible taxes linked directly to turnover. All other taxes and duties on the products are therefore not deducted from the valuation of the purchases of goods and services.
>
> The treatment of taxes on production is not relevant in the valuation of these purchases.

Link to company accounts

For the statistics on activities defined in Section 3 of Annexes I to IV of Regulation (EC) No 295/2008 except for the enterprises with an activity classified in NACE Rev.2 Section K

4th Accounting Directive: Council Directive (EEC) No 78/660

Purchases of goods and services purchased for resale in the same condition as received may not be isolated in company accounts. It is a part of:
• Raw materials and consumables;
• Other external charges;
• Other operating charges.

IAS Regulations: European Parliament and Council Regulation (EC) No 1606/2002 and Commission Regulation (EC) No 1725/2003

Purchases of goods and services purchased for resale in the same condition as received may not be isolated in company accounts.
It is part of the following accounting headings from the nature of expense method:
• Raw materials and consumables used (before account is made of changes in stocks of goods and services);
• Other expenses.

It is part of the following accounting headings from the function of expense method:
• Cost of sales (before account is made of changes of goods and services and excluding employee benefits costs, depreciation and amortisation costs);
• Other expenses.

Link to other variables

Part of Total purchases of goods and services (13 11 0)
• Purchases of goods and services purchased for resale in the same condition as received is used in the calculation of Gross margin on goods for resale (12 13 0), in Production value (12 12 0) and other aggregates and balances.

I.3.7 Personnel costs

Box I.35 **Definition of *Personnel costs*** **(13 31 0)**

Personnel costs are defined as the total remuneration, in cash or in kind, payable by an employer to an employee (regular and temporary employees as well as home workers) in return for work done by the latter during the reference period. Personnel costs also include taxes and employees' social security contributions retained by the unit as well as the employer's compulsory and voluntary social contributions.

Personnel costs are made up of:
- wages and salaries;
- employers' social security costs.

All remuneration paid during the reference period is included, regardless of whether it is paid on the basis of working time, output or piecework, and whether it is paid regularly or not. Included are all gratuities, workplace and performance bonuses, ex gratia payments, thirteenth month pay (and similar fixed bonuses), payments made to employees in consideration of dismissal, lodging, transport, cost of living and family allowances, commissions, attendance fees, over-time, night work etc. as well as taxes, social security contributions and other amounts owed by the employees and retained at source by the employers.

Also included are the social security costs for the employer. These include employer's social security contributions to schemes for retirement pensions, sickness, maternity, disability, unemployment, occupational accidents and diseases, family allowances as well as other schemes. These costs are included regardless of whether they are statutory, collectively agreed, contractual or voluntary in nature. Payments for agency workers are not included in personnel costs.

Link to company accounts

4th Accounting Directive: Council Directive (EEC) No 78/660

Personnel costs can be calculated directly from the following accounting headings:
- Staff costs, which is the sum of the headings wages and salaries and social security costs

IAS Regulations: European Parliament and Council Regulation (EC) No 1606/2002 and Commission Regulation (EC) No 1725/2003

Personnel costs can be calculated directly from the accounting heading Employee benefits costs in the income statement according to the nature of expenses.

Employee benefits costs are disclosed in addition to the income statement according to the function of expenses.

Link to other variables

Personnel costs is based on

Wages and salaries (13 32 0)
+   Social security costs (13 33 0)

Personnel costs is used in the calculation of Gross operating surplus (12 17 0) and other aggregates and balances.

I.3.8 Gross investment in tangible goods

Box I.36 **Definition of *Gross investment in tangible goods*** **(15 11 0)**

Investment during the reference period in all tangible goods. Included are new and existing tangible capital goods, whether bought from third parties, acquired under a financial lease contract (i.e. the right to use a durable good in exchange for rental payments over a predetermined and protracted term) or produced for own use (i.e. capitalised production of tangible capital goods), having a useful

life of more than one year including non-produced tangible goods such as land. The threshold for the useful life of a good that can be capitalised may be increased according to company accounting practices where these practices require a greater expected useful life than the 1 year threshold indicated above.

All investments are valued prior to (i.e. gross of) value adjustments, and before the deduction of income from disposals. Purchased goods are valued at purchase price, i.e. transport and installation charges, fees, taxes and other costs of ownership transfer are included. The value of goods acquired via financial lease corresponds to the market value of the good if it had been purchased in the year of acquisition only. This value is in principle known in the contract or can be estimated by summing-up the part of the instalments that cover the capital reimbursement. The part of instalments corresponding to the interest payments are to be excluded. Own produced tangible goods are valued at production cost. Goods acquired through restructuring (such as mergers, take-overs, break-ups, split-off) are excluded. Purchases of small tools which are not capitalised are included under current expenditure.

Also included are all additions, alterations, improvements and renovations which prolong the service life or increase the productive capacity of capital goods.

Current maintenance costs are excluded as is the value and current expenditure on capital goods used under rental and operational lease contracts. Annual payments for assets used under financial leasing should be excluded. Investments in intangible and financial assets are excluded.

Financial leasing furthermore is characterised by the fact that all risks and rewards of ownership are *de facto* though not *de jure* transferred from lessor to lessee. The leasing period covers all, or most of, the economic lifetime of the durable good. At the end of the leasing period the lessee often has the option to buy the good at nominal price. The lessor's role is purely financial.

Concerning the recording of investments where the invoicing, delivery, payment and first use of the good may take place in different reference periods, the following method is proposed as an objective:

Investments are recorded when the ownership is transferred to the unit that intends to use them. For the goods acquired via financial leasing the value is to be recorded at the time when the good is delivered to the lessee. Capitalised production is recorded when produced. Concerning the recording of investments made in identifiable stages, each part-investment should be recorded in the reference period in which they are made.

In practice this may not be possible and company accounting conventions may mean that the following approximations to this method need to be used:

i) investments are recorded in the reference period in which they are delivered,

ii) investments are recorded in the reference period in which they enter into the production process,

iii) investments are recorded in the reference period in which they are invoiced,

iv) investments are recorded in the reference period in which they are paid for.

Link to company accounts

Investment is not recorded in the balance sheet. However, the additions, disposals and transfers of all fixed assets as well as the value adjustments of these fixed assets are shown in the balance sheet or the notes to the accounts.

4th Accounting Directive: Council Directive (EEC) No 78/660

Tangible goods are listed in company accounts under Fixed assets — tangible assets. The value of tangible goods acquired through financial leasing is not referred to in the 4th Accounting Directive. However, some national accounting standards do permit these goods to be capitalised in the balance sheet.

IAS Regulations: European Parliament and Council Regulation (EC) No 1606/2002 and Commission Regulation (EC) No 1725/2003

Tangible goods are listed in company accounts under Property, plant and equipment. Information regarding financial leases has to be disseminated separately in the company accounts.

Link to other variables

Gross investment in tangible goods is based on

      Gross investment in land (15 12 0)

+   Gross investment in existing buildings and structures (15 13 0)

+   Gross investment in construction and alteration of buildings (15 14 0)

+   Gross investment in machinery and equipment (15 15 0)

Gross investment in tangible goods can be greater than the sum of 15120+15130+15140+15150 as there are asset items such as art, forests, orchards, cattle … which cannot be attributed to either of the categories of tangible goods.

I.3.9 Number of persons employed

Box I.37 **Definition of *Number of persons employed* (16 11 0)**
The number of persons employed is defined as the total number of persons who work in the observation unit (inclusive of working proprietors, partners working regularly in the unit and unpaid family workers working regularly in the unit), as well as persons who work outside the unit who belong to it and are paid by it (e.g. sales representatives, delivery personnel, repair and maintenance teams). It includes persons absent for a short period (e.g. sick leave, paid leave or special leave), and also those on strike, but not those absent for an indefinite period. It also includes part-time workers who are regarded as such under the laws of the country concerned and who are on the pay-roll, as well as seasonal workers, apprentices and home workers on the pay-roll.
The number of persons employed excludes manpower supplied to the unit by other enterprises, persons carrying out repair and maintenance work in the enquiry unit on behalf of other enterprises, as well as those on compulsory military service.
Unpaid family workers are persons who live with the proprietor of the unit and work regularly for the unit, but do not have a contract of service and do not receive a fixed sum for the work they perform. This is limited to those persons who are not included on the payroll of another unit as their principal occupation.
Note: In order to check the comparability of data, it is necessary to indicate whether voluntary workers have been included under this heading or not.
The number of persons employed is a headcount and is measured as an annual average using **at least** data for each quarter of the year except for the statistics on the activities defined in Section 23 of Annex V, VI and VII of Regulation (EC) No 295/2008 for which the calculation can be done on the basis of data with a lower frequency.

Link to company accounts

4th Accounting Directive: Council Directive (EEC) No 78/660

The number of persons employed is recorded in the notes on the company accounts (Article 43 (9)).

Link to other variables

The number of persons employed may be broken down into the Number of employees (16 13 0) and unpaid persons employed (16 12 0).

I.3.10 Number of employees

Box I.38 **Definition of *Number of employees* (16 13 0)**
The number of employees is defined as those persons who work for an employer and who have a contract of employment and receive compensation in the form of wages, salaries, fees, gratuities, piecework pay or remuneration in kind. (All persons for whom payments are booked under the heading personnel costs in the profit and loss accounts of the enterprise should be included even if in

some cases no contract of employment exists).

The relationship of employer to employee exists when there is an agreement, which may be formal or informal, between an enterprise and a person, normally entered into voluntarily by both parties, whereby the person works for the enterprise in return for remuneration in cash or in kind.

A worker is considered to be a wage or salary earner of a particular unit if he or she receives a wage or salary from the unit regardless of where the work is done (in or outside the production unit). A worker from a temporary employment agency is considered to be an employee of the temporary employment agency and not of the unit (customer) in which they work.

In particular the following are considered as employees:
• paid working proprietors;
• students who have a formal commitment whereby they contribute to the unit's process of production in return for remuneration and/or education services;
• employees engaged under a contract specifically designed to encourage the recruitment of unemployed persons;
• homeworkers if there is an explicit agreement that the homeworker is remunerated on the basis of the work done and they are included on the pay-roll.

The number of employees includes part-time workers, seasonal workers, and persons on strike or on short-term leave, but excludes those persons on long-term leave.

The number of employees does not include voluntary workers.

The number of employees is calculated in the same manner as the Number of persons employed, namely it is a headcount and is measured as an annual average using data for at least each quarter of the year except for the statistics on the activities defined in Section 3 of Annex VI of Regulation (EC) No 295/2008 [credit institutions] for which the calculation can be done on the basis of data with a lower frequency.

Link to other variables

Part of the Number of persons employed (16 11 0)

I.3.11 Total intra-mural R&D expenditure

Box I.39 **Definition of *Intra-mural R&D expenditure* (22 11 0)**

Research and experimental development comprise creative work undertaken on a systematic basis in order to increase the stock of knowledge, including of man, culture and society, and the use of this stock of knowledge to devise new applications.

Intramural expenditures are all expenditures for R&D (research and development) performed within the unit, regardless of the source of funds.

R&D must be distinguished from expenditures for a wide range of related activities. The following are therefore excluded from R&D expenditure:
− expenditures on education and training;
− expenditures on other scientific and technological activities (e.g. information services, testing and standardisation, feasibility studies);
− expenditures on other industrial activities (e.g. industrial innovations n.e.s.);
− expenditures on purely financing activities (other administrations and other indirect supporting activities are included).

Research and development expenditure may, depending upon national laws, be recorded in one of three places: movements in intangible assets, movements in tangible assets or operating expenditure.

If under national law it may be partly or completely capitalised the expenditure is included in the movement of the intangible assets included in company accounts under Fixed assets — intangible assets

> – costs of research and development.

If under national law it is only partially capitalised or not capitalised at all, the current expenditure is part of Raw materials and consumables, other external charges, staff costs and other operating charges and the capital expenditure is included in the movement of the tangible assets included in company accounts under Fixed assets — tangible assets.

I.3.12 Total number of R&D personnel

Box I.40 **Definition of *Total number of R&D personnel* (22 12 0)**
Research and experimental development comprise creative work undertaken on a systematic basis in order to increase the stock of knowledge, including knowledge of man, culture and society, and the use of this stock of knowledge to devise new applications. All persons employed directly on research & development (R&D) should be counted, as well as those providing direct services such as R&D managers, administrators and clerical staff. Those persons providing an indirect service, such as canteen and security staff, should be excluded, even though their wages and salaries are included as an overhead in the measurement of expenditure. R&D personnel must be distinguished from personnel for a wide range of related activities. The following are therefore excluded from R&D personnel: – Personnel employed on education and training, – Personnel employed on other scientific and technological activities (e.g. information services, testing and standardisation, feasibility studies), – Personnel employed on other industrial activities (e.g. industrial innovations n.e.s.), – Personnel employed on administration and other indirect supporting activities.

Link to company accounts

The total number of research and development personnel may not be isolated in company accounts. It is part of the number of persons employed which is recorded in the notes on the company accounts (Article 43(8)).

Link to other variables

Part of the number of persons employed (16 11 0).

I.3.13 Exports and imports of goods and services

Box I.41 **Definition of *Exports and imports of goods and services***
For the definitions of 'exports' and 'imports' of foreign affiliates the general definitions as laid out in the 'European System of Accounts 1995' apply: ***Exports of goods and services*** consist of transactions in goods and services (sales, barter, gifts or grants) from residents to non-residents.(ESA 1995, 3.128.) ***Imports of goods and services*** consist of transactions in goods and services (purchases, barter, gifts or grants) from non-residents to residents. (ESA 1995, 3.129.) *Imports and exports of goods* occur when there are changes of ownership of goods between residents and non-residents (whether or not there are also corresponding physical movements of goods across frontiers). (ESA 1995, 3.132.) *Exports of services* consist of all services rendered by residents to non-residents. *Imports of services* consist of all services rendered by non-residents to residents. It should be noted that, for the above definitions to be applicable to both inward and outward FATS, the concept of 'residents' has to be interpreted in different ways. While for inward FATS, 'residents' refers to the compiling country where the foreign affiliate is resident, for outward FATS it is defined as the host country where the foreign affiliate is located.

> Goods and Services are defined as in ESA95.
>
> Exports/imports of goods and services can be performed directly by the foreign affiliate or indirectly by means of other firms, such as wholesalers, that are resident in the same country and act on behalf of the foreign affiliate. In this latter case no property right transaction must occur between resident firms.
>
> For the sake of consistency with other economic variables collected at the firm level, export and import values should be evaluated at market prices, using the same criteria as those adopted to compile turnover or total purchase of goods and services,[28] respectively.
>
> International transactions other than the exchange of goods and services should not be considered as exports or imports. In particular, the service component (royalties, re-insurance) should be adjusted for financial transactions.

Since these definitions are rather general, a number of additional qualifications are necessary to allow for the proper application of the definitions. These qualifications include:

1. Specifications detailing which types of transactions are to be counted as imports and exports[29] of goods and services. [30]

2. Provisions regarding the use of the 'change of ownership' principle with a view to recording imports and exports of goods.

3. Qualifications as regards the registration of exports of goods not physically crossing the country in question's frontier.

4. Special cases of goods exports involving transactions between residents and non-residents.

5. Non-inclusion of transactions in the imports and exports of goods categories despite crossing national frontiers.

6. Specifications as regards the timing of the recording of imports and exports of goods and services.

7. Provisions regarding the usage of the free on board (f.o.b.) valuation principle.

8. Details as regards which types of transactions are to be counted as imports and exports of services.

For all the above listed areas the recommendations of the European System of Accounts 1995 manual, most notably those on pp. 61/62 and 71/72 apply. In addition to the provisions listed above the question of the valuation principles for the trade transactions of foreign affiliates deserves special attention.

Valuation of transactions

For the valuation of exports and imports of goods and services, the basic idea should be to permit comparability between the statistics of foreign affiliates' imports and exports with the other balance-of-payments-relevant statistics. This is an important requirement from the users' side. In view of this the following approaches for trade in good and services are recommended:

Goods

For trade in goods, the provisions of the ESA 1995 apply, also with regard to the valuation of export and import transactions. Therefore, in principle, as per the ESA 1995, imports and exports of goods are to be reported to Eurostat in the form of 'free-on-board' (f.o.b.) at the border of the exporting country.

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[28] Imports of instrumental goods, such as processing machinery, are not classified within the purchase of goods and services.

[29] Imports and exports of goods and services can be either: a) Intra-EU deliveries (arrivals and dispatches based on INTRASTAT) and b) Imports and exports outside the EU. For convenience they will both be referred to as imports and exports here.

[30] This provision deviates from the one cited in ESA1995 (3.130) in that it does not include '… deliveries to non-residents by non-resident affiliates of resident enterprises, e.g. sales abroad by foreign affiliates of a multinational owned/controlled by residents; …'.

The f.o.b. value consists of:
- the value of the goods at basic prices;
- plus the related transport and distributive services up to that point of the border, including the cost of loading on to a carrier for onward transportation (where appropriate);
- plus any taxes less subsidies on the goods exported; for intra-EU deliveries this includes VAT and other taxes on the goods paid in the exporting country. (ESA 1995 manual, Article 3.138, p.59)

Services

For the trade in services component, the relevant provisions detailed in the MSITS apply, whereby 'market price is used as the basis for valuation of transactions in international trade in services' (MSITS2010 §3.32).

It is recognised that compilers may have difficulty compiling data directly associated with these values. This relates in particular to the f.o.b. values for goods: the *Intrastat/Extrastat* data, which would be the prime source for compilers in this regard, cover only trade in goods and are also only useful in the context of FATS data compilation for inward, but not for outward FATS.

Therefore it is suggested that, where f.o.b. values cannot be obtained directly, compilers start by compiling data based on the related variables stemming from Structural Business Statistics (SBS). In terms of exports this would be 'turnover', while for imports 'total purchase of goods and services' would be the relevant category (both as defined elsewhere in this manual). In a second step, the f.o.b. values to be reported to Eurostat can be estimated on the basis of these values using appropriate techniques which should be well documented in the meta-data accompanying the data transmission to Eurostat. (In terms of the estimation of f.o.b. values on the basis of turnover value, this could be done by multiplying the turnover values with a fixed factor/percentage representing the f.o.b factor). Again, Eurostat is in no position to prescribe a certain methodology, but insists on obtaining sufficient information on the methods applied.

The same approach would apply to transforming the SBS variables mentioned into 'market prices' for services, although this should be much less complicated than in the case of trade in goods.

Link to company accounts

Exports and imports cannot normally be isolated in standard company accounts.

Link to other variables

Exports are a part of the turnover characteristic; imports are a part of the total purchase of goods and services, with the relevant exception of the imports of instrumental goods.

Data sources

The data sources for inward and for outward FATS differ significantly as regards the trade characteristics. A more detailed description of the data sources is therefore given in Parts II (Inward FATS) and III (Outward FATS).

I.3.14 Intra-group exports and imports of goods and services

Box I.42 **Definition of *Intra-group exports and imports of goods and services***
The definitions of 'exports' and 'imports' of foreign affiliates as cited in Box I.41 also apply to intra-group foreign affiliate exports and imports of goods and services.
Intra-group foreign affiliate exports and imports of goods and services are a subset of the overall imports and exports of foreign affiliates. Therefore the same conceptual framework (ESA 1995) applies.
Intra-group exports and imports comprise all trade transactions that take place between the foreign affiliate on the one side and, on the other, all enterprise units that are located abroad and are

controlled, directly or indirectly, by the same controlling unit as the foreign affiliate in question. This also includes, of course, transactions between the foreign affiliate and the controlling unit itself.

The location of the intra-group trading partner can be inside as well as outside the territory of the EU. Excluded are trading partners that share the same country of residence as the foreign affiliate in question.

For a typology of the relevant trade links for outward FATS, see Figure I.12 in Chapter I.3.14.

All other provisions applicable to the general exports and imports of a foreign affiliate are also valid in the case of intra-group imports and exports of a foreign affiliate.

There are, however, a few additional rules applicable in special cases, as referred to in Chapter III of this manual:

1. In the event of a joint venture with an equal amount of shares controlling the foreign affiliate in question, only the import and export transactions between the foreign affiliate and the dominant partner in the joint venture and all its associated group members, respectively, would qualify.

2. In the case of the foreign affiliate itself being a partner in a joint venture that controls other foreign affiliate(s), the ensuing import and export transaction would only qualify, as per the definitions of this manual, if the foreign affiliate is identified as the controlling /dominant partner in that joint venture.

3. If a foreign affiliate is part of a consortium exerting a multiple minority ownership over another foreign affiliate, its import or export transaction should only be included if it accounts for the largest share of all members of that consortium.

4. If a foreign affiliate is itself subject to multiple minority ownership control, the import and export transactions only qualify if they take place between the foreign affiliate in question and the controlling unit(s) with the largest share and all its associated group members, respectively.

Potential pitfalls in the compilation of FATS trade indicators

There are a number of areas where compilers would have to be alert so as to avoid the occurrence of a systematic bias in the results:

1. Reporting units might include under exports sales of good and services to a domestic wholesaler which are destined for further sale abroad. This practice would result in over-estimations. Respondents should be alerted to this problem in advance.

2. Another issue to which respondents might need to be alerted has to do with the use of Extrastat/Intrastat data. Since according to the recent nomenclature, 'Intrastat' transactions are no longer called 'imports' and exports', responding firms using the data might be misled into thinking that the request refers to 'Extrastat' data only. Again, this should be properly explained.

3. Another factor that needs to be kept in mind when using foreign trade data is that they typically do not include the service component which may form part of a transaction involving the delivery of goods (e.g. maintenance or training services related to sales of sophisticated machinery). There is little that can be done about this problem, other than noting it and, if possible, reverting to alternative sources which help to avoid this bias.

4. Another problem to watch out for is trade with other foreign-controlled affiliates resident in the same country as the foreign affiliate in question. This trade is essentially domestic and respondents should be informed that these transactions should not be included.

5. In the case of intra-group imports and exports, transaction values may be distorted by transfer price practices. In theory, compilers should try and identify the market price equivalents of arm's length transactions for intra-group imports and exports. In practice, this is not feasible. As the HEGI says: 'Unfortunately, there is little statistical compilers can do about transfer pricing. So users must interpret intra-firm trade data cautiously in the light of these considerations.' (Chapter V, p. 193)

I.4 Confidentiality

The quality of statistics depends, among other things, on the completeness of the raw data. Eurostat's work is based on the information transmitted by the national authorities in the Member States and confidentiality is of utmost importance in this respect, since it contributes to mutual trust on the part of data subjects and national authorities.

Box I.43 **Confidential statistical data**
Confidential statistical data — data used by the national authorities and the EU authority for the production of EU statistics are considered confidential if they allow statistical units to be identified, either directly or indirectly, thereby disclosing individual information.   **Direct identification** means the identification of a statistical unit from its name or address, or from an officially allocated and published number.   **Indirect identification** refers to the possibility of deducing the identity of a statistical unit other than by direct identification. To determine whether a statistical unit is identifiable, account shall be taken of all means that might reasonably be used by a third party to identify the said statistical unit.

The Council of the European Communities has adopted two pieces of legislation in order to make it possible for all Member States to transmit confidential data needed for the compilation of Community statistics.

- Council Regulation No 1588/90,[31] on transmission of data subject to statistical confidentiality, authorises national authorities to send confidential data to Eurostat. It also guarantees that the Commission will take all necessary measures to respect the confidentiality of such data. Confidentiality is defined in this Regulation as '*Data declared by Member States in line with national legislation or practices governing statistical confidentiality*'. National definitions differ to the extent that data that are confidential in one Member State may be publicly accessible in another. National rules on statistical confidentiality can not, however, be used to prevent transmission of specific data required under a Regulation. Confidential data in Eurostat's possession may only be disseminated when they have been combined with other data to ensure that individual units cannot be identified either directly or indirectly. This Regulation also provides for a Committee on Statistical Confidentiality (CSC), which defines data protection norms and ensures that all regulatory, technical and organisational measures are taken to guarantee the confidentiality of data transmitted to Eurostat.

- Council Regulation (EC, No 322/97,[32] February 1997) on Community statistics — In Chapter V of this Regulation the definition of confidentiality is '*Data should be considered confidential when they allow statistical units to be identified, either directly or indirectly, thereby disclosing individual information.*' To determine whether a statistical unit is identifiable, account shall be taken of all means that might reasonably be used by a third party to identify it.

Chapter V of Council Regulation No 322/97 must be taken as the basis and Regulation 1588/90 as a complement, together providing a clear and comprehensive legal framework for the treatment of confidential data.

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[31] OJ L 151 of 15.6.1990, p.1.
[32] OJ L 52 of 22.2.1997, p.1.

Article 13 of Council Regulation 322/97 defines how the decision about confidential data has to be taken. It is not up to Member States to decide which data are confidential. This decision is based on 'objective' criteria, i.e. the 'identifiability' of statistical units, taking into account 'all the means that might reasonably be used by a third party to identify the said statistical unit'.

Article 20 of Regulation 322/97 gives the Committee on Statistical Confidentiality — set up by Regulation 1588/90 — the responsibility 'for the adoption of the measures necessary for the implementation of Chapter V', making it the most influential forum for the handling of statistical confidentiality.

The fundamental principles involved in statistical confidentiality are:

- Statistical data are to be considered confidential when they allow direct or indirect identification of the statistical units concerned.

- Confidential data are to be used exclusively for statistical purposes, unless the respondents have given their consent to their use for any other purposes.

- All the necessary regulatory, administrative, technical and organisational measures shall be taken to ensure the physical and logical protection of confidential data against unlawful disclosure and non-statistical use, including penal sanctions, if necessary, in order to prevent violations. Officials and other Eurostat staff and the national authorities having access to confidential data shall also be subject to this rule, even after the cessation of their functions.

Member States apply different rules for identifying primary confidential data. Data may be declared confidential for the following reasons:

- They may concern a number of units below a minimum threshold. This number is always more than two: if data concerning two units were disseminated, each unit would have easy access to the other's confidential data.

- The data are such that one or more unit(s) dominate(s) the total information by a percentage above a given rate (as provided by Member States' legal frameworks). This criterion may be examined for a fixed variable, e.g. turnover, and result in hiding the complete set of variables for the group of units considered. It may also be examined variable by variable, whereupon, for a single group of units, certain variables will be published while others are masked.

- The data are such that the user or any respondent can estimate the reported value of a respondent too accurately. Such disclosure occurs, and the data are declared sensitive, if upper and lower estimates for the respondent's value are closer to the reported value than a pre-specified percentage.

Member States treat primary confidentiality in a number of ways. The most common practice is to aggregate two or more NACE headings. These aggregations vary between the Member States, between datasets, and over time. Alternatively some Member States simply suppress confidential data. This means that the data that are available correspond to just one activity and not to an aggregate whose composition changes, but it does make the calculation of aggregates more difficult.

Confidential FATS data should be transmitted to Eurostat in accordance with the legal framework described. According to Commission Regulation (EC) No 364/2008[33] confidential data have to be sent with the true value being recorded in the value field and a flag indicating the nature of the confidential data being added. Due to the fact that simultaneous breakdown by activity and geography leads to confidential cells, not all data can be disclosed at the national level. However, confidential data can be used for calculating EU aggregates, which are necessary to meet users' needs.

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[33] OJ L112, 24.04.2008, p.14.

I.5 Quality

I.5.1 General Aspects

Quality is a subjective concept and encompasses all aspects of how well statistics meet users' needs. When applied to statistics as a public good, quality is linked to users' expectations about the information content of the disseminated data. In parallel, statisticians are expected to compile high quality statistical data in a timely manner. Therefore they need to evaluate and improve various aspects of the data production process as well as to maintain high quality data.

In 1998 Eurostat set up a Working Group on Quality, comprising members of the European Statistical System (ESS), which has developed and secured agreement on many aspects of the current quality framework, such as the ESS definition of quality and the ESS standard quality reporting documents. In addition, the ESS Leadership Expert Group on Quality, established in 1999, has produced a comprehensive set of recommendations for improvement of the ESS, which have been implemented by National Statistical Institutes through Eurostat-supported projects. This has resulted in the development of process and output oriented quality assessment handbooks and tools, such as the 'Development of a Self-Assessment Programme (DESAP)', the 'Handbook on Improving Quality by Analysis of Process Variables' and the 'Data Quality Assessment Methods and Tools (DatQAM)', all of which are publicly available from the Eurostat Quality website.

In 2005, governments and statistical authorities in the European Union committed themselves to the European Statistics Code of Practice, which includes a quality commitment in Principle 4:

'All ESS members commit themselves to work and cooperate according to the principles fixed in the 'Quality declaration of the European statistical system'.

The code of practice defines 'Statistical Output' as:

'Available statistics must meet users' needs. Statistics comply with European quality standards and serve the needs of European institutions, governments, research institutions, business concerns and the public generally. The important issues concern the extent to which the statistics are relevant, accurate and reliable, timely, coherent, comparable across regions and countries, and readily accessible by users.'

The main issues are grouped in five principles, which cover what are called 'quality dimensions' or 'quality components' in other documents.

Box I.44 **Code of practice quality principles of statistical output**
Relevance: European statistics must meet the needs of users.
Accuracy and reliability: European statistics must portray reality accurately and reliably.
Timeliness and punctuality: European statistics must be disseminated in a timely and punctual manner.
Coherence and comparability: European statistics should be consistent internally, over time and comparable between regions and countries; it should be possible to combine and make joint use of related data from different sources.
Accessibility and clarity: European statistics should be presented in a clear and understandable form, disseminated in a suitable and convenient manner, and available and accessible on an impartial basis with supporting metadata and guidance.

In addition, guidelines for drafting quality legislation have been developed (December 2007) as well as two new documents have been prepared in close cooperation with the members of the Working Group on Quality.

The ESS Standard for Quality Reports (2009) will assist National Statistical Institutes and Eurostat in meeting the Code of Practice standards by providing recommendations for preparing comprehensive quality reports for the full range of statistical processes and their outputs.

The ESS Handbook for Quality Reports (2009) provides much more detailed guidelines and examples of quality reporting practices. Both documents replace the 2003 versions and contain significant updates reflecting the advances in quality practices over the past five years. In particular, the documents are built around the fifteen principles articulated in the Code of Practice. The coverage of statistical processes using administrative sources or involving multiple data sources has been improved and more quality and performance indicators have been included.

I.5.2 Objectives of FATS quality reporting

Like other statistical legislation, the FATS-R contains provisions for quality standards and reports. Article 6 of the FATS-R stipulates the quality obligations of Member States, on the one hand, namely to guarantee data quality 'according to common quality standards' and to submit a quality report, and, on the other, the responsibility of Eurostat (Commission) to specify these common quality standards and the content and periodicity of the quality reports in a Commission Regulation based on the comitology procedure, with both scrutiny and assessment of data quality.

The quality reports for inward and outward FATS must not only be in line with the rules in the FATS-R, they must also meet the needs and realities of national compilers. The quality reports have been discussed at length by the FATS Quality Task Force and have been the subject of extensive consultations with the FATS JWG.

The overall objective of quality reporting by Member States is to allow the Commission to:

- follow up on the quality of the data Member States transmit to Eurostat, from the point of view of both 'output' and the methodology used to produce the data;
- provide input for the quality assessment of EU aggregates;
- identify priority areas of quality to further improve the quality of FATS.

The final aim of the quality reports is to produce high-quality EU aggregates, and this starts with a self-assessment by each Member State of the quality of the data compiled. It is essential that Member States take all reasonable measures to ensure that the data they transmit to Eurostat meet a set of common quality standards.

I.5.3 Content of the FATS quality reports

Both the FATS implementing Commission Regulation (EC) No 834/2009[34] as regards quality criteria and quality reporting (see Annex IV) and the templates of the quality reports are based on the ESS quality framework;[35] eight components of quality are evaluated. Each component is assessed using **'yes/no' questions, quantitative indicators and/or descriptive analysis.**

The proposed assessment methods contain a **mixture of both quantitative and qualitative indicators of quality**. While quantitative data allow easy inter-temporal and cross-country comparisons, their interpretation is not always straightforward. Moreover, too much emphasis on quantitative data might generate false pressure to improve the values. Therefore, the approach outlined below aims to find the right balance between both qualitative and quantitative indicators and invites the Member States to interpret and comment on their own results by making a self-assessment.

Member States complete the quality reporting questionnaires after Eurostat has pre-filled some of the cells concerning transmitted data. Cells to be filled by Eurostat and by Member States are clearly indicated. Forms are exchanged electronically.

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[34] OJ L 241, 12.09.2009, p.3.
[35] ESS Standard for Quality Reports Structure (ESQRS).

I.5.3.1 Relevance

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<div style="text-align:center">Box I.45 **Relevance**</div>

Relevance is the degree to which statistical outputs meet current and potential users' needs. It depends on whether all the statistics that are needed are produced and the extent to which concepts used (definitions, classifications etc.) reflect user needs.

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COMPLETENESS

Completeness is the extent to which data are available — compared with the requirements in terms of characteristics, geographical and activity breakdown, as specified in Annexes I and II to the FATS-R.

In quality reports completeness is measured via availability ratios, namely as the cells delivered for a certain level of detail or the ratio of the total to the amount that was expected to be obtained. In cases of failure to comply with the FATS-R both the reasons for this, and the actions taken for compliance in future transmissions, should be provided.

CONFIDENTIALITY

With the adoption of Council Regulation 1588/90[36] governing the transmission of confidential data to Eurostat in June 1990, a system of exchange of confidential data has been developed. According to Commission Regulation (EC) No 364/2008[37] confidential data have to be sent with the true value being recorded in the value field and a flag indicating the nature of the confidential data being added (see also Chapter I.5).

In order to apply the disclosure control treatment for EU aggregates, the rules for primary and secondary confidentiality treatment applied by Member State are needed.

There is a link between the percentage of confidential data and the relevance of the statistics. If a high percentage of the data is confidential, the statistics will not sufficiently meet users' needs.

USER SATISFACTION

To judge the relevance of the statistical concepts and whether they provide the statistics needed, there should be some form of user-needs/satisfaction assessment. If data compilers can perform this assessment, then the outcome will be a valuable addition to Eurostat's quality assessment and should be reported to Eurostat. It is of particular interest to know who the users are, what their needs are and how well these needs are covered. This is very often done by a user satisfaction survey, which is a statistical survey aiming to assess the satisfaction of users of statistics.

I.5.3.2 Accuracy

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<div style="text-align:center">Box I.46 **Accuracy**</div>

Accuracy of statistical outputs in the general statistical sense is the degree of closeness of estimates to the true values.

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Accuracy relates to the degree to which the full population is covered by the collection system and in this context Member States are asked to make a self-assessment of the main challenges in their collection systems based on several parameters such as reliability, plausibility etc. Accuracy is also the most difficult quality component to define and assess and there is a great variety of items to be reported, from direct measurements of error to more qualitative assessments. This is particularly difficult because the FATS-R is output-oriented and there may be as many ways of collecting the data as there are Member States.

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[36] OJ L 151 of 15.06.1990, p.1.
[37] OJ L 112, 24.04.2008, p.14.

CONCEPTS AND SOURCES

In order to assess the errors reported in this chapter, information is needed on the **methodological approach** and the main data sources used.

A **cut-off threshold** is used primarily for cost or burden reasons, to exclude from the target population (hence from the frame) units contributing very little to the requested statistics, small businesses for instance. The contribution from the population below the threshold can either be deemed negligible or be estimated by using a model.

The FATS Regulation does not specify a cut-off threshold. The FATS Recommendations Manual recommends in Box I.23 having no cut-off threshold. Member States are asked to report if a threshold is used or not. To be able to assess whether this threshold limits the population and how comparable the figures are in different Member States, respondents are asked for more detailed information on the thresholds and methods used for grossing-up to the whole economy.

RELIABILITY

It is crucial to know whether the **UCI concept** is applied or another concept used as a proxy, and to know the methods used to improve the accuracy of the UCI information.

If Inward FATS is compiled as a subset of SBS, namely by identifying the foreign-controlled units in SBS, the main problem is to attribute them to the correct UCI. Other methods, e.g. starting from FDI and adding the economic information, may lead to incomplete economic information.

PLAUSIBILITY

Plausibility refers to the absence of unexplained changes. As sudden changes in data patterns are of high analytical interest to end-users of statistical data, it is crucial to know whether they are caused by underlying economic trends or whether they are simply the result of deviations from the FATS-R and/or FATS Recommendations Manual.

The assessment of plausibility is relevant in two contexts. Firstly, it is important to be informed of significant outliers in the datasets transmitted by Member States and, secondly, it is also relevant for assessing internal checking procedures.

SAMPLING AND NON-SAMPLING ERRORS

Coverage errors are due to the divergences existing between the target population and the frame. Coverage errors include over-coverage, under-coverage and misclassification. Through the data collection process it is possible to identify some coverage errors (e.g. over-coverage and misclassification). Over-coverage relates to those units that are found to be out-of-scope due to being misclassified, for example due to incorrect auxiliary information on the unit status. Over-coverage may also be due to duplication. Under-coverage is more difficult to measure unless another complete source is available.

Misclassification refers to allocating statistical units to the wrong class, in relation to a given classification. For instance, a business may be classified in trade instead of industry. Normally such cases are difficult to find, but what is more often discovered is the mismatch of identifiers if different sources or surveys are combined, in particular if administrative sources are used.

Unit non-response occurs when not all reporting units included in the sample participate in the survey. **Item non-response** occurs when a respondent provides some, but not all, of the requested information, or if the reported information is not useable (note that entirely non-useable questionnaires are already counted in the unit non-response).

Unit non-response should not be confused with under-coverage. The former has to do with population units which were in the survey frame and were designated for data collection but failed to provide all the necessary data while the latter refers to units which were not in the frame and hence were not considered for data collection.

A typical non-response error is the failure to get a response in a survey. An example of an item non-response error is when the reporting unit has provided data only on turnover and all other characteristics are missing. Non-response errors may be detected when one has access to all the deliverables using other existing databases. In addition, item non-response can be calculated independently of the methodology of data compilation, for both survey-based and register-based approaches.

Imputation is the process used to resolve problems of missing, invalid or inconsistent responses identified during editing. This is done by changing some of the responses or missing values on the record being edited to ensure that a plausible, internally coherent record is created. Reweighting consists of raising the original weights for the respondent values when estimates are computed. Reweighting is used mainly in cases of unit non-response. It may also be used to increase precision through the use of auxiliary information. Standard methods include post-stratification, calibration and response propensity modelling.

Sampling error is the part of the difference between a population value and an estimate thereof, derived from a random sample, which is due to the fact that only a sample of values is observed; as distinct from errors due to imperfect selection, bias in response or estimation, errors of observation and recording, etc.

A description of the sample design is needed, containing all information likely to affect accuracy and providing background information for the assessment and interpretation of sampling errors. The sampling error should be measured by **coefficient of variation (CV)** taking into account the non-responses, the misclassification errors and, if necessary, the sampling error according to the survey design.

$$CV = \frac{\sqrt{\text{estimate of the sampling variance}}}{\text{estimated value}}$$

ASSESSMENT OF REVISIONS

The term often encountered in relation to **revisions** is 'stability'. However, the underlying concept is the same and can be defined as referring to closeness of the initial estimated value to the final value. In practice, this consists of examining revisions (e.g. size and direction) between two defined sets of published data.

Eurostat should be informed of any large revisions as this will help to explain the subsequent large revisions in the EU aggregates.

Mean Absolute Percentage Error (MAPE) is used to for characterising the size of revisions. MAPE shows the average percentage difference between initial and final estimates (between 0 and infinity inclusive). The higher is the value, the higher — the average size of revisions. When the result equals zero, there are no differences between the first and final estimates.

MAPE is defined as follows:

$$MAPE = \left| \frac{X_f^t - X_i^t}{X_i^t} \right| \times 100$$

Where,

X_i^t = the initial estimate for characteristic X in reference year t.

X_f^t = the last available estimate for the same characteristic in reference year t.

Although revisions may take place for a number of reasons, they are primarily driven by the arrival of additional source data. Data compilers should also describe their revision policy so that Eurostat knows why revisions where made and if further revisions are to be expected.

I.5.3.3 Coherence and Comparability

Box I.47 **Coherence**
Coherence of two or more statistical outputs refers to the degree to which the statistical processes by which they were generated used the same concepts — classifications, definitions, and target populations — and harmonised methods. Coherent statistical outputs have the potential to be validly combined and used jointly.

SBS, FDI and R&D statistics measure the same phenomenon as FATS — businesses internationalising — and are closely related statistical domains. This similarity in substance is also expressed in compilation practice and data are often compiled with the help of the same survey, for example, inward FATS is compiled in the framework of the SBS and outward FATS in the framework of FDI. It is very important to check that these representations do not diverge too much in order to anticipate users' questions and prepare corrective action, as users frequently compare statistics from different domains.

Other organisations disseminate data on the same phenomenon and it is important that results do not diverge too much. In addition, if other breakdowns are provided, this could lead to weaknesses in the confidentiality pattern. It is therefore important that any differences are reported.

Box I.48 **Comparability**
Comparability of two or more statistical outputs refers to the measurement of the impact of differences in applied statistical concepts, measurement tools and procedures where statistics are compared between geographical areas, sectoral domains or over time.

The quality reports refer solely to comparability over time. Inconsistencies over time occur when data collected for a specific reference period are not fully compatible with the data of the following periods due to a number of peculiarities in a certain time period. In such cases we say that we have a break in time series. The difference in concepts and methods of measurement between two reference periods should be examined.

Eurostat knows the length of time series available at Eurostat, but does not have sufficient information on the length of other comparable time series (for years for which no quality report or metadata were sent). The first information will therefore be pre-filled by Eurostat; the latter should be completed by Member States together with the reasons for breaks in time series.

I.5.3.4 Timeliness and Punctuality

Box I.49 **Timeliness**
Timeliness of statistical outputs refers to the period between the availability of the information and the event or phenomenon it describes.

Timeliness is relatively easy and straightforward to measure. In the quality reports the common measure used is the average production time. Timeliness is important to show how current statistical data are and if there is a big gap between data compiling institutions. When calculating the EU aggregates and in particular for handling confidentiality, it is important to know if statistics have already been disseminated nationally.

Box I.50 **Punctuality**
Punctuality refers to the delay between the date of the release of the data and the target date (the date by which the data should have been delivered).

For instance, any dates specified in an official release calendar laid down by Regulations or previously agreed among partners.

The punctuality of delivery is calculated as actual date of data delivery — scheduled date of transmission to Eurostat. It shows the delay (positive value) or advance (negative value) in calendar days after the legal deadline (20 months after the end of the reference year).

I.5.3.5 Accessibility and Clarity

Accessibility and clarity refer to the simplicity and ease with which users can access statistics using simple and user-friendly procedures, obtaining them in an unexpected form and within an acceptable time period, with the appropriate user information and assistance: a global context which finally enables them to make optimum use of the statistics. Both are related to relevance, as they refer to the extent to which data and metadata satisfy the users' needs.

Box I.51 **Accessibility**
Accessibility of statistical outputs refers to the conditions and modalities by which users can obtain data.

It is the measure of the ease with which users can obtain data: where to go, how to order, delivery time, clear pricing policy, convenient marketing conditions, availability of micro and macro data, various formats (paper, files, CD-ROM, Internet etc.)

To assess FATS as a whole, information is needed on national publication and on divergences of dissemination at national level from the level of detail required by the FATS Regulation. When calculating EU aggregates and in particular for handling confidentiality, it is important to know if statistics have already been disseminated nationally and if so, where they can be found.

Box I.52 **Clarity**
Clarity of statistical outputs refers conditions and modalities by which users can use and interpret data.

It is determined by the information environment within which the data are presented, whether data are accompanied with appropriate metadata, illustrations such as graphs and maps, and whether information is also available on their quality.

Clarity is more difficult to assess and relates to the quality of statistical metadata which are disseminated alongside the data. It is important for users to know whether statistical metadata are available (and for which products) and where they can be found.

I.5.4 Timeline and procedure

For quality reports, Member States are asked to report on an annual basis, covering the current reference year. Each year, the quality reporting consists of four steps:

- **by the end of August,** Member States transmit FATS data to Eurostat;
- **by the end of December,** Eurostat supplies the Member States with the draft documents for quality reporting, partly pre-filled with most quantitative indicators (calculated on the basis of the data provided) and other information available to Eurostat;
- **by the end of February,** Member States supply Eurostat with the completed quality reports, including interpretation and comments on the indicators calculated by Eurostat;

- Eurostat prepares a general quality assessment report **to be presented to the FATS Working Group at its annual meeting**, summarising the results of all national quality reports. This general report contains the main findings concerning the quality of data transmitted to Eurostat.

I.5.5 Metadata

According to Article 6 of Commission Regulation (EC) No 364/2008[38] *'Member States shall for each data delivery, provide the necessary metadata information to the Commission (Eurostat) in electronic form and in the structure defined in the most recent version of the Eurostat Recommendations Manual on the Production of Foreign Affiliates Statistics'*.

As from reference year 2010 Member States are asked to provide metadata files according to the Euro-SDMX Metadata Structure (ESMS). It contains the following information:

1. Contact details
2. Metadata update information (dates)
3. Statistical presentation (data description, classification, sector coverage, concepts and definitions, statistical unit, statistical population, reference area, time coverage)
4. Unit of measure
5. Reference period
6. Institutional mandate (legal acts and other agreements, data sharing)
7. Confidentiality
8. Release policy
9. Frequency of dissemination
10. Dissemination format
11. Accessibility of documentation (on methodology and quality)
12. Quality management
13. Relevance
14. Accuracy and reliability
15. Timeliness and punctuality
16. Comparability
17. Coherence
18. Cost and burden
19. Data revisions
20. Statistical processing
21. Comments

Points 1, 3, 4, 6 to 12, 18 and 20 should in general remain stable and don't need major updates with each data transmission. Points 13 to 17 and 19 relate to the respective latest data transmission and should be updated each time. However, they are consistent with the content of the quality reports and most of the necessary information can be reused.

National metadata files should be provided in an electronic form, preferably by using a web tool made available by Eurostat. They will be published on Eurostat's website together with the general metadata file created by Eurostat.

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[38] OJ L 112, 24.04.2008, p.14.

Inward FATS

2

II.1 Deliverables

II.1.1 Characteristics

The characteristics to be delivered are defined in Section 2 of Annex 1 of the FATS-R. The following characteristics are to be delivered yearly (except for characteristics 22 11 0 and 22 12 0), starting from reference year 2007 as the year of entry into force of the FATS-R:

Table II.1 **List of characteristics according to the FATS-R**

Title	CODE
Number of enterprises	11 11 0
Turnover	12 11 0
Production value	12 12 0
Value added at factor cost	12 15 0
Total purchases of goods and services	13 11 0
Purchases of goods and services purchased for resale in the same condition as received	13 12 0
Personnel costs	13 31 0
Gross investment in tangible goods	15 11 0
Number of persons employed	16 11 0
Total intra-mural R&D expenditure (odd reference years)	22 11 0
Total number of R&D personnel (odd reference years)	22 12 0

The codes for data transmission are the same as in the FATS-R and for SBS.

If the *Number of persons employed* is not available, the *Number of employees* (code 16 13 0) should be compiled instead. Member States are however encouraged to send this variable on a voluntary basis, as it is used for the calculation of some ratios, e.g. wage-adjusted labour productivity, which are important for the analysis of the data.

As further specified in Annex I to Commission Regulation (EC) No 747/2008 for NACE Rev. 2 section K, only the number of enterprises, turnover and the number of persons employed (or number of employees instead) have to be provided. For NACE Rev.2 division 64, turnover will be replaced by production value.

Total intra-mural R&D expenditure (22 11 0) and Total number of R&D personnel (22 12 0) are to be delivered every odd year and for NACE Rev. 2 sections B, C, D, E and F.

The first reference year for the R&D characteristics was 2007. The first reference year for which the R&D variables are to be delivered according to NACE Rev. 2 is 2009. For these variables the so-called 1% rule applies: *'If the total amount of turnover or the number of persons employed in a division of NACE Rev. 2 sections B to F represent, in a Member State, less than 1% of the Community total, the information necessary for the compilation of statistics relating to characteristics 22 11 0 and 22 12 0 need not to be collected for the purposes of this Regulation. If necessary for Community policy requirements, the Commission may, in accordance with the procedures laid down in Article 10(2) of this Regulation, request ad-hoc collection of this data.'*

Member States planning not to provide these variables should notify Eurostat in advance. However, only Eurostat can check if the 1% rule applies, and this can be done only when the data from all Member States are available and disseminated. Eurostat would inform Member States before the next data delivery (e.g. for reference year 2011) if the 1% rule did not apply for that country for reference year 2009.

<table>
<tr><td colspan="2" align="center">Box II.1: **Recommendations for** *allocation of characteristics*</td></tr>
<tr><td colspan="2">Total values of characteristics should be allocated geographically by activity to the target population.</td></tr>
</table>

The definitions can be seen in Chapter I.2, definitions of characteristics.

II.1.2 Level of detail

As specified in the FATS-R (Annex 1, Section 3), two series are to be delivered, 1G and 1G2. Data should be provided with the detail by country of UCI and by activity as specified in Annex III of the FATS-R.

<table>
<tr><td colspan="2" align="center">Box II.2 **Series to be delivered**</td></tr>
<tr><td>**1G**</td><td>**Level 2-IN** of the geographical breakdown combined with **level 3** of the activity breakdown (59520 obligatory data cells for odd reference years, 55008 for even reference years).</td></tr>
<tr><td>**1G2**</td><td>**Level 3** of the geographical breakdown combined with data on total **business economy** only (2640 obligatory data cells for odd reference years, 2160 for even reference years; as from reference year 2011 they will be 2662 and 2178 data cells, respectively).</td></tr>
</table>

The series to be delivered differ in the geographical and activity breakdown. The following table summarises the level of detail requested:

Table II.2 **The level of detail for each series**

Series 1G	
Characteristics[39]	11110, 12110, 12120, 12150, 13110, 13120, 13310, 15110, 16110/16130, 22110, 22120
Country of UCI	*Geographical breakdown level 2-IN FATS-R*
	A1, A2, Z9, V1, BE, BG, CZ, DK, DE, EE, GR, ES, FR, IE, IT, CY, LV, LT, LU, HU, MT, NL, AT, PL, PT, RO, SI, SK, FI, SE, GB, Z7, V2, AU, CA, CH, CN, HK, IL, IS, JP, LI, NO, NZ, RU, TR, US, Z8, C4
Activity	*Activity breakdown level 3 FATS-R*
	For all characteristics except 22110 and 22120: B-N_S95_X_K (Business Economy (BUS) = sum of NACE Rev. 2 sections B to N excluding K including S95), **B, C, C10, C11, C12, C13, C14, C15, C16, C17, C18, C19, C20, C21, C22, C23, C24, C25, C26, C27, C28, C29, C30, C31, C32, C33, D, D35, E, E36, E37, E38, E39, F, F41, F412, F42, F421, F422, F429, F43, F431, F432, F433, F439, G, G45, G451, G452, G453, G454, G46, G461, G462, G463, G464, G465, G466, G467, G469, G47, G471, G472, G473, G474, G475, G476, G477, G478, G479, H, H49, H491, H492, H493, H494, H495, H50, H51, H52, H53, I, I55, I551, I552, I553, I559, I56, I561, I562, I563, J, J58, J581, J582, J59, J60, J61, J62, J63, J631, J639, K, K64, K65, K66, L, L68, M, M69, M70, M71, M72, M73, M74, M75, N, N77, N771, N772, N773, N774, N78, N79, N80, N81, N82, S95;**
	For characteristics 22110 and 22120: B-F (sum of NACE Rev. 2 sections B to F), **B, C, C10, C11, C12, C13, C14, C15, C16, C17, C18, C19, C20, C21, C22, C23, C24, C25, C26, C27, C28, C29, C30, C31, C32, C33, D, D35, E, E36, E37, E38, E39, F, F41, F411, F412, F42, F421, F422, F429, F43, F431, F432, F433, F439.**
Series 1G2	
Characteristics	11110, 12110, 12120, 12150, 13110, 13120, 13310, 15110, 16110/16130, 22110, 22120

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[39] For delivery of variables 16130, 22110 and 22120 please see II.4.2.

Country of UCI	*Geographical breakdown level 3 FATS-R*
	A1, A2, *Z9, V1,* BE, BG, CZ, DK, DE, EE, GR, ES, FR, IE, IT, CY, LV, LT, LU, HU, MT, NL, AT, PL, PT, RO, SI, SK, FI, SE, GB, Z7, *V2,* **AD, AE, AF, AG, AI, AL, AM, AN (up to 2010 data), AO, AQ, AR, AS,** AU, **AW, AZ, BA, BB, BD, BF, BH, BI, BJ, BM, BN, BO, BQ (from 2011 data), BR, BS, BT, BV, BW, BY, BZ,** CA, **CC, CD, CF, CG,** CH, **CI, CK, CL, CM,** CN, **CO, CR, CU, CV, CW (from 2011 data), CX, DJ, DM, DO, DZ, EC, EG, ER, ET, FJ, FK, FM, FO, GA, GD, GE, GG, GH, GI, GL, GM, GN, GQ, GS, GT, GU, GW, GY,** HK, **HM, HN, HR, HT, ID,** IL, **IM, IN, IO, IQ, IR,** IS, **JE, JM, JO,** JP, **KE, KG, KH, KI, KM, KN, KP, KR, KW, KY, KZ, LA, LB, LC,** LI, **LK, LR, LS, LY, MA, MD, ME, MG, MH, MK, ML, MM, MN, MO, MP, MR, MS, MU, MV, MW, MX, MY, MZ, NA, NC, NE, NF, NG, NI,** NO, **NP, NR, NU,** NZ, **OM, PA, PE, PF, PG, PH, PK, PN, PS, PW, PY, QA, RS,** RU, **RW, SA, SB, SC, SD, SG, SH, SL, SM, SN, SO, SR, ST, SV, SX (from 2011 data), SY, SZ, TC, TD, TF, TG, TH, TJ, TK, TL, TM, TN, TO,** TR, **TT, TV, TW, TZ, UA, UG, UM,** US, **UY, UZ, VA, VC, VE, VG, VI, VN, VU, WF, WS, YE, ZA, ZM, ZW,** Z8, *C4,* E1*, E4*, E7*, F2*, F7*
Activity	For all characteristics except 22110 and 22120: *Business Economy (BUS)* B-N_S95_X_K = sum of NACE Rev. 2 sections B to N excluding. K including S95;
	For characteristics 22110 and 22120: B-F (sum of NACE Rev. 2 sections B to F).

There is an intersection between both series. Codes which are requested in one series but not in the other are marked in **bold**. The activity aggregate business economy (BUS) is requested in both series and values for same characteristics and partner countries or aggregates should be consistent. There are also some common partner countries (all EU-27 and 14 non-EU-27) and geographical aggregates (A2, Z7 and Z8). Aggregates A1, Z9, V1, V2 and C4 *(in italics in 1G2)* are requested according to the FATS Regulation for series 1G only, but should be sent on a voluntary basis for series 1G2 as well, to allow internal consistency checks. Continent aggregates E1, E4, E7, F2 and F7 (marked with an asterix) are part of the OECD data request and are voluntary.

Box II.3 **Common elements and similarities between series 1G and 1G2**		
Series	**1G**	**1G2**
Activity breakdown	Business Economy (BUS): sum of B-N excluding K, including S95	
	In addition: **Breakdown of NACE Rev. 2 sections B-N excluding K, including S95 according to FATS-R, Annex III, activity breakdown level 3**	-
Geographical breakdown	A1, Z9, A2, V1, V2, all EU Member States, Z7, 14-extra-EU countries, Z8, C4	
	-	**In addition:** **All other extra-EU countries of the world (FATS-R, Annex III, geographical breakdown level 3)**

II.1.3 Geographical breakdown

The two levels of geographical breakdown requested in FATS-R are presented in the following table. The country codes are the official ISO 3166-1 codes[40] (except for aggregates) and the same as in the Balance of Payments Vademecum that covers all individual countries of the world. Series 1G2 covers

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[40] ISO — International Organisation for Standardisation http://www.iso.org/iso/country_codes.htm.

all countries of the world, series 1G all EU Member States and a selection of 14 most important partner countries.

Table II.3 **Levels of geographical breakdown and codes requested**[41]

Level 2-IN (series 1G)	Level 3 (series 1G2)	CODE
World total (all entities including compiling country)	**World total (all entities including compiling country)**	**A1**
Rest of the World (excluding compiling country)	**Rest of the World (excluding compiling country)**	**Z9**
Controlled by the compiling country (nationally-controlled enterprises)	**Controlled by the compiling country (nationally-controlled enterprises)**	**A2**
EU-27 (Intra EU-27) excluding compiling country	**EU-27 (Intra EU-27) excluding compiling country**	**V1**
Equally-shared control of UCIs of more than 1 Member State	**Equally-shared control of UCIs of more than 1 Member State**	**Z7**
Extra EU-27	**Extra EU-27**	**V2**
Extra EU-27 not allocated	**Extra EU-27 not allocated**	**Z8**
Offshore financial centres	**Offshore financial centres**	**C4**
	Europe	*E1*
	Africa	*E4*
	America	*E7*
	Asia	*F2*
	Oceania and Polar regions	*F7*
	Andorra	AD
	United Arab Emirates	AE
	Afghanistan	AF
	Antigua and Barbuda	AG
	Anguilla	AI
	Albania	AL
	Armenia	AM
	Netherlands Antilles (up to 2010 data)[42]	AN
	Angola	AO
	Antarctica	AQ
	Argentina	AR
	American Samoa	AS
Austria	Austria	AT
Australia	Australia	AU
	Aruba	AW
	Azerbaijan	AZ
	Bosnia and Herzegovina	BA
	Barbados	BB
	Bangladesh	BD
Belgium	Belgium	BE
	Burkina Faso	BF
Bulgaria	Bulgaria	BG
	Bahrain	BH
	Burundi	BI
	Benin	BJ
	Bermuda	BM
	Brunei Darussalam	BN
	Bolivia	BO
	Bonaire, Saint Eustatius and Saba (from 2011 data)	BQ
	Brazil	BR
	Bahamas	BS
	Bhutan	BT

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[41] Continent aggregates requested by the OECD which are not obligatory under FATS-R, are indicated in italics.
[42] Following the constitutional reform in the Netherlands, on 10.10.2010 the Netherlands Antilles were dissolved. As from this date they were replaced by three autonomous constituent countries of the Kingdom of the Netherlands: Bonaire, Saint Eustatius and Saba (BQ), Curaçao (CW) and Sint Maarten (Dutch part, SX).

Level 2-IN (series 1G)	Level 3 (series 1G2)	CODE
	Bouvet Island	BV
	Botswana	BW
	Belarus	BY
	Belize	BZ
Canada	Canada	CA
	Cocos (Keeling) Islands	CC
	Congo, the Democratic Republic of	CD
	Central African Republic	CF
	Congo	CG
Switzerland	Switzerland	CH
	Côte d'Ivoire	CI
	Cook Islands	CK
	Chile	CL
	Cameroon	CM
China	China	CN
	Colombia	CO
	Costa Rica	CR
	Cuba	CU
	Cape Verde	CV
	Curaçao (from 2011 data)	CW
	Christmas Island	CX
Cyprus	Cyprus	CY
Czech Republic	Czech Republic	CZ
Germany	Germany	DE
	Djibouti	DJ
Denmark	Denmark	DK
	Dominica	DM
	Dominican Republic	DO
	Algeria	DZ
	Ecuador	EC
Estonia	Estonia	EE
	Egypt	EG
	Eritrea	ER
Spain	Spain	ES
	Ethiopia	ET
Finland	Finland	FI
	Fiji	FJ
	Falkland Islands	FK
	Micronesia, Federated States of	FM
	Faroe Islands	FO
France	France	FR
	Gabon	GA
	Grenada	GD
	Georgia	GE
	Guernsey	GG
	Ghana	GH
	Gibraltar	GI
	Greenland	GL
	Gambia	GM
	Guinea	GN
	Equatorial Guinea	GQ
Greece	Greece	GR
	South Georgia and the South Sandwich Islands	GS
	Guatemala	GT
	Guam	GU
	Guinea-Bissau	GW
	Guyana	GY
Hong Kong	Hong Kong	HK
	Heard Island and McDonald Islands	HM

Level 2-IN (series 1G)	Level 3 (series 1G2)	CODE
	Honduras	HN
	Croatia	HR
	Haiti	HT
Hungary	Hungary	HU
	Indonesia	ID
Ireland	Ireland	IE
Israel	Israel	IL
	Isle of Man	IM
	India	IN
	British Indian Ocean Territory	IO
	Iraq	IQ
	Iran, Islamic Republic of	IR
Iceland	Iceland	IS
Italy	Italy	IT
	Jersey	JE
	Jamaica	JM
	Jordan	JO
Japan	Japan	JP
	Kenya	KE
	Kyrgyzstan	KG
	Cambodia (Kampuchea)	KH
	Kiribati	KI
	Comoros	KM
	St Kitts and Nevis	KN
	Korea, Democratic People's Republic of (North Korea)	KP
	Korea, Republic of (South Korea)	KR
	Kuwait	KW
	Cayman Islands	KY
	Kazakhstan	KZ
	Lao People's Democratic Republic	LA
	Lebanon	LB
	Saint Lucia	LC
Liechtenstein	Liechtenstein	LI
	Sri Lanka	LK
	Liberia	LR
	Lesotho	LS
Lithuania	Lithuania	LT
Luxembourg	Luxembourg	LU
Latvia	Latvia	LV
	Libyan Arab Jamahiriya	LY
	Morocco	MA
	Moldova, Republic of	MD
	Montenegro	ME
	Madagascar	MG
	Marshall Islands	MH
	Macedonia, the Former Yugoslav Republic of	MK
	Mali	ML
	Myanmar	MM
	Mongolia	MN
	Macau	MO
	Northern Mariana Islands	MP
	Mauritania	MR
	Montserrat	MS
Malta	Malta	MT
	Mauritius	MU
	Maldives	MV
	Malawi	MW
	Mexico	MX
	Malaysia	MY

Level 2-IN (series 1G)	Level 3 (series 1G2)	CODE
	Mozambique	MZ
	Namibia	NA
	New Caledonia	NC
	Niger	NE
	Norfolk Island	NF
	Nigeria	NG
	Nicaragua	NI
Netherlands	Netherlands	NL
Norway	Norway	NO
	Nepal	NP
	Nauru	NR
	Niue	NU
New Zealand	New Zealand	NZ
	Oman	OM
	Panama	PA
	Peru	PE
	French Polynesia	PF
	Papua New Guinea	PG
	Philippines	PH
	Pakistan	PK
Poland	Poland	PL
	Pitcairn	PN
	Palestinian Territory, Occupied	PS
Portugal	Portugal	PT
	Palau	PW
	Paraguay	PY
	Qatar	QA
Romania	Romania	RO
	Serbia	RS
Russian Federation	Russian Federation	RU
	Rwanda	RW
	Saudi Arabia	SA
	Solomon Islands	SB
	Seychelles	SC
	Sudan	SD
Sweden	Sweden	SE
	Singapore	SG
	St Helena	SH
Slovenia	Slovenia	SI
Slovakia	Slovakia	SK
	Sierra Leone	SL
	San Marino	SM
	Senegal	SN
	Somalia	SO
	Suriname	SR
	Sao Tome and Principe	ST
	El Salvador	SV
	Sint Maarten, Dutch part (from 2011 data)	SX
	Syrian Arab Republic	SY
	Swaziland	SZ
	Turks and Caicos Islands	TC
	Chad	TD
	French Southern Territories	TF
	Togo	TG
	Thailand	TH
	Tajikistan	TJ
	Tokelau	TK
	Turkmenistan	TM
	Tunisia	TN

Level 2-IN (series 1G)	Level 3 (series 1G2)	CODE
	Tonga	TO
	Timor-Leste	TL
Turkey	Turkey	TR
	Trinidad and Tobago	TT
	Tuvalu	TV
	Taiwan, Province of China	TW
	Tanzania, United Republic of	TZ
	Ukraine	UA
	Uganda	UG
United Kingdom	United Kingdom	GB
	United States Minor Outlying Islands	UM
United States	United States	US
	Uruguay	UY
	Uzbekistan	UZ
	Holy See (Vatican City State)	VA
	St Vincent and the Grenadines	VC
	Venezuela	VE
	Virgin Islands, British	VG
	Virgin Islands, US	VI
	Viet Nam	VN
	Vanuatu	VU
	Wallis and Futuna	WF
	Samoa	WS
	Yemen	YE
	South Africa	ZA
	Zambia	ZM
	Zimbabwe	ZW

Annex VII shows the inclusions and exclusions of certain territories in the country codes (e.g. Germany includes Helgoland and excludes Büsingen and Büttenhardter Höfe which are customs free zones belonging to the customs territory of Switzerland). The inclusions and exclusions apply for all geographical levels and are consistent with the BoP Vademecum.

There are some aggregates requested in series 1G which are also consistent with the BoP Vademecum. They should cover the same values for both series 1G and 1G2.

The following table lists all geographical aggregates:

Table II.4 **Contents of geographical aggregates**

Aggregates	Content	CODE
World total	All entities including compiling country should be consistent with the SBS values.	A1
Rest of the World	All entities excluding compiling country = all foreign-controlled enterprises.	Z9
Controlled by the compiling country	All nationally-controlled enterprises or controlled by compiling country = World total — Rest of the World.	A2
EU-27 (Intra EU-27)	BE + BG + CZ + DK + DE + EE + IE + GR + ES + FR + IT + CY + LV + LT + LU + HU + MT + NL + AT + PL + PT + RO + SI + SK + FI + SE + GB + Z7; (excluding compiling country)	V1
Equally-shared control of UCIs of more than 1 Member State	Should be used if control is shared between at least two Member States. It should be included in EU-27.	Z7
Extra EU-27	Covers all extra EU-27 countries of level 3 = Rest of the World — EU-27.	V2
Extra EU-27 not allocated	Aggregate of all extra EU-27 enterprises for which the country of residence of the UCI is not known but it is known that the UCI is resident outside the EU. It should be included in extra EU-27.	Z8

Aggregates	Content	CODE
Offshore financial centres	up to 2010 data: AD + AG + AI + AN + BB + BH + BM + BS + BZ + CK + DM + GD + GG + GI + HK + IM + JE + JM + KN + KY + LB + LC + LI + LR + MH + MS + MV + NR + NU + PA + PH + SG + TC + VC + VG + VI + VU + WS from 2011 data: AD + AG + AI + AW + BB + BH + BM + BS + BZ + CK + CW + DM + GD + GG + GI + HK + IM + JE + KN + KY + LB + LC + LI + LR + MH + MS + MU + NR + NU + PA + PH + SC + SG + SX + TC + VC + VG + VI + VU + WS	C4
Europe	V1 + AD + AL + BA + BY + CH + FO + GG + GI + HR + IM + IS + JE + LI + MD + ME + MK + NO + RS + RU + SM + TR + UA + VA	E1
Africa	AO + BF + BI + BJ + BW + CD + CF + CG + CI + CM + CV + DJ + DZ + EG + ER + ET + GA + GH + GM + GN + GQ + GW + IO + KE + KM + LR + LS + LY + MA + MG + ML + MR + MU + MW + MZ + NA + NE + NG + RW + SC + SD + SH + SL + SN + SO + ST + SZ + TD + TG + TN + TZ + UG + ZA + ZM + ZW	E4
America	up to 2010 data: AG + AI + AN + AR + AW + BB + BM + BO + BR + BS + BZ + CA + CL + CO + CR + CU + DM + DO + EC + FK + GD + GL + GT + GY + HN + HT + JM + KN + KY + LC + MS + MX + NI + PA + PE + PY + SR + SV + TC + TT + US + UY + VC + VE + VG + VI from 2011 data: AG + AI + AR + AW + BB + BM + BO + BQ + BR + BS + BZ + CA + CL + CO + CR + CU + CW + DM + DO + EC + FK + GD + GL + GT + GY + HN + HT + JM + KN + KY + LC + MS + MX + NI + PA + PE + PY + SR + SV + SX + TC + TT + US + UY + VC + VE + VG + VI	E7
Asia	AE + AF + AM + AZ + BD + BH + BN + BT + CN + GE + HK + ID + IL + IN + IQ + IR + JO + JP + KG + KH + KP + KR + KW + KZ + LA + LB + LK + MM + MN + MO + MV + MY + NP + OM + PH + PK + PS + QA + SA + SG + SY + TH + TJ + TL + TM + TW + UZ + VN + YE	F2
Oceania and Polar regions	AQ + AS + AU + BV + CC + CK + CX + FJ + FM + GS + GU + HM + KI + MH + MP + NC + NF + NR + NU + NZ + PF + PG + PN + PW + SB + TF + TK + TO + TV + UM + VU + WF + WS	F7

The following box shows the breakdown of the geographical aggregates:

Box II.4 **Breakdown of geographical aggregates**
A1 = Z9 +A2 **Z9 = V1 + V2** **V2 = all countries not belonging to EU-27 + Z8** **C4 = part of V2, 38 extra EU-27 countries (40 as from 2011 data)** **V1 = sum of individual EU-27 countries, excl. compiling country + Z7**

II.1.4 Activity breakdown

II.1.4.1 Requested level of detail

The classification of economic activities NACE[43] allocates the statistical units in the classes where the units have their principal activity. The classification of inward FATS should be consistent with the classification of the enterprise in SBS to ensure that comparisons between foreign-controlled enterprises and the whole economy can be made.

The business economy should be a sum of all NACE Sections covered by activity breakdown level 3, namely NACE Rev.2 sections B to N excluding K. The reason for the exclusion of NACE Rev.2 section K is that only three variables are requested for this section and that the definitions for the requested variables differ from the other sections.

The following table shows the NACE Rev.2 codes for series 1G; for series 1G2 only the aggregate 'BUS' with the NACE Rev. 2 code 'B-N_S95_X_K' has to be sent. The transmission codes to be used are the new Eurostat standardised transmission codes which will be used for SBS as well.

Table II.5 **Requested activity breakdown (FATS-R, Annex III, level 3) from reference year 2010 onwards for series 1G[44]**

Description	CODE (NACE Rev. 2)	
Sum of sections B to N excluding K, including S95 (only breakdown for series 1G2) or **BUS**	**B-N_S95_X_K**	
Mining and quarrying	**B**	
Manufacturing	**C**	
Manufacture of food products		C10
Manufacture of beverages		C11
Manufacture of tobacco products		C12
Manufacture of textiles		C13
Manufacture of wearing apparel		C14
Manufacture of leather and related products		C15
Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials		C16
Manufacture of paper and paper products		C17
Printing and reproduction of recorded media		C18
Manufacture of coke and refined petroleum products		C19
Manufacture of chemicals and chemical products		C20
Manufacture of basic pharmaceutical products and pharmaceutical preparations		C21
Manufacture of rubber and plastic products		C22
Manufacture of other non-metallic mineral products		C23
Manufacture of basic metals		C24
Manufacture of fabricated metal products, except machinery and equipment		C25
Manufacture of computer, electronic and optical products		C26
Manufacture of electrical equipment		C27
Manufacture of machinery and equipment n.e.c.		C28
Manufacture of motor vehicles, trailers and semi-trailers		C29
Manufacture of other transport equipment		C30
Manufacture of furniture		C31
Other manufacturing		C32
Repair and installation of machinery and equipment		C33
Electricity, gas, steam and air conditioning supply	**D**	
Electricity, gas, steam and air conditioning supply		D35
Water supply; sewerage, waste management and remediation activities	**E**	
Water collection, treatment and supply		E36
Sewerage		E37

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[43] NACE — Nomenclature statistique des activités économiques dans la Communauté Européenne (Statistical classification of economic activities in the European Community).

[44] Detailed activities requested by the OECD which are not obligatory under FATS-R, are indicated in italics.

Description	CODE (NACE Rev. 2)		
Waste collection, treatment and disposal activities; materials recovery		E38	
Remediation activities and other waste management services		E39	
Construction	**F**		
Construction of buildings		F41	
Development of building projects			F411
Construction of residential and non-residential buildings			F412
Civil engineering		F42	
Construction of roads and railways			F421
Construction of utility projects			F422
Construction of other civil engineering projects			F429
Specialised construction activities		F43	
Demolition and site preparation			F431
Electrical, plumbing and other construction installation activities			F432
Building completion and finishing			F433
Other specialised construction activities			F439
Wholesale and retail trade; repair of motor vehicles and motorcycles	**G**		
Wholesale and retail trade and repair of motor vehicles and motorcycles		G45	
Sale of motor vehicles			G451
Maintenance and repair of motor vehicles			G452
Sale of motor vehicle parts and accessories			G453
Sale, maintenance and repair of motorcycles and related parts and accessories			G454
Wholesale trade, except of motor vehicles and motorcycles		G46	
Wholesale on a fee or contract basis			G461
Wholesale of agricultural raw materials and live animals			G462
Wholesale of food, beverages and tobacco			G463
Wholesale of household goods			G464
Wholesale of information and communication equipment			G465
Wholesale of other machinery, equipment and supplies			G466
Other specialised wholesale			G467
Non-specialised wholesale trade			G469
Retail trade, except of motor vehicles and motorcycles		G47	
Retail sale in non-specialised stores			G471
Retail sale of food, beverages and tobacco in specialised stores			G472
Retail sale of automotive fuel in specialised stores			G473
Retail sale of information and communication equipment in specialised stores			G474
Retail sale of other household equipment in specialised stores			G475
Retail sale of cultural and recreation goods in specialised stores			G476
Retail sale of other goods in specialised stores			G477
Retail sale via stalls and markets			G478
Retail trade not in stores, stalls or markets			G479
Transportation and storage	**H**		
Land transport and transport via pipelines		H49	
Passenger rail transport, interurban			H491
Freight rail transport			H492
Other passenger land transport			H493
Freight transport by road and removal services			H494
Transport via pipeline			H495
Water transport		H50	
Air transport		H51	
Warehousing and support activities for transportation		H52	
Postal and courier activities		H53	
Accommodation and food service activities	**I**		
Accommodation		I55	
Hotels and similar accommodation			I551
Holiday and other short-stay accommodation			I552
Camping grounds, recreational vehicle parks and trailer parks			I553
Other accommodation			I559
Food and beverage service activities		I56	

Description	CODE (NACE Rev. 2)		
Restaurants and mobile food service activities			I561
Event catering and other food service activities			I562
Beverage serving activities			I563
Information and communication	**J**		
Publishing activities		J58	
Publishing of books, periodicals and other publishing activities			J581
Software publishing			J582
Motion picture, video and television programme production, sound recording and music publishing activities		J59	
Programming and broadcasting activities		J60	
Telecommunications		J61	
Computer programming, consultancy and related activities		J62	
Information service activities		J63	
Data processing, hosting and related activities; web portals			J631
Other information service activities			J639
Financial and insurance activities	**K**		
Financial service activities, except insurance and pension funding		K64	
Insurance, reinsurance and pension funding, except compulsory social security		K65	
Activities auxiliary to financial services and insurance activities		K66	
Real estate activities	**L**		
Real estate activities		L68	
Professional, scientific and technical activities	**M**		
Legal and accounting activities		M69	
Activities of head offices, management consultancy activities		M70	
Architectural and engineering activities; technical testing and analysis		M71	
Scientific research and development		M72	
Advertising and market research		M73	
Other professional, scientific and technical activities		M74	
Veterinary activities		M75	
Administrative and support services activities	**N**		
Rental and leasing activities		N77	
Renting and leasing of motor vehicles			N771
Renting and leasing of personal and household goods			N772
Renting and leasing of other machinery, equipment and tangible goods			N773
Leasing of intellectual property and similar products, except copyrighted works			N774
Employment activities		N78	
Travel agency, tour operator reservation service and related activities		N79	
Security and investigation activities		N80	
Services to buildings and landscape activities		N81	
Office administrative, office support and other business support activities		N82	
Repair of computers and personal and household goods		S95	

Taking into account the pursued streamlining of Eurostat's and OECD's data requests, Member States are asked to compile additional activity codes as presented in Table II.6 on a *voluntary* basis.

Table II.6 **Levels of activity breakdown requested on a voluntary basis.**

Description	CODE (NACE Rev. 2)		
Manufacture of air, spacecraft and related machinery			C303
Activities of holding companies			K642
Education	**P**		
Human health and social work activities	**Q**		
Arts, entertainment and recreation	**R**		
Activities of membership organisations		S94	
Other personal service activities		S96	

II.1.4.2 Recommendation for financial and insurance activities

The data requested for NACE Rev.2 section K (financial and insurance activities) and the three divisions are described in Annex I of Regulation (EC) No 295/2008 (SBS Regulation), which establishes a common framework for all enterprise statistics across the board. Annexes II to VII of the Regulation are then in-depth detailed modules for sector-specific statistics.

Data collected in accordance with Annexes V to VII of Regulation (EC) No 295/2008 present several difficulties: the definitions and contents of the variables and the approaches to collecting statistics may differ in the Member States. They cover the following activities:

- Annex V, insurance: includes NACE Rev.2 groups 65.1 and 65.2 (NACE Rev.1.1 division 66 except for class 66.02). This means that non-life and life insurance enterprises and reinsurance enterprises are included.

- Annex VI, credit institutions: includes NACE Rev.2 classes 64.19 and 64.92 (NACE Rev.1.1 classes 65.12 and 65.22), the so-called other monetary intermediation and other credit granting. 'Other' means other than central banking, holding companies, trusts, funds and similar financial entities and financial leasing.

- Annex VII, pension funding: includes NACE Rev.2 class 65.3 (NACE Rev.1.1 class 66.02), pension funding.

For each of the annexes a methodological manual exists that helps to collect the data (see bibliography). The manuals were drafted based on NACE Rev.1.1 and are currently under revision. The first reference year for the compilation of NACE Rev.2 64.2, 64.3, 64.9 and 66 still needs to be decided according to Annex I, section 5, of Regulation (EC) No 295/2008.

However, according to the FATS-R, data for NACE Rev.2 section K and for the three NACE Rev.2 divisions 64, 65 and 66 should be delivered. The following box gives an overview of the characteristics to be delivered for NACE Rev.2 section K and its divisions 64, 65 and 66.Box II.5:
Recommendation for data delivery for NACE Rev.2 section K

NACE Rev. 2	Characteristics
Section K: *Financial and insurance activities*	• number of enterprises (11 11 0) • turnover (12 11 0), to be calculated only if data for all divisions 64 to 66 are available • number of persons employed (16 11 0) (or number of employees instead — 16 13 0)
Division 64: *Financial service activities, except insurance and pension funding*	• number of enterprises (11 11 0) • production value (12 12 0) • number of persons employed (16 11 0) (or number of employees instead — 16 13 0)
Division 65: *Insurance, reinsurance and pension funding, except compulsory social security*	• number of enterprises (11 11 0) • turnover (12 11 0) • number of persons employed (16 11 0) (or number of employees instead — 16 13 0)
Division 66: *Activities auxiliary to financial services and insurance activities*	• number of enterprises (11 11 0) • turnover (12 11 0) • number of persons employed (16 11 0) (or number of employees instead — 16 13 0)

II.2 Data transmission

II.2.1 Data transmission guidelines

II.2.1.1 Deadline and periodicity

Box II.6 **Deadline for data delivery**
Section 5 of Annex I of the FATS-R states that the results should be transmitted within 20 months from the end of the reference year.

Example: Data for reference year 2010 should be transmitted by 31 August 2012.

Box II.7 *Periodicity* **of data delivery**
Section 4 of Annex I of the FATS-R states that Member States should provide data for every calendar year.

The first reference year for which annual inward FATS data has been compiled is the calendar year of entry in force of the FATS-R, namely 2007. Thereafter, Member States should provide Eurostat with inward FATS for every calendar year, with the exception of research and development variables that are to compiled every second year. (see mistake?.

II.2.1.2 Technical specifications

Standardisation of data record structures is fundamental for efficient data processing. It is a prerequisite for providing data conforming to the interchange standards specified by Eurostat.

The technical format for the transmission of inward FATS is defined in Annex I to Regulation (EC) No 364/2008 of 23 April 2008. It implements the FATS Regulation as regards the technical format for the transmission of foreign affiliates statistics. The technical format is similar to that laid down for the transmission of SBS. Standardisation of data transmission aims to make work easier both for data compiling institutes and for Eurostat.

Inward FATS should be transmitted via the Single Entry Point for data transmission from Member States eDAMIS,[45] which has been compulsory since 1 July 2008 for all transmission of regular datasets.

Box II.8 **Address for data transmission —** *Single Entry Point*
Inward FATS should be transmitted **via the Single Entry Point for data transmission from Member States — eDAMIS**.

Box II.9 **Identifiers**
The following dataset identifiers should be used for reporting inward FATS:
• **SBSFATS_1GA1_A for series 1G**
Example: reference year 2009 inward FATS data from Poland, first version is to be sent as:
SBSFATS_1GA1_A_PL_2009_000_V0001_N
revised version 2 should be sent as:
SBSFATS_1GA1_A_PL_2009_000_V0002_R

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[45] electronic Data files Administration and Management Information System.

- **SBSFATS_1GB1_A for series 1G2**

Example: reference year 2009 inward FATS data from Poland, first version is to be sent as:

SBSFATS_1GB1_A_PL_2009_000_V0001_N

revised version 2 should be sent as:

SBSFATS_1GB1_A_PL_2009_000_V0002_R

Box II.10 **Data not available or zero**

No blank cells are to be transmitted for the data value cell (field 9). Member States are required to provide complete datasets for all series (1G, 1G2) <u>including</u> records required by Regulation (EC) No 716/2007, but not available in the Member State. In order to be precise about the nature of data reported, it is necessary to make a distinction between the following:

- **data not available (code 'na'**): Data have not been sent because they are not collected in the Member State and therefore not available ('na'). Only in very exceptional cases are data allowed to be not available (derogations and 1%-rule).

- **data less than 0.5 or equal to zero (code '0'):** For completeness and data precision, it is imperative that the data value cells (field no. 9) contain a numeric value regardless of the value size. Data that are small and equal zero after rounding must be recorded as code '0' and not be left blank. This is also the case if the activities/phenomena do not exist in the Member State.

Data are sent as a set of records of which a large part describes the characteristics of the data (country, reference year, economic activity, geographical breakdown, etc.). The data item itself is a number, which can be linked to flags and explanatory footnotes to add explanations — providing users with additional information about extreme year-to-year changes, for example. One file should be provided per series of data.

Records are made up of fields of variable length separated by semi-colons (;). The maximum expected length is shown in the table for information. The following table gives an overview of the data structure and defines the fields, codes and attributes to be used. The codes to be used are given in this manual. All fields should be sent, even if they are empty. From left to right, the fields are:

Table II.7 **Data structure for inward FATS**

Field No	Field-id (name)	Type and size	Definition / Code lists
1	Series	AN2…3	Alphanumeric code of the series as defined in Section 3 of Annex I to the FATS Regulation: - 1G for series 1G (geographical breakdown level 2-IN combined with the activity breakdown level 3). - 1G2 for series 1G2 (geographical breakdown level 3 combined with Business economy). The identifiers to be used for data transmission are shown in Box II.9. For further information on the series please refer to Chapter II.4.1.
2	Reference year	N4	Reference year in four characters, e.g. 2007.

Field No	Field-id (name)	Type and size	Definition / Code lists
3	Territorial unit	AN2	Corresponds to the code of the declaring country. The code to be used is NUTS0. **Country** **Code** **Country** **Code** Belgium BE Malta MT Czech Republic CZ Netherlands NL Denmark DK Austria AT Germany DE Poland PL Estonia EE Portugal PT Greece GR Slovenia SI Spain ES Slovak Republic SK France FR Finland FI Ireland IE Sweden SE Italy IT United Kingdom UK Cyprus CY Bulgaria BG Latvia LV Romania RO Lithuania LT Iceland IS Luxembourg LU Liechtenstein LI Hungary HU Norway NO
4	Size class	N2	Code for the size class: • 30 for total
5	Economic Activity	AN1…10	Alphanumeric or numeric codes for the NACE headings and standard aggregates according to the activity breakdown as specified for activity breakdown level 3 in Annex III to the FATS Regulation as last amended by Commission Regulation No 747/2008. Non-standard aggregates should be indicated in field 14. All levels of NACE codes must be provided. For the code list please refer to Table II.5 in Chapter II.4.4.1
6	FATS identification	N2	Code for the 'Ultimate Controlling Institutional Unit' (UCI): • 30
7	Country of UCI	AN2	Country code corresponding to the country where the UCI is resident. The codes are specified in Table II.3 for series 1G (FATS-R, Annex III, geographical breakdown level 2-IN) and for series 1G2 (FATS-R, Annex III, geographical breakdown level 3). Table II.3 can be found in Chapter II.4.3.
8	Characteristics	AN4…5	Characteristics code as laid down in Section 2 of Annex I to the FATS Regulation. The definitions of the variables requested should be in accordance with the definitions in Chapter I.3. If the definition of variables deviates from the SBS framework (exception: R&D variables), this should be stated in the methodological note, along with full details of the definition used. For the code list please see Table II.1and for exceptions (e.g. as regards R&D variables) please see Chapter II.4.2.
9	Data value	AN1…12	Numeric value of the data (negative values are preceded by a minus sign) expressed as a whole number without decimal places. For the sake of data precision, please use the codes as indicated in Box II.10.

Field No	Field-id (name)	Type and size	Definition / Code lists
10	Quality flag	AN …1	• R: revised data; refers to data which are sent for a second (or subsequent) time and are corrections of data which have been sent previously; a description of the revision should be provided at the same time. Data providers should provide complete sets of data for any series in which data have been revised.
			• P: provisional data; should be used to indicate that the data being transmitted are likely to be corrected; the use of this flag is limited to specific cases. Eurostat will delete this flag when data for the next reference year are transmitted, unless the Member State notifies a revision of already published data.
			• W: low quality data that are used for calculating EU totals but cannot be disseminated at national level. *Data may be sent with this flag for the activity breakdown at NACE Rev. 2 group level. The number of flagged cells at this level should be limited as follows: (a) Germany, France, Italy and United Kingdom: max. 15%; (b) Belgium, Denmark, Ireland, Greece, Spain, the Netherlands, Austria, Poland, Portugal, Finland and Sweden: max. 25%; (c) all other Member States not listed above: no limitation.*
			• E: estimated value. *The use of this flag should be limited to cases where the quality of the data is worse than normally required. It should only be used in exceptional cases and only temporarily; efforts should be made to ensure that for the following reference year data of acceptable quality can be provided.*
			• A blank space should be used for all other data.
11	Confidentiality flag	AN …1	Member States are asked to clearly indicate confidential data using the flags listed in Table II.8 in Chapter II.6. According to Regulation (EC) No 364/2008 Member States have the obligation to indicate all secondary confidentiality cells as well as the data which is primary confidential at higher levels of aggregation of activity under national confidentiality rules.
12	Dominance/ share of largest unit	N …3	A numeric value less than or equal to 100. This indicates the percentage dominance of one or two enterprises which dominate the data and make them confidential. The value should be rounded to the nearest whole number: e.g. 90.3 becomes 90, 94.50 becomes 95. This field should only be used when the confidentiality flags B or C are used in the previous field. Where F is used in the previous field, this field should include the share of the largest enterprise.
13	Share of second largest unit	N …3	A numeric value less than or equal to 100. This field should be used when the confidentiality flags F is used in field 11; this field should include the share of the second largest enterprise.
14	Aggregation of NACE codes	AN …40	This field shall be used for non-standard aggregation of several NACE codes. For example, 551+552. Correct NACE codes should be transmitted even if they contain an aggregation of several NACE codes. No new codes should be used. Standard economic activity aggregates should not be indicated in this field.

Field No	Field-id (name)	Type and size	Definition / Code lists
15	Units of data values	AN3…4	This field can be used for indicating if non-standard units have been used. The following standard codes should be used: • UNIT: units for non-monetary data • KEUR: thousands of EUR for monetary data for countries that are members of the euro area • KNC: thousands of national currency units for countries that are not members of the euro area If other codes are used they should be communicated with the data delivery, e.g. in field 16.
16	Footnote	AN …250	Free text note that can be published as methodological notes/ additional explanations for better understanding of the data provided.

The codes for type and size of the fields are as follows:
- AN=Alphanumeric, examples:
  - AN …8: alphanumeric up to 8 positions but field can be empty
  - AN1…8: alphanumeric with at least one position and up to 8 positions
  - AN1: alphanumeric one position, exact
- N=Numeric, example:
  - N1: numeric one position, exact

Here are some examples of records:

(1) For series 1G:

Example 1: Data for 2008 for Germany. The NACE code B-N_S95_X_K contains the aggregation B to N excluding K including S95 for variable 12150, value added at factor cost, for France as the country where the UCI is resident. One enterprise dominates the data and represents 95.3% of value added. Value added is reported in thousands of Euros.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Series	Reference year	Territorial unit	Size class	Economic Activity	FATS identification	Country of UCI	Characteristics	Data value	Quality-flag	Confidentiality flag	Dominance/ share of largest unit	Share of second largest unit	Aggregation of NACE codes	Units of data values	Footnote
1G	2008	DE	30	B-N_S95_X_K	30	FR	12150	70394		B	95			KEUR	

The record should be sent as follows:

1G;2008;DE;30;B-N_S95_X_K;30;FR;12150;70394;;B;95;;;KEUR;;

Example 2: Data for 2009 for the Netherlands. The UCI is resident in the United States. The NACE code N77 contains the aggregation of codes N771+N772+N773 for variable 11110 (excludes N774). Number of enterprises is reported as units. The record is not confidential.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Series	Reference year	Territorial unit	Size class	Economic Activity	FATS identification	Country of UCI	Characteristics	Data value	Quality-flag	Confidentiality flag	Dominance/ share of largest unit	Share of second largest unit	Aggregation of NACE codes	Unit of data values	Footnote
1G	2009	NL	30	N77	30	US	11110	103					N77= N771+ N772+ N773	UNIT	

The record should be sent as follows:

1G;2009;NL;30;N77;30;US;11110;103;;;;;N77=N771+N772+N773;UNIT;;

Example 3: Data for 2010 for Slovenia for the total activity and the aggregate A1, which includes all enterprises resident in Slovenia, whether under foreign control or not, and should be consistent with SBS. Turnover is reported in thousands of national currency.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Series	Reference year	Terri-torial unit	Size class	Economic Activity	FATS identi-fication	Country of UCI	Charac-teristics	Data value	Qua-lity-flag	Confiden-tiality flag	Domi-nance/ share of largest unit	Share of second largest unit	Aggre-gation of NACE codes	Units of data values	Footno te
1G	2010	SI	30	B-N_S95_X_K	30	A1	12110	45189						KNC	

The record should be sent as follows:

1G;2010;SI;30;B-N_S95_X_K;30;A1;12110;45189;;;;;;KNC;;

Example 4: Revised number of persons employed for 2011 for Poland for NACE section D. The aggregate A2 includes all enterprises which are controlled by enterprises resident in Poland.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Series	Reference year	Terri-torial unit	Size class	Economic Activity	FATS identi-fication	Country of UCI	Chrac-teristics	Data value	Quality flag	Confiden-tiality flag	Domi-nance/ share of largest unit	Share of second largest unit	Aggre-gation of NACE codes	Units of data values	Footno te
1G	2011	PL	30	D	30	A2	16110	23111	R					UNIT	

The record should be sent as follows:

1G;2011;PL;30;D;30;A2;16110;23111;R;;;;;UNIT;;

(2) For series 1G2:

Example: Turnover for reference year 2008 for France. The code for the economic activity can only be B-N_S95_X_K for Business Economy. The country codes are according to geographical breakdown level 3, in this example PH for the Philippines.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Series	Reference year	Terri-torial unit	Size class	Economic Activity	FATS identi-fication	Country of UCI	Chrac-teristics	Data value	Quality flag	Confiden-tiality flag	Domi-nance/ share of largest unit	Share of second largest unit	Aggre-gation of NACE codes	Units of data values	Footno te
1G2	2008	FR	30	B-N_S95_X_K	30	PH	12110	20000						KEUR	

The record should be sent as follows:

1G2;2008;FR;30;B-N_S95_X_K;30;PH;12110;20000;;;;;;KEUR;;

Some records are duplicated for series 1G and 1G2 for the NACE aggregate FATS and geographical codes which exist in both series, only the series will be different. Both records should be sent twice.

The file to be sent is a list of records, for example:

```
1G;2008;IT;30;B-N_S95_X_K;30;V1;12110;45189;;;;;;KEUR;;
1G;2008;IT;30;B;30;V1;12110;45189;;;;;;KEUR;;
1G;2008;IT;30;C;30;V1;12110;45189;;;;;;KEUR;;
1G;2008;IT;30;C10;30;V1;12110;45189;;;;;;KEUR;;
```

II.2.2 Quality checks

There are some quality checks to be made before sending the data to Eurostat. Series 1G2 has been introduced in the FATS-R to reduce the burden for the data compilers, as they do not have to deliver the full NACE breakdown requested (activity breakdown level 3) for all countries of the world. However Eurostat needs the activity breakdown requested for the 14 most important partner countries (geographical breakdown level 2-IN), and for all geographical aggregates (series 1G). Data compilers should do the quality checks as listed in the Box II.11 before sending the data to Eurostat.

- *Characteristics:* The relations between certain characteristics should be checked and corrected, if needed.

- *Geographical breakdown:*
  - Always check that the aggregations are correct.
  - Bear in mind that V2 can be calculated in 1G2 for the aggregate BUS (B-N_S95_X_K) but not in 1G, because only 14 non-EU Member States have to be provided in 1G.
  - In series 1G, V2 should be greater than or equal to the sum for all available non-EU Member States, C4 and Z8 minus Hong Kong and Liechtenstein (which are already included in C4 and should not be double-counted).
  - There should be no records with the compiling country's codes used for the country of UCI because A2 should be used if the UCI is resident in the data compiling Member State. The own country code should be used for the territorial unit only.
  - The values for the codes A1, Z9, A2, V1, V2, Z7, Z8, C4, BE, BG,CZ, DK, DE, EE, GR, ES, FR, IE, IT, CY, LV, LT, LU, HU, MT, NL, AT, PL, PT, RO, SI, SK, FI, SE, GB, AU, CA, CH, CN, HK, IL, IS, JP, LI, NO, NZ, RU, TR, US should be the same in both series for the activity aggregate BUS (B-N_S95_X_K).

- *Activity breakdown:*
  - The extent to which globalisation has taken place in an economy is often measured by the share of foreign-controlled enterprises (Z9) in the whole economy (A1), e.g. measured in terms of value added. It is important to ensure that the numerator and denominator are comparable. If the aggregate A1 is taken from SBS the values should be the same as for SBS (which is the main source for inward FATS).
  - The aggregation of higher NACE codes is obvious from activity breakdown level 3.

Box II.11 **Quality checks**

Characteristics

☞ *Please check and correct if*
1. 16110<16130
2. 16110<11110
3. 16110<22120

☞ *Please check and either correct or inform Eurostat that the following relationships are correct:*
1. 12110<12150
2. 12150<13310
3. 12120<13110
4. 12120<12150
5. 12150<22110

Geographical breakdown

☞ *Please compare the country codes used with the list in the FATS Recommendations Manual. If you cannot find an appropriate country code in the list, please either contact Eurostat before data delivery or provide the full name of the country together with the data delivery.*

<table>
<tr><td colspan="2" align="center">Box II.11 **Quality checks**</td></tr>
<tr><td colspan="2">

☞ *Please check and correct if*

1. A1 (1G, 1G2) ≠ A2 + Z9
2. Z9 (1G, 1G2) ≠ V1 + V2
3. A1 (1G, 1G2) ≠ A2 + V1 + V2
4. V1 (1G, 1G2) ≠ ∑ all Member States (without compiling country A2) + Z7
5. V2 (1G) < AU+CA+CH+CN+IL+IS+JP+NO+NZ+RU+TR+US+C4+Z8
6. V2 (1G2) ≠ ∑ all extra-EU 27 countries FATS-R level 3 + Z8
7. Records with 'country of UCI' = 'territorial unit'
8. A1 (1G) ≠ A1 (1G2)
9. A2 (1G) ≠ A2 (1G2)
10. Z9 (1G) ≠ Z9 (1G2)
11. V1 (1G) ≠ V1 (1G2)
12. V2 (1G) ≠ V2 (1G2)
13. Z7 (1G) ≠ Z7 (1G2)
14. Z8 (1G) ≠ Z8 (1G2)
15. C4 (1G) ≠ C4 (1G2)
16. 1G ≠ 1G2 for the 14 level 2-IN extra-EU countries and 27 EU Member States

Activity breakdown

☞ *Please check and correct if*

1. Inconsistency of A1 with corresponding data in SBS Annexes 1A, 2A, 3A and 4A
2. B-N_S95_X_K (1G, 1G2) ≠ B + C + D + E + F + G + H + I + J + L + M + N + S95
3. C (1G) ≠ C10 + C11 + C12 + C13 + C14 + C15 + C16 + C17 + C18 + C19 + C20 + C21 + C22 + C23 + C24 + C25 + C26 + C27 + C28 + C29 + C30 + C31 + C32 + C33
4. E (1G) ≠ E36 + E37 + E38 + E39
5. F (1G) ≠ F41 + F42 + F43
6. F41 (1G) ≠ F411 + F412
7. F42 (1G) ≠ F421 + F422 + F429
8. F43 (1G) ≠ F431 + F432 + F433 + F439
9. G (1G) ≠ G45 + G46 + G47
10. G45 (1G) ≠ G451 + G452 + G453 + G454
11. G46 (1G) ≠ G461 + G462 + G463 + G464 + G465 + G466 + G467 +G469
12. G47 (1G) ≠ G471 + G472 + G473 + G474 + G475 + G476 + G477 + G478 + G479
13. H (1G) ≠ H49 + H50 + H51 + H52 + H53
14. H49 (1G) ≠ H491 + H492 + H493 + H494 + H495
15. I (1G) ≠ I55 + I56
16. I55 (1G) ≠ I551 + I552 + I553 + I559
17. I56 (1G) ≠ I561 + I562 + I563
18. J (1G) ≠ J58 + J59 + J60 + J61 + J62 + J63
19. J58 (1G) ≠ J581 + J582
20. J63 (1G) ≠ J631 + J639
21. K (1G) ≠ K64 + K65 + K66
22. L (1G) ≠ L68
23. M (1G) ≠ M69 + M70 + M71 + M72 + M73 + M74 + M75
24. N (1G) ≠ N77 + N78 + N79 + N80 + N81 + N82
25. N77 (1G) ≠ N771 + N772 + N773 + N774

</td></tr>
</table>

II.3 Confidentiality treatment

Regulation (EC) No 364/2008, which implements the FATS Regulation as regards the technical format and the derogations to be granted, specifies in Annex I *'Confidential data have to be sent with the true value being recorded in the value field and a flag indicating the nature of confidential data being added to the record. Member States have to provide all levels of aggregations of the breakdowns as defined in Regulation (EC) No 716/2007. In addition, data has to contain all secondary confidentiality flags in accordance with confidentiality rules existing at national level.'*

According to the regulation cited, the following 6 confidentiality flags are to be used in field 11 of the transmission format and the reasons for flagging should be added in fields 12 (dominance / share of largest unit) and 13 (share of second largest unit):

Table II.8 **Confidentiality flags**

Confidentiality	Flag in field 11	Reason for confidentiality	Further information needed in fields 12 and 13
No confidentiality	**-**	-	-
Primary confidentiality	**A**	Too few enterprises	-
	B	One enterprise dominates the data	Field 12: numeric value less than or equal to 100 indicating the percentage dominance of one enterprise which dominates the data and makes it confidential. The value is rounded to the nearest whole number: e.g. 90.3 becomes 90, 94.5 becomes 95.
	C	Two enterprises dominate the data	Field 12: numeric value less than or equal to 100 indicating the percentage dominance of two enterprises which dominate the data and make it confidential.[46] The value is rounded to the nearest whole number: e.g. 90.3 becomes 90, 94.5 becomes 95.
	F	Data is confidential in application of the p%-rule	Field 12: the share of the largest enterprise which dominates the data and makes it confidential. Field 13: the share of the second largest enterprise. Both values should be numeric values less than or equal to 100 and rounded to the nearest whole number: e.g. 90.3 becomes 90, 94.5 becomes 95.
	H	Data is not published at national level as it is considered to be sensitive information or to protect data that is not required by FATS Regulation (manually confidential data)	-

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[46] There is a difference from SBS, where it is possible to provide — in cases where confidentiality flag C is used — the dominance of the largest and second largest enterprise separately. If data providers wish to use this code, they can do so for inward FATS as well, and indicate the share of the largest enterprise in field 12 and the share of the second largest enterprise in field 13.

Confidentiality	Flag in field 11	Reason for confidentiality	Further information needed in fields 12 and 13
Secondary confidentiality	**D**	Secondary confidential data in order to protect data flagged with A, B, C, F or H	-

Data compilers should take into account the following links between series when applying the confidentiality treatment for inward FATS:

1. Inward FATS are often compiled as a subset of SBS. If a cell contains the same information for SBS and inward FATS, it should be marked as confidential either in both series or in none of them. This should be checked particularly when sending inward FATS, because these data are sent two months later than SBS. When Eurostat publishes inward FATS, SBS has normally already been disseminated and it is too late to add flags to SBS.

2. Data compilers should also bear in mind that the confidentiality should be consistent between both series.

Outward FATS

3

III.1 Deliverables

III.1.1 Characteristics

III.1.2.1 List of requirements and measurement units

The characteristics to be compiled and delivered to Eurostat on a mandatory basis are defined in Annex II, Section 2 of the FATS-R.

Table III.1 **List of characteristics according to the FATS-R**

SBS code	Title	Code for data transmission
12 11 0	Turnover	TUR
16 11 0	Number of persons employed	EMP
11 11 0	Number of enterprises	ENT

If the number of persons employed (16 11 0) is not available, the number of employees (code 16 13 0) should be compiled instead.

Article 5 of the FATS-R provides for a pilot study programme which is further specified in Section 6 of Annex II of the Regulation. For the characteristics presented in Table III.2, a number of Member States performed pilot studies for the reference year 2007. Variables PEC, VAC and GIT could be successfully compiled by most of the countries that ran pilot studies. Trade variables EXP, IMP, EXPI and IMPI proved to be difficult to collect in the FATS framework due to data availability at the group head level. All of them remain on the list of voluntary variables in Outward FATS and are provided by some countries.

Table III.2 **List of characteristics subject to pilot studies (to be compiled on voluntary basis)**

SBS code	Title	Code for data transmission
13 31 0	Personnel costs	PEC
12 15 0	Value added at factor cost	VAC
15 11 0	Gross investment in tangible goods	GIT
	Exports of goods and services	EXP
	Imports of goods and services	IMP
	Intra-group exports of goods and services	EXPI
	Intra-group imports of goods and services	IMPI

Table III.3 lists two additional variables increasingly sought after by users: total intra-mural R&D expenditure and total number of R&D personnel. The table also contains a subset of export and import characteristics, for two main reasons:

- If a Member State is unable to provide a requested trade characteristic in its entirety (EXP, IMP, EXPI or IMPI), for data-transmission purposes it should select from the codes in Table III.3 the one which comes closest to describing the compiled value. For instance, if a Member State provides only exports of goods instead of compiling exports of goods and services, the code EXPG instead of EXP should be chosen. In addition, this deviation should be notified in the metadata.

- If a Member State collects more detailed information on foreign trade than is requested in the FATS-R, Eurostat would appreciate being sent this information under the most suitable code of Table III.5. For instance, if a Member State is able to distinguish between exports of goods and exports of services, the following three characteristics could be provided: EXPG, EXPS as well as EXP representing the sum of the two.

Table III.3 **Complementary list of characteristics (to be compiled on voluntary basis)**

SBS code	Title	Code for data transmission
22 11 0	Total intra-mural R&D expenditure	RDE
22 12 0	Total number of R&D personnel	RDP
	Exports of goods	EXPG
	Exports of services	EXPS
	Imports of goods	IMPG
	Imports of services	IMPS
	Intra-group imports of goods	IMPIG
	Intra-group imports of services	IMPIS
	Intra-group exports of goods	EXPIG
	Intra-group exports of services	EXPIS

Box III.1: **Recommendations for *allocation of variables***

Total values of variables should be allocated:

- *geographically* — to the country of residence of the affiliate abroad;
- *by activity* — to the main activity of the affiliate abroad.

Box III.2: **Recommendations for *units of measurement of individual characteristics***

As for the reporting of individual characteristics, it should be noted that:

- *Turnover, Exports of goods and services, Imports of goods and services, Intra-group exports of goods and services, Intra-group imports of goods and services, Value added at factor cost, Personnel costs, Gross investment in tangible goods and Total intra-mural R&D expenditure —* should be expressed **in thousands of currency units**. Countries provide the data either in national currency or in EUR. National currency is converted into EUR on the basis of EUR exchange rates.

- *Number of persons employed* is expressed simply **as the numerical value** of the numbers of persons reported to be employed by a given foreign affiliate. *Total number of R&D personnel* is also expressed as the numerical value of all persons employed directly on Research & Development by a given foreign affiliate.

- *Number of enterprises* is expressed simply **as the numerical value** of the numbers of foreign affiliates recorded for the parent company.

It should be noted that the list is a subset of the variables listed in §§ 4.46-4.65 of MSITS2010. Variables mentioned in the MSITS also include *Output, Assets, Net worth, Net operating surplus, Taxes on income, Research and development expenditure, Purchases of goods and services.*

The HEGI refers specifically to derived indicators for the activity of foreign affiliates abroad, such as: relative shares in employment and sales between the resident parent companies and affiliates abroad; *Herfindahl indexes* on the geographical concentration of affiliates.

III.1.2.2 Recommendations for applying the definitions

The *Number of enterprises* is a characteristic that in principle is obtained by counting the units in the target population, although in practice there can be collection problems when a resident parent enterprise supplies information on the activity of many affiliates abroad. The respondent may, for example, tend to group affiliates located in the same foreign country as a single enterprise. In terms of statistics produced, this characteristic may be used to derive useful indicators.

Characteristics of higher priority that are relatively easy to collect are ***Turnover, Number of Persons Employed*** and ***Personnel costs***. Statistics on turnover of foreign affiliates abroad are needed by the European Commission for the implementation of the GATS as concerns the GATS' *third mode of supply*. Statistics on employment provide information on the impact of direct investment abroad in terms of employment and are naturally complemented by information on personnel costs in foreign affiliates abroad.

These three characteristics are easy to collect because the underlying concepts in business accounting and in statistics are similar. However, turnover in particular has some limitations as an analytical indicator of the activity of foreign affiliates abroad. In general, unlike value added, turnover is affected by the extent of vertical integration of the activity. Nonetheless, even if it is a particularly weak indicator for some kinds of activities, notably banking and trade, its compilation is important as there is no better variable to measure the size of an affiliate's business operations.

Gross investment in tangible goods and ***Value added*** require more of an effort to collect from information available to resident direct investors on their affiliates abroad. However, these variables are collected in the US survey on affiliates abroad. There is a clear analytical interest for many users in having this information, which justifies their inclusion in the pilot studies in order to assess the relevance and feasibility of collecting data, taking into account the benefits of the availability of the data in relation to the cost to the statistical system and the burden on enterprises.

Imports and exports (total and intra-group) are also very important variables, needed among other things in trade negotiations. A particular challenge is breaking down the trade variables into intra-group trade and trade with third parties. Restricting compilation to only total exports and imports might lead to statistical results which misrepresent the trade flows as they occur in reality.

In fact, there are a number of ways through which double-counting may occur when trade flows of affiliates of transnational corporations are compiled. One obvious and not uncommon example is the case of a parent company distributing all its products via a wholesale arm established in a foreign country. In such a case, recording the turnover of affiliates abroad *and* exports by the resident parent without knowledge of the intra-group component (i.e. imports by the affiliates from the parent company), leads to the wrong conclusion that the total supply abroad in the sense of the GATS (exports plus sales of the affiliates) is the sum of the two components. The HEGI lists a number of further cases where double-counting may occur (OECD, 2005, Chapter V, p. 191/para. 634).

From the point of view of the ECB, knowledge of intra-group imports and exports is important for analysing inflationary pressures through (i) import prices and their developments and (ii) exports and the corresponding foreign demand experienced by the Euro Area. In both cases, it is assumed that intra-group transactions do not necessarily develop in the same way as arm's-length deals determined by market prices. Since the price-setting in intra-group deals might deviate significantly from market prices, knowledge of the importance of intra-group trade in relation to the overall trade volume of the EU may therefore provide important additional information for a better risk assessment with regard to price stability within the EU. Moreover, non-price factors affecting trade and competitiveness may be of particular importance when traditional econometric models for trade become less responsive to data, as is currently occurring in the Euro Area and in some Member States.

Figure I.12 below provides an overview of the most typical trade links of a foreign affiliate. It illustrates which trade flows are relevant for outward FATS data compilation in accordance with the definitions in Part I.

Figure I.12: **Overview of relevant export and import transactions of a foreign affiliate for outward FATS**
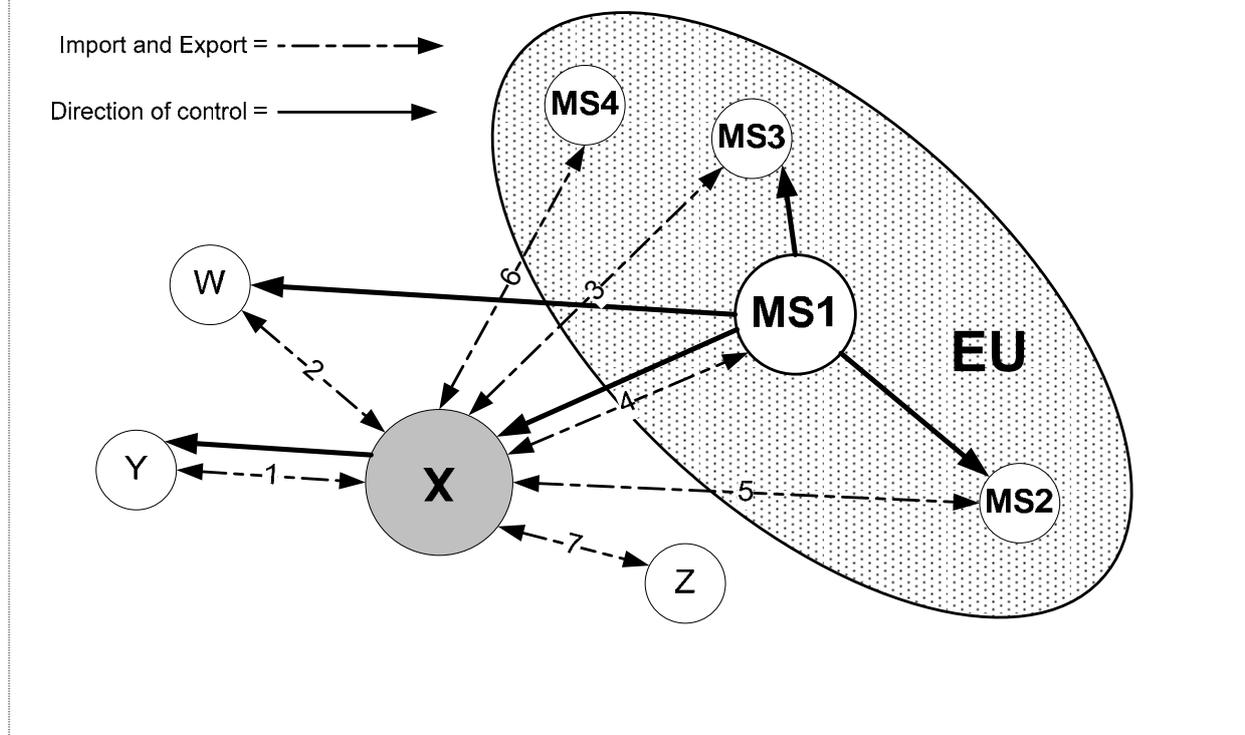
Intra-group trade of the foreign affiliate X includes the export and import flows with the enterprises of the same group located in MS1 (4), MS2 (5) and MS3 (3). In addition, it also includes trade between other group affiliates located outside the EU, namely with Y (1) and W (2). It is important to note that trade between units of the same enterprise group which are not directly linked to each other (2, 3 and 5) is also included. While enterprises may have more difficulty in identifying trade links between units that belong to the same group but which are only indirectly linked to each other through the chain of control, it is nonetheless important to make the reporting units aware that the export and import transactions between these partners also qualify as intra-group trade.

In practice, reporting units might find it difficult to account for all intra-group trade transactions, in particular between the affiliate in question and other affiliates that are only very indirectly linked to it. Consequently, compilers should ask reporting units for additional metadata information as to the precise scope of the intra-group trade linkages covered (e.g. if only trade transactions between the affiliate and the UCI have been included, this should be documented accordingly; please also refer to Table III.3 for this).

Total exports and imports of the foreign affiliate X include all trade transactions between X and the enterprises located in MS1, MS2, MS3, MS4, as well as with the enterprises W, Y and Z outside the EU. Exports and imports between X and the enterprise located in MS4 (6) as well as the affiliate Z (7) represent the only extra-group trade relations in this example.

As far as data collection is concerned, trade characteristics represent a bigger challenge to compilers than those mentioned earlier. Generally speaking, export and import variables, including intra-group exports and imports, need to be collected directly from the enterprises since this information is not available from other statistical or administrative sources. Extrastat information might be helpful but only to a limited extent. The collection of information on intra-group exports and imports represents a major task for respondent enterprises, not only because of the limited availability of information at the foreign-affiliate level but also given the special nature of the variable requested. In particular,

information on intra-group international trade is considered particularly sensitive by enterprises, especially with respect to the transfer-price policy adopted by the international enterprise group. The aggregated nature of intra-group variables should mitigate this problem. A useful source for the production of statistically-sound estimates of intra-group exports and imports can be found in the standard documentation that enterprises belonging to an enterprise group (thus including foreign affiliates) are required to compile for administrative purposes. In particular, the consolidation criteria described in the annexes of the consolidated balance sheet reports provide information on intra-group exchanges with resident and non-resident companies belonging to the same international group.

III.1.2 Level of detail

As specified in the FATS-R (Annex II, Section 3), three datasets are to be delivered. Data should be provided at the level of detail (country of location and activity of the foreign affiliate) specified in Annex III of the FATS-R. The detail by country of location and kind of activity should be combined as follows:

Box III.4 **The detail by country of location and activity**
'1'   **Level 1** of the geographical breakdown combined with **level 2** of the activity breakdown.
'2'   **Level 2-OUT** of the geographical breakdown combined with **level 1** of the activity breakdown.
'3'   **Level 3** of the geographical breakdown combined with data on **total activity** only.

Table III.1 summarises requests at the level of detail by country of location and activity, on the one hand as required by the FATS-R and on the other hand as requested on a voluntary basis. The activity and geographical **codes highlighted in bold are those required by the FATS-R**. More detailed information will be given in the following chapters.

Table III.4 **The detail by country of location and activity (from 2010 onwards — NACE Rev.2)**

Dataset No 1 (888 obligatory data cells per variable)		
Country of location	Level 1	**BR, CA,CH, CN, HK, IN, JP, RU, US, C4, V2, Z8,** A1 and V1
Activity	Level 2	**B0995, B0905, C3395, C1205, C1895, C1405, C1805, C1995, C1900, C2000, C2200, C2805, C2505, C2600, C2800, C3095, C2900, C3000, C3390, D3500, E3995, E3600, E3905, F4395, X9595, G4795, G4500, G4600, G4700, H5395, H5295, H4900, H5000, H5100, H5200, H5300, I5695, J6395, J6005, J6100, J6305, K6695, K6400, K6420, K6500, K6600, L6800, M7595, M6900, M6910, M6920, M7000, M7010, M7020, M7100, M7200, M7300, M7310, M7320, M7505, N8295, N7700, N8205, P8500, Q8895, R9395, R9000, R9100, R9305, S9695, S9400, S9605, X9994, X9996** A0395, C2100, C3030.
		Additional breakdown requested on a **voluntary basis from 2011 data:**
		C1600,C1700,C1800,C2300,C2400,C2500,C2700,C3105,J5800, J5900,J6000,J6200,J6300.
Dataset No 2 (216 data cells common with dataset 1 and 432 other data cells per variable)		
Country of location	Level 2-OUT	**AR, AU, BR, CA, CH, CL, CN, EG, HK, HR, ID, IL, IN, IS, JP, KR, LI, MA, MX, MY, NG, NO, NZ, PH, RU, SG, TH, TR, TW, US, UY, VE, ZA, C4, V2, Z8,** A1, V1, BE, BG, CZ, DK, DE, EE, IE, GR, ES, FR, IT, CY, LV, LT, LU, HU, MT, NL, AT, PL, PT, RO, SI, SK, FI, SE and GB
Activity	Level 1	**B0995, C3395, C1995, C2600, C3095, D3500, E3995, F4395, X9595, G4795, H5395, I5695, J6395, K6695,** , **M7200, M7595, R9395, X9994,** X9996, A0395, L6800, N8295, P8500, Q8895, S9695.
Dataset No 3 (36 data cells common with dataset 2 and 173 other data cells per variable)		

| Country of location | Level 3 | **AD, AE, AF, AG, AI, AL, AM, AN (up to 2010 data), AO, AQ, AR, AS, AU, AW, AZ, BA, BB, BD, BF, BH, BI, BJ, BM, BN, BO, BQ (from 2011 data). BR, BS, BT, BV, BW, BY, BZ, CA, CC, CD, CF, CG, CH, CI, CK, CL, CM, CN, CO, CR, CU, CV, CW (from 2011 data). CX, DJ, DM, DO, DZ, EC, EG, ER, ET, FJ, FK, FM, FO, GA, GD, GE, GG, GH, GI, GL, GM, GN, GQ, GS, GT, GU, GW, GY, HK, HM, HN, HR, HT, ID, IL, IM, IN, IO, IQ, IR, IS, JE, JM, JO, JP, KE, KG, KH, KI, KM, KN, KP, KR, KW, KY, KZ, LA, LB, LC, LI, LK, LR, LS, LY, MA, MD, ME, MG, MH, MK, ML, MM, MN, MO, MP, MR, MS, MU, MV, MW, MX, MY, MZ, NA, NC, NE, NF, NG, NI, NO, NP, NR, NU, NZ, OM, PA, PE, PF, PG, PH, PK, PN, PS, PW, PY, QA, RS, RU, RW, SA, SB, SC, SD, SG, SH, SL, SM, SN, SO, SR, SS (from 2011 data), ST, SV, SX (from 2011 data). SY, SZ, TC, TD, TF, TG, TH, TJ, TK, TL, TM, TN, TO, TR, TT, TV, TW, TZ, UA, UG, UM, US, UY, UZ, VA, VC, VE, VG, VI, VN, VU, WF, WS, YE, ZA, ZM, ZW, Z8, C4, V2,** A1, V1, E1, E4, E7, F2, F7, BE, BG, CZ, DK, DE, EE, IE, GR, ES, FR, IT, CY, LV, LT, LU, HU, MT, NL, AT, PL, PT, RO, SI, SK, FI, SE and GB |
| Activity | Total activity | **X9994** |

There is an intersection between all three datasets. For instance, according to the FATS-R the activity aggregate Total activity (X9994) is requested in all three datasets. Consequently, values for the same characteristic, partner and activity should be identical regardless of the number of datasets provided. More detailed information is given in Chapter III.5 under data-transmission guidelines.

III.1.3 Geographical Breakdown

All three levels of geographical breakdown requested in FATS-R are presented in Table III.5. The country codes are the official ISO[47] 3166-1 codes (except for aggregates) and are the same as in the Balance of Payments Vademecum that covers all countries of the world.

Table III.5 **Levels of geographical breakdown requested by the FATS-R**

Level 1	Level 2-OUT	Level 3	CODE
		Andorra	AD
		United Arab Emirates	AE
		Afghanistan	AF
		Antigua and Barbuda	AG
		Anguilla	AI
		Albania	AL
		Armenia	AM
		Netherlands Antilles (up to 2010 data)[48]	AN
		Angola	AO
		Antarctica	AQ
	Argentina	Argentina	AR
		American Samoa	AS
	Australia	Australia	AU
		Aruba	AW
		Azerbaijan	AZ
		Bosnia and Herzegovina	BA
		Barbados	BB
		Bangladesh	BD
		Burkina Faso	BF
		Bahrain	BH
		Burundi	BI
		Benin	BJ

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[47] ISO — International Organisation for Standardisation: http://www.iso.org/iso/country_codes.htm.
[48] Following the constitutional reform in the Netherlands, on 10.10.2010 the Netherlands Antilles were dissolved. As from this date, they were replaced by three autonomous constituent countries of the Kingdom of the Netherlands: Bonaire, Saint Eustatius and Saba (BQ), Curaçao (CW) and Sint Maarten (Dutch part, SX). .

Level 1	Level 2-OUT	Level 3	CODE
		Bermuda	BM
		Brunei Darussalam	BN
		Bolivia	BO
		Bonaire, Saint Eustatius and Saba (from 2011 data)	BQ
Brazil	**Brazil**	**Brazil**	**BR**
		Bahamas	BS
		Bhutan	BT
		Bouvet Island	BV
		Botswana	BW
		Belarus	BY
		Belize	BZ
Canada	**Canada**	**Canada**	**CA**
		Cocos (Keeling) Islands	CC
		Congo, the Democratic Republic of the	CD
		Central African Republic	CF
		Congo	CG
Switzerland	**Switzerland**	**Switzerland**	**CH**
		Côte d'Ivoire	CI
		Cook Islands	CK
	Chile	Chile	CL
		Cameroon	CM
China	**China**	**China**	**CN**
		Colombia	CO
		Costa Rica	CR
		Cuba	CU
		Cape Verde	CV
		Curaçao (from 2011 data)	CW
		Christmas Island	CX
		Djibouti	DJ
		Dominica	DM
		Dominican Republic	DO
		Algeria	DZ
		Ecuador	EC
	Egypt	Egypt	EG
		Eritrea	ER
		Ethiopia	ET
		Fiji	FJ
		Falkland Islands (Malvinas)	FK
		Micronesia, Federated States of	FM
		Faroe Islands	FO
		Gabon	GA
		Grenada	GD
		Georgia	GE
		Guernsey	GG
		Ghana	GH
		Gibraltar	GI
		Greenland	GL
		Gambia	GM
		Guinea	GN
		Equatorial Guinea	GQ
		South Georgia and the South Sandwich Islands	GS
		Guatemala	GT
		Guam	GU
		Guinea-Bissau	GW
		Guyana	GY
Hong Kong	**Hong Kong**	**Hong Kong**	**HK**
		Heard Island and McDonald Islands	HM

Level 1	Level 2-OUT	Level 3	CODE
		Honduras	HN
	Croatia	Croatia	HR
		Haiti	HT
	Indonesia	Indonesia	ID
	Israel	Israel	IL
		Isle of Man	IM
India	**India**	**India**	**IN**
		British Indian Ocean Territory	IO
		Iraq	IQ
		Iran, Islamic Republic of	IR
	Iceland	Iceland	IS
		Jersey	JE
		Jamaica	JM
		Jordan	JO
Japan	**Japan**	**Japan**	**JP**
		Kenya	KE
		Kyrgyzstan	KG
		Cambodia (Kampuchea)	KH
		Kiribati	KI
		Comoros	KM
		St Kitts and Nevis	KN
		Korea, Democratic People's Republic of (North Korea)	KP
	Korea, Republic of (South Korea)	Korea, Republic of (South Korea)	KR
		Kuwait	KW
		Cayman Islands	KY
		Kazakhstan	KZ
		Lao People's Democratic Republic	LA
		Lebanon	LB
		Saint Lucia	LC
	Liechtenstein	Liechtenstein	LI
		Sri Lanka	LK
		Liberia	LR
		Lesotho	LS
		Libyan Arab Jamahiriya	LY
	Morocco	Morocco	MA
		Moldova, Republic of	MD
		Montenegro	ME
		Madagascar	MG
		Marshall Islands	MH
		Macedonia, the Former Yugoslav Republic of	MK
		Mali	ML
		Myanmar	MM
		Mongolia	MN
		Macao	MO
		Northern Mariana Islands	MP
		Mauritania	MR
		Montserrat	MS
		Mauritius	MU
		Maldives	MV
		Malawi	MW
	Mexico	Mexico	MX
	Malaysia	Malaysia	MY
		Mozambique	MZ
		Namibia	NA
		New Caledonia	NC
		Niger	NE
		Norfolk Island	NF
	Nigeria	Nigeria	NG

Level 1	Level 2-OUT	Level 3	CODE
		Nicaragua	NI
	Norway	Norway	NO
		Nepal	NP
		Nauru	NR
		Niue	NU
	New Zealand	New Zealand	NZ
		Oman	OM
		Panama	PA
		Peru	PE
		French Polynesia	PF
		Papua New Guinea	PG
	Philippines	Philippines	PH
		Pakistan	PK
		Pitcairn	PN
		Palestinian Territory, Occupied	PS
		Palau	PW
		Paraguay	PY
		Qatar	QA
		Serbia	RS
Russian Federation	**Russian Federation**	**Russian Federation**	**RU**
		Rwanda	RW
		Saudi Arabia	SA
		Solomon Islands	SB
		Seychelles	SC
		Sudan	SD
	Singapore	Singapore	SG
		St Helena	SH
		Sierra Leone	SL
		San Marino	SM
		Senegal	SN
		Somalia	SO
		Suriname	SR
		South Sudan (from 2011 data)[49]	SS
		Sao Tome and Principe	ST
		El Salvador	SV
		Sint Maarten, Dutch part (from 2011 data)	SX
		Syrian Arab Republic	SY
		Swaziland	SZ
		Turks and Caicos Islands	TC
		Chad	TD
		French Southern Territories	TF
		Togo	TG
	Thailand	Thailand	TH
		Tajikistan	TJ
		Tokelau	TK
		Timor-Leste	TL
		Turkmenistan	TM
		Tunisia	TN
		Tonga	TO
	Turkey	Turkey	TR
		Trinidad and Tobago	TT
		Tuvalu	TV
	Taiwan, Province of China	Taiwan, Province of China	TW
		Tanzania, United Republic of	TZ
		Ukraine	UA

[49] On 9 July 2011, South Sudan (SS) became an independent country, ceasing to be part of Sudan (SD). As from this data, Sudan (SD) and South Sudan (SS) are two separate countries.

Level 1	Level 2-OUT	Level 3	CODE
		Uganda	UG
		United States Minor Outlying Islands	UM
United States	**United States**	**United States**	**US**
	Uruguay	Uruguay	UY
		Uzbekistan	UZ
		Holy See (Vatican City State)	VA
		St Vincent and the Grenadines	VC
	Venezuela	Venezuela	VE
		Virgin Islands, British	VG
		Virgin Islands, U.S.	VI
		Viet Nam	VN
		Vanuatu	VU
		Wallis and Futuna	WF
		Samoa	WS
		Yemen	YE
	South Africa	South Africa	ZA
		Zambia	ZM
		Zimbabwe	ZW
Offshore Financial Centres	**Offshore Financial Centres**		**C4**
Extra EU-27	**Extra EU-27**		**V2**
Extra EU-27 not allocated	**Extra EU-27 not allocated**	**Extra EU-27 not allocated**	**Z8**

Annex VII shows the inclusions and exclusions of certain territories in the country codes (e.g. the United Sates (US) includes Puerto Rico (PR) and Navassa Island). The inclusions and exclusions apply to all geographical levels and are consistent with the BoP Vademecum.

There are three aggregates of economic zones requested concerning at least two levels of geographical breakdown. They should cover the same values for all datasets.

As explained in Chapter III.1.1 'Target population of statistical units', Member States are not obliged under the FATS-R to compile intra-EU outward FATS data. Nonetheless, given the keen interest of users in this information, Member States are asked to compile this information and the World total (A1) on a *voluntary* basis. This would increase the consistency of outward FATS data with inward FATS and FDI. Additionally, continent aggregates E1, E4, E7, F2 and F7 are collected at the request of the OECD and are not obligatory under FATS-R.

Table III.6 **Levels of geographical breakdown requested on a voluntary basis**

Level 1	Level 2-OUT	Level 3	CODE
World total	World total	World total	A1
EU-27	EU-27	EU-27	V1
	Belgium	Belgium	BE
	Bulgaria	Bulgaria	BG
	Czech Republic	Czech Republic	CZ
	Denmark	Denmark	DK
	Germany	Germany	DE
	Estonia	Estonia	EE
	Ireland	Ireland	IE
	Greece	Greece	GR
	Spain	Spain	ES
	France	France	FR
	Italy	Italy	IT
	Cyprus	Cyprus	CY
	Latvia	Latvia	LV
	Lithuania	Lithuania	LT
	Luxembourg	Luxembourg	LU
	Hungary	Hungary	HU

	Malta	Malta	MT
	Netherlands	Netherlands	NL
	Austria	Austria	AT
	Poland	Poland	PL
	Portugal	Portugal	PT
	Romania	Romania	RO
	Slovenia	Slovenia	SI
	Slovakia	Slovakia	SK
	Finland	Finland	FI
	Sweden	Sweden	SE
	United Kingdom	United Kingdom	GB
		Europe	E1
		Africa	E4
		America	E7
		Asia	F2
		Oceania and Polar regions	F7

The following table lists all geographical aggregates requested either by FATS-R or requested on a voluntary basis.

Table III.7: **Contents of geographical aggregates**

Code	Label	Content
C4	Offshore financial centres	up to 2010 data: AD + AG + AI +AN + BB + BH + BM + BS + BZ + CK + DM + GD + GG + GI + HK + IM + JE + JM + KN + KY + LB + LC + LI + LR + MH + MS + MV + NR + NU + PA + PH + SG + TC + VC + VG + VI + VU + WS from 2011 data: AD + AG + AI + AW + BB + BH + BM + BS + BZ + CK + CW + DM + GD + GG + GI + HK + IM + JE + KN + KY + LB + LC + LI + LR + MH + MS + MU + NR + NU + PA + PH + SC + SG + SX + TC + VC + VG + VI + VU + WS
V2	Extra EU-27	Covers all extra EU countries = World total — EU-27
Z8	Extra EU-27 not allocated	Aggregate of all extra EU-27 affiliates for which the country of residency is not known.
A1	World total	All entities excluding compiling country
V1	EU-27 (Intra EU-27)	BE + BG + CZ + DK + DE + EE + IE + GR + ES + FR + IT + CY + LV + LT + LU + HU + MT + NL + AT + PL + PT + RO + SI + SK + FI + SE + GB
E1	Europe	V1 + AD + AL + BA + BY + CH + FO + GG + GI + HR + IM + IS + JE + LI + MD + ME + MK + NO + RS + RU + SM + TR + UA + VA
E4	Africa	Up to 2010 data: AO + BF + BI + BJ + BW + CD + CF + CG + CI + CM + CV + DJ + DZ + EG + ER + ET + GA + GH + GM + GN + GQ + GW + IO + KE + KM + LR + LS + LY + MA + MG + ML + MR + MU + MW + MZ + NA + NE + NG + RW + SC + SD + SH + SL + SN + SO + ST + SZ + TD + TG + TN + TZ + UG + ZA + ZM + ZW from 2011 data: AO + BF + BI + BJ + BW + CD + CF + CG + CI + CM + CV + DJ + DZ + EG + ER + ET + GA + GH + GM + GN + GQ + GW + IO + KE + KM + LR + LS + LY + MA + MG + ML + MR + MU + MW + MZ + NA + NE + NG + RW + SC + SD + SH + SL + SN + SO + SS + ST + SZ + TD + TG + TN + TZ + UG + ZA + ZM + ZW
E7	America	up to 2010 data: AG + AI + AN + AR + AW + BB + BM + BO + BR + BS + BZ + CA + CL + CO + CR + CU + DM + DO + EC + FK + GD + GL + GT + GY + HN + HT + JM + KN + KY + LC + MS + MX + NI + PA + PE + PY + SR + SV + TC + TT + US + UY + VC + VE + VG + VI

		from 2011 data: AG + AI + AR + AW + BB + BM + BO + BQ + BR + BS + BZ + CA + CL + CO + CR + CU + CW + DM + DO + EC + FK + GD + GL + GT + GY + HN + HT + JM + KN + KY + LC + MS + MX + NI + PA + PE + PY + SR + SV + SX + TC + TT + US + UY + VC + VE + VG + VI
F2	Asia	AE + AF + AM + AZ + BD + BH + BN + BT + CN + GE + HK + ID + IL + IN + IQ + IR + JO + JP + KG + KH + KP + KR + KW + KZ + LA + LB + LK + MM + MN + MO + MV + MY + NP + OM + PH + PK + PS + QA + SA + SG + SY + TH + TJ + TL + TM + TW + UZ + VN + YE
F7	Oceania and Polar regions	AQ + AS + AU + BV + CC + CK + CX + FJ + FM + GS + GU + HM + KI + MH + MP + NC + NF + NR + NU + NZ + PF + PG + PN + PW + SB + TF + TK + TO + TV + UM + VU + WF + WS

III.1.4 Activity Breakdown

III.1.4.1 Requested level of detail

The NACE[50] classification of economic activities allocates statistical units to the classes where they have their principal activity. For the classification of their affiliates abroad, the activities codes used in the Balance of Payments framework should be applied for data transmission to Eurostat.

In accordance with Article 9 of the FATS-R, the European Commission was required to adapt the activity breakdown levels following the adoption of Regulation (EC) No 1893/2006[51] of the European Parliament and the Council establishing the statistical classification of economic activities NACE Revision 2. In accordance with the decision of the FATS JWG meeting in September 2006, implementation of NACE Rev. 2 in outward FATS has been aligned with FDI, with effect from the reference year 2010.[52]

Table III.8 gives an overview of requested levels of activities breakdown according to the FATS-R and the corresponding codes used by Eurostat in the Balance of Payments framework.

Table III.8 **Levels of activity breakdown requested by the FATS-R (from 2010 data onwards)**

Level 1	Level 2	Code	NACE Rev. 2	Corresponding NACE classes
FATS-TOTAL	**FATS-TOTAL**	**X9994**	**Sec B to S (excluding O)**	**05.10-82.99, 85.10-96.09**
MINING AND QUARRYING	**MINING AND QUARRYING**	**B0995**	**Sec B**	**05.10-09.90**
	Extraction of crude petroleum, natural gas and mining support service activities	B0905	Div 06, 09	06.10-06.20, 09.10-09.90
MANUFACTURING	**MANUFACTURING**	**C3395**	**Sec C**	**10.11-33.20**
	Food products, beverages and tobacco products	C1205	Div 10, 11, 12	10.11-12.00
	TOTAL textiles & wood activities	C1895	Div 13, 14, 16, 17, 18	13.10-14.39, 16.10-18.20
	Textiles and wearing apparel	C1405	Div 13, 14	13.10-14.39
	Wood, paper, printing and reproduction	C1805	Div 16, 17, 18	16.10-18.20

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[50] NACE — Nomenclature statistique des activités économiques dans la Communauté Européenne (Statistical classification of economic activities in the European Community).
[51] OJ L 393, 30.12.2006, p. 1.
[52] See Article 2 of Commission Regulation (EC) No 747/2008 (OJ L 202, 30.07.2008, p. 20). For activity breakdowns in NACE Rev. 1.1 for outward FATS, consult the 2007 edition of the FATS Recommendations Manual.

Level 1	Level 2	Code	NACE Rev. 2	Corresponding NACE classes
Petroleum, chemicals, pharmaceutical products, rubber & plastic products	TOTAL petroleum, chemicals, pharmaceutical products, rubber & plastic products	C1995	Div 19, 20, 21, 22	19.10-22.29
	Coke and refined petroleum products	C1900	Div 19	19.10-19.20
	Chemicals and chemical products	C2000	Div 20	20.11-20.60
	Rubber and plastic products	C2200	Div 22	22.11-22.29
	TOTAL metal & machinery products	C2805	Div 24, 25, 26, 28	24.10-26.80, 28.11-28.99
	Basic metals and fabricated metal products	C2505	Div 24, 25	24.10-25.99
Computer, electronic and optical products	Computer, electronic and optical products	C2600	Div 26	26.11-26.80
	Machinery and equipment n.e.c.	C2800	Div 28	28.11-28.99
Vehicles, other transport equipment	TOTAL vehicles & other transport equipment	C3095	Div 29, 30	29.10-29.32, 30.11-30.99
	Motor vehicles, trailers and semitrailers	C2900	Div 29	29.10-29.32
	Other transport equipment	C3000	Div 30	30.11-30.99
	TOTAL of other manufacturing	C3390	Div 15, 23, 27, 31, 32, 33	15.11-15.20, 23.11-23.99, 27.11-27.90, 31.01-33.20
ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	**ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY**	**D3500**	**Sec D**	**35.11-35.30**
WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	**WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES**	**E3995**	**Sec E**	**36.00-39.00**
	Water collection, treatment and supply	E3600	Div 36	36.00
	Sewerage, waste management, remediation activities	E3905	Div 37, 38, 39	37.00-39.00
CONSTRUCTION	**CONSTRUCTION**	**F4395**	**Sec F**	**41.10-43.99**
TOTAL SERVICES	**TOTAL SERVICES**	**X9595**	**Sec G, H, I, J, K, L, M, N, P, Q, R, S**	**45.11-82.99, 85.10-96.09**
WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES	**WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES**	**G4795**	**Sec G**	**45.11-47.99**
	Wholesale and retail trade and repair of motor vehicles and motorcycles	G4500	Div 45	45.11-45.40
	Wholesale trade, except of motor vehicles and motorcycles	G4600	Div 46	46.11-46.90
	Retail trade, except of motor vehicles and motorcycles	G4700	Div 47	47.11-47.99
TRANSPORTATION AND STORAGE	**TRANSPORTATION AND STORAGE**	**H5395**	**Sec H**	**49.10-53.20**
	TOTAL transport and storage	H5295	Div 49, 50, 51, 52	49.10-52.29
	Land transport and transport via pipelines	H4900	Div 49	49.10-49.50
	Water transport	H5000	Div 50	50.10-50.40
	Air transport	H5100	Div 51	51.10-51.22
	Warehousing and support activities for transportation	H5200	Div 52	52.10-52.29
	Postal and courier activities	H5300	Div 53	53.10-53.20
ACCOMMODATION AND FOOD SERVICE ACTIVITIES	**ACCOMMODATION AND FOOD SERVICE ACTIVITIES**	**I5695**	**Sec I**	**55.10-56.30**
INFORMATION AND COMMUNICATION	**INFORMATION AND COMMUNICATION**	**J6395**	**Sec J**	**58.11-63.99**
	Motion picture, video, television programme production, other entertainment activities	J6005	Div 59, 60	59.11-60.22
	Telecommunications	J6100	Div 61	61.10-61.90

Level 1	Level 2	Code	NACE Rev. 2	Corresponding NACE classes
	Other information and communication activities	J6305	Div 58, 62, 63	58.11-58.29, 62.01-63.99
FINANCIAL AND INSURANCE ACTIVITIES	**FINANCIAL AND INSURANCE ACTIVITIES**	**K6695**	**Sec K**	**64.11-66.30**
	Financial intermediation, except insurance and pension funding	K6400	Div 64	64.11-64.99
	Activities of holding companies	K6420	Group 64.2	64.20
	Insurance , reinsurance and pension funding, except compulsory social security	K6500	Div 65	65.11-65.30
	Other financial activities	K6600	Div 66	66.11-66.30
	REAL ESTATE ACTIVITIES	**L6800**	**Sec L**	**68.10-68.32**
PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	**PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES**	**M7595**	**Sec M**	**69.10-75.00**
	Legal and accounting activities	M6900	Div 69	69.10-69.20
	Legal activities	M6910	Group 69.1	69.10
	Accounting, bookkeeping and auditing activities; tax consultancy	M6920	Group 69.2	69.20
	Activities of head offices; management consultancy activities	M7000	Div 70	70.10-70.22
	Activities of head offices	M7010	Group 70.1	70.10
	Management consultancy activities	M7020	Group 70.2	70.21-70.22
	Architecture and engineering activities; technical testing and analysis	M7100	Div 71	71.11-71.20
Scientific Research and development	Scientific Research and development	M7200	Div 72	72.11-72.20
	Advertising and market research	M7300	Div 73	73.11-73.20
	Advertising	M7310	Group 73.1	73.11-73.12
	Market research and public opinion polling	M7320	Group 73.2	73.20
	Other professional, scientific and technical activities, veterinary activities	M7505	Div 74, 75	74.10-75.00
	ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES	**N8295**	**Sec N**	**77.11-82.99**
	Rental and leasing activities	N7700	Div 77	77.11-77.40
	Other administrative and support service activities	N8205	Div 78, 79, 80, 81, 82	78.10-82.99
	EDUCATION	**P8500**	**Sec P**	**85.10-85.60**
	HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	**Q8895**	**Sec Q**	**86.10-88.99**
ARTS, ENTERTAINMENT AND RECREATION	**ARTS, ENTERTAINMENT AND RECREATION**	**R9395**	**Sec R**	**90.01-93.29**
	Creative, arts and entertainment activities	R9000	Div 90	90.01-90.04
	Libraries, archives, museums and other cultural activities	R9100	Div 91	91.01-91.04
	Sporting and other recreational activities; gambling and betting activities	R9305	Div 92, 93	92.00-93.29
	OTHER SERVICE ACTIVITIES	**S9695**	**Sec S**	**94.11-96.09**
	Activities of membership organisations	S9400	Div 94	94.11-94.99
	Repair of computers and personal and household goods, other services	S9605	Div 95, 96	95.11-96.09
NOT ALLOCATED		**X9996**		

Taking into account the interdependency between Outward FATS and Outward FDI and the efforts to streamline Eurostat's and OECD's data requests, Member States are asked to compile additional activity codes as presented in Table III.10 on a *voluntary* basis.

Table III.9 **Levels of activity breakdown requested on a voluntary basis (from 2011 onwards)**

Level 1	Level 2	Code	NACE Rev. 2	Corresponding NACE classes
AGRICULTURE, FORESTRY AND FISHING	AGRICULTURE, FORESTRY AND FISHING	A0395	Sec A	01.11-03.22
	Wood and products of wood, cork, straw and plaiting materials, except furniture	C1600	Div 16	16.10-16.29
	Paper and paper products	C1700	Div 17	17.11-17.29
	Printing and reproduction of recorded media	C1800	Div 18	18.11-18.20
	Pharmaceutical products	C2100	Div 21	21.10-21.20
	Other non-metallic mineral products	C2300	Div 23	23.11-23.99
	Basic metals	C2400	Div 24	24.10-2454
	Fabricated metal products	C2500	Div 25	25.11-25.99
	Electrical equipment	C2700	Div 27	27.11-27.90
	Air, spacecraft and related machinery	C3030	Group 30.3	30.30
	Furniture, other manufacturing, repair of machinery and equipment	C3105	Div 31, 32, 33	31.01-33.20
	Publishing	J5800	Div 58	58.11-58.29
	Motion picture, video, television, sound recording, music publishing	J5900	Div 59	59.11-59.20
	Programming and broadcasting	J6000	Div 60	60.10-60.20
	Computer programming and consultancy	J6200	Div 62	62.01-6209
	Information services	J6300	Div 63	63.11-63.99

III.1.4.2 Recommendations for compiling financial and insurance activities

According to the FATS-R, there are no exceptions for the *compilation of financial and insurance activities (section K)* and in particular for divisions 64, 65 and 66 of NACE Rev. 2. However, in fact the definition of turnover cannot be applied when compiling division 64.

Box III.5: **Recommendations for compiling** *NACE Rev. 2 division 64*
For NACE Rev.2 division 64 *turnover is replaced by production value*.

Recommendations on compiling turnover for divisions 65 and 66 are given in Part I under definitions of characteristics (see more under Chapter I.3.2).

III.2 Data transmission

III.2.1 Data-transmission guidelines

III.2.1.1 Deadline and periodicity

Box III.6 *Deadline* for data delivery
Section 5 of Annex II of the FATS-R states that the results must be transmitted within 20 months of the end of the reference year.

Example: Data for reference year 2010 should be transmitted by 31 August 2012.

Box III.7 *Periodicity* of data delivery
Section 4 of Annex II of the FATS-R states that Member States must provide data for every calendar year.

The first reference year for which annual outward FATS data had to be compiled was the calendar year of entry into force of the FATS-R, namely 2007. Thereafter, Member States are required to provide Eurostat with outward FATS for every calendar year.

III.2.1.2 Technical specifications

It was necessary to specify the technical format and the procedure for the transmission of FATS data according to FATS-R in order to produce data that are comparable and harmonised between Member States, to reduce the risk of errors in the transmission of data and to increase the speed with which the data collected can be processed and made available to users. It is a necessary stage in providing data conforming to the interchange standards specified by Eurostat.

The technical format for the transmission of outward FATS is defined in Annex II to Regulation (EC) No 364/2008[53] of 23 April 2008. The technical format is similar to that laid down for the transmission of FDI in Commission Regulation (EC) No 601/2006[54] of 18 April 2006. The standardisation of data transmission aims to facilitate work both for data compiling institutes and Eurostat.

Box III.8 **Address for data transmission — *Single Entry Point***
Outward FATS should be transmitted **via the Single Entry Point for data transmission from Member States — eDAMIS,**[55] which has been compulsory since 1 July 2008 for all transmissions of regular datasets.

Although datasets for both inward and outward FATS should be transmitted via eDAMIS, the technical specifications for data transmission are slightly different for inward and outward FATS data.

Box III.9 **Dataset and key family identifiers**
The following dataset identifier should be used for reporting outward FATS: **DSI+BOP_FATS_A.** **EUROSTAT FATS' key family** is named **Eurostat_FATS_01** and this identifier must be used in the header of the data file transmitted to Eurostat.

Table III.10 gives an overview of the data structure, code lists and attributes to be used. The available values of the attributes are to be found in the most recent version of the BoP Vademecum and in this

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[53] OJ L112, 24.04.2008, p. 14.
[54] OJ L106, 18.04.2006, p. 7.
[55] eDAMIS — electronic Data files Administration and Management Information System.

Recommendations Manual. The Table below lists only the values of each code list that are relevant for outward FATS data transmission.

Table III.10 **Data structure for outward FATS data transmission**

Field No	Field-id (Name)	Name of code list or concept	Type and size	Definition/Code list	
1	Frequency	CL_FREQ	AN1	The frequency of the series	
				A	Annual
2	Reference area or reporter	CL_AREA_EE	AN2	The country or geographical/political group of countries related to the economic phenomenon measured	
				BE Belgium **BG** Bulgaria **CZ** Czech Republic **DK** Denmark **DE** Germany **EE** Estonia **IE** Ireland **GR** Greece **ES** Spain **FR** France **IT** Italy **CY** Cyprus **LV** Latvia **LT** Lithuania **LU** Luxembourg **HU** Hungary **MT** Malta **NL** Netherlands **AT** Austria **PL** Poland **PT** Portugal **RO** Romania **SI** Slovenia **SK** Slovakia **FI** Finland **SE** Sweden **GB** United Kingdom **IS** Iceland **NO** Norway **CH** Switzerland **HR** Croatia **TR** Turkey	
3	Adjustment indicator	CL_ADJUSTMENT	AN1	Indicates whether or not a seasonal adjustment and/or working day adjustment has been applied	
				N	Neither seasonally nor working-day adjusted
4	Data type	CL_DATA_TYPE_FATS	AN1	Describes the data type	
				N	Not applicable
5	FATS coded item	CL_FATS_ITEM	AN3...8	Coded item for FATS characteristics	
				See the list of values in Tables III.3, III.4 and III.5	
6	Currency breakdown	CL_CURR_BRKDWN	AN1	Currency breakdown for transactions and positions	
				N All currencies **E** EUR **F** Swiss Franc **W** All currencies except EUR, USD, GBP, JPY and CHF	

Field No	Field-id (Name)	Name of code list or concept	Type and size	Definition/Code list
7	Counterpart area	CL_AREA_EE	AN2	The country or geographical/economic group of countries within which the reference area or reporter has its affiliate
				See the list of values in Tables III.6 and III.7
8	Denomination of series	CL_SERIES_DENOM	AN1	Currency of denomination or special drawing rights
				E — EUR **N** — National currency **Q** — Quantity
9	Resident economic activity	CL_BOP_EC_ACTIV_R1	AN5	NACE codes and special resident economic activity aggregates
				X9999 — Total activity (from 2010 onwards)
10	Non-resident economic activity	CL_BOP_EC_ACTIV_R1	AN5	NACE codes and special non-resident economic activity aggregates
				See the list of values in Tables III.9 and III.4
11	Time period	TIME_PERIOD	AN4...35	Reference year
				2008
12	Time format code	TIME_FORMAT	AN3	Describes a single time period or time series
				602 — A single time period
13	Observation value	OBS_VALUE	AN …15	Numeric value of data (negative values are preceded by a minus sign)
				Also see Box. III.12 for recommendations on reporting empty cells
14	Observation status	CL_OBS_STATUS	AN1	Information on quality of value or an unusual or missing value
				A — Normal value **E** — Estimated value **F** — Forecast value **L** — Missing value; data exist but were not collected **M** — Missing value; data cannot exist **P** — Provisional value
15	Observation confidentiality	CL_OBS_CONF	AN1	Information about whether the observation can be made public outside the receiving institution or not. A blank space indicates non-confidential data
				C — Confidential statistical information **F** — Free (free for publication) **N** — Not for publication, restricted for internal use only **D** — Secondary confidentiality set by the sender, not for publication
16	Sender organisation	CL_ORGANISATION	AN3	Entity that sends the data
				AT1 — Statistik Österreich **AT2** — Österreichische Nationalbank **BE1** — Institut National de Statistiques de Belgique **BE2** — Banque Nationale de Belgique **BG1** — National Statistical Institute of Bulgaria **BG2** — Bulgarian National Bank **CH1** — Swiss Federal Statistical Office **CH2** — Schweizerische Nationalbank **CY1** — Cyprus, Department of Statistics and Research

Field No	Field-id (Name)	Name of code list or concept	Type and size	Definition/Code list	
					(Ministry of Finance)
				CY2	Central Bank of Cyprus
				CZ1	Czech Statistical Office
				CZ2	Czech National Bank
				DE1	Statistisches Bundesamt
				DE2	Deutsche Bundesbank
				DK1	Danmarks Statistik
				DK2	Danmarks Nationalbank
				EE1	Statistics Estonia
				EE2	Bank of Estonia
				ES1	Instituto Nacional de Statistica
				ES2	Banco de España
				FI1	Statistics Finland
				FI2	Bank of Finland
				FR1	Institut National de la Statistique et des Etudes Economiques — INSEE (France)
				FR2	Banque de France
				GB1	Office for National Statistics (United Kingdom)
				GB2	Bank of England (United Kingdom)
				GR1	National Statistical Service of Greece
				GR2	Bank of Greece
				HR1	Central Bureau of Statistics (Croatia)
				HR2	Croatian National Bank
				HU1	Hungarian Central Statistical Office
				HU2	National Bank of Hungary
				IE1	Central Statistics Office (Ireland)
				IE2	Central Bank of Ireland
				IS1	Statistics Iceland
				IS2	Central Bank of Iceland
				IT1	Instituto Nazionale di Statistica — ISTAT (Italy)
				IT2	Banca d'Italia (Italy)
				LT1	Statistics Lithuania
				LT2	Bank of Lithuania
				LU1	Service Central de la Statistique (STATEC) (Luxembourg)
				LU2	Banque centrale du Luxembourg
				LV1	Central Statistical Bureau of Latvia
				LV2	Bank of Latvia
				MT1	National Statistics Office (Malta)
				MT2	Central Bank of Malta
				NL1	Central Bureau voor de Statistiek (Netherlands)
				NL2	Nederlandse Bank (Netherlands)
				NO1	Statistics Norway
				NO2	Norges Bank (Norway)
				PL1	Central Statistical Office of Poland
				PL2	National Bank of Poland
				PT1	Instituto Nacional de Estatistica (Portugal)
				PT2	Banco de Portugal
				RO1	INSSE (National Institute of Statistics)
				RO2	National Bank of Romania
				SE1	Statistics Sweden (Sweden)
				SE2	Sveriges Riksbank
				SE5	Institutet för tillväxtpolitiska studier (ITPS) (Sweden)
				SI1	Statistical Office of the Republic of Slovenia
				SI2	Bank of Slovenia
				SK1	Statistical Office of the Slovak Republic
				SK2	National Bank of Slovakia
				TR1	State Institute of Statistics (Turkey)
				TR2	Central Bank of the Republic of Turkey
17	Recipient	CL_ORGANISATION	AN3	Entity that receives the data	
				4D0	Statistical Office of the European Communities (EUROSTAT)

The codes for type and size of fields are as follows:

- AN = Alphanumeric, examples:
    - AN …8 — alphanumeric up to 8 positions but a field can be empty;

- AN1...8 — alphanumeric with at least one position and up to 8 positions;
- AN1 — alphanumeric one position, exact.
- N = Numeric, example:
  - N1 — numeric one position, exact.

Box III.10 presents a simple data update message for EUROSTAT FATS key family. The variable data elements that each segment contains are represented in italics. An explanation of each data element is then given.

Box III.10 **Message overview for FATS key family dataset: BOP_FATS_A**
1	Syntax character Specification UNA:+.*?* '
2	Interchange Header UNB+UNOC:3+*GB1*+*4D0*+*040525:1200*+*IREF000001*++GESMES/TS' UNB+UNOC:3+*Sender_id*+*recipient_id*+*date:time of preparation*+*Interchange_reference*++GESMES/TS' The '*Sender_id*' and '*recipient_id*' code values are extracted from the CL_ORGANISATION code list.
3	Message Header UNH+*MREF000001*+GESMES:2:1:E6' UNH+*message_reference*+GESMES:2:1:E6'
4	Beginning of Message BGM+74'
5	Code list administration agency NAD+Z02+*EUROSTAT*' NAD+Z02+*maintenance agency_id*' The maintenance agency is *EUROSTAT.*
6	Reference to the message receiver NAD+MR+*4D0*' NAD+MR+*receiver_id*' The '*receiver_id*' code value is extracted from the CL_ORGANISATION code list and it is the same as in the UNB segment.
7	Reference to the message sender NAD+MS+*GB1*' NAD+MS+*sender_id*' The '*sender_id*' code value is extracted from the CL_ORGANISATION code list and it is the same as in the UNB segment.
8	Message Identity IDE+10+*This describes the reported dataset*' IDE+10+*message_identity*' '*Message_identity*' is free text up to 35 characters long and is provided by the message sender. This segment is not mandatory.

9	Contact information
	CTA+*CP*+*DP/STS: Someone*'
	CTA+*contact_function*+*contact_id:contact_name*'
	'*Contact_function*' identifies the function of the person and can take the following values:
	    CC: Person responsible for information production,
	    CP: Person responsible for computer data processing,
	    CF: Head of unit for information production,
	    CE: Head of unit for computer data processing.
	'*Contact_id*' and '*Contact_name*' are the department id and the name of the person

	Box III.10 Message overview for FATS key family dataset: BOP_FATS_A
	respectively.
	This segment is the trigger segment of the CTA-COM group. The group is optional but if the COM segment is used then the use of this CTA segment is mandatory.
10	Communication number and type of channel
	COM+*Someone@ons.co.uk:EM*'
	COM+*communication_number:communication_channel*'
	'Communication_channel' can take the following values
	EM: e-mail,
	TE: Telephone,
	FX: Fax,
	XF: X.400.
11	Dataset identification
	DSI+*BOP_FATS_A*'
	DSI+*data_set_identifier*'
	'Data_set_identifier' is provided by the centre. It is variable because it depends in the type of data transmitted (see Box. III.9).
12	Status report
	STS+3+*7*'
	STS+3+*status_code*'
	'Status_code' can take the following values:
	7: update or replace data
	6: delete
13	Dataset extraction date/time
	DTM+242:*200405251159*:203'
	DTM+242:*date_time*:203'
	The format of the *'date_time'* data element, as defined by the *'203'* qualifier, is CCYYMMDDhhmm.
14	Reporting period
	DTM+Z02:*2008*:*602*'
	DTM+Z02:*period or period_range*:*format_qualifier*'
	The format of the *'period_range'* data element is defined by the *'format_qualifier'* and can take the following value: 602 — for CCYY.
15	Key family/dataset structure identity
	IDE+5+*EUROSTAT_FATS_01*'
	IDE+5+*kf_identity*'
	The *'kf_identity'* is *'EUROSTAT_FATS_01'*.
16	Processing Indicator — ARR usage method
	GIS+AR3'
17	Processing Indicator — Missing value symbol
	GIS+1::-'
18-19	Statistical ARRay information
	ARR++*A*:*GB:N:N:EMP:N:4A:E:9999:0595:2008:602:123:A:F*'
	ARR++*A*:*GB:N:N:EMP:N:4A:E:9999:9999:2008:602:123.45:A:F*'
	ARR++*frequency*: *reporting_country*: *adjustment*: *data type*: *fats item*: *currency breakdown*: *counterpart area*: *series denom*: *resident economic activity*: *non-resident economic activity*: *reporting_period*: *reporting_period format*: observation of reporting period: *obs_status*: *obs_conf*'
20	Message Trailer
	UNT+18+MREF000001'
	UNT+number_of_segments+message_reference'

Box III.10 **Message overview for FATS key family dataset: BOP_FATS_A**
Interchange Trailer
21   UNZ+1+IREF000001'
UNZ+1+interchange_reference'

In Box III.10, please note that the format of *'Contact_id'* is AN..17 and the format of *'Contact_name'* is AN..35. **C***ommunication_number* has the format AN..25.

Box III.11 below shows an example of the message for outward FATS data transmission in the Balance of Payments framework. Before delivery to Eurostat, please check to make sure there are no spaces in (or between) the rows.

Box III.11 **An undocumented view of the message for outward FATS data transmission**
1   UNA:+.? '
2   UNB+UNOC:3+GB1+4D0+040525:1200+IREF000001++GESMES/TS'
3   UNH+MREF000001+GESMES:2:1:E6'
4   BGM+74'
5   NAD+Z02+**EUROSTAT'**
6   NAD+MR+4D0'
7   NAD+MS+GB1'
8   IDE+10+This describes the reported dataset'
9   CTA+CP+DP/STS:Someone'
10   COM+*Someone@ons.co.uk:EM*'
11   **DSI+BOP_FATS_A'**
12   STS+3+7'
13   DTM+242:200405251159:203'
14   DTM+Z02:2008:602'
15   IDE+5+**EUROSTAT_FATS_01'**
16   GIS+AR3'
17   GIS+1::-'
18   ARR++A:GB:N:N:TUR:N:US:E:9999:0595:2008:602:123:A:F'
19   ARR++A:GB:N:N:TUR:N:US:E:9999:9999:2008:602:123.45:A:F'
20   UNT+18+MREF000001'
21   UNZ+1+IREF000001'

Please note that the Sender Organisation and Recipient Organisation should be provided in the UNB segment, and not at the end of every ARR segment.

All fields should be sent, even if they are empty. Box III.12 specifies how to deal with empty cells.

Box III.12 **Recommendations for** *dealing with empty cells*
If the value of the transaction is not known, all dimensions should be reported as empty for these cells. *For those cells nothing should be sent.*
If, for some extraordinary reason, the dimensions of an unknown value are included in the data file, the value should be represented as the Missing value symbol '-'.
If the value of the transaction does not exist or is negligible, this should be reported as zero and not empty. If there are no transactions in a specific service or if the economic activity doesn't exist at all (e.g. Malta: no railway), this should not be considered as a missing value, but should be reported as zero.

III.2.2 Quality checks for data integrity

There is a set of standard minimum checks for data integrity that should be routinely performed before transmitting the data to Eurostat. There are two kinds of quality checks to be performed — economic and mathematical.

The relations between Number of Enterprises (ENT) and other characteristics should be checked. There should be no records for Turnover (TUR) for a particular activity and partner, if there is no value for ENT.

In all cases, the sum of the components must be equal to the aggregate. Also, consistency has to be ensured between the geographical and activity breakdowns as defined in Annex II Section 3 of the FATS-R. The following Tables III.11-III.15 comprise integrity rules specified for each level of detail according to Box III.4. For characteristic *Value added at factor cost (VAC)*, only equalities have to be checked.

Table III.11**Integrity rules for Level 2 of the activity breakdown (from 2010 onwards)**

Code		Integrity rule
B0995	$\geq$	B0905
C1895	=	C1405 + C1805
C1995	$\geq$	C1900 + C2000 + C2200
C2805	=	C2505 + C2600 + C2800
C3095	=	C2900 + C3000
C3395	=	C1205 + C1895 + C1995 + C2805 + C3095 + C3390
E3995	=	E3600 + E3905
G4795	=	G4500 + G4600 + G4700
H5295	=	H4900 + H5000 + H5100 + H5200
H5395	=	H5295 + H5300
J6395	=	J6005 + J6100 + J6305
K6400	$\geq$	K6420
K6695	=	K6400 + K6500 + K6600
M6900	=	M6910 + M6920
M7000	=	M7010 + M7020
M7300	=	M7310 + M7320
M7595	=	M6900 + M7000 + M7100 + M7200 + M7300 + M7505
N8295	=	N7700 + N8205
R9395	=	R9000 + R9100 + R9305
S9695	=	S9400 + S9605
X9595	=	G4795 + H5395 + I5695 + J6395 + K6695 + L6800 + M7595 + N8295 + P8500 + Q8895 + R9395 + S9695
X9994	=	B0995 + C3395 + D3500 + E3995 + F4395 + X9595 + X9996

Table III.12 **Integrity rules for Level 1 of the activity breakdown (from 2010 onwards)**

Code		Integrity rule
C3395	≥	C1995 + C2600 + C3095
M7595	≥	M7200
X9595	≥	G4795 + H5395 + I5695 + J6395 + K6695 + M7595 + R9395
X9994	=	B0995 + C3395 + D3500 + E3995 + F4395 + X9595 + X9996

Table III.13 **Integrity rules for Level 3 of the geographical breakdown**

Code		Integrity rule
C4	=	up to 2010 data: AD + AG + AI +AN + BB + BH + BM + BS + BZ + CK + DM + GD + GG + GI + HK + IM + JE + JM + KN + KY + LB + LC + LI + LR + MH + MS + MV + NR + NU + PA + PH + SG + TC + VC + VG + VI + VU + WS from 2011 data: AD + AG + AI + AW + BB + BH + BM + BS + BZ + CK + CW + DM + GD + GG + GI + HK + IM + JE + KN + KY + LB + LC + LI + LR + MH + MS + MU + NR + NU + PA + PH + SC + SG + SX + TC + VC + VG + VI + VU + WS
V2	=	Sum of all partners of Level 3 (excluding C4)
V1	=	BE + BG + CZ + DK + DE + EE + IE + GR + ES + FR + IT + CY + LV + LT + LU + HU + MT + NL + AT + PL + PT + RO + SI + SK + FI + SE + GB
A1	=	V1 + V2

Table III.14 **Integrity rules for Level 1 and Level 2-OUT of the geographical breakdown**

Code		Integrity rule
V2	≥	Sum of all partners corresponding to Level 1 or Level 2-OUT (excluding C4)
V1*	=	BE + BG + CZ + DK + DE + EE + IE + GR + ES + FR + IT + CY + LV + LT + LU + HU + MT + NL + AT + PL + PT + RO + SI + SK + FI + SE + GB
A1	=	V1 + V2

* Only for Level 2-OUT

For the dataset containing additional trade characteristics apart from mandatory ones, the integrity rules given in Table III.15 should be applied.

Table III.15 **Integrity rules for trade characteristics**

Code		Integrity rule
EXP	=	EXPG + EXPS
IMP	=	IMPG + IMPS
EXPI	=	EXPIG + EXPIS
IMPI	=	IMPIG + IMPIS
EXPI	≤	EXP
IMPI	≤	IMP

III.3 Confidentiality treatment

According to the legal framework described in Chapter I.4, confidential data must be sent with the true value recorded in the value field and a flag indicating the type of confidentiality. Member States providing Eurostat with outward FATS data should use the flags described in Table III.16 to identify confidential cells in field *No 15 Observation confidentiality*.

Table III.16 **Confidentiality flags set by the sender**

Code	Description	Operational use and details
F	**Free** **(free for publication)**	Default value (if the field is empty, then the value 'F' will be assumed). Data cells flagged with F (or not flagged at all) are considered free for publication and may be disseminated.
N	**Not for publication, restricted for internal use only**	These observations, though not publishable, can be shared among institutions (for internal use) following the appropriate agreements. This flag should not be used with an observation which reveals data of individual respondents: in such cases, the observation should be flagged as 'confidential statistical information' (see next row). No secondary confidentiality treatment is applied for cells with N flag.
C	**Confidential statistical information**	An observation flagged as 'confidential' could reveal data of individual respondents: in this case, the relevant legislation applies and sharing between institutions is not possible unless permitted by legislation. Before the release of a dataset which contains confidential cells, secondary confidentiality treatment will be applied in order to eliminate indirect disclosure.[56]
D	**Secondary confidentiality** *set by the sender*	This should be used to flag observations that should be 'suppressed' in a subsequent processing stage (at the receiver's end) in order to prevent observations flagged as 'confidential statistical information' being indirectly deduced.

Countries can use codes **C** and **N** (for primary confidentiality) or **D** (for secondary confidentiality) to flag their confidential data. The **S** flag has been created for internal use only at Eurostat when handling secondary confidentiality.

Table III.17 **Confidentiality flag set by the receiver**

Code	Description	Operational use and details
S	**Secondary confidentiality** *set and managed by the receiver*	This is used by Eurostat to flag observations that must be 'suppressed' in a subsequent processing stage in order to appropriately protect and prevent observations flagged (by the sender) as 'confidential statistical information' being indirectly deduced.

Some practical aspects of confidentiality treatment for outward FATS:

- If the purpose is only *to protect data from publication* (e.g. due to insufficient quality), then Member States should use the *N flag*. Data flagged with the N flag are not released for publication, but the data are not subjected to secondary confidentiality treatment. Member States should inform Eurostat why they have used *N flags*; in the absence of any information, Eurostat

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[56] Using secondary confidentiality management techniques, e.g., by reducing the breakdowns, suppressing other components.

may consider that the data flagged **N** cannot be published because they are not reliable (i.e. insufficient quality).

- *Missing values*, for which data were not collected or data cannot exist (no transaction, all the characteristics are equal to 0), *should not be flagged as confidential information.*

- *Member States are responsible for primary confidentiality*. If no confidentiality flags are set, Eurostat considers the data free for publication. However, after processing, Eurostat will send the data back to the Member State for validation.

- Eurostat will always ensure that *indirect disclosure is not possible*. However, Eurostat recommends that Member States start applying secondary confidentiality treatment before sending their data to Eurostat. Member States are best placed to carry out secondary disclosure control as the chosen confidentiality pattern will then correspond to the national publications, rules and preferences. If a Member State applies secondary confidentiality, the *flag D* should be used.

- Secondary confidentiality flags should be preferentially set on:

  - Activity and partner codes which in general represent small weights in the totals
  - Disaggregated levels of detail in order to ensure the publication of the totals
  - Activity and partner codes which are not mandatory under the FATS Regulation

- *The application of secondary confidentiality flags to '0' values should be avoided* as a systematic approach, as this may result into an increased disclosure risk in the absence of thorough data checks.

- Member States are kindly asked to inform Eurostat about their *national data dissemination*, indicating the website in their quality reports. That would put Eurostat in a better position to apply confidentiality treatment at EU level for the EU aggregates.

Abbreviations

AMNE	Activities of Multinational Enterprises
BoP	Balance of Payments
BMD4	OECD Benchmark Definition on Foreign Direct Investment, 4th edition
BPM5	IMF-Manual on Balance of Payments, 5th edition
BR	Business Register
BR-R	Business Register Regulation
BRRM	Business Register Recommendations Manual
BSDG	Business Statistics Directors Group
CR	Commission Regulation
EGR	EuroGroups Register
ESA	European System of Accounts
FATS	Foreign AffiliaTes Statistics
FATS-R	Regulation on Statistics on Foreign Affiliates
FATS JWG	FATS Joint Working Group
FDI	Foreign Direct Investment
GATS	General Agreement on Trade in Services
HEGI	OECD Handbook on Economic Globalisation Indicators
MSITS	Manual on Statistics in International Trade in Services
NACE	Nomenclature statistique des Activités économiques dans la Communauté Européenne — Statistical classification of economic activities in the European Community
NCR	National Company Register
OECD	Organisation for Economic Cooperation and Development
SBS	Structural Business Statistics
SBS-R	Structural Business Statistics Regulation
SNA	System of National Accounts
SPE	Special Purpose Entity
SUR	Statistical Units Regulation
UCI	Ultimate Controlling Institutional Unit
UBO	Ultimate Beneficial Owner
VAT	Value Added Tax

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Annexes

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Annex I

REGULATION (EC) No 716/2007 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 20 June 2007

on Community statistics on the structure and activity of foreign affiliates

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EURO-PEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 285(1) thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Central Bank ([1]),

Acting in accordance with the procedure laid down in Article 251 of the Treaty ([2]),

Whereas:

(1) Regular and good quality Community statistics on the structure and activity of foreign affiliates in the whole economy are essential for an adequate assessment of the impact of foreign-controlled enterprises on the European Union economy. This would also facilitate the monitoring of the effectiveness of the internal market and the gradual integration of the economies in the context of globalisation. In this context, multinational enterprises are playing a leading role, but small and medium-sized enterprises can also be concerned by foreign control.

(2) The implementation and review of the General Agreement on Trade in Services (GATS) and of the Trade-Related Intellectual Property Rights Agreement (TRIPs) as well as the current and future negotiations on further agreements call for the relevant statistical information to be made available in order to assist the negotiations.

(3) For the preparation of economic, competition, enterprise, research, technical development and employment policies in the context of the liberalisation process, statistics on foreign affiliates to measure direct and indirect effects of foreign control on employment, wages and productivity in particular countries and sectors are necessary.

(4) The information provided under existing Community legislation or available in Member States is insufficient, inadequate or insufficiently comparable to serve as a reliable basis for the work of the Commission.

(5) Regulation (EC) No 184/2005 ([3]) establishes a common framework for the systematic production of Community statistics on balance of payments, international trade in services and foreign direct investment. As balance of payments statistics cover only partially the data included in the GATS, it is essential that detailed statistics on foreign affiliates be produced regularly.

(6) Council Regulation (EC, Euratom) No 58/97 of 20 December 1996 concerning structural business statistics ([4]) and Council Regulation (EEC) No 696/93 of 15 March 1993 on the statistical units for the observation and analysis of the production system in the Community ([5]) established a common framework for the collection, compilation, transmission and evaluation of Community statistics on the structure and activity of businesses in the Community.

(7) The compilation of national accounts according to the Council Regulation (EC) No 2223/96 of 25 June 1996 on the European system of national and regional accounts in the Community ([6]) requires comparable, complete and reliable business statistics on foreign affiliates.

(8) Collectively, the Manual on Statistics of International Trade in Services of the United Nations, the Balance of Payments Manual (fifth edition) of the International Monetary Fund, the Benchmark Definition on foreign direct investment and the Handbook on Economic Globalisation Indicators of the Organisation for the Economic Cooperation and Development establish the general rules for compiling international comparable statistics on foreign affiliates.

([1]) OJ C 144, 14.6.2005, p. 14.

([2]) Opinion of the European Parliament delivered on 12 December 2006 (not yet published in the Official Journal) and Council Decision of 25 May 2007.

([3]) OJ L 35, 8.2.2005, p. 23. Regulation as amended by Commission Regulation (EC) No 602/2006 (OJ L 106, 19.4.2006, p. 10).

([4]) OJ L 14, 17.1.1997, p. 1. Regulation as last amended by Regulation (EC) No 1893/2006 of the European Parliament and of the Council (OJ L 393, 30.12.2006, p. 1).

([5]) OJ L 76, 30.3.1993, p. 1. Regulation as last amended by Regulation (EC) No 1882/2003 of the European Parliament and of the Council (OJ L 284, 31.10.2003, p. 1).

([6]) OJ L 310, 30.11.1996, p. 1. Regulation as last amended by Regulation (EC) No 1267/2003 of the European Parliament and of the Council (OJ L 180, 18.7.2003, p. 1).

(9) The production of specific Community statistics is governed by the rules set out in Council Regulation (EC) No 322/97 of 17 February 1997 on Community Statistics (¹).

(10) Since the objective of this Regulation, namely the creation of common statistical standards for the production of comparable statistics on foreign affiliates, cannot be sufficiently achieved by the Member States and can therefore, by reason of the scale or effects of the action, be better achieved at Community level, the Community may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary to achieve that objective.

(11) The measures necessary for the implementation of this Regulation should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission (²).

(12) In particular, power should be conferred on the Commission to adapt the definitions in Annexes I and II and the level of detail in Annex III as well as to make any consequential changes to Annexes I and II, to implement the results of the pilot studies and to define the proper common quality standards and the contents and periodicity of the quality reports. Since those measures are of general scope and are designed to amend non-essential elements of, or to supplement, this Regulation by the addition of new non-essential elements, they should be adopted in accordance with the regulatory procedure with scrutiny laid down in Article 5a of Decision 1999/468/EC.

(13) The Statistical Programme Committee, established by Council Decision 89/382/EEC, Euratom (³), and the Committee on Monetary, Financial and Balance of Payments Statistics, established by Council Decision 2006/856/EC (⁴), have been consulted,

HAVE ADOPTED THIS REGULATION:

Article 1

Subject matter

This Regulation establishes a common framework for the systematic production of Community statistics on the structure and activity of foreign affiliates.

_____
(¹) OJ L 52, 22.2.1997, p. 1. Regulation as amended by Regulation (EC) No 1882/2003.
(²) OJ L 184, 17.7.1999, p. 23. Decision as amended by Decision 2006/512/EC (OJ L 200, 22.7.2006, p. 11).
(³) OJ L 181, 28.6.1989, p. 47.
(⁴) OJ L 332, 30.11.2006, p. 21.

Article 2

Definitions

For the purpose of this Regulation, the following definitions apply:

(a) 'foreign affiliate' shall mean an enterprise resident in the compiling country over which an institutional unit not resident in the compiling country has control, or an enterprise not resident in the compiling country over which an institutional unit resident in the compiling country has control;

(b) 'control' shall mean the ability to determine the general policy of an enterprise by choosing appropriate directors, if necessary. In this context, enterprise A is deemed to be controlled by an institutional unit B when B controls, whether directly or indirectly, more than half of the shareholders' voting power or more than half of the shares;

(c) 'foreign control' shall mean that the controlling institutional unit is resident in a different country from the one where the institutional unit over which it has control is resident;

(d) 'branches' shall mean local units not constituting separate legal entities, which are dependent on foreign-controlled enterprises. They are treated as quasi-corporate enterprises within the meaning of point 3(f) of the Explanatory notes to Section III (B) of the Annex to Regulation (EEC) No 696/93;

(e) 'statistics on foreign affiliates' shall mean statistics describing the overall activity of foreign affiliates;

(f) 'inward statistics on foreign affiliates' shall mean statistics describing the activity of foreign affiliates resident in the compiling country;

(g) 'outward statistics on foreign affiliates' shall mean statistics describing the activity of foreign affiliates abroad controlled by an institutional unit resident in the compiling country;

(h) 'ultimate controlling institutional unit of a foreign affiliate' shall mean the institutional unit, proceeding up a foreign affiliate's chain of control, which is not controlled by another institutional unit;

(i) 'enterprise', 'local unit' and 'institutional unit' shall each have the same meaning as in Regulation (EEC) No 696/93.

Article 3

Submission of data

Member States shall submit to the Commission (Eurostat) data on foreign affiliates in respect of the characteristics, the economic activities and the geographical breakdown as referred to in Annexes I, II and III.

Article 4

Data sources

1. Member States shall, while complying with conditions as to quality referred to in Article 6, collect the information required under this Regulation using all the sources they consider relevant and appropriate.

2. Natural and legal persons required to supply information shall, when responding, comply with the time limits and definitions set by the national institutions responsible for the collection of data within the Member States in accordance with this Regulation.

3. Where the required data cannot be collected at a reasonable cost, best estimates, including zero values, may be transmitted.

Article 5

Pilot studies

1. The Commission shall draw up a programme for pilot studies to be carried out by national authorities within the meaning of Article 2 of Regulation (EC) No 322/97 on a voluntary basis on additional variables and breakdowns for inward and outward statistics on foreign affiliates.

2. The pilot studies shall be carried out in order to assess the relevance and feasibility of collecting data, taking into account the benefits of the availability of the data in relation to the cost of the statistical system and the burden on enterprises.

3. The Commission programme for pilot studies shall be consistent with Annexes I and II.

4. On the basis of the conclusions of the pilot studies, the Commission shall adopt the necessary implementation measures for inward and outward statistics on foreign affiliates in accordance with the regulatory procedure with scrutiny referred to in Article 10(3).

5. The pilot studies shall be completed by 19 July 2010.

Article 6

Quality standards and reports

1. Member States shall take all measures necessary to ensure the quality of the data transmitted according to common quality standards.

2. Member States shall supply the Commission (Eurostat) with a report on the quality of the data transmitted (quality reports).

3. The common quality standards as well as the content and periodicity of the quality reports shall be specified by the Commission in accordance with the regulatory procedure with scrutiny referred to in Article 10(3).

4. The Commission shall assess the quality of the data transmitted.

Article 7

Recommendations manual

The Commission shall, in close cooperation with the Member States, publish a recommendations manual which contains the relevant definitions and supplementary guidance concerning the Community statistics produced pursuant to this Regulation.

Article 8

Timetable and derogations

1. Member States shall compile the data according to the implementation timetable as specified in Annexes I and II.

2. During a transitional period that shall not exceed four years from the first reference year as referred to in Annexes I and II, derogations from the provisions of this Regulation may be granted for a limited period by the Commission to Member States, in accordance with the regulatory procedure referred to in Article 10(2), when their national systems require major adaptations.

Article 9

Implementing measures

1. The following measures for implementing this Regulation shall be adopted in accordance with the regulatory procedure referred to in Article 10(2):

(a) setting out the appropriate format and procedure for the transmission of results by Member States;

and

(b) granting derogations to Member States when their national systems require major adaptations, including granting derogations from any new requirements following pilot studies, pursuant to Article 8(2).

2.   The following measures designed to amend non-essential elements of this Regulation, including by supplementing it, shall be adopted in accordance with the regulatory procedure with scrutiny referred to in Article 10(3):

(a)   adapting definitions in Annexes I and II, adapting the level of detail in Annex III, and making any consequential changes in Annexes I and II;

(b)   implementing the results of the pilot studies, pursuant to Article 5(4);

        and

(c)   defining proper common quality standards and the contents and periodicity of the quality reports, pursuant to Article 6(3).

3.   Particular consideration shall be given to the principle that the benefits of such measures must outweigh their costs, and to the principle that any additional financial burden on Member-States or enterprises should remain within a reasonable limit.

Article 10

Committee

1.   The Commission shall be assisted by the Statistical Programme Committee (the Committee).

2.   Where reference is made to this paragraph, Articles 5 and 7 of Decision 1999/468/EC shall apply, having regard to the provisions of Article 8 thereof.

The period referred to in Article 5(6) of Decision 1999/468/EC shall be three months.

3.   Where reference is made to this paragraph, Article 5a(1) to (4) and Article 7 of Decision 1999/468/EC shall apply, having regard to the provisions of Article 8 thereof.

4.   The European Central Bank and the national central banks may attend the meetings of the Committee as observers.

Article 11

Cooperation with the Committee on Monetary, Financial and Balance of Payments Statistics

In implementing this Regulation, the Commission shall request the opinion of the Committee on Monetary, Financial and Balance of Payments Statistics on all matters falling within that committee's competence, notably about all measures for adjustment to economic and technical developments concerning the collection and statistical processing of data, the processing and transmission of results.

Article 12

Report on implementation

The Commission shall, by 19 July 2012, submit a report to the European Parliament and the Council on the implementation of this Regulation. In particular, that report shall:

(a)   assess the quality of the statistics produced;

(b)   assess the benefits accruing to the Community, the Member States, the providers and users of statistical information of the statistics produced in relation to the costs;

(c)   assess the progress of the pilot studies and their implementation;

        and

(d)   identify areas for potential improvement and amendments considered necessary in light of the results obtained and the costs involved.

Article 13

Entry into force

This Regulation shall enter into force on the 20th day following its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Strasbourg, 20 June 2007.

For the European Parliament	*For the Council*
The President	*The President*
H.-G. PÖTTERING	G. GLOSER

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ANNEX I

COMMON MODULE FOR INWARD STATISTICS ON FOREIGN AFFILIATES

SECTION 1

Statistical unit

The statistical units are the enterprises and all branches, which are under foreign control according to the definitions contained in Article 2.

SECTION 2

Characteristics

The following characteristics as defined in the Annex to Commission Regulation (EC) No 2700/98 of 17 December 1998 concerning the definitions of characteristics for structural business statistics [1] will be compiled:

Code	Title
11 11 0	Number of enterprises
12 11 0	Turnover
12 12 0	Production value
12 15 0	Value added at factor cost
13 11 0	Total purchases of goods and services
13 12 0	Purchases of goods and services purchased for resale in the same condition as received
13 31 0	Personnel costs
15 11 0	Gross investment in tangible goods
16 11 0	Number of persons employed
22 11 0	Total intra-mural R & D expenditure (*)
22 12 0	Total number of R & D personnel (*)

(*) Variables 22 11 0 and 22 12 0 shall be reported every second year. If the total amount of turnover or the number of persons employed in a division of NACE Rev. 1.1 Sections C to F represent, in a Member State, less than 1 % of the Community total, the information necessary for the compilation of statistics relating to characteristics 22 11 0 and 22 12 0 need not be collated for the purposes of this Regulation.

If the number of persons employed is not available, the number of employees (code 16 13 0) will be compiled instead.

Variables total intra-mural R & D expenditure (code 22 11 0) and total number of R & D personnel (code 22 12 0) are only required to be compiled for activities in NACE sections C, D, E and F.

For NACE section J only the number of enterprises, turnover [2] and the number of persons employed (or the number of employees instead) will be compiled.

SECTION 3

Level of detail

Data will be provided according to the concept of 'ultimate controlling institutional unit' with the geographical breakdown level 2-IN combined with the activity breakdown level 3 as specified in Annex III and the geographical breakdown level 3 combined with Business Economy.

[1]　OJ L 344, 18.12.1998, p. 49. Regulation as last amended by Regulation (EC) No 1670/2003 (OJ L 244, 29.9.2003, p. 74).
[2]　For NACE Rev. 1.1 division 65 turnover will be replaced by production value.

SECTION 4

First reference year and periodicity

1. The first reference year for which annual statistics will be compiled is the calendar year of the entry into force of this Regulation.

2. Member States will provide data for every calendar year thereafter.

3. The first reference year for which variables total intra-mural R & D expenditure (code 22 11 0) and total number of R & D personnel (code 22 12 0) will be compiled is 2007.

SECTION 5

Transmission of results

The results will be transmitted within 20 months after the end of the reference year.

SECTION 6

Reports and pilot studies

1. Member States will provide the Commission with a report relating to the definition, structure and availability of the statistical data to be compiled for the purposes of this common module.

2. For the level of detail covered by this Annex, the Commission will institute pilot studies to be carried out by national authorities within the meaning of Article 2 of Regulation (EC) No 322/97 pursuant to Article 5 of this Regulation.

3. The pilot studies will be carried out in order to assess the feasibility of obtaining data, taking into account the benefits of the availability of such data in relation to the cost of collection and the burden on business.

4. Pilot studies will be conducted for the following characteristics:

Code	Title
	Exports of goods and services
	Imports of goods and services
	Intra-group exports of goods and services
	Intra-group imports of goods and services

Exports, imports, intra-group exports and intra-group imports will be broken down into goods and services.

5. Pilot studies will also be conducted to study the feasibility of compiling data for activities in NACE sections M, N and O and of compiling the variables total intra-mural R & D expenditure (code 22 11 0) and total number of R & D personnel (code 22 12 0) for activities in NACE sections G, H, I, K, M, N and O. Pilot studies will also be conducted to assess the relevance, feasibility and costs of breaking down the data as specified in section 2 into size classes measured in terms of number of persons employed.

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ANNEX II

COMMON MODULE FOR OUTWARD STATISTICS ON FOREIGN AFFILIATES

SECTION 1

Statistical unit

The statistical units are the enterprises and all branches abroad that are controlled by an institutional unit resident in the compiling country, according to the definitions contained in Article 2.

SECTION 2

Characteristics

The following characteristics, as defined in the Annex to Regulation (EC) No 2700/98, will be compiled:

Code	Title
12 11 0	Turnover
16 11 0	Number of persons employed
11 11 0	Number of enterprises

If the number of persons employed is not available, the number of employees (code 16 13 0) will be compiled instead.

SECTION 3

Level of detail

Data will be provided with the detail by country of location and by activity of the foreign affiliate specified in Annex III. The detail by country of location and activity will be combined as follows:

— Level 1 of the geographical breakdown combined with Level 2 of the activity breakdown.

— Level 2-OUT of the geographical breakdown combined with level 1 of the activity breakdown.

— Level 3 of the geographical breakdown combined with data on total activity only.

SECTION 4

First reference year and periodicity

1. The first reference year for which annual statistics will be compiled is the calendar year of the entry in force of this Regulation.

2. Member States will provide data for every calendar year thereafter.

SECTION 5

Transmission of results

The results will be transmitted within 20 months from the end of the reference year.

SECTION 6

Reports and pilot studies

1. Member States will provide the Commission with a report relating to the definition, structure and availability of the statistical data to be compiled for the purposes of this common module.

2. For the level of detail covered by this Annex, the Commission will institute pilot studies to be carried out by national authorities within the meaning of Article 2 of Regulation (EC) No 322/97, pursuant to Article 5 of this Regulation.

3. The pilot studies will be carried out in order to assess the relevance and feasibility of obtaining data, taking into account the benefits of the availability of such data in relation to the cost of collection and the burden on business.

4. Pilot studies will be conducted for the following characteristics:

Code	Title
13 31 0	Personnel costs
	Exports of goods and services
	Imports of goods and services
	Intra-group exports of goods and services
	Intra-group imports of goods and services
12 15 0	Value added at factor cost
15 11 0	Gross investment in tangible goods

ANNEX III

LEVELS FOR DETAILED INFORMATION BY GEOGRAPHY AND BY ACTIVITY

Geographical breakdown levels	Level 1		Level 2-OUT (Level 1 + 24 countries)	
V2	Extra-EU 27	V2	Extra-EU 27	
		IS	Iceland	
		LI	Liechtenstein	
		NO	Norway	
CH	Switzerland	CH	Switzerland	
		HR	Croatia	
RU	Russian Federation	RU	Russian Federation	
		TR	Turkey	
		EG	Egypt	
		MA	Morocco	
		NG	Nigeria	
		ZA	South Africa	
CA	Canada	CA	Canada	
US	United States of America	US	United States	
		MX	Mexico	
		AR	Argentina	
BR	Brazil	BR	Brazil	
		CL	Chile	
		UY	Uruguay	
		VE	Venezuela	
		IL	Israel	
CN	China	CN	China	
HK	Hong Kong	HK	Hong Kong	
IN	India	IN	India	
		ID	Indonesia	
JP	Japan	JP	Japan	
		KR	South Korea	
		MY	Malaysia	
		PH	Philippines	
		SG	Singapore	
		TW	Taiwan	
		TH	Thailand	
		AU	Australia	
		NZ	New Zealand	
Z8	Extra-EU 27 not allocated	Z8	Extra-EU 27 not allocated	
C4	Offshore Financial Centres	C4	Offshore Financial Centres	
Z7	Equally-shared control of UCIs (*) of more than 1 Member State	Z7	Equally-shared control of UCIs (*) of more than one Member State	

(*) Ultimate controlling institutional unit of a foreign affiliate

Level 2-IN

A1	World total (all entities including compiling country)
Z9	Rest of the World (excluding compiling country)
A2	Controlled by the compiling country
V1	EU-27 (Intra-EU-27) excluding compiling country
BE	Belgium
BG	Bulgaria
CZ	Czech Republic
DK	Denmark
DE	Germany
EE	Estonia
IE	Ireland
GR	Greece
ES	Spain
FR	France
IT	Italy
CY	Cyprus
LV	Latvia
LT	Lithuania
LU	Luxembourg
HU	Hungary
MT	Malta
NL	Netherlands
AT	Austria
PL	Poland
PT	Portugal
RO	Romania
SI	Slovenia
SK	Slovakia
FI	Finland
SE	Sweden
UK	United Kingdom
Z7	Equally-shared control of UCIs (*) of more than one Member State
V2	Extra-EU 27
AU	Australia
CA	Canada
CH	Switzerland
CN	China
HK	Hong Kong
IL	Israel
IS	Iceland
JP	Japan
LI	Liechtenstein
NO	Norway
NZ	New Zealand
RU	Russian Federation
TR	Turkey
US	United States
C4	Offshore financial centres
Z8	Extra-EU27 not allocated

_____
(*) Ultimate controlling institutional unit of a foreign affiliate.

Level 3

AD	Andorra	EE	Estonia (*)	KZ	Kazakhstan	QA	Qatar
AE	United Arab Emirates	EG	Egypt	LA	Lao People's Democratic Republic	RO	Romania (*)
AF	Afghanistan	ER	Eritrea	LB	Lebanon	RS	Serbia
AG	Antigua and Barbuda	ES	Spain (*)	LC	Saint Lucia	RU	Russian Federation
AI	Anguilla	ET	Ethiopia	LI	Liechtenstein	RW	Rwanda
AL	Albania	FI	Finland (*)	LK	Sri Lanka	SA	Saudi Arabia
AM	Armenia	FJ	Fiji	LR	Liberia	SB	Solomon Islands
AN	Netherlands Antilles	FK	Falkland Islands (Malvinas)	LS	Lesotho	SC	Seychelles
AO	Angola	FM	Micronesia, Federated States of	LT	Lithuania (*)	SD	Sudan
AQ	Antarctica	FO	Faroe Islands	LU	Luxembourg (*)	SE	Sweden (*)
AR	Argentina	FR	France (*)	LV	Latvia (*)	SG	Singapore
AS	American Samoa	GA	Gabon	LY	Libyan Arab Jamahiriya	SH	St Helena
AT	Austria (*)	GD	Grenada	MA	Morocco	SI	Slovenia (*)
AU	Australia	GE	Georgia	MD	Moldova, Republic of	SK	Slovakia (*)
AW	Aruba	GG	Guernsey	ME	Montenegro	SL	Sierra Leone
AZ	Azerbaijan	GH	Ghana	MG	Madagascar	SM	San Marino
BA	Bosnia and Herzegovina	GI	Gibraltar	MH	Marshall Islands	SN	Senegal
BB	Barbados	GL	Greenland	MK (¹)	the Former Yugoslav Republic of Macedonia	SO	Somalia
BD	Bangladesh	GM	Gambia	ML	Mali	SR	Suriname
BE	Belgium (*)	GN	Guinea	MM	Myanmar	ST	Sao Tome and Principe
BF	Burkina Faso	GQ	Equatorial Guinea	MN	Mongolia	SV	El Salvador
BG	Bulgaria (*)	GR	Greece (*)	MO	Macau	SY	Syrian Arab Republic
BH	Bahrain	GS	South Georgia and the South Sandwich Islands	MP	Northern Mariana Islands	SZ	Swaziland
BI	Burundi	GT	Guatemala	MR	Mauritania	TC	Turks and Caicos Islands
BJ	Benin	GU	Guam	MS	Montserrat	TD	Chad
BM	Bermuda	GW	Guinea-Bissau	MT	Malta (*)	TF	French Southern Territories
BN	Brunei Darussalam	GY	Guyana	MU	Mauritius	TG	Togo
BO	Bolivia	HK	Hong Kong	MV	Maldives	TH	Thailand
BR	Brazil	HM	Heard Island and McDonald Islands	MW	Malawi	TJ	Tajikistan
BS	Bahamas	HN	Honduras	MX	Mexico	TK	Tokelau
BT	Bhutan	HR	Croatia	MY	Malaysia	TM	Turkmenistan
BV	Bouvet Island	HT	Haiti	MZ	Mozambique	TN	Tunisia
BW	Botswana	HU	Hungary (*)	NA	Namibia	TO	Tonga

(¹) Provisional code that does not affect the definitive denomination of the country to be attributed after the conclusion of the negotiation currently taking place at the United Nations.

BY	Belarus	ID	Indonesia	NC	New Caledonia	TP	East Timor
BZ	Belize	IE	Ireland (*)	NE	Niger	TR	Turkey
CA	Canada	IL	Israel	NF	Norfolk Island	TT	Trinidad and Tobago
CC	Cocos (Keeling) Islands	IM	Isle of Man	NG	Nigeria	TV	Tuvalu
CD	Congo, the Democratic Republic of the	IN	India	NI	Nicaragua	TW	Taiwan, Province of China
CF	Central African Republic	IO	British Indian Ocean Territory	NL	Netherlands (*)	TZ	Tanzania, United Republic of
CG	Congo	IQ	Iraq	NO	Norway	UA	Ukraine
CH	Switzerland	IR	Iran, Islamic Republic of	NP	Nepal	UG	Uganda
CI	Côte d'Ivoire	IS	Iceland	NR	Nauru	UK	United Kingdom (*)
CK	Cook Islands	IT	Italy (*)	NU	Niue	UM	United States Minor Outlying Islands
CL	Chile	JE	Jersey	NZ	New Zealand	US	United States
CM	Cameroon	JM	Jamaica	OM	Oman	UY	Uruguay
CN	China	JO	Jordan	PA	Panama	UZ	Uzbekistan
CO	Colombia	JP	Japan	PE	Peru	VA	Holy See (Vatican City State)
CR	Costa Rica	KE	Kenya	PF	French Polynesia	VC	St Vincent and the Grenadines
CU	Cuba	KG	Kyrgyzstan	PG	Papua New Guinea	VE	Venezuela
CV	Cape Verde	KH	Cambodia (Kampuchea)	PH	Philippines	VG	Virgin Islands, British
CX	Christmas Island	KI	Kiribati	PK	Pakistan	VI	Virgin Islands, US
CY	Cyprus (*)	KM	Comoros	PL	Poland (*)	VN	Viet Nam
CZ	Czech Republic (*)	KN	St Kitts and Nevis	PN	Pitcairn	VU	Vanuatu
DE	Germany (*)	KP	Korea, Democratic People's Republic of (North Korea)	PS	Palestinian Territory, Occupied	WF	Wallis and Futuna
DJ	Djibouti	KR	Korea, Republic of (South Korea)	PT	Portugal (*)	WS	Samoa
DK	Denmark (*)	KW	Kuwait	PW	Palau	YE	Yemen
DM	Dominica	KY	Cayman Islands	PY	Paraguay		
DO	Dominican Republic					ZA	South Africa
DZ	Algeria					ZM	Zambia
EC	Ecuador	Z8	Extra EU-27 not allocated			ZW	Zimbabwe
A2	Controlled by the compiling country	Z7	Equally-shared control of UCIs (**) of more than one Member State				

(*) Only for inward
(**) Ultimate controlling institutional unit of a foreign affiliate

Activity breakdown Levels

Level 1	Level 2	NACE Rev. 1.1 (¹)
TOTAL ACTIVITY	TOTAL ACTIVITY	Sec C to O (excluding L)
MINING & QUARRY-ING	MINING AND QUARRYING	Sec C
	Of which:	
	Extraction of petroleum and gas	Div 11
MANUFACTURING	MANUFACTURING	Sec D
	Food products	Subsection DA
	Textiles and wearing apparel	Subsection DB
	Wood, publishing and printing	Subsections DD & DE
	TOTAL textiles + wood activities	
	Refined petroleum prod. And other treatments	Div 23
	Manufacture of chemicals & chemical products	Div 24
	Rubber and plastic products	Div 25
Petrol., chem., rubber, plastic prod.	TOTAL petroleum, chemic., rubber, plastic products	
	Metal products	Subsection DJ
	Mechanical products	Div 29
	TOTAL metal and mechanical products	
	Office machinery and computers	Div 30
	Radio, TV, communication equipments	Div 32
Office mach., comp., RTV, comm. eq.	TOTAL machin., comput., RTV, comm. equip.	
	Motor vehicles	Div 34
	Other transport equipment	Div 35
Vehicles, other trans-port equip.	TOTAL vehicles + other transport equipment	
	Manufacturing n.i.e.	
ELECTRIC., GAS & WATER	ELECTRICITY, GAS AND WATER	Sec E
CONSTRUCTION	CONSTRUCTION	Sec F
TOTAL SERVICES	TOTAL SERVICES	
TRADE AND REPAIRS	TRADE AND REPAIRS	Sec G
	Sale, maintenance and repair of motor vehicles and motor cycles; retail sale of automotive fuel	Div 50
	Wholesale trade and commission trade, except of motor vehicles and motor cycles	Div 51
	Retail trade, except of motor vehicles and motor cycles; repair of personal and household goods	Div 52
HOTELS & RESTAU-RANTS	HOTELS AND RESTAURANTS	Sec H
TRANSP., STORAGE AND COM.	TRANSPORTS, STORAGE AND COMMUNICATION	Sec I
	Transport and storage	Div 60, 61, 62, 63
	Land transport; transport via pipelines	Div 60
	Water transport	Div 61
	Air transport	Div 62
	Supporting and auxiliary transport activities; activities of travel agencies	Div 63
	Post and telecommunications	Div 64
	Post and courier activities	Group 64.1
	Telecommunications	Group 64.2
FINANCIAL INTERMED.	FINANCIAL INTERMEDIATION	Sec J
	Financial intermediation, except insurance and pension funding	Div 65
	Insurance and pension funding, except compulsory social security	Div 66
	Activities auxiliary to financial intermediation	Div 67
	REAL ESTATE ACTIVITIES	Sec K, Div 70
	RENTING OF MACHINERY AND EQUIPMENT WITHOUT OPERA-TOR AND OF PERSONAL AND HOUSEHOLD GOODS	Sec K, Div 71

Level 1	Level 2	
		NACE Rev. 1.1 (¹)
COMPUT. & RELATED ACT.	COMPUTER AND RELATED ACTIVITIES	Sec K, Div 72
RESEARCH & DEVELOP.	RESEARCH AND DEVELOPMENT	Sec K, Div 73
OTHER BUSINESS ACT.	OTHER BUSINESS ACTIVITIES	Sec K, Div 74
	Legal, account., market research, consultancy	Group 74.1
	Legal activities	Class 74.11
	Account., bookkeeping and audit.; tax consult.	Class 74.12
	Market research and public opinion polling	Class 74.13
	Business and management consultancy activities	Class 74.14
	Management activities of holding companies	Class 74.15
	Architectural, engineering and other tech. act.	Group 74.2
	Advertising	Group 74.4
	Business activities n.e.c.	Group 74.3, 74.5, 74.6, 74.7, 74.8
	EDUCATION	Sec M
	HEALTH AND SOCIAL WORK	Sec N
	SEWAGE AND REFUSE DISPOSAL	Sec O, Div 90
	ACTIVITIES OF MEMBERSHIP ORGANIS. N.E.C.	Sec O, Div 91
REC., CULT., SPORT-ING ACTIV.	RECREATIONAL, CULT., SPORTING ACTIVITIES	Sec O, Div 92
	Motion picture, radio, tel., other entertain. activ.	Group 92.1, 92.2, 92.3
	News agency activities	Group 92.4
	Library, archives, museums, other cultural act.	Group 92.5
	Sporting and other recreational activities	Group 92.6, 92.7
	OTHER SERVICE ACTIVITIES	Sec O, Div 93
	Not allocated	

(¹) Council Regulation (EEC) No 3037/90 of 9 October 1990 on the statistical classification of economic activities in the European Community (OJ L 293, 24.10.1990, p. 1). Regulation as last amended by Regulation (EC) No 1893/2006.

Level 3 (NACE Rev. 1.1)		
Heading	Requested level of detail	
Business Economy	Sections C to K	
Mining and quarrying	Section C	
Manufacturing	Section D	
	All subsections DA to DN	
	All divisions 15 to 37	
	Aggregates:	
	High-technology (HIT)	24.4, 30, 32, 33, 35.3
	Medium-high-technology (MHT)	24 except 24.4, 29, 31, 34, 35.2, 35.4, 35.5
	Medium-low-technology (MLT)	23, 25-28, 35.1
	Low-Technology (LOT)	15-22, 36, 37
Electricity, gas and water supply	Section E	
	All divisions (40 and 41)	
Construction	Section F (Division 45)	
	All Groups (45.1 to 45.5)	
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	Section G	
	All divisions (50 to 52)	
	Groups 50.1 + 50.2 + 50.3, 50.4, 50.5, 51.1 to 51.9	
	Groups 52.1 to 52.7	
Hotels and restaurants	Section H (Division 55)	
	Groups 55.1 to 55.5	
Transport, storage and communication	Section I	
	All divisions	
	Groups 60.1, 60.2, 60.3, 63.1 + 63.2, 63.3, 63.4, 64.1, 64.2	
Financial intermediation	Section J	
	All divisions	
Real estate, renting and business activities	Section K	
	Division 70	
	Division 71, groups 71.1 + 71.2, 71.3 and 71.4	
	Division 72, groups 72.1 to 72.6	
	Division 73	
	Division 74, the aggregates 74.1 to 74.4 and 74.5 to 74.8	

Annex II

COMMISSION REGULATION (EC) No 364/2008

of 23 April 2008

implementing Regulation (EC) No 716/2007 of the European Parliament and of the Council, as regards the technical format for the transmission of foreign affiliates statistics and the derogations to be granted to Member States

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Regulation (EC) No 716/2007 of the European Parliament and of the Council of 20 June 2007 on Community statistics on the structure and activity of foreign affiliates (¹), and in particular Article 9(1)(a) and (b) thereof,

Whereas:

(1) Regulation (EC) No 716/2007 established a common framework for the systematic production of Community statistics on the structure and activity of foreign affiliates.

(2) It is necessary to specify the technical format and the procedure for the transmission of foreign affiliates statistics listed in Annexes I, II and III to Regulation (EC) No 716/2007 in order to produce data comparable and harmonised between Member States, to reduce the risk of errors in the transmission of data and to increase the speed with which the data collected can be processed and made available to users. Implementing tools should therefore be laid down, supplemented by the instructions contained in the Eurostat Recommendations Manual on the Production of Foreign Affiliates Statistics, as revised regularly.

(3) It is also necessary to grant derogations from the provisions of Regulation (EC) No 716/2007 to allow Member States to make the necessary adaptations to their national statistical systems. This relates in particular in the development of new statistical registers and the methods of data collection. The particular problem for outward FATS is that the statistical unit of analysis differs from the reporting unit and is not resident in the Member States.

(4) The measures provided for in this Regulation are in accordance with the opinion of the Statistical Programme Committee,

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(¹) OJ L 171, 29.6.2007, p. 17.

HAS ADOPTED THIS REGULATION:

Article 1

The technical format referred to in Article 9(1)(a) of Regulation (EC) No 716/2007 for the common module for inward statistics on foreign affiliates shall be as set out in Annex I to this Regulation.

Article 2

Member States shall apply the format referred to in Article 1 for the data concerning the first reference year referred to in Section 4, paragraph 1, of Annex I to Regulation (EC) No 716/2007, and subsequent years.

Article 3

The technical format referred to in Article 9(1)(a) of Regulation (EC) No 716/2007 for the common module for outward statistics on foreign affiliates shall be as set out in Annex II to this Regulation.

Article 4

Member States shall apply the format referred to in Article 3 for the data concerning the first reference year referred to in Section 4, paragraph 1, of Annex II to Regulation (EC) No 716/2007, and subsequent years.

Article 5

The data to be submitted pursuant to Regulation (EC) No 716/2007 shall be transmitted in electronic form from competent national authorities to the Commission (Eurostat). The transmission format shall be in conformity with the interchange standards specified by the Commission (Eurostat). Data shall be transmitted or uploaded by electronic means to the single entry point for data, maintained by the Commission (Eurostat).

Member States shall implement the interchange standards and guidelines supplied by the Commission (Eurostat) according to the requirements of this Regulation.

Article 6

Member States shall, for each data delivery, provide the necessary metadata information to the Commission (Eurostat) in electronic form and in the structure defined in the most recent version of the Eurostat Recommendations Manual on the Production of Foreign Affiliates Statistics.

Article 7

The derogations referred to in Article 9(1)(b) of Regulation (EC) No 716/2007 shall be as specified in Annex III to this Regulation.

Article 8

This Regulation shall enter into force on the 20th day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 23 April 2008.

For the Commission
Joaquín ALMUNIA
Member of the Commission

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ANNEX I

TECHNICAL SPECIFICATIONS FOR THE TRANSMISSION OF INWARD STATISTICS ON FOREIGN AFFILIATES

1. Introduction

Standardisation of data record structures is fundamental for efficient data processing. It is a necessary stage for providing data conforming to the interchange standards specified by the Commission (Eurostat).

Data is sent as a set of records of which a large part describes the characteristics of the data (country, reference year, economic activity, geographical breakdown, etc.). The data itself is a number which can be linked to flags and explanatory footnotes used for adding explanations to data which give users additional information regarding for instance extreme year-to-year changes. One file shall be provided per series of data.

Confidential data have to be sent with the true value being recorded in the value field and a flag indicating the nature of the confidential data being added to the record. Member States have to provide all levels of aggregation of the breakdowns as defined in Regulation (EC) No 716/2007. In addition, data has to contain all secondary confidentiality flags in accordance with the confidentiality rules existing at national level.

Member States have to provide complete sets for all series of data to be provided including records for all data required by Regulation (EC) No 716/2007 which are not available, i.e. which are not collected in the Member State. Data for activities/phenomena not existing in the Member State should be marked in the record as zero (code '0' in the value field). The code '0' in the value field can also be used for activities that do exist but for which the data is small and as a result of rounding equals zero. Monetary data has to be expressed in thousands of national currency units (thousands of euros for the countries of the euro area). Countries acceding to the euro area shall report in euros instead of national currency monetary data due in the year of their accession.

2. Dataset identifier

The following dataset identifier will be used for reporting statistics on inward foreign affiliates:

For series 1G: SBSFATS_1GA1_A.

For series 1G2: SBSFATS_1GB1_A

3. Data structure and definition of fields

This section gives an overview of the data structure, and defines the fields, codes and attributes to be used. The codes to be used are to be found in the most recent version of the Eurostat Recommendations Manual on the Production of Foreign Affiliates Statistics referred to in Article 7 of Regulation (EC) No 716/2007. All fields should be sent, even if they are empty. In order from left to right the fields are:

Field No	Field-id (name)	Type and size	Definition
1	Dataset-id	AN2...3	Alphanumeric code of the series as defined in Section 3 of Annex I to Regulation (EC) No 716/2007, e.g. 1G for series 1G (geographical breakdown level 2-IN combined with activity breakdown level 3), 1G2 for series 1G2 (geographical breakdown level 3 combined with Business Economy).
2	Reference year	N4	Reference year in four characters, e.g. 2007.
3	Territorial unit	AN2	Corresponds to the code of the declaring country. The code to be used is NUTS0.
4	Size class	N2	Code for the size class, e.g. 30 for total.

Field No	Field-id (name)	Type and size	Definition
5	Economic activity	AN1…4	Alphanumeric or numeric codes for the NACE headings and standard aggregates according to the activity breakdown as specified for activity breakdown level 3 in Annex III to Regulation (EC) No 716/2007. An example for a standard activity code is BUS for Business Economy. Non-standard aggregates should be indicated in field 14. Dots in the NACE codes should be suppressed, e.g. mining and quarrying is coded as C, manufacture of food products and beverages is coded as 15, hotels as 551.
6	FATS identification	N2	30 for the country of Ultimate Controlling Institutional Unit.
7	Country of Ultimate Controlling Institutional Unit	AN2	Country code corresponding to the country where the Ultimate Controlling Institutional Unit is resident. Codes as specified for the geographical breakdown levels 2-IN and 3 in Regulation (EC) No 716/2007.
8	Characteristics	AN4…5	Characteristics code as laid down in Section 2 of Annex I to Regulation (EC) No 716/2007.
9	Data value	AN1…12	Numeric value of the data (negative values are preceded by a minus sign) expressed as a whole number without decimal places. An 'na' should be used if the data is not sent because it is not available.
10	Quality flag	AN…1	R: revised data, P: provisional data, W: low-quality data that is used for calculating Community totals but cannot be disseminated at national level, E: estimated value. A description of the revision has to be provided at the same time.
11	Confidentiality flag	AN…1	A, B, C, D, F, H: indicates that the data is confidential and the reason for that confidentiality: A: Too few enterprises B: One enterprise dominates the data C: Two enterprises dominate the data D: Secondary confidential data in order to protect data flagged with A, B, C, F or H F: Data is confidential in application of the p%-rule H: Data that is not published at national level as it is considered to be sensitive information or to protect data that is not required by Regulation (EC) No 716/2007 (manually confidential data).
12	Dominance/share largest unit	N…3	A numeric value less than or equal to 100 indicating the percentage dominance of one or two enterprises which dominate the data and make it confidential. The value is rounded to the nearest whole number: e.g. 90,3 becomes 90; 94,5 becomes 95. This field is only used when the confidentiality flags B or C are used in the previous field. Where F is used in the previous field, this field should include the share of the largest enterprise.
13	Share of second largest unit	N…3	A numeric value less than or equal to 100. This field shall be used when in field 11 the confidentiality flag F is used; this field should include the share of the second largest enterprise.

Field No	Field-id (name)	Type and size	Definition
14	Aggregation of NACE codes	AN…40	This field shall be used for non-standard aggregation of several NACE codes.
15	Units of data values	AN3…4	This field can be used for indicating if non-standard units have been used: The following codes should be used: UNIT: units for non-monetary data KEUR: thousands of EUR for monetary data for countries that are members of the euro area KNC: thousands of national currency units for countries that are not members of the euro area.
16	Footnote	AN…250	Free note on the data that can be published as methodological notes/additional explanations for better understanding the provided data.

NB: AN = alphanumeric (e.g. AN…8 – alphanumeric up to eight positions but field can be empty, AN1…8 – alphanumeric with at least one position and up to eight positions, AN1 – alphanumeric one position, exact); N = numeric (e.g. N1 – numeric one position, exact).

ANNEX II

TECHNICAL SPECIFICATIONS FOR THE TRANSMISSION OF OUTWARD FOREIGN AFFILIATES STATISTICS

1. **Introduction**

Standardisation of data record structures is fundamental for efficient data processing. It is a necessary stage for providing data conforming to the interchange standards specified by the Commission (Eurostat).

2. **Dataset identifier**

The following dataset identifier will be used for reporting statistics on outward foreign affiliates:

DSI+BOP_FATS_A

3. **Data structure, code lists and attributes**

This section gives an overview of the data structure, code lists and attributes to be used. The available values of the attributes are to be found in the most recent versions of the Eurostat Recommendations Manual on the Production of Foreign Affiliates Statistics referred to in Article 7 of Regulation (EC) No 716/2007 and of the Eurostat Balance of Payments Vademecum. All fields should be sent, even if they are empty.

In order from left to right the fields are:

Field No	Field-id (name)	Name of code list or concept	Type and size	Definition
1	Frequency	CL_FREQ	AN1	The frequency of the series.
2	Reference area or reporter	CL_AREA_EE	AN2	The country or geographical/ political group of countries related to the measured economic phenomenon.
3	Adjustment indicator	CL_ADJUSTMENT	AN1	Indicates whether a seasonal adjustment and/or working day adjustment has been applied or not.
4	Data type	CL_DATA_TYPE_FATS	AN1	Describes the data type.
5	FATS coded item	CL_FATS_ITEM	AN3…8	Coded item for FATS characteristics.
6	Currency breakdown	CL_CURR_BRKDWN	AN1	Currency breakdown for trans-actions and positions.
7	Counterpart area	CL_AREA_EE	AN2	The country or geographical/ economic group of countries within which the reference area or reporter has its affiliate.
8	Denomination of series	CL_SERIES_DENOM	AN1	Currency of denomination or special drawing rights.
9	Resident economic activity	CL_BOP_EC_ACTIV_R1	N4	NACE codes and special resident economic activity aggregates.
10	Non-resident economic activity	CL_BOP_EC_ACTIV_R1	N4	NACE codes and special non-resident economic activity aggregates.
11	Time period	TIME_PERIOD	AN4…35	Reference year.

Field No	Field-id (name)	Name of code list or concept	Type and size	Definition
12	Time format code	TIME_FORMAT	AN3	Describes a single time period or time series.
13	Observation value	OBS_VALUE	AN...15	Numeric value of data (negative values are preceded by a minus sign).
14	Observation status	CL_OBS_STATUS	AN1	Information on quality of value or an unusual or missing value.
15	Observation confi-dentiality	CL_OBS_CONF	AN1	Information about whether the observation can be made public outside the receiving institution or not. A blank space indicates non-confidential data.
16	Sender organisa-tion	CL_ORGANISATION	AN3	Entity that sends the data.
17	Recipient	CL_ORGANISATION	AN3	Entity that receives the data.

NB: AN = alphanumeric (e.g. AN...8 — alphanumeric up to eight positions but field can be empty, AN1...8 — alphanumeric with at least one position and up to eight positions, AN1 — alphanumeric one position, exact); N = numeric (e.g. N1 — numeric one position, exact).

ANNEX III

DEROGATIONS

The following table indicates for each Member State the transition periods and derogations granted in Annexes I (module inward statistics on foreign affiliates) and II (module outward statistics on foreign affiliates) to Regulation (EC) No 716/2007. If a derogation is necessary a distinction is made between a complete derogation when no information can be provided and a partial derogation where some of the provisions cannot be met. In the case of a partial derogation the tables indicate whether the provisions that cannot be met relate to the transmission of results (20 months) or the activity coverage.

Member State	Module inward statistics on foreign affiliates	Module outward statistics on foreign affiliates
Germany	Extension of the data transmission period to 26 months for reference year 2007 Exemption from activity breakdown: NACE Rev. 1.1 division 67 and corresponding codes in NACE Rev. 2 for reference years 2007-2010	
Spain		Complete derogation for reference years 2007-2008
France		Complete derogation for reference years 2007-2008
Luxembourg	Complete derogation for reference years 2007-2008	Complete derogation for reference years 2007-2008
Malta	Extension of the data transmission period to 26 months for reference years 2007-2008	Extension of the data transmission period to 26 months for reference years 2007-2008
Poland		Complete derogation for reference year 2007
Slovenia	Exemption from activity breakdown: NACE Rev. 1.1 divisions 65 and 67 and corresponding codes in NACE Rev. 2 for reference years 2007-2010	
United Kingdom	Exemption from activity breakdown: NACE Rev. 1.1 section J for reference year 2007	Complete derogation for reference years 2007-2008

Annex III

COMMISSION REGULATION (EC) No 747/2008

of 30 July 2008

amending Regulation (EC) No 716/2007 of the European Parliament and of the Council on Community statistics on the structure and activity of foreign affiliates, as regards the definitions of characteristics and the implementation of NACE Rev. 2

(Text with EEA relevance)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Regulation (EC) No 716/2007 of the European Parliament and of the Council of 20 June 2007 on Community statistics on the structure and activity of foreign affiliates (¹), and in particular Article 9(2)(a) thereof,

Whereas:

(1) Regulation (EC) No 716/2007 established a common framework for the systematic production of Community statistics on the structure and activity of foreign affiliates.

(2) It is necessary to adapt the definitions for the characteristics on research and development variables for the common module for inward statistics on foreign affiliates.

(3) It is also necessary to adapt the activity breakdown levels following the adoption of Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 (²).

(4) Regulation (EC) No 716/2007 should therefore be amended accordingly.

(5) The measures provided for in this Regulation are in accordance with the opinion of the Statistical Programme Committee,

HAS ADOPTED THIS REGULATION:

Article 1

Regulation (EC) No 716/2007 is amended as follows:

1. Section 2 of Annex I is replaced by the text set out in Annex I to this Regulation.

2. The table for the activity breakdown levels 1 and 2 referred to in Annex III is replaced by the table set out in Annex II to this Regulation.

3. The table for the activity breakdown level 3 referred to in Annex III is replaced by the table set out in Annex III to this Regulation.

Article 2

Member States shall apply Annex III to Regulation (EC) No 716/2007 as amended by this Regulation:

— as regards levels 1 and 2, from 1 January 2010 (for reference year 2010 and subsequent years),

— as regards level 3, from 1 January 2008 (for reference year 2008 and subsequent years).

Article 3

This Regulation shall enter into force on the 20th day following its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 30 July 2008.

For the Commission
Joaquín ALMUNIA
Member of the Commission

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(¹) OJ L 171, 29.6.2007, p. 17.
(²) OJ L 393, 30.12.2006, p. 1. Regulation as amended by Regulation (EC) No 295/2008 (OJ L 97, 9.4.2008, p. 13).

ANNEX I

'SECTION 2

Characteristics

The following characteristics as defined in the Annex to Commission Regulation (EC) No 2700/98 of 17 December 1998 concerning the definitions of characteristics for structural business statistics (¹) will be compiled:

Code	Title
11 11 0	Number of enterprises
12 11 0	Turnover
12 12 0	Production value
12 15 0	Value added at factor cost
13 11 0	Total purchases of goods and services
13 12 0	Purchases of goods and services purchased for resale in the same condition as received
13 31 0	Personnel costs
15 11 0	Gross investment in tangible goods
16 11 0	Number of persons employed

The following characteristics will also be compiled by Member States for the 2009 reference year and subsequent years:

Code	Title and definition
22 11 0	Total intramural R&D expenditure (*)
	Research and experimental development comprise creative work undertaken on a systematic basis in order to increase the stock of knowledge, including of man, culture and society, and the use of this stock of knowledge to devise new applications.
	Intramural expenditures are all expenditures for R&D (research and development) performed within the unit, regardless of the source of funds.
	R&D must be distinguished from expenditures for a wide range of related activities. The following are therefore excluded from R&D expenditure:
	— expenditures on education and training,
	— expenditures on other scientific and technological activities (e.g. information services, testing and standardisation, feasibility studies),
	— expenditures on other industrial activities (e.g. industrial innovations n.e.s.),
	— expenditures on purely financing activities (other administrations and other indirect supporting activities are included).
	Research and development expenditure may, depending upon national laws, be recorded in one of three places: movements in intangible assets, movements in tangible assets or operating expenditure.
	If under national law it may be partly or completely capitalised the expenditure is included in the movement of the intangible assets included in company accounts under *Fixed assets — intangible assets — costs of research and development.*
	If under national law it is only partially capitalised or not capitalised at all, the current expenditure is part of *Raw materials and consumables, other external charges, staff costs* and other operating charges and the capital expenditure is included in the movement of the tangible assets included in company accounts under *Fixed assets — tangible assets.*

(¹) OJ L 344, 18.12.1998, p. 49. Regulation as last amended by Regulation (EC) No 1670/2003 (OJ L 244, 29.9.2003, p. 74).

Code	Title and definition
22 12 0	Total number of R&D personnel (*)
	Research and experimental development comprise creative work undertaken on a systematic basis in order to increase the stock of knowledge, including knowledge of man, culture and society, and the use of this stock of knowledge to devise new applications.
	All persons employed directly on research & development (R&D) should be counted, as well as those providing direct services such as R&D managers, administrators and clerical staff. Those persons providing an indirect service, such as canteen and security staff, should be excluded, even though their wages and salaries are included as an overhead in the measurement of expenditure.
	R&D personnel must be distinguished from personnel for a wide range of related activities. The following are therefore excluded from R&D personnel:
	— Personnel employed on education and training,
	— Personnel employed on other scientific and technological activities (e.g. information services, testing and standardisation, feasibility studies),
	— Personnel employed on other industrial activities (e.g. industrial innovations n.e.s.),
	— Personnel employed on administration and other indirect supporting activities.
	Link to company accounts
	The total number of research and development personnel may not be isolated in company accounts. It is part of the number of persons employed which is recorded in the notes on the company accounts (Article 43(8)).
	Link to other variables
	Part of the *number of persons employed* (16 11 0).

(*) Variables 22 11 0 and 22 12 0 shall be reported every second year. If the total amount of turnover or the number of persons employed in a division of NACE Rev. 2 Sections B to F represents, in a Member State, less than 1 % of the Community total, the information necessary for the compilation of statistics relating to characteristics 22 11 0 and 22 12 0 need not be collated for the purposes of this Regulation.

If the number of persons employed is not available, the number of employees (code 16 13 0) will be compiled instead.

Characteristics "total intramural R&D expenditure" (code 22 11 0) and "total number of R&D personnel" (code 22 12 0) are only required to be compiled for activities in NACE sections B, C, D, E and F. Up to reference year 2009, Member States will compile these characteristics as defined in the Annex to Commission Regulation (EC) No 2700/98 of 17 December 1998.

For NACE section K only the number of enterprises, turnover ([1]) and the number of persons employed (or the number of employees instead) will be compiled.

([1]) For NACE Rev. 2 division 64 turnover will be replaced by production value.'

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ANNEX II

In Annex III to Regulation (EC) No 716/2007 the table for activity breakdown levels 1 and 2 is replaced by the following:

'Activity breakdown levels 1 and 2 for outward statistics on foreign affiliates

Level 1	Level 2	NACE Rev. 2
TOTAL ACTIVITY	TOTAL ACTIVITY	sec B to S (excluding O)
MINING AND QUARRYING	MINING AND QUARRYING	sec B
	Extraction of crude petroleum, natural gas and mining support service activities	div 06, 09
MANUFACTURING	MANUFACTURING	sec C
	Food products, beverages and tobacco products	div 10, 11, 12
	Total textiles and wood activities	div 13, 14, 16, 17, 18
	Textiles and wearing apparel	div 13, 14
	Wood, paper, printing and reproduction	div 16, 17, 18
Petroleum, chemicals, pharmaceutical products, rubber and plastic products	Total petroleum, chemicals, pharmaceutical products, rubber and plastic products	div 19, 20, 21, 22
	Coke and refined petroleum products	div 19
	Chemicals and chemical products	div 20
	Rubber and plastic products	div 22
	Total metal and machinery products	div 24, 25, 26, 28
	Basic metals and fabricated metal products	div 24, 25
Computer, electronic and optical products	Computer, electronic and optical products	div 26
	Machinery and equipment n.e.c.	div 28
Vehicles, other transport equipment	Total vehicles and other transport equipment	div 29, 30
	Motor vehicles, trailers and semi trailers	div 29
	Other transport equipment	div 30
	Total of other manufacturing	div 15, 23, 27, 31, 32, 33
ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	sec D
WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	sec E
	Water collection, treatment and supply	div 36
	Sewerage, waste management, remediation activities	div 37, 38, 39
CONSTRUCTION	CONSTRUCTION	sec F
TOTAL SERVICES	TOTAL SERVICES	sec G, H, I, J, K, L, M, N, P, Q, R, S

Level 1	Level 2	NACE Rev. 2
WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES	WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES	sec G
	Wholesale and retail trade and repair of motor vehicles and motorcycles	div 45
	Wholesale trade, except of motor vehicles and motorcycles	div 46
	Retail trade, except of motor vehicles and motorcycles	div 47
TRANSPORTATION AND STORAGE	TRANSPORTATION AND STORAGE	sec H
	TOTAL transport and storage	div 49, 50, 51, 52
	Land transport and transport via pipelines	div 49
	Water transport	div 50
	Air transport	div 51
	Warehousing and support activities for transportation	div 52
	Postal and courier activities	div 53
ACCOMMODATION AND FOOD SERVICE ACTIVITIES	ACCOMMODATION AND FOOD SERVICE ACTIVITIES	sec I
INFORMATION AND COMMUNI-CATION	INFORMATION AND COMMUNICATION	sec J
	Motion picture, video, television programme production, other enter-tainment activities	div 59, 60
	Telecommunications	div 61
	Other information and communication activities	div 58, 62, 63
FINANCIAL AND INSURANCE ACTIVITIES	FINANCIAL AND INSURANCE ACTIVITIES	sec K
	Financial intermediation, except insurance and pension funding	div 64
	— Activities of holding companies	group 64.2
	Insurance, reinsurance and pension funding, except compulsory social security	div 65
	Other financial activities	div 66
	REAL ESTATE ACTIVITIES	sec L
PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	sec M
	Legal and accounting activities	div 69
	— Legal activities	group 69.1
	— Accounting, bookkeeping and auditing activities; tax consultancy	group 69.2

Level 1	Level 2	NACE Rev. 2
	Activities of head offices; management consultancy activities	div 70
	— Activities of head offices	group 70.1
	— Management consultancy activities	group 70.2
	Architecture and engineering activities; technical testing and analysis	div 71
Scientific research and development	Scientific research and development	div 72
	Advertising and market research	div 73
	— Advertising	group 73.1
	— Market research and public opinion polling	group 73.2
	Other professional, scientific and technical activities, veterinary activities	div 74, 75
	ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES	sec N
	Rental and leasing activities	div 77
	Other administrative and support service activities	div 78, 79, 80, 81, 82
	EDUCATION	sec P
	HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	sec Q
ARTS, ENTERTAINMENT AND RECREATION	ARTS, ENTERTAINMENT AND RECREATION	sec R
	Creative, arts and entertainment activities	div 90
	Libraries, archives, museums and other cultural activities	div 91
	Sporting and other recreational activities; gambling and betting activities	div 92, 93
	OTHER SERVICE ACTIVITIES	sec S
	Activities of membership organisations	div 94
	Repair of computers and personal and household goods, other personal service activities	div 95, 96
	Not allocated'	

ANNEX III

In Annex III to Regulation (EC) No 716/2007 the table for activity breakdown level 3 is replaced by the following:

'Activity breakdown level 3 for inward statistics on foreign affiliates

Level 3 (NACE Rev. 2)	
Heading	Requested level of detail
Business Economy	Sections B to N excluding K
MINING AND QUARRYING	Section B
MANUFACTURING	Section C
	All divisions 10 to 33
ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	Section D
	Division 35
WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	Section E
	All divisions 36 to 39
CONSTRUCTION	Section F
	All divisions 41 to 43
	All groups 41.1 and 41.2, 42.1 to 42.9, 43.1 to 43.9
WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTOCYCLES	Section G
	All divisions 45 to 47
	All groups 45.1 to 45.2, 46.1 to 46.9, 47.1 to 47.9
TRANSPORTATION AND STORAGE	Section H
	All divisions 49 to 53
	Groups 49.1 to 49.5
ACCOMMODATION AND FOOD SERVICES ACTIVITIES	Section I
	All divisions 55 to 56
	All groups 55.1 to 55.9, 56.1 to 56.3
INFORMATION AND COMMUNICATION	Section J
	All divisions 58 to 63
	Groups 58.1, 58.2, 63.1, 63.9
FINANCIAL AND INSURANCE ACTIVITIES	Section K
	All divisions 64 to 66
REAL ESTATE ACTIVITIES	Section L
	Division 68

Level 3 (NACE Rev. 2)	
PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	Section M
	All divisions 69 to 75
ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES	Section N
	All divisions 77 to 82
	Groups 77.1 to 77.4'

COMMISSION REGULATION (EC) No 834/2009

of 11 September 2009

implementing Regulation (EC) No 716/2007 of the European Parliament and of the Council on Community statistics on the structure and activity of foreign affiliates, as regards the quality reports

(Text with EEA relevance)

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Community,

Having regard to Regulation (EC) No 716/2007 of the European Parliament and of the Council of 20 June 2007 on Community statistics on the structure and activity of foreign affiliates ([1]), and in particular Article 6(3) thereof,

Whereas:

(1) Regulation (EC) No 716/2007 established a common framework for the systematic production of Community statistics on the structure and activity of foreign affiliates.

(2) It is necessary to adopt the implementing measures concerning the definition of common quality standards and the contents and periodicity of the quality reports.

(3) It is necessary to define the quality dimensions applicable to the quality reports.

(4) The measures provided for in this Regulation are in accordance with the opinion of the Statistical Programme Committee,

HAS ADOPTED THIS REGULATION:

Article 1

Quality reports referred to in Article 6(2) of Regulation (EC) No 716/2007 shall be drawn up by Member States in accordance with the rules laid down in the Annex to this Regulation.

Article 2

The first quality report shall be drawn up for the data concerning the reference year 2007 and shall be submitted by 28 February 2010.

Member States shall provide quality reports for every reference year thereafter within 26 months after the end of the reference year.

Article 3

This Regulation shall enter into force on the 20th day following its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 11 September 2009.

For the Commission
Joaquín ALMUNIA
Member of the Commission

_____

([1]) OJ L 171, 29.6.2007, p. 17.

ANNEX

REQUIREMENTS FOR QUALITY REPORTS

1. INTRODUCTION

The quality report shall contain both quantitative and qualitative indicators of quality of the data. The Commission (Eurostat) shall provide the results for those quantitative indicators which can be calculated on the basis of data provided by Member States. Member States shall interpret and comment them, in the light of their collection methodology and provide the remaining quantitative indicators as well as qualitative information.

2. TIMELINE

Every year, the Commission (Eurostat) shall supply Member States within 24 months after the end of the reference year (by the end of December) with draft documents for quality reports, partially pre-filled with most quantitative indicators and other information available to the Commission (Eurostat).

Every year, Member States shall supply the Commission (Eurostat) within 26 months after the end of the reference year (by the end of February) with the completed quality reports.

3. QUALITY CRITERIA

Data transmitted by Member States shall be assessed against the following quality criteria:

3.1. Relevance: refers to the degree to which statistics meet current and potential needs of the users;

3.2. Accuracy: refers to the closeness of estimates to the unknown true values;

3.3. Coherence: refers to the adequacy of the data to be reliably combined in different ways and for various uses;

3.4. Comparability: refers to the measurement of the impact of differences in applied statistical concepts, measurement tools and procedures where statistics are compared between geographical areas, sectoral domains or over time;

3.5. Timeliness: refers to the period between the availability of the information and the event or phenomenon it describes;

3.6. Punctuality: refers to the delay between the date of the release of the data and the target date (the date by which the data should have been delivered);

3.7. Accessibility and clarity: refer to the conditions and modalities by which users can obtain, use and interpret data.

_____

QUALITY REPORT

ON INWARD FATS

MEMBER STATE:

REFERENCE YEAR: 2007

REPORT ISSUED BY EUROSTAT ON:

REPORT COMPLETED BY MEMBER STATE ON:

COMPILING INSTITUTION:	

CONTACT DETAILS:

NAME:	
E-MAIL ADDRESS:	
TELEPHONE NUMBER:	
POSTAL ADDRESS:	

Please answer in the grey-shaded cells or, when necessary, update the information given.
Please check the pre-filled cells marked in green.
There is no limit for the replies to open questions; the row height will be automatically adjusted to your text.

TABLE OF CONTENTS

I. RELEVANCE

Relevance is the degree to which statistical outputs meet current and potential users' needs. It depends on whether all the statistics that are needed are produced and the extent to which concepts used (definitions, classifications etc.) reflect user needs.

.

I.1 COMPLETENESS

Completeness is the extent to which data are available — compared with the requirements in terms of characteristics, geographical and activity breakdown, as specified in Annexes I and II to the FATS-Regulation[1]. Questions I.1.1 to I.1.3 are to be pre-filled by Eurostat.

I.1.1. Data availability (in percentage):			
Level of detail	Formula	Calculation	Result
a) series 1G: characteristics based on foreign-controlled enterprises (Z9), business economy (BUS)	$\dfrac{\sum \text{delivered characteristics}}{\sum \text{requested characteristics}} \times 100$		%
b) series 1G: activities based on foreign-controlled enterprises (Z9), number of enterprises (11110)	$\dfrac{\sum \text{delivered activities}}{\sum \text{requested activities}} \times 100$		%
c) series 1G: partners based on business economy (BUS), number of enterprises (11110)	$\dfrac{\sum \text{delivered partners}}{\sum \text{requested partners}} \times 100$		%
d) series 1G2: partners based on business economy (BUS), number of enterprises (11110)	$\dfrac{\sum \text{delivered partners}}{\sum \text{requested partners}} \times 100$		%
e) series 1G: overall rate	$\dfrac{\sum \text{number of cells provided}}{\sum \text{number of fields applicable}} \times 100$		%
f) series 1G2: overall rate	$\dfrac{\sum \text{number of cells provided}}{\sum \text{number of fields applicable}} \times 100$		%
I.1.2. The following details are missing:			
a) characteristics			☐ nothing missing
b) activity breakdown in series 1G			☐ nothing missing
c) geographical breakdown in series 1G			☐ nothing missing

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[1] FATS-Regulation: Regulation (EC) No 716/2007 of the European Parliament and of the Council on Community statistics on the structure and activity of foreign affiliates.

d) geographical breakdown in series 1G2	▨	▨ nothing missing

I.1.3. The following employment variable was provided:	▨ number of persons employed (16110)
	▨ number of employees (16130)

I.1.4. Please comment on the rates of available statistics calculated by Eurostat, explain the reasons why any characteristics or breakdowns required by the FATS Regulation are not available (e.g. derogations) and describe your plans for improvement in the future.

I.2 CONFIDENTIALITY

I.2.1. The following confidentiality treatment was applied by the Member State (to be pre-filled by Eurostat):

▨ only primary confidentiality

▨ primary and secondary confidentiality

I.2.2. Please describe your (primary and secondary) confidentiality rules.

I.2.3. The rate of confidential cells is (to be pre-filled by Eurostat):

$$\frac{\sum \text{Number of confidential cells}}{\sum \text{Number of cells provided}} \times 100 = \boxed{\qquad \%}$$

I.2.4. Please provide any comments on the amount of data affected by confidentiality.

I.3 USER SATISFACTION

If you have any indication of users' satisfaction with inward FATS, please give a brief description of users and their needs (by main groups of users). Internal users, e.g. national accounts, should also be taken into account.

II. ACCURACY

Accuracy of statistical outputs in the general statistical sense is the degree of closeness of estimates to the true values.

II.1 CONCEPTS AND SOURCES

II.1.1 Methodological approach

II.1.1.1. Which of the following approaches best describes the methodology adopted to produce inward FATS data?	

☐ census survey, particularly for inward FATS

☐ sample survey, particularly for inward FATS

☐ linking of the following sources to obtain

	geographical breakdown	economic information
Structural Business Statistics (SBS)	☐	☐
Foreign Direct Investment (FDI)	☐	☐
Business Register	☐	☐
the following other statistical register: ▭	☐	☐
the following administrative sources: ▭	☐	☐
publicly available sources (e.g. mass media or annual reports)	☐	☐
the following private databases: ▭	☐	☐
direct contacts (e.g. telephone or e-mail)	☐	☐

☐ other approaches (please describe briefly): ▭

II.1.1.2. Please provide information regarding the methods and data sources used (e.g. linking of different sources, statistical registers used, etc.).

II.1.1.3. If possible, please estimate the share of dependence on a given source if more than one source is used.

II.1.2 Cut-off thresholds

*A **cut-off threshold** is used, mainly for cost or burden reasons, to exclude from the target population (and, hence, from the frame) units contributing very little to the statistics requested, for instance small businesses. The contribution from the population below the threshold can either be deemed negligible or be estimated by using a model.*

II.1.2.1. Is any cut-off threshold used?

☐ yes, for the following source: ▭ (e.g. SBS or FDI)

☐ no ☞ *If no, please proceed to II.2 Reliability of data.*

II.1.2.2. Please provide information about the cut-off thresholds used, in particular the impact on the population.

II.1.2.3. Please provide information about methods of grossing-up to the whole economy. If possible, evaluate the share of grossed-up enterprises.	

II.2 RELIABILITY OF DATA

II.2.1 Ultimate Controlling Institutional Unit (UCI)

II.2.1.1. Is the UCI approach applied to identify the relevant statistical units? ☐ yes ☐ the UBO (Ultimate Beneficial Owner) concept is used as a proxy ☐ the first foreign owner is used as a proxy ☐ if any other concept is applied, please describe it briefly: ▢	
II.2.1.2. Do you check "not-foreign-controlled enterprises" (e.g. a list obtained from business registers) to reduce potential underestimation?	☐ yes ☐ no
II.2.1.3. Do you harmonise the UCI information across enterprises belonging to the same enterprise group in your country?	☐ yes ☐ no
II.2.1.4. For compilation of inward FATS, do you take into account the demography of the statistical units, for example births, deaths, mergers and acquisitions (M&A)?	☐ yes ☐ no
II.2.1.5. For compilation of inward FATS, do you monitor the (major) entries and exits of statistical units from either administrative (e.g. VAT registers) or publicly available sources (e.g. mass media or annual reports)?	☐ yes ☐ no
II.2.1.6. If administrative sources are used, please state on which date the information regarding the country of the UCI was updated by the "source administration". If this is not available, please give information about the frequency of updates of the administrative sources and whether this delays the compilation process for inward FATS. In the event of delays, do you know the share of updated cells at the time of extraction?	
II.2.1.7. Please describe any other method used to improve the accuracy of the UCI information not mentioned above. If the UCI approach is not used, please describe your plans for improvement in the future.	

II.2.1.8. Please estimate the share of value of each characteristics that could be identified correctly (no proxy needed) in %	11110 (number of enterprises)	12120 (turnover)	16110 (number of persons employed)[2]
	▢ %	▢ %	▢ %

II.2.1.9. Did the UCIs which could not be identified belong mainly to big or to small and medium-sized enterprises?

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[2] Or number of employees (16130) if it is delivered instead.

II.2.2 Economic information (characteristics and activity breakdown)

II.2.2.1. Was it necessary to estimate characteristics or activities because the information was not available from the sources used?	☐ yes ☐ no

II.2.2.2. If yes, how did you complete the information (e.g. which data sources were used)?

II.2.2.3. Please estimate the share of value of each characteristics drawing on the following sources	11110 (number of enterprises)	12120 (turnover)	16110 (number of persons employed)[3]
a) SBS	☐ %	☐ %	☐ %
b) other sources	☐ %	☐ %	☐ %
c) estimates	☐ %	☐ %	☐ %

II.3 PLAUSIBILITY

II.3.1 Deviations from the FATS Regulation and FATS Recommendations Manual

II.3.1.1. Are there any deviations from the FATS Regulation and FATS Recommendations Manual regarding:		
a) the definitions of statistical units, for example if branches are not covered?	☐ yes	☐ no
b) the definition of the target population, for example problems with provision of nationally controlled enterprises (A2)?	☐ yes	☐ no
c) the UCI approach, for example if indirect control is not taken into account?	☐ yes	☐ no
d) the concept of residency, for example if the concept of nationality is used instead?	☐ yes	☐ no
e) the definitions of characteristics?	☐ yes	☐ no
f) the allocation of 100% of the values to one country even if it does not exercise full ownership?	☐ yes	☐ no
g) the definition of activities in series 1G, for example part of the activity is not covered?	☐ yes	☐ no
h) aggregate BUS (series 1G2)?	☐ yes	☐ no
i) the definition of partners, e.g. if Monaco is not included in France?	☐ yes	☐ no
II.3.1.2. Please describe all deviations from the FATS Regulation and/or FATS Recommendations Manual if you replied "yes" to any of questions II.3.1.1. a) to i).		

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[3] Or number of employees (16130) if it is delivered instead.

II.3.1.3. Please give a detailed description of the coverage of Special Purpose Entities (SPE).
II.3.1.4. Please give a brief description of the treatment of equally shared control.
II.3.1.5. Please give a brief description of the treatment of multiple minority ownership.
II.3.1.6. Please give a brief description of the treatment of natural persons as owners.

II.3.2 Use of residual geographical codes

II.3.2.1. Share of the codes (to be pre-filled by Eurostat):			
Rate	Formula	Calculation	Result
a) extra-EU not allocated (Z8) in A1 (all enterprises) based on the aggregate BUS and variable turnover (12110)	$\dfrac{\sum Z8}{\sum A1}(BUS,12110) \times 100$		%
b) extra-EU not allocated (Z8) in A1 (all enterprises) based on the aggregate BUS and variable number of persons employed (16110)[4]	$\dfrac{\sum Z8}{\sum A1}(BUS,16110) \times 100$		%
c) equally shared control of UCIs of more than one Member State (Z7) in A1 (all enterprises) based on the aggregate BUS and variable turnover (12110)	$\dfrac{\sum Z7}{\sum A1}(BUS,12110) \times 100$		%
d) equally shared control of UCIs of more than one Member State (Z7) in A1 (all enterprises) based on the aggregate BUS and variable number of persons employed (16110)[5]	$\dfrac{\sum Z7}{\sum A1}(BUS,16110) \times 100$		%
II.3.2.2. Please comment if rate a) or b) is ≠ 0%, if it was necessary to allocate to "extra-EU not allocated" because the country of the UCI was not known and if the aggregate also covers cases other than "extra-EU not allocated".			
II.3.2.3. Please comment if you also used Z7 for cases for which you could not attribute the country of the UCI (other than cases of equally shared control of UCIs of more than			

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[4] Or number of employees (16130) if it is delivered instead.
[5] Or number of employees (16130) if it is delivered instead.

one Member State).

II.3.3 Deviations from inward FATS quality checks

II.3.3.1. In the dataset to be disseminated, Eurostat found the following problems relating to the quality checks defined on pages 94 and 95 of the FATS Recommendations Manual (to be pre-filled by Eurostat):

II.3.3.2. Please comment on deviations from the quality checks.

II.4 SAMPLING AND NON-SAMPLING ERRORS

II.4.1 Misclassification errors

Misclassification refers to allocating statistical units to the wrong class in a given classification, for instance classifying a business under trade instead of industry.

II.4.1.1. If different data sources/surveys were combined (e.g. SBS for the economic characteristics and FDI for the country of the UCI), did you detect mismatches of identifiers? ☐ yes
☐ no

II.4.1.2. Please describe the main misclassification problems encountered in collecting the data and the methods used to process misclassifications.

☞ *Please complete II.4.2 and II.4.3 only if you undertake a separate survey for inward FATS. If you compile inward FATS data from existing surveys, e.g. SBS or FDI, you do not need to complete this chapter and you can proceed to II.5 Assessment of revisions.*

II.4.2 Non-response errors

Unit non-response occurs when not all the reporting units in the sample participate in the survey. Item non-response occurs when a respondent provides some, but not all, of the information requested or if the information reported is unusable (note that entirely unusable questionnaires are already counted in the unit non-response). Imputation is the process used to resolve problems of missing, invalid or inconsistent responses identified during editing.

II.4.2.1. Please provide the unweighted unit non-response rate calculated as:

$$\left(1 - \frac{\sum \text{respondent units}}{\sum \text{target population}}\right) \times 100 = \boxed{} \%$$

II.4.2.2 Please provide any other comments on the unit non-response rate (main reasons, e.g. no contact, refusal, unable to respond, ineligible, etc.). Please indicate whether the non-respondent units are mostly small and medium-sized or big enterprises.

II.4.2.3. Please describe the methods used to minimise unit non-response (e.g. advance notification by letter or telephone, legal measures, etc.).

II.4.2.4 Please describe the main reasons for and methods used to minimise item non-response (e.g. follow-up by telephone). Please also indicate whether the statistical units concerned are mainly small and medium-sized or big enterprises.

II.4.2.5 Is any method used to deal with non-response (both unit and item non-response)? ☐ yes ☐ no ☞ *If no, please proceed to II.4.3 Sampling errors*
II.4.2.6. Please briefly describe the imputation methods used for dealing with unit and item non-response (e.g. correction factor in the weighting procedure, imputation based on available information from previous reference periods, etc.).

II.4.3 Sampling errors

*The **sampling error** is the part of the difference between a population value and an estimate thereof, derived from a random sample, which is due to the fact that only a sample of values is observed, as distinct from errors due to imperfect selection, bias in response or estimation, errors of observation and recording, etc.*

II.4.3.1. Please give a description of the sample design, in particular: − type of sample design (stratified, multistage or clustered) − reporting units − sampling units (one stage, two stages, etc.) − stratification and sub-stratification criteria − selection methods − sample distribution over time − reference period (if the reference period differs from the calendar year, is there a correction to bring it into line with the reference period for inward FATS?)
II.4.3.2. Please provide <u>in a separate file</u> the coefficient of variation at NACE 2-digit division level for characteristics 11110, 12110 and 16130 (or 16110) and Z9 (foreign-controlled enterprises) and describe the methods used and the aspects taken into account for computation of the CV (including software).

II.5 ASSESSMENT OF REVISIONS

II.5.1 Size of revisions

*The **Mean Absolute Percentage Error (MAPE)** will be used to indicate the size of revisions. The MAPE presents the average percentage difference between the initial and final estimates (between 0 and infinity).*

II.5.1.1 The following table, pre-filled by Eurostat, presents the results of the MAPE calculation, taking into account data for business economy (BUS) and Z9 (foreign-controlled enterprises):			
Characteristics	2004	2005	2006
a) Number of enterprises (11110)			
b) Turnover (12110)			
c) Number of persons employed (16110) or employees (16130)			
II.5.1.2. Please comment on the indicators calculated by Eurostat if they are ≠ 0.			

II.5.2 Revision policy

Please describe your revision policy.

III. COHERENCE AND COMPARABILITY

III.1 COHERENCE

Coherence of two or more statistical outputs refers to the degree to which the statistical processes by which they were generated used the same concepts - classifications, definitions, and target populations – and harmonised methods. Coherent statistical outputs have the potential to be validly combined and used jointly

III.1.1 Inward FATS and SBS

III.1.1.1. Eurostat quality checks found the following inconsistencies between inward FATS (A1) and SBS series 1A, 2A, 3B and 4A:
III.1.1.2. Please comment on these inconsistencies and any consistency problems between inward FATS and SBS, including the confidential cells.

III.1.2 Inward FATS and inward FDI

Do you harmonise the activity code with inward FDI?
☐ yes

☐ no	

III.1.3 Inward FATS R&D characteristics and R&D statistics

Please comment on any consistency problems between inward FATS R&D characteristics and R&D statistics (only for uneven years and if R&D variables are to be provided).

III.1.4 Inward FATS and data provided to the OECD and/or other international organisations

III.1.4.1. Do you provide inward FATS data to any other international organisation (tick as appropriate)?   ☐ OECD   ☐ to the following other international organisation: ☐ only to Eurostat
III.1.4.2. Please describe any differences in the level of detail of the data provided to the OECD or any other international organisation mentioned.

III.2 COMPARABILITY OVER TIME

Comparability of two or more statistical outputs refers to the measurement of the impact of differences in applied statistical concepts, measurement tools and procedures where statistics are compared between geographical areas, sectoral domains or over time.

III.2.1. Please confirm the length of time series (from the period when the statistics were compiled for the first time to the latest reference year available at Eurostat) pre-filled by Eurostat and the length of comparable time series (from the last break in time series to the latest reference year available at Eurostat).	
Indicator	Period (yyyy – yyyy)
a) Length of time series	
b) Length of comparable time series	
III.2.2. If a) is not equal to b), please indicate the reasons and any differences in concepts and measurement methods for breaks in time series.	

IV. TIMELINESS AND PUNCTUALITY
IV.1 TIMELINESS

Timeliness *of statistical outputs refers to the period between the availability of the information and the event or phenomenon it describes.*

Please provide the key dates for the following action:	
Action	**Deadline(s) ../../….**
a) Data-collection, if any	
b) Post-collection phase	
c) Dissemination in your country, if applicable	

IV.2 PUNCTUALITY

Punctuality *refers to the delay between the date of the release of the data and the target date (the date by which the data should have been delivered).*

Punctuality is calculated as the actual date of data delivery minus the scheduled date of transmission to Eurostat. It shows how many calendar days this was behind (positive value) or ahead of (negative value) the legal deadline (20 months after the end of the reference year).

IV.2.1. The punctuality for your country is (to be pre-filled by Eurostat): .
IV.2.2. Please comment on the punctuality of transmission to Eurostat if you sent the data after the deadline of t+20 months, e.g. the reasons for late delivery and the action taken or planned to improve punctuality.

V. ACCESSIBILITY AND CLARITY
V.1 ACCESSIBILITY

Accessibility *of statistical outputs refers to the conditions and modalities by which users can obtain data.*

It is the measure of the ease with which users can obtain data: where to go, how to order, delivery time, clear pricing policy, convenient marketing conditions, availability of micro and macro data, various formats (paper, files, CD-ROM, Internet etc.)

V.1.1. Are inward FATS data disseminated[6] at national level either by your or by another institution?   ☐ yes   ☐ no ☞ *If no, please proceed to VI. Further comments.*

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[6] Occasional publications (e.g. presentations in working groups) are not included.

V.1.2. Is the information different from the figures sent to Eurostat?				
☐ yes				
☐ no				

V.1.3. If yes, please give a brief description of the reasons for the differences.

V.1.4. How do you disseminate the inward FATS data?

Reference year	Paper/pdf publications			Electronic publications	
	News release	Statistical yearbook	Thematic publications	Internet database	CD/DVD-Rom Other (fax, e-mail, etc.)
2006	☐ yes	☐ yes	☐ yes	☐ yes	☐ yes
2007					

For 2007, please report any scheduled action plan, specifying the implementation date.

V.1.5. Are publications on inward FATS available in any language other than the official language(s) of your country? Yes,

☐ in English

☐ in the following other language(s):

V.1.6. Please indicate links to your electronic publications on inward FATS.

V.2 CLARITY

Clarity *of statistical outputs refers conditions and modalities by which users can use and interpret data. It is determined by the information environment within which the data are presented, whether data are accompanied with appropriate metadata, illustrations such as graphs and maps, and whether information is also available on their quality.*

V.2.1. Are statistical metadata available?

☐ for paper publications

☐ on the website (electronic version)

☐ no methodological explanations on data are disseminated

V.2.2. If metadata are published electronically, please indicate the links.

VI. FURTHER COMMENTS

Please provide any further comments regarding inward FATS data quality which are not included above (e.g. foreseeable changes in the methodology, revisions due to non-inclusion of large enterprises in the current database etc.).

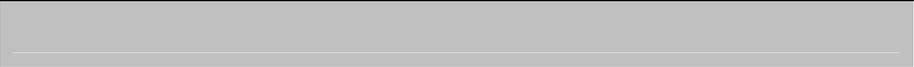# QUALITY REPORT

ON OUTWARD FATS

MEMBER STATE:

REFERENCE YEAR: 2007

REPORT ISSUED BY EUROSTAT ON:

REPORT COMPLETED BY THE MEMBER STATE ON:

COMPILING INSTITUTION:	

CONTACT DETAILS:

NAME:	
E-MAIL ADDRESS:	
TELEPHONE NUMBER:	
POSTAL ADDRESS:	

Please answer in the grey-shaded cells or, when necessary, update the information given.
Please check the pre-filled cells marked in green.
There is no limit for the replies to open questions; the row height will be automatically adjusted to your text.

TABLE OF CONTENTS

I. RELEVANCE

Relevance is the degree to which statistical outputs meet current and potential users' needs. It depends on whether all the statistics that are needed are produced and the extent to which concepts used (definitions, classifications etc.) reflect user needs.

I.1 COMPLETENESS

Completeness *is the extent to which data are available — compared with the requirements in terms of characteristics, geographical and activity breakdown, as specified in Annexes I and II to the FATS-Regulation[1].*

I.1.1 Data availability (in percentage) broken down by level of detail (to be pre-filled by Eurostat):			
Level of detail	Formula	Calculation	Result
a) for level 2 of activity breakdown, partner extra EU-27 (V2) and turnover (TUR)	$\dfrac{\sum \text{delivered activities}}{\sum \text{requested activities}} \times 100$		%
b) for level 2-OUT of geographical breakdown, manufacturing (3995) and turnover (TUR)	$\dfrac{\sum \text{delivered partners}}{\sum \text{requested partners}} \times 100$		%
c) for level 2-OUT of geographical breakdown, total services (5095) and turnover (TUR)	$\dfrac{\sum \text{delivered partners}}{\sum \text{requested partners}} \times 100$		%
d) for level 3 of geographical breakdown, total activities (9994) and turnover (TUR)	$\dfrac{\sum \text{delivered partners}}{\sum \text{requested partners}} \times 100$		%
e) overall rate	$\dfrac{\sum \text{number of cells provided}}{\sum \text{number of fields applicable}} \times 100$		%
I.1.2 The following levels of detail are missing (to be pre-filled by Eurostat):			
a) characteristics		☐ nothing missing	
b) level 2 of activity breakdown		☐ nothing missing	
c) level 2-OUT of geographical breakdown		☐ nothing missing	
d) level 3 of geographical breakdown		☐ nothing missing	
I.1.3 Which employment variable (EMP) is provided?	☐ number of persons employed (16110) ☐ number of employees (16130)		

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[1] FATS-Regulation: Regulation (EC) No 716/2007 of the European Parliament and of the Council on Community statistics on the structure and activity of foreign affiliates.

I.1.4 Please comment on the rates of available statistics calculated by Eurostat, explain the reasons why any characteristics or breakdowns required by the FATS Regulation are not available and describe your plans for improvement in the future.

I.2 CONFIDENTIALITY

I.2.1 Is confidentiality treatment applied by the Member State (to be pre-filled by Eurostat)?

☒ yes

☒ no

☞ *If confidentiality treatment is not applied, please proceed to I.3 User satisfaction.*

I.2.2 What kind of confidentiality treatment is applied by the Member State?

☐ only primary confidentiality

☐ primary and secondary confidentiality

I.2.3 Please describe your (primary and secondary) confidentiality rules.

I.2.4 The rate of confidential cells is (to be pre-filled by Eurostat):

$$\frac{\sum \text{Number of confidential cells}}{\sum \text{Number of cells provided}} \times 100 = \boxed{\qquad} \%$$

I.2.5 Please provide any comments on the amount of data affected by confidentiality.

I.3 USER SATISFACTION

If you have any indication of users' satisfaction with outward FATS, please give a brief description of users and their needs (by main groups of users). Internal users, e.g. national accounts, should also be taken into account.

II. ACCURACY

Accuracy of statistical outputs in the general statistical sense is the degree of closeness of estimates to the true values.

II.1 CONCEPTS AND SOURCES

II.1.1 METHODOLOGICAL APPROACH

II.1.1.1 Which of the following approaches best describes the methodology adopted to produce outward FATS data?

☐ census survey

☐ sample survey

☐ register-based approach (link to different business/administrative/survey registers; <u>no survey is carried out</u>)

☐ other approaches (please describe briefly): ▭

II.1.1.2 Please provide information regarding the methods used (e.g. the sampling frame, sample design, statistical registers used, linking of different sources, etc.).

II.1.1.3 If possible, please estimate the share of dependence on a given source if more than one source is used.

II.1.2 CUT-OFF THRESHOLDS

*A **cut-off threshold** is used, mainly for cost or burden reasons, to exclude from the target population (and, hence, from the frame) units contributing very little to the statistics requested, for instance small businesses. The contribution from the population below the threshold can either be deemed negligible or be estimated by using a model.*

II.I.2.1 Is any cut-off threshold used?

☐ for reporting units

☐ for statistical units

☐ no thresholds are used

☞ *If no thresholds are used, please proceed to II.2 Reliability of UCI information*

II.I.2.2 Please provide information about the cut-off thresholds used, both for reporting units and for statistical units.

II.I.2.3 Please provide information about methods of grossing-up to the whole economy. If possible, evaluate the share of grossed-up enterprises.

II.2 Reliability of UCI[2] information

II.2.1 Is the UCI approach applied to identify the relevant population of reporting units?
☐ yes
☐ the UBO (Ultimate Beneficial Owner) approach is applied instead of UCI
☐ all resident owners are considered, irrespective of whether they are controlled by another foreign entity (domestic and foreign controlled)
☐ indirectly controlled affiliates are not considered
☐ if any other concept is applied, please describe it briefly: ▢

II.2.2 Which are the main data sources used to identify the reporting units (UCIs), (several sources are possible)?
☐ Foreign Direct Investment (FDI)
☐ the following administrative source: ▢
☐ Business Register
☐ the following private database: ▢
☐ publicly available sources (e.g. mass media or annual reports)
☐ direct contacts (e.g. telephone or e-mail)
☐ the following other sources: ▢

II.2.3 Do you harmonise the target population of reporting units (UCIs) with the foreign direct investment (FDI) statistics?	☐ yes ☐ no
II.2.4 Do you harmonise the UCI information across enterprises belonging to the same enterprise group in your country?	☐ yes ☐ no
II.2.5 For the compilation of FATS, do you monitor the (major) entries and exits of reporting units (UCI) from either administrative (e.g. VAT register) or publicly available source (e.g. mass media or annual reports)?	☐ yes ☐ no

II.2.6 If administrative sources are used, please state on which date the information regarding the country of the UCI was updated by the "source administration". If this is not available, please give information about the frequency of updates of the administrative sources and whether this delays the compilation process for outward FATS.

II.2.7 Please describe any other method used to improve the accuracy of the UCI information not mentioned above. If the UCI approach is not used, please describe your plans for improvement in the future.

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[2] UCI – Ultimate Controlling Institutional unit of a foreign affiliate

II.3 PLAUSIBILITY

II.3.1 DEVIATIONS FROM THE FATS REGULATION AND FATS RECOMMENDATIONS MANUAL

II.3.1.1 Are there any deviations from the FATS Regulation and FATS Recommendations Manual regarding:		
a) the definitions of characteristics?	☐ yes	☐ no
b) the definition of activities, for example part of the activity is not covered?	☐ yes	☐ no
c) aggregate total activities (9994), for example if the sum of all activities (9999) is delivered instead?	☐ yes	☐ no
d) the definition of partners (aggregates), for example if Liechtenstein is not included in the offshore financial centres (C4)?	☐ yes	☐ no
e) the definition of statistical units, for example if branches are not covered?	☐ yes	☐ no
f) the allocation of the characteristics to the country of residence of the affiliate abroad?	☐ yes	☐ no
g) the allocation of the characteristics to the main activity of the affiliate abroad (non-resident activity)?	☐ yes	☐ no
h) the concept of residency, for example if the concept of nationality is used?	☐ yes	☐ no

II.3.1.2 Please describe all deviations from the FATS Regulation and/or FATS Recommendations Manual if you replied "yes" to any of questions II.3.1.1 a) to h).
II.3.1.3 Please give a detailed description of the coverage of Special Purpose Entities (SPE).
II.3.1.4 Please give a brief description of the treatment of equally shared control.
II.3.1.5 Please give a brief description of the treatment of multiple minority ownership.

II.3.2 USE OF RESIDUAL GEOGRAPHICAL AND ACTIVITY CODES

II.3.2.1 Extra EU-27 not allocated (to be pre-filled by Eurostat):			
Rate	Formula	Calculation	Result
a) share of extra EU-27 not allocated (Z8) in extra EU-27 (V2), taking into account data for total activity (9994) and turnover (TUR)	$\dfrac{\sum Z8}{\sum V2} \times 100$		%
b) share of extra EU-27 not allocated (Z8) in extra EU-27 (V2), taking into account data for total activity (9994) and number of enterprises (ENT)	$\dfrac{\sum Z8}{\sum V2} \times 100$		%
c) share of extra EU-27 not allocated (Z8) in extra EU-27 (V2), taking into account data for total activity (9994) and number of persons employed (EMP)	$\dfrac{\sum Z8}{\sum V2} \times 100$		%
II.3.2.2 Activity "not allocated" (to be pre-filled by Eurostat):			
Rate	Formula	Calculation	Result
a) share of not allocated activity (9996) in total activity (9994), taking into account data for extra EU-27 (V2) and turnover (TUR)	$\dfrac{\sum 9996}{\sum 9994} \times 100$		%
b) share of not allocated activity (9996) in total activity (9994), taking into account data for extra EU-27 (V2) and number of enterprises (ENT)	$\dfrac{\sum 9996}{\sum 9994} \times 100$		%
c) share of not allocated activity (9996) in total activity (9994), taking into account data for extra EU-27 (V2) and number of persons employed (EMP)	$\dfrac{\sum 9996}{\sum 9994} \times 100$		%
II.3.2.3 Please comment if any of the rates is ≠ 0%, indicating the reasons why it was not possible to allocate values to a particular partner or activity, for example due to the sampling method used for data collection.			

II.3.3 DEVIATIONS FROM THE INTERNAL INTEGRITY RULES/QUALITY CHECKS

II.3.3.1 After data treatment Eurostat found that the following integrity rules were not applied as defined on pages 136 to 138 of the FATS Recommendations Manual (to be pre-filled by Eurostat):
II.3.3.2 Please comment on the non-compliance with the integrity rules.

II.4 Non-sampling errors

II.4.1 Misclassification and coverage errors

Coverage errors are due to divergences between the target population and the frame.

Misclassification refers to allocating statistical units to the wrong class in a given classification, for instance classifying a business under trade instead of industry.

II.4.1.1 Please describe the main misclassification problems encountered in collecting the data and the methods used to process misclassifications.

II.4.1.2 Please describe the main under- and over-coverage problems encountered in collecting the data and the methods used to process coverage deficiencies.

II.4.2 Non-response errors

II.4.2.1 Unit non-reponse

☞ *If no survey is carried out, please proceed to .*

Unit non-response occurs when not all the reporting units in the sample participate in the survey.

II.4.2.1.1 Please provide the total unweighted unit non-response rate for all reporting units (UCI) surveyed as: $$\left(1-\frac{\sum \text{respondent units}}{\sum \text{all reporting units included in survey}}\right) \times 100 = \boxed{}$$

II.4.2.1.2 Please provide comments on the unit non-response rate (e.g. no contact, refusal, unable to respond, ineligible, etc.). Please, indicate whether the non-respondent units are mostly small and medium-sized or big enterprises.

II.4.2.1.3 Please describe the methods used to minimise unit non-response (e.g. advance notification by letter or telephone, legal measures, etc.).

II.4.2.2 Item non-response

Item non-response occurs when a respondent provides some, but not all, of the information requested or if the information reported is unusable (note that entirely unusable questionnaires are already counted in the unit non-response).

II.4.2.2.1 Did you detect cases where the reporting unit (UCI) had not provided data for all its foreign-controlled affiliates? (For the register-based approach, cases where the register does not cover all the foreign affiliates belonging to a given enterprise group.)   ☐ yes (please estimate the number of such cases) ▢   ☐ no

II.4.2.2.2 Did you detect cases where the reporting unit (UCI) had not provided all the requested characteristics of a foreign-controlled affiliate? (For the register-based approach, cases where the register does not cover all the characteristics requested.)

    ☐ yes (please estimate the number of such cases)

    ☐ no

II.4.2.3 IMPUTATION METHODS

Imputation is the process used to resolve problems of missing, invalid or inconsistent responses identified during editing.

II.4.2.3.1 Is any method used to deal with non-response (both unit and item non-response)?

    ☐ yes

    ☐ no

☞ *If no, please proceed to II.5 Assessment of revisions.*

II.4.2.3.2 Please briefly describe the imputation methods used for dealing with unit and item non-response (e.g. correction factor in the weighting procedure, imputation based on available information from previous reference periods, etc.).

II.5 ASSESSMENT OF REVISIONS

II.5.1 SIZE OF REVISIONS

The ***Mean Absolute Percentage Error (MAPE)* *will be used to indicate the size of revisions. The MAPE presents the average percentage difference between the initial and final estimates (between 0 and infinity).***

II.5.1.1 The following table, pre-filled by Eurostat, presents the results of the MAPE calculation for all mandatory characteristics, taking into account data for total activity (9994) and for partner extra EU-27 (V2):

	2004	2005	2006
a) Number of enterprises (ENT)			
b) Turnover (TUR)			
c) Number of persons employed (EMP)			

☞ *If no revisions were sent, please proceed to II.5.2 Revision policy.*

II.5.1.2 Please comment on the indicators calculated by Eurostat if they are ≠ 0.

II.5.2 REVISION POLICY

Please describe your revision policy.

III. Coherence and comparability

III.1 Coherence

Coherence of two or more statistical outputs refers to the degree to which the statistical processes by which they were generated used the same concepts - classifications, definitions, and target populations – and harmonised methods. Coherent statistical outputs have the potential to be validly combined and used jointly

III.1.1 Outward FATS and outward FDI

Please indicate whether the same non-resident activity codes are used for both statistics on FDI stocks abroad and for outward FATS, where applicable.

III.1.2 Outward FATS and data provided to the OECD and/or other international organisations

III.1.2.1 Do you provide outward FATS data to any other international organisation (tick as appropriate)?   ☐ OECD   ☐ to the following other international organisation: ▢   ☐ only to Eurostat

III.1.2.2 Please describe any difference in the level of detail of the data provided to the OECD or any other international organisation mentioned.

III.2 Comparability over time

Comparability of two or more statistical outputs refers to the measurement of the impact of differences in applied statistical concepts, measurement tools and procedures where statistics are compared between geographical areas, sectoral domains or over time.

III.2.1. Please confirm the length of time series (from the period when the statistics were compiled for the first time to the latest reference year available at Eurostat) and indicate the length of comparable time series (from the last break in time series to the latest reference year available at Eurostat).

Indicator	Period (yyyy – yyyy)
a) Length of time series (to be prefilled by Eurostat)	
b) Length of comparable time series	

III.2.2 If a) is not equal to b), please indicate the reasons and any differences in concepts and measurement methods for breaks in time series.

IV. TIMELINESS AND PUNCTUALITY

IV.1 TIMELINESS

Timeliness of statistical outputs refers to the period between the availability of the information and the event or phenomenon it describes.

Please provide the key dates for the following action:	
Action	**Deadline(s)../../….**
a) Data-collection	
b) Post-collection phase	
c) Dissemination in your country, if applicable	

IV.2 PUNCTUALITY

Punctuality refers to the delay between the date of the release of the data and the target date (the date by which the data should have been delivered).

Punctuality is calculated as the actual date of data delivery minus the scheduled date of transmission to Eurostat. It shows how many calendar days this was behind (positive value) or ahead of (negative value) the legal deadline (20 months after the end of the reference year).

IV.2.1 The punctuality for your country is (to be pre-filled by Eurostat):
IV.2.2 Please comment on the punctuality of transmission calculated by Eurostat, in case of delivery after the deadline. For example, the reasons for late delivery and the action taken or planned to improve punctuality.

V. ACCESSIBILITY AND CLARITY

V.1 ACCESSIBILITY

Accessibility of statistical outputs refers to the conditions and modalities by which users can obtain data.

It is the measure of the ease with which users can obtain data: where to go, how to order, delivery time, clear pricing policy, convenient marketing conditions, availability of micro and macro data, various formats (paper, files, CD-ROM, Internet etc.)

V.1.1 Are outward FATS data disseminated[3] at national level by your or by another institution?   ☐ yes   ☐ no

☞ *If "no", please proceed to VI. Further comments.*

V.1.2 Do the outward FATS data disseminated at national level differ from the data sent to Eurostat?   ☐ yes   ☐ no

☞ *If "no", please proceed to V.1.4.*

V.1.3 If yes, please give a brief description of the differences between the data published at national level and the data sent to Eurostat.

V.1.4 How do you disseminate the outward FATS data?

Reference year	Paper/pdf publications			Electronic publications	
	News release	Statistical yearbook	Thematic publications	Internet database	CD/DVD-Rom Other (fax, e-mail, etc.)
2006	☐ yes	☐ yes	☐ yes	☐ yes	☐ yes
2007					

For 2007, please report any scheduled action plan, specifying the implementation date.

V.1.5 Please indicate links to your electronic publications.

V.1.6 Are publications on outward FATS available in any language other than the official language(s) of your country? Yes,   ☐ in English   ☐ in the following other language(s): ▢

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[3] Occasional publications (e.g. presentations in working groups) are not included.

V.2 CLARITY

Clarity of statistical outputs refers conditions and modalities by which users can use and interpret data. It is determined by the information environment within which the data are presented, whether data are accompanied with appropriate metadata, illustrations such as graphs and maps, and whether information is also available on their quality.

V.2.1 Are statistical metadata available?   ☐ for paper publications   ☐ on the website (electronic version)   ☐ no methodological explanations on data are disseminated
V.2.2 If metadata are published electronically, please indicate the links.

VI. FURTHER COMMENTS

Please provide any further comments regarding outward FATS data quality which are not included above (e.g. foreseeable changes in the methodology, revisions due to non-inclusion of large enterprises in the current database, etc.).

Annex VII

Contents of country codes

Inclusions and exclusions of certain territories in country codes (apply for all data requests)

BOP code	Country	ISO code	Contents
			EUROPA
DE	**Germany**	DE	Germany
			Including Helgoland
			Excluding Büsingen and Büttenhardter Höfe (customs free zones belonging to the customs territory of Switzerland)
DK	**Denmark**	DK	Denmark
			Excluding Faroe Islands (FO) and Greenland (GL)
ES	**Spain**	ES	Spain
			Including Balearic Islands, Ceuta and Melilla and Canary Islands
			Excluding Andorra (AD)
FI	**Finland**	FI	Finland
		AX	*Including* Åland Islands
FR	**France**	FR	France
		FX	France, metropolitan
		MC	Principality of Monaco
			Including Overseas Departments:
		GF	French Guyana
		MQ	Martinique
		GP	Guadelope (Grande Terre, BasseTerre, Marie Galante, Les Saintes, Iles dela Petite Terre, Désirade, Saint Barthélémy and Northern St Martin)
		RE	Réunion
			Including Territorial collectivities:
		YT	Mayotte
		PM	Saint Pierre et Miquelon
			Excluding Overseas Territories (French Polynesia (PF), New Caledonia and dependencies (NC) , Wallis and Futuna Islands (WF))
IT	**Italy**	IT	Italy
			Excluding San Marino (SM) and the Holy See (VA)
NL	**Nethelands**	NL	Netherlands
			Excluding Netherlands Antilles (AN) and Aruba (AW)
PT	**Portugal**	PT	Portugal
			Including Açores and Madeira
			Excluding Macau (MO)
GB	**United Kingdom**	GB	United Kingdom of Great Britain and Northern Ireland
			Excluding Channel Islands - Guernsey (GG), Jersey (JE), the Isle of Man (IM); Anguilla (AI), Montserrat (MS), the British Virgin Islands (VG), the Turks and Caicos islands (TC), and the Cayman islands (KY)
			AFRICA
MA	**Morocco**	MA	Morocco
			Including Occidental Sahara
AO	**Angola**	AO	Angola
			Including Cabinda
IO	**British Indian Ocean Territory**	IO	British Indian Ocean Territory
			Including Chagos Archipelago
KM	**Comoros**	KM	Comoros
			Including Anjouan, Grande Comore, Mohéli
MU	**Mauritius**	MU	Mauritius
			Including Rodrigues Island, Agalega Islands and Cargados Carajos Shoals (St Brandon Islands)
SC	**Seychelles**	SC	Seychelles
			Including Alphonse, Bijoutier, St François Islands, St Pierre Islet, Cosmoledo Islands, Amirantes, Providence, Aldabra, Farquhar and Desroches, Mahé, Silhouette, Praslin (including La Digue), Frégate, Mamelles and Récifs, Bird and Denis, Plate and Coëtivy
SH	**St Helena**	SH	St Helena
			Including Ascension, Gough Island, Inaccessible, Nightingale Islands and Tristan da Cunha Islands
TZ	**Tanzania, United Republic of**	TZ	Tanzania, United Republic of
			Including Tanganyika, Zanzibar Island and Pemba

BOP code	Country	ISO code	Contents
			AMERICA
US	**United States**	US	United States
			Including Puerto Rico (PR) and Navassa
AN	**Netherlands Antilles**	AN	Netherlands Antilles
			Including Bonaire, Curaçao, Saba, St. Eustatius and Southern part of St. Martin
GD	**Grenada**	GD	Grenada
			Including Southern Grenadines Islands
HN	**Honduras**	HN	Honduras
			Including Swan Islands
NI	**Nicaragua**	NI	Nicaragua
			Including Corn Islands
PA	**Panama**	PA	Panama
			Including former Canal zone
VC	**St Vincent and the Grenadines**	VC	St Vincent and the Grenadines
			Including Northern Grenadines Islands
EC	**Ecuador**	EC	Ecuador
			Including Galapagos Islands
			ASIA
AE	**United Arab Emirates**	AE	United Arab Emirates
			Including Abu Dhabi, Dubai, Sharjah, Ajman, Umm al Qaiwain, Ras al Khaimah and Fujairah
OM	**Oman**	OM	Oman
			Including Kuria Muria Islands
YE	**Yemen**	YE	Yemen
			Including North Yemen and South Yemen, Perim, Kamaran, Socotra and associated Islands
IN	**India**	IN	India
			Including Amindivi Island, Laccadive Island, Minicoy Island, Andaman Islands, Nicobar Islands and Sikkim
MY	**Malaysia**	MY	Malaysia
			Including Peninsular Malaysia and Eastern Malaysia (Sabah, Sarawak and Labuan)
TL	**Timor-Leste**	TL	Timor-Leste
			Including the exclave of Oecussi
TW	**Taiwan, Province of China**	TW	Taiwan, Province of China
			Including separate customs territory of Taiwan, Penghu, Kinmen and Matsu
			OCEANIA AND POLAR REGIONS
FM	**Micronesia, Federated States of**	FM	Micronesia, Federated States of
			Including Caroline Islands (except Palau), Yap, Chuuk, Pohnpei, Kosrae
MP	**Northern Mariana Islands**	MP	Northern Mariana Islands
			Including Mariana Islands except Guam
NC	**New Caledonia**	NC	New Caledonia
			Including Loyalty Islands (Maré, Lifou and Ouvéa)
NZ	**New Zealand**	NZ	New Zealand
			Including Antipodes Islands, Auckland Islands, Bounty Islands, Campbell Island, Kermadec Islands, Chatham Islands and Snares Islands. Excluding Ross Dependency (Antartica)
PF	**French Polynesia**	PF	French Polynesia
			Including Marquesas Islands, Society Islands (including Tahiti), Tuamotu Islands, Gambier Islands and Austral Islands. Also Clipperton Island.
PG	**Papua New Guinea**	PG	Papua New Guinea
			Including Bismarck Archipelago, Louisiade Archipelago, Admiralty Islands, Northern Solomon Islands (Bougainville, Buka, Green), d'Entrecasteaux Islands, Lavongai, Trobriand Islands, New Britain, New Ireland, Woodlark and associated Islands
PN	**Pitcairn**	PN	Pitcairn
			Including Henderson, Ducie and Oeno Islands
SB	**Solomon Islands**	SB	Solomon Islands
			Including Southern Solomon Islands, primarily Guadalcanal, Malaita, San Cristobal, Santa Isabel, Choiseul
WF	**Wallis and Futuna**	WF	Wallis and Futuna
			Including Alofi Island
UM	**US Minor Outlying Islands**	UM	US Minor Outlying Islands
			Including Baker, Howland, and Jarvis Islands, Johnston Atoll, Kingman Reef, Midway Islands, Palmyra Atoll and Wake Island
TF	**French Southern Territories**	TF	French Southern Territories
			Including Kerguélen, Amsterdam and Saint Paul Islands, Crozet Archipelago

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