

Implementing the new international standards for foreign direct investment (FDI) statistics

Statistics Explained

This article provides a short introduction to the implementation of the new international standards for [European Union \(EU\) foreign direct investment \(FDI\) statistics](#).

Background

The methodological basis for the compilation of foreign direct investment (FDI) statistics is the [International Monetary Fund \(IMF\) Balance of Payments and International Investment Position Manual](#) and the [OECD Benchmark Definition of Foreign Direct Investment](#).

The IMF released the sixth edition of the Balance of Payments and International Investment Position Manual (BPM6) in 2009. It updates the fifth edition (BPM5), which was released in 1993. The update involved extensive consultations with national compilers and international organisations, including the [European Central Bank \(ECB\)](#) and the European Commission ([Eurostat](#)). BPM6 is consistent with the [System of National Accounts 2008 \(2008 SNA\)](#), the [European System of National and Regional Accounts \(ESA 2010\)](#), which is the “European version” of the 2008 SNA, and with the fourth edition of the [OECD Benchmark Definition of Foreign Direct Investment \(BD4\)](#), which were updated in parallel.

The OECD’s Manual sets the world standard for foreign direct investment (FDI) statistics, whereas the 2008 SNA and ESA 2010 provide the statistical framework for national accounting. All these manuals share basic concepts, definitions, classifications and conventions in order to ensure consistency and data comparability.

These new editions of the international standards take into account significant developments that have occurred in the global economy.

Main changes in the dissemination of annual FDI statistics

The revised data requirements for Eurostat FDI statistics in line with the new international standards (BPM6 and BD4) are defined by Commission Regulation (EU) No 555/2012 amending Regulation (EC) No 184/2005 of the [European Parliament](#) and of the [Council](#), which establishes a common framework for reporting of balance of payments, international trade in services and foreign direct investment data. The major changes in the reporting and presentation of FDI statistics are related to the introduction of separate recording of the following items:

- Reverse investment

This represents the FDI transactions/positions by/from affiliates in/to their parent companies. The introduction of the “gross” (assets/liabilities) concept in the new standard presentation plays an important role in properly combining this item with the other entries into outward and inward FDI according to the directional principle. However, in the annual FDI data dissemination reverse investment is not shown; this is only available in the presentation of FDI data disseminated under quarterly balance of payments.

- FDI between fellow enterprises

Fellow enterprises are identified on the basis of their relationship by being directly or indirectly influenced by the same enterprise in the ownership chain, as defined by the Framework of Direct Investment Relationship (FDIR). The direction of the influence, and in consequence the direction of the transaction/position, is determined according to the residency of the ultimate controlling parent (UCP) of each entity qualifying as a fellow enterprise. UCP is defined as the controlling entity above which there is no other controlling entity according to FDIR.

- FDI by resident special purpose entities (SPEs)

Whereas aggregate FDI statistics include all types of enterprises, some of them are not purely operational direct investment entities but companies owned by foreigners without economic activity, the majority of whose assets consists of foreign equity holdings and which run large amounts of capital in transit and may offer advantages, e.g. for tax purposes. The purpose of looking-through SPEs is to reduce the overstatement of FDI statistics and to provide more realistic analysis and hence estimates of real source/destination of FDI.

Timetable

The new methodology is to be implemented in the EU annual FDI statistics from reference year 2013. Further to the above changes, the comparability will be methodologically limited between the EU FDI statistics for the reference years up to 2012 and from 2013.

The detailed figures based on the new international standards will be disseminated in a separate set of tables in the Eurostat reference database. The European aggregates will be compiled according to the old methodology (BPM5, BD3) for reference years up to 2012, and according to the new methodology (BPM6, BD4) from reference year 2013 onwards. No back-casted EU aggregates according to the new methodology will be calculated, so the new time series will start only as from reference year 2013.

Other articles

- [Balance of payment statistics](#)
- [Foreign direct investment \(FDI\) \(in chapter 4\)](#) .

Database

- [Balance of payments - international transactions \(bop\)](#)

European Union direct investments (bop_fdi)

Dedicated section

- [Balance of payments](#)

Legislation

- [Commission Regulation \(EU\) No 555/2012](#)

External links

- [Balance of payments and international investment position manual \(BPM6\)](#)
- [BPM6 “Changes from BPM5” \(IMF\)](#)
- [BPM5-BPM6 Conversion Matrix \(IMF\)](#) matches the standard components and additional details of BPM5 to the standard components and selected other items of BPM6
- [IMF's Balance of Payments and International Investment Position Manual \(BPM6\) Sixth Edition](#)
- [IMF FAQs on the conversion](#)

- [Frequently Asked Questions on the Introduction of BPM6](#)
- [Implementing the new Balance of Payments Manual \(BPM6\)](#)
- [OECD Benchmark Definition of Foreign Direct Investment Fourth edition \(BD4\)](#)

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