




| Basic information | |
|---|---------------------|
| 2005/0016(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Regulation | Procedure completed |
| Community statistics on the structure and activity of foreign affiliates | |
| Repealed by 2017/0048(COD) Subject 3.45.20 Business statistics | |

| Key players | | | |
|-------------------------------|---|---------------------|---|
| European Parliament | Committee responsible | | Rapporteur |
| | <div>ECON</div> Economic and Monetary Affairs | | LETTA Enrico (ALDE) |
| | Committee for opinion | | Appointed |
| | <div>EMPL</div> Employment and Social Affairs | | The committee decided not to give an opinion. |
| | <div>ITRE</div> Industry, Research and Energy | | The committee decided not to give an opinion. |
| | | | |
| Council of the European Union | Council configuration | Meetings | Date |
| | Education, Youth, Culture and Sport | 2802 | 2007-05-24 |
| European Commission | Commission DG | Commissioner | |
| | Eurostat | ALMUNIA Joaquín | |

| Key events | | | |
|------------|---|--|---------|
| Date | Event | Reference | Summary |
| 15/03/2005 | Legislative proposal published | COM(2005)0088  | Summary |
| 12/04/2005 | Committee referral announced in Parliament, 1st reading | | |
| 22/11/2005 | Vote in committee, 1st reading | | Summary |
| 23/11/2005 | Committee report tabled for plenary, 1st reading | A6-0332/2005 | |

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|------------|---|---|-------------------------|
| 16/02/2006 | Debate in Parliament |  | |
| 12/12/2006 | Decision by Parliament, 1st reading | T6-0547/2006 | Summary |
| 12/12/2006 | Results of vote in Parliament |  | |
| 24/05/2007 | Act adopted by Council after Parliament's 1st reading | | |
| 20/06/2007 | Final act signed | | |
| 20/06/2007 | End of procedure in Parliament | | |
| 29/06/2007 | Final act published in Official Journal | | |

| Technical information | |
|----------------------------|--|
| Procedure reference | 2005/0016(COD) |
| Procedure type | COD - Ordinary legislative procedure (ex-codecision procedure) |
| Procedure subtype | Legislation |
| Legislative instrument | Regulation |
| Amendments and repeals | Repealed by 2017/0048(COD) |
| Legal basis | EC Treaty (after Amsterdam) EC 285-p1 |
| Stage reached in procedure | Procedure completed |
| Committee dossier | ECON/6/27255 |

Documentation gateway


European Parliament


| Document type | Committee | Reference | Date | Summary |
|---|-----------|------------------------------|------------|-------------------------|
| Amendments tabled in committee | | PE364.703 | 17/10/2005 | |
| Committee report tabled for plenary, 1st reading/single reading | | A6-0332/2005 | 23/11/2005 | |
| Text adopted by Parliament, 1st reading/single reading | | T6-0547/2006 | 12/12/2006 | Summary |

Council of the EU

| Document type | Reference | Date | Summary |
|-----------------|------------------------------|------------|---------|
| Draft final act | 03603/3/2007 | 20/06/2007 | |

European Commission

| Document type | Reference | Date | Summary |
|--|--|------------|-------------------------|
| Legislative proposal | COM(2005)0088  | 15/03/2005 | Summary |
| Commission response to text adopted in plenary | SP(2007)0303 | 24/01/2007 | |
| | COM(2012)0249 | | |

| Follow-up document | |  | 31/05/2012 | Summary |
|--------------------------------------|---|--|------------|-------------------------|
| Other institutions and bodies | | | | |
| Institution/body | Document type | Reference | Date | Summary |
| ECB | European Central Bank: opinion, guideline, report | CON/2005/0016 OJ C 144 14.06.2005, p. 0014-0015 | 31/05/2005 | Summary |

| Additional information | | |
|------------------------|-------------------------|------|
| Source | Document | Date |
| European Commission | EUR-Lex | |

| Final act |
|---|
| Regulation 2007/0716 OJ L 171 29.06.2007, p. 0017 Summary |

Community statistics on the structure and activity of foreign affiliates

2005/0016(COD) - 31/05/2005 - European Central Bank: opinion, guideline, report

On 6 April 2005, the European Central Bank (ECB) received a request from the Council of the European Union for an opinion on a proposal for a regulation of the European Parliament and of the Council on Community statistics on the structure and activity of foreign affiliates. Overall, the ECB welcomes the proposed Regulation. It believes that by defining a common framework, the proposed regulation should improve the comparability of data on foreign affiliates throughout the EU, thereby making them more suitable for aggregation at the EU and/or euro area level and more reliable for all users. Data on foreign affiliates are currently compiled by national statistical institutes (usually inward FATS) and central banks (usually outward FATS) of the Member States. The compilation methods used are in line with the proposed regulation and such data should also assist the ECB in assessing economic developments relating to the activity of large corporations and their foreign affiliates inside and outside the euro area. Specifically, these data are considered valuable for investigating both trends in euro area trade and price-setting behaviour, as well as for understanding the economic impact of foreign direct investment on, for instance, competitiveness or employment.

In this context, the ECB would take the opportunity to comment on certain specific provisions of the proposed regulation. It notes that the proposed regulation does not make the provision of outward FATS mandatory with immediate effect. Only after a period of three years will it be possible to assess the results of the pilot studies to be conducted in some Member States. The ECB regrets that although the data flows provided for balance of payments statistics in Section 2 of Annex I to Regulation 184/2005/EC on Community statistics concerning balance of payments, international trade in services and foreign direct investment indicate separate categories for goods and services, goods and services are not categorised separately in this way in the proposed regulation. If such data are not categorised separately, their value for analysis will be reduced and it will be harder to compare them with data published in the countries that are the euro area's main counterparts.

Moreover, another issue is the deadline of 20 months from the end of the reference year for Member States to transmit inward FATS currently provided for in Section 5 of Annex I to the proposed regulation. This would appear to be the maximum possible time limit for ensuring a regular assessment of economic developments involving (frequent) changes in the structure of large corporations and the number, size, and sector of economic activity of their affiliates. The ECB therefore encourages the Parliament and the Council to consider the possibility, after an evaluation of pilot studies, of reducing the proposed deadline in the medium term, at least for aggregated data (e.g. 'Level 1', as referred to in the proposed regulation).

This would bring it more in line with the timeliness for reporting aggregated data on foreign direct investment laid down in Regulation 184/2005/EC, which provides for a deadline of nine months.

Lastly, following a more detailed assessment of Annexes I to III to the proposed regulation the ECB notes that Section 6 of Annex I to Regulation 184/2005/EC entitled 'Geographical breakdown levels' includes an additional item entitled 'U4 Extra-euro-zone' alongside other EU-wide items. The ECB considers that in order to produce the euro area aggregate, it would be useful to include a similar reference to the 'Extra-euro area' in Annex III to the proposed regulation as an additional geographical breakdown level under the heading 'Level 1'. Finally, the Explanatory Memorandum refers to 'EU-15' (and alternatively 'EU15-Member States'); the ECB proposes that it should refer instead to the current 'EU-25' or 'EU-25 Member States'.

Community statistics on the structure and activity of foreign affiliates

2005/0016(COD) - 15/03/2005 - Legislative proposal

PURPOSE : proposal to create common statistical standards for the production of comparable statistics on the structure and activity of foreign affiliates.

PROPOSED ACT : Regulation of the European Parliament and of the Council.

CONTENT : Economic globalisation affects businesses and statistics are needed in order to help national and EU policy-makers formulate appropriate policies and to help enterprises assess ongoing developments. In addition, statistics are necessary to assist in various other policy areas, e.g. the functioning of the internal market or the implementation of the GATS (General Agreement on Trade in Services). The voluntary collection of data on the structure and activity of foreign affiliates in the Member States has shown that it is feasible to collect data. Inward statistics on foreign affiliates (Inward FATS) have been collected in the framework of Structural Business Statistics, by breaking down business statistics by the nationality of the enterprises exercising the foreign control. Inward FATS have also been collected in the framework of Balance of Payments statistics, by generating data for the subset in which foreign direct investment has attained a level corresponding to foreign control. Data for statistics on the activity of affiliates abroad (Outward FATS) are collected on a strictly voluntary basis in the Balance of Payments framework. They are also based on extensions of the variables collected for foreign direct investment, for the foreign affiliates that are controlled by the direct investor.

Although all EU15-Member States provided data for inward FATS in one or other of the statistical frameworks, it was not possible to calculate EU-15 aggregates as these data collections differed in terms of coverage, variables and methodology. As all users depend on the availability of EU aggregates, it was necessary to harmonise the data collection of inward FATS in order to establish a common framework for the production of coherent FATS. For outward FATS, only nine Member States collect data on a voluntary basis.

The proposed regulation specifies the deliverables expected, while leaving it to the discretion of the Member States to decide on the best way of obtaining those deliverables. The proposal regarding FATS is the fruit of numerous consultations and meetings with Member States, a large majority of which support it.

The regulation contains two common modules, for inward FATS (Annex 1) and for outward FATS (Annex 2).

The common module for inward FATS (Annex 1) is largely based on data collected in the framework of Council Regulation 58/97 concerning Structural Business Statistics (SBS Regulation). The collection of the characteristics allows the extent and intensity of globalisation in the internal market to be measured and provides information about capital movements, direct investment and technology. The direct link to structural

business statistics allows a comparison of foreign-controlled enterprises with nationally controlled enterprises, and the differences in productivity, performance and profitability can thus be analysed easily as well as the impact on economic performance measured in terms of growth, employment and research and development.

The activity breakdown based on the NACE gives information on the distribution of foreign control in the economy of the reporting country and the respective international competitiveness of certain sectors. The breakdown by controlling country shows the role of specific foreign countries as domicile for enterprises controlling affiliates in the EU Member States and the attractiveness of individual Member States.

The common module for outward FATS (Annex 2) also includes a breakdown by country of location and by activity of the foreign affiliates controlled abroad. The structure of the detail for the characteristics proposed is the same as that used for foreign direct investment in the Draft Regulation for Balance of Payments Statistics. Opposition by Member States to a previous version presented to the SPC in September 2003 entailed that all characteristics for outward FATS, as defined in Annex II, will be subject of pilot studies. For inward FATS, as the information requested by the users goes beyond the scope of the draft regulation, pilot studies are planned to assess whether data collection is feasible for additional detail.

FINANCIAL IMPLICATIONS:

- Budget lines and headings: 29 02 01 Statistical Information Policy.
- Overall figures :
- Total allocation for action: EUR 2.150 million for the period 2005-2007.
- Period of application: Yearly data collection and compilation starting from the year after entry into force of the regulation.
- Overall multiannual estimate of expenditure: Schedule of commitment appropriations/payment appropriations – total over the period of application - EUR 2.150 million. This comprises grants to national authorities for pilot studies.
- Technical and administrative assistance and support expenditure is 0.
- Existing human resources will be reallocated for the management and the needs of the programme, no other resources are necessary. This amounts to EUR 648.000.

Community statistics on the structure and activity of foreign affiliates

The European Parliament adopted a resolution drafted by Wolf **KLINZ** (ALDE, DE) by 615 votes in favour to 13 against with 20 abstentions and made some amendments to the proposal:

- a new clause states that exports, imports, intra-group exports and intra-group imports shall be broken down into goods and services. **Goods and services must be categorised separately;**
- on comitology, the following measures are designed to modify non essential elements of the regulation, including by supplementing it by adding new non essential elements, and shall be adopted in accordance with the regulatory procedure with scrutiny : adapting definitions in Annexes I and II and adaptation of the level of detail listed in Annex III, as well as any consequential changes for Annexes I and II; implementing the results of the pilot studies; defining proper common quality standards and the contents and periodicity of the quality reports;
- the Commission must draw up a programme for pilot studies to be carried out by national authorities on a voluntary basis on additional variables and breakdowns **for inward and outward statistics** on foreign affiliates;
- 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. On the basis of the results of the pilot studies the Commission, in accordance with the procedure referred to in Article 10, shall adopt implementation measures on both, inward and outward FATS. Parliament felt that a new legislative procedure for the implementation of outward FATS seemed disproportionate and would lead to further, considerable delays in the implementation of outward FATS;
- Member States shall compile the data according to the implementation timetable as specified in Annexes I and II (rather than Annex II);
- during a transitional period that shall not exceed four years from the first reference year, 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 with scrutiny referred to in Article 10(2) when their national systems require major adaptations;
- particular consideration shall be given to the principle that the benefits of 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;
- both Annexes have been amended with regard to characteristics to be compiled. There is a new clause on the first reference year and periodicity. The results shall be transmitted within 20 months from the end of the calendar year of the reference year. Parliament specified which data on outward FATS might be the subject of pilot studies.

Community statistics on the structure and activity of foreign affiliates

2005/0016(COD) - 20/06/2007 - Final act

PURPOSE: to establish a common framework for the systematic production of Community statistics on the structure and activity of foreign affiliates.

LEGISLATIVE ACT: Regulation (EC) No 716/2007 of the European Parliament and of the Council on Community statistics on the structure and activity of foreign affiliates.

CONTENT: the Council adopted a regulation establishing a framework for the production of Community statistics on the structure and activity of foreign affiliates, with a view to carrying out adequate assessments of the impact of foreign-controlled enterprises on the EU economy.

The new common framework for the systematic production of statistics in this field is intended to provide a more reliable basis in order to measure the effects of foreign control on employment, wages and productivity.

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; d) identify areas for potential improvement and amendments considered necessary in light of the results obtained and the costs involved.

ENTRY INTO FORCE: 19/07/2007.

Community statistics on the structure and activity of foreign affiliates

2005/0016(COD) - 31/05/2012 - Follow-up document

The Commission presents a report on the implementation of Regulation (EC) No 716/2007 of the European Parliament and of the Council on Community statistics on the structure and activity of foreign affiliates for the year 2009.

Quality of the statistics produced: with regard to timeliness, the report states that compliance with the reporting deadline for 2009 was satisfactory and punctuality has improved compared to data submission for the reference year 2007, when for inward FATS only 18 countries, and for outward FATS only 16 countries delivered data by the deadline set. A compliance-monitoring routine has been established and Eurostat is working together with those Member States which do not yet fully comply with the deadlines.

Furthermore, for the reference year 2009, the completeness of data improved considerably. For outward FATS, the share of missing values fell from 21% to 6% as missing data were reported by only 5 countries, whereas 22 Member States provided complete data sets. For inward FATS, the overall share of missing data declined from 47% in 2007 to 19% in 2009 as 9 EU Member States provided 100% of the requested data.

Costs and burden of foreign affiliates statistics: most Member States do not measure the burden in quantitative terms and can therefore provide only qualitative assessments. Therefore, any estimation of the costs involved in the collection and dissemination of foreign affiliates statistics is not easily quantifiable. There is a wide range of FATS data sources that are also used for the production of other statistics, or linked to reporting by financial institutions and enterprises to regulatory authorities. Hence, it is difficult to separate the specific costs of collecting and producing the foreign affiliates' data from the total cost incurred for collecting data often used for other purposes. Moreover, in certain Member States, data may be collected by two different institutions, i.e. the national central bank and the national statistical office, rendering reliable estimates even more complicated.

Progress and implementation of pilot studies: several pilot studies were implemented by participating Member States. Their results gave an insight into the scope for compiling additional variables in inward and outward FATS that were defined as non-mandatory in the FATS Regulation. The Commission has reservations about proposing that any of the piloted variables be made mandatory, as this seems to increase the burden for National Statistical Authorities and for respondents. Nevertheless, the Commission confirms the strong demand by users for this information.

Areas for possible improvements and amendments: for the near future, Eurostat plans to further improve the quality of the FATS data by developing and harmonising methodology with a view to:

- implementing a smooth transition of the NACE Rev. 2 classification for the outward FATS, which would lead to better international comparability;
- calculating EU aggregates from the 2009 reference year onwards for both inward and outward FATS data;

In the medium term, when compiling the FATS statistics, Member States could use the EuroGroups Register (EGR) as a common tool. The EGR is under development and will contain data on enterprise groups and their constituent units and characteristics. This makes it possible to align the country code of the UCI to which the enterprises belong and will thus enhance the quality of the FATS statistics.

Eurostat is also currently working on the Framework Regulation Integrating Business Statistics (FRIBS) to establish a common legal framework for the systematic collection, compilation, transmission and dissemination of European statistics related to the economic activity, structure and performance of the business sector. The FATS requirements will be reassessed in the context of FRIBS.