



COMMISSION OF THE EUROPEAN COMMUNITIES

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Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

On Community statistics on the structure and activity of foreign affiliates

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. Background

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 GATS¹.

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.

2. Content of the Regulation

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 (EC, Euratom) No. 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.

¹ General Agreement on Trade in Services

The activity breakdown based on the NACE² 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. Concerning outward FATS, as a result of opposition by Member States to a previous version presented to the SPC in September 2003, the entire Annex 2 is now included in pilot studies.

The regulation has been thoroughly discussed with Member States' and Candidate Countries' representatives in the FATS Joint Working Group. The FATS JWG includes both groups of data providers, namely the national statistical institutes collecting FATS data in the framework of Structural Business Statistics and the central banks providing data in the Balance of Payments working framework. The proposal was also discussed at the CMFB³ and at the BSDG⁴ with Member States and Candidate Countries, and received general support. Both modules have been drawn up after extensive consultation with Member States, which support both the content and the lists themselves.

² Statistical Classification of economic activities in the European Community

³ Committee for Monetary, Financial and Balance of Payments statistics

⁴ Business Statistics Directors Group

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

On Community statistics on the structure and activity of foreign affiliates

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 285(1) thereof,

Having regard to the proposal from the Commission⁵,

Having consulted the European Central Bank in accordance with Article 105(4) of the Treaty⁶,

Acting in accordance with the procedure laid down in Article 251 of the Treaty⁷,

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-owned 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 the 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.

⁵ OJ C , , p. .

⁶ OJ C [...], [...], p. [...].

⁷ OJ C , , p. .

- (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) European Parliament and Council Regulation (EC) No .../...⁸ 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 agreement, 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 statistics⁹ and Regulation (EEC) No 696/93 of 15 March 1993 on the statistical units for the observation and analysis of the production system in the Community¹⁰ 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 2223/96¹¹ of 25 of June 1996 on the European System of Accounts in the Community 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 (UN), the Balance of Payments Manual (5th edition) of the International Monetary Fund (IMF), the Benchmark Definition on foreign direct investment and the Manual on Economic Globalisation Indicators of the Organisation for the Economic Co-operation and Development (OECD) define the general rules for compiling international comparable statistics on foreign affiliates.
- (9) The production of specific Community statistics is governed by the rules set out in Regulation (EC) No 322/97¹².
- (10) Since the objective of the action to be taken, 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 Commission¹³.

⁸ OJ L , , p. .

⁹ OJ L 14, 17.1.1997, p.1 . Regulation as last amended by Regulation (EC) No 1670/2003 (OJ L 244, 29.09.2003, p. 74)

¹⁰ OJ L 76, 30.3.1993, p.1.

¹¹ OJ L 310, 30.11.1996, p.1.

¹² OJ L 52, 22.2.1997, p. 1.

- (12) The Statistical Programme Committee and the Committee on Monetary, Financial and Balance of Payments Statistics 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.

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. Enterprise A is deemed to be controlled by an institutional unit B when B controls - 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 without separate legal identity, which are dependent on foreign owned enterprises. They are treated as quasi-enterprises.
- (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 economy.
- (g) “Outward statistics on foreign affiliates” shall mean statistics describing the activity of foreign affiliates abroad controlled by the compiling economy.

¹³ OJ L 184, 17.7.1999, p. 23. Regulation amended by Regulation (EC) No 1882/2003 of the European Parliament and of the Council (OJ L 284, 31.10.2003, p. 1).

- (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 meaning attributed to it in Regulation (EEC) No 696/93 of 15 March 1993¹⁴ on the statistical unit for the observation and analysis of the production system in the Community.

Article 3

Submission of data

Member States shall submit to the Commission, through Eurostat, data on foreign affiliates for 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 may, whilst complying with conditions as to quality referred to in Article 6, collect the information required under this Regulation using any sources they consider relevant.
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 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 in the meaning of Article 2 of Council Regulation (CE) No 322/97 on a voluntary basis to investigate the feasibility and costs of collecting data on additional variables and breakdowns for inward statistics on foreign affiliates, and of collecting data on outward statistics of foreign affiliates.
2. The Commission programme for pilot studies shall be consistent with Annexes I and II.

¹⁴ OJ L 76, 30.3.1993, p. 1.

3. On the basis of the conclusions of the pilot studies, the Commission shall adopt the necessary implementation measures in accordance with the procedure referred to in Article 10(2).
4. The pilot studies shall be conducted at the latest within three years after the entry into force of this Regulation.

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, through Eurostat, with a report on the quality of the data transmitted (hereafter referred to as “quality reports”).
3. The common quality standards as well as the content of the quality reports shall be specified by the Commission in accordance with the procedure referred to in Article 10(2).
4. The Commission shall assess the quality of the data transmitted on the basis of the quality reports transmitted by the Member States, and shall define the periodicity of such exercise.

Article 7

Recommendations manual

The Commission shall, in close co-operation with the Member States, publish a recommendations manual which contains 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 Annex I.
2. During a transitional period that shall not exceed four years from the first reference year, derogations may be granted by the Commission to Member States when their national statistical systems require major adaptations.

Article 9

Implementing measures

The measures for implementing this Regulation shall be adopted in accordance with the procedure referred to in Article 10(2). In particular, these shall include measures:

- (a) for adjustment to economic and technical developments in the collection and statistical processing of data, as well as the processing and the transmission of results;
- (b) for adjustment of the definitions, if necessary, according to economic and methodological developments;
- (c) for adaptation of the level of detail listed in Annexes I, II and III;
- (d) for the definition of the proper common quality standards and the contents of the quality reports;
- (e) for setting out the appropriate format and procedure for the transmission of results by Member States;
- (f) for the implementation of the results of the pilot studies.

Article 10

Committee

1. The Commission shall be assisted by the Statistical Programme Committee established by Decision 89/382/EEC, Euratom¹⁵.
2. Where reference is made to this paragraph, the regulatory procedure referred to in 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. The Committee shall adopt its rules of procedure.
4. The European Central Bank and the national central banks may attend the meetings of the Committee as observers.

¹⁵ OJ L 181, 28.6.1989, p. 47.

Article 11

Co-operation 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 (CMFB) established by Council Decision 91/115/EEC¹⁶ 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, within five years of the entry into force of this Regulation, submit a report to the European Parliament and the Council on its implementation. 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.

Article 13

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

¹⁶ OJ L 59, 6.3.1991, p. 19. Decision amended by Decision 96/174/EC (OJ L 51, 1.3.1996, p. 48).

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

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 statistics¹⁷ are to 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 (*) |

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

¹⁷ OJ L 344, 18.12.1998. Regulation amended by Commission Regulation (EC) No 1670/2003, OJ L 244, 29.9.2003, p. 74.

(*) 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 E 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.

(**) For NACE Rev. 1.1 division 65 turnover will be replaced by production value.

Variables total intra-mural R & D expenditure (code 22 110) and total number of R & D personnel (code 22 120) 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 (**) and the number of persons employed (or the number of employees instead) should be compiled.

Section 3

Level of detail

Data shall 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 total activity.

Section 4

First reference year and periodicity

1. The first reference year for which annual statistics shall be compiled is the calendar year of the entry into force of this Regulation.
2. Member States shall provide data for every calendar year thereafter.

Section 5

Transmission of results

The results shall be transmitted within 20 months from the end of the reference year.

Section 6

Reports and pilot studies

1. Member States shall 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 in the meaning of Article 2 of Council Regulation (CE) No 322/97 according to Article 5 of this Regulation.
3. The pilot studies are carried out in order to assess the feasibility of obtaining data, taking into account the benefits of the availability of the 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 export of goods and services |
| | Intra-group import of 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, J, 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.

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 economy, according to the definitions contained in Article 2.

Section 2

Pilot studies

For the level of detail covered by this Annex, the Commission will institute pilot studies to be carried out by national authorities in the meaning of Article 2 of Council Regulation (CE) No 322/97 according to Article 5 of this Regulation.

The pilot studies are carried out in order to assess the relevance and feasibility of obtaining data, taking into account the benefits of the availability of the data in relation to the cost of collection and the burden on business.

Section 3

Characteristics

The collection of 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 statistics¹⁸, will be the object of pilot studies:

| Code | Title |
|-------------|--|
| 12 11 0 | Turnover |
| 16 130 | Number of employees |
| 11 11 0 | Number of enterprises |
| 13 31 0 | Personnel costs |
| | Exports of goods and services |
| | Import of goods and services |
| | Intra-group export of goods and services |
| | Intra-group import of goods and services |
| 12 15 0 | Value added at factor cost |
| 15 11 0 | Gross investment in tangible goods |

Section 4

Level of detail

Data shall be provided with the detail by country of location and by kind of activity of the foreign affiliate specified in annex 3. The detail by country of location and kind of activity shall be combined as follows:

¹⁸ OJ L 344, 18.12.1998.

- 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.

ANNEX III

LEVELS FOR DETAILED INFORMATION BY GEOGRAPHY AND BY ACTIVITY

| GEOGRAPHICAL BREAKDOWN LEVELS | Level 1 | Level 2-OUT (Level 1 + 34 countries) |
|-------------------------------------|-----------------------------------|---|
| D5 | Extra-EU 25 | D5 Extra-EU 25 |
| | | IS Iceland |
| | | LI Liechtenstein |
| | | NO Norway |
| CH | Switzerland | CH Switzerland |
| | | BG Bulgaria |
| | | HR Croatia |
| | | RO Romania |
| 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 |
| D6 | Candidate Countries | |
| W5 | Extra EU-25 not allocated | W5 Extra EU-25 not allocated |
| C4 | Offshore Financial Centres | C4 Offshore Financial Centres |

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

D3 EU-25 (Intra-EU-25) excluding compiling country

BE Belgium
CZ Czech Republic
DK Denmark
DE Germany
EE Estonia
GR Greece
ES Spain
FR France
IE Ireland
IT Italy
CY Cyprus
LV Latvia
LT Lithuania
LU Luxembourg
HU Hungary
MT Malta
NL Netherlands
AT Austria
PL Poland
PT Portugal
SI Slovenia
SK Slovak Republic
FI Finland
SE Sweden
UK United Kingdom

D5 Extra-EU 25

AU Australia
BG Bulgaria
CA Canada
CH Switzerland
CN China
HK Hong Kong
IL Israel
IS Iceland
JP Japan
LI Liechtenstein
NO Norway
NZ New Zealand
RO Romania
RU Russian Federation
TR Turkey
US United States

C4 Offshore Financial Centres

W5 Extra-25 not allocated

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 | RU | Russian Federation |
| AG | Antigua and Barbuda | ES | Spain* | LC | Saint Lucia | RW | Rwanda |
| AI | Anguilla | ET | Ethiopia | LI | Liechtenstein | SA | Saudi Arabia |
| AL | Albania | FI | Finland* | LK | Sri Lanka | SB | Solomon Islands |
| AM | Armenia | FJ | Fiji | LR | Liberia | SC | Seychelles |
| AN | Netherlands Antilles | FK | Falkland Islands (Malvinas) | LS | Lesotho | SD | Sudan |
| AO | Angola | FM | Micronesia, Federated States of | LT | Lithuania* | SE | Sweden |
| AQ | Antarctica | FO | Faroe Islands | LU | Luxembourg* | SG | Singapore |
| AR | Argentina | FR | France* | LV | Latvia* | SH | St Helena |
| AS | American Samoa | GA | Gabon | LY | Lybian Arab Jamahiriya | SI | Slovenia* |
| AT | Austria* | GB | United Kingdom* | MA | Morocco | SK | Slovakia* |
| AU | Australia | GD | Grenada | MD | Moldova, Republic of | SL | Sierra Leone |
| AW | Aruba | GE | Georgia | MG | Madagascar | SM | San Marino |
| AZ | Azerbaijan | GG | Guernsey (No official ISO 3166-1 country code, exceptionally reserved code elements) | MH | Marshall Islands | SN | Senegal |
| BA | Bosnia and Herzegovina | GH | Ghana | MK ¹⁹ | Macedonia, the Former Yugoslav Republic of | SO | Somalia |
| BB | Barbados | GI | Gibraltar | ML | Mali | SR | Suriname |
| BD | Bangladesh | GL | Greenland | MM | Myanmar | ST | Sao Tome and Principe |
| BE | Belgium* | GM | Gambia | MN | Mongolia | SV | El Salvador |
| BF | Burkina Faso | GN | Guinea | MO | Macau | SY | Syrian Arab Republic |
| BG | Bulgaria | GQ | Equatorial Guinea | MP | Northern Mariana Islands | SZ | Swaziland |
| BH | Bahrain | GR | Greece* | MQ | Martinique | TC | Turks and Caicos Islands |
| BI | Burundi | GS | South Georgia and the South Sandwich Islands | MR | Mauritania | TD | Chad |
| BJ | Benin | GT | Guatemala | MS | Montserrat | TG | Togo |
| BM | Bermuda | GU | Guam | MT | Malta* | TH | Thailand |
| BN | Brunei Darussalam | GW | Guinea-Bissau | MU | Mauritius | TJ | Tajikistan |
| BO | Bolivia | GY | Guyana | MV | Maldives | TK | Tokelau |
| BR | Brazil | HK | Hong Kong | MW | Malawi | TM | Turkmenistan |
| BS | Bahamas | HM | Heard Island and McDonald Islands | MX | Mexico | TN | Tunisia |
| BT | Bhutan | HN | Honduras | MY | Malaysia | TO | Tonga |
| BV | Bouvet Island | HR | Croatia | MZ | Mozambique | TP | East Timor |
| BW | Botswana | HT | Haiti | NA | Namibia | TR | Turkey |
| BY | Belarus | HU | Hungary* | NC | New Caledonia | TT | Trinidad and Tobago |
| BZ | Belize | ID | Indonesia | NE | Niger | TV | Tuvalu |
| CA | Canada | IE | Ireland* | NF | Norfolk Island | TW | Taiwan, Province of China |
| CC | Cocos (Keeling) Islands | IL | Israel | NG | Nigeria | TZ | Tanzania, United Republic of |
| CD | Congo, the Democratic Republic of the | IM | Isle of Man (No official ISO 3166-1 country code, exceptionally reserved code elements) | NI | Nicaragua | UA | Ukraine |
| CF | Central African Republic | IN | India | NL | Netherlands* | UG | Uganda |
| CG | Congo | IO | British Indian Ocean Territory | NO | Norway | UM | United States Minor Outlying Islands |
| CH | Switzerland | IQ | Iraq | NP | Nepal | US | United States |
| CI | Côte d'Ivoire | IR | Iran, Islamic Republic of | NR | Nauru | UY | Uruguay |
| CK | Cook Islands | IS | Iceland | NU | Niue | UZ | Uzbekistan |
| CL | Chile | IT | Italy* | NZ | New Zealand | VA | Holy See (Vatican City State) |
| CM | Cameroon | JE | Jersey (No official ISO 3166-1 country code, exceptionally reserved code elements) | OM | Oman | VC | St Vincent and the Grenadines |
| CN | China | JM | Jamaica | PA | Panama | VE | Venezuela |
| CO | Colombia | JO | Jordan | PE | Peru | VG | Virgin Islands, British |
| CR | Costa Rica | JP | Japan | PF | French Polynesia | VI | Virgin Islands, US |
| CU | Cuba | KE | Kenya | PG | Papua New Guinea | VN | Viet Nam |
| CV | Cape Verde | KG | Kyrgyzstan | PH | Philippines | VU | Vanuatu |
| CX | Christmas Island | KH | Cambodia (Kampuchea) | PK | Pakistan | WF | Wallis and Futuna |
| CY | Cyprus* | KI | Kiribati | PL | Poland* | WS | Samoa |
| CZ | Czech Republic* | KM | Comoros | PN | Pitcairn | YE | Yemen |
| DE | Germany* | KN | St Kitts and Nevis | PR | Puerto Rico | YT | Mayotte |
| DJ | Djibouti | KP | Korea, Democratic People's Republic of (North Korea) | PS | Palestinian Territory, Occupied | CS | Serbia and Montenegro |
| DK | Denmark* | KR | Korea, Republic of (South Korea) | PT | Portugal* | ZA | South Africa |
| DM | Dominica | KW | Kuwait | PW | Palau | ZM | Zambia |
| DO | Dominican Republic | KY | Cayman Islands | PY | Paraguay | ZW | Zimbabwe |
| DZ | Algeria | | | | | | |
| EC | Ecuador | | | | | | |
| A2 | Controlled by the compiling country | W5 | Extra EU-25 not allocated | | | | * = Only for Inward |

19

"Provisional code that does not affect the definitive denomination of the country to be attributed after the conclusion of the negotiations currently taking place in the United Nations"

ACTIVITY BREAKDOWN LEVELS

| Level 1 | Level 2 | |
|---|--|---|
| | ICFA | NACE Rev. 1.1 ²⁰ |
| TOTAL ACTIVITY MINING & QUARRYING | TOTAL ACTIVITY MINING AND QUARRYING | Sec C to O (excluding L) Sec C |
| MANUFACTURING | Of which: Extraction of petroleum and gas MANUFACTURING Food products Textiles and wearing apparel Wood, publishing and printing TOTAL textiles + wood activities Refined petroleum prod. And other treatments Manufacture of chemicals & chemical products Rubber and plastic products TOTAL petroleum, chemic., rubber, plastic products Metal products Mechanical products TOTAL metal and mechanical products Office machinery and computers Radio, TV, communication equipments TOTAL machin., comput., RTV, comm. equip. Motor vehicles Other transport equipment TOTAL vehicles + other transport equipment Manufacturing n.i.e. | Div 11 Sec D Subsection DA Subsection DB Subsections DD & DE Div 23 Div 24 Div 25 Subsection DJ Div 29 Div 30 Div 32 Div 34 Div 35 |
| Petrol., chem., rubber, plastic prod. | | |
| Office mach., comp., RTV, comm. | | |
| Vehicles, other transport equip. | | |
| ELECTRIC., GAS & WATER CONSTRUCTION | ELECTRICITY, GAS AND WATER CONSTRUCTION | Sec E Sec F |
| TOTAL SERVICES TRADE AND REPAIRS | TOTAL SERVICES TRADE AND REPAIRS Sale, maintenance and repair of motor vehicles and motor cycles; retail sale of automotive fuel Wholesale trade and commission trade, except of motor vehicles and motor cycles Retail trade, except of motor vehicles and motor cycles; repair of personal and household goods | Sec G Div 50 Div 51 Div 52 |
| HOTELS & RESTAURANTS TRANSP., STORAGE AND COM. | HOTELS AND RESTAURANTS TRANSPORTS, STORAGE AND COMMUNICATION Transport and storage Land transport; transport via pipelines Water transport Air transport Supporting and auxiliary transport activities; activities of travel agencies Post and telecommunications Post and courier activities Telecommunications | Sec H Sec I Div 60, 61, 62, 63 Div 60 Div 61 Div 62 Div 63 Div 64 Group 641 Group 642 |
| FINANCIAL INTERMED. | FINANCIAL INTERMEDIATION Financial intermediation, except insurance and pension funding Insurance and pension funding, except compulsory social security Activities auxiliary to financial intermediation | Sec J Div 65 Div 66 Div 67 |
| COMPUT. & RELATED ACT. RESEARCH & DEVELOP. OTHER BUSINESS ACT. | REAL ESTATE ACTIVITIES RENTING OF MACHINERY AND EQUIPMENT WITHOUT OPERATOR AND OF PERSONAL COMPUTER AND RELATED ACTIVITIES RESEARCH AND DEVELOPMENT OTHER BUSINESS ACTIVITIES Legal, account., market research, consultancy Legal activities Account., bookkeeping and audit.; tax consult. Market research and public opinion polling Business and management consultancy activities Management activities of holding companies Architectural, engineering and other tech. act. Advertising Business activities n.e.c. | Sec K, Div 70 Sec K, Div 71 Sec K, Div 72 Sec K, Div 73 Sec K, Div 74 Group 741 Class 7411 Class 7412 Class 7413 Class 7414 Class 7415 Group 742 Group 744 Group 743, 745, 746, 747, 748 |
| REC., CULT., SPORTING | EDUCATION HEALTH AND SOCIAL WORK SEWAGE AND REFUSE DISPOSAL ACTIVITIES OF MEMBERSHIP ORGANIS. N.E.C. RECREATIONAL, CULT., SPORTING ACTIVITIES Motion picture, radio, tel., other entertain. activ. News agency activities Library, archives, museums, other cultural act. Sporting and other recreational activities OTHER SERVICE ACTIVITIES Not allocated | Sec M Sec N Sec O, Div 90 Sec O, Div 91 Sec O, Div 92 Group 921, 922, 923 Group 924 Group 925 Group 926, 927 Sec O, Div 93 |

²⁰

Council Regulation (EEC) No. 3037 of 9 October 1990 on the statistical classification of economic activities in the European Community, and Commission Regulation (EC) No 29/2002 of 19 December 2001 amending Council Regulation (EEC) No 3037 on the statistical classification of economic activities in the European Community.

| Level 3 (NACE Rev. 1.1) | |
|---|--|
| Heading | Requested level of detail |
| Total activity | 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 51.7 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, 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 |

LEGISLATIVE FINANCIAL STATEMENT

Policy area(s): Statistics, Internal Market, Trade, Competition

Activit(y/ies): Structural Business Statistics, Balance of Payments Statistics

TITLE OF ACTION: PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL (EC) No ../.. ON COMMUNITY STATISTICS AND ACTIVITY OF FOREIGN AFFILIATES

1. BUDGET LINE(S) + HEADING(S)

29 02 01 Statistical Information Policy

2. OVERALL FIGURES

2.1. Total allocation for action (Part B): € 2.150 million for the period 2005-2007

2.2. Period of application:

Yearly data collection and compilation starting from the year after entry into force of the regulation.

2.3. Overall multiannual estimate of expenditure:

(a) Schedule of commitment appropriations/payment appropriations (financial intervention) *(see point 6.1.1)*

€ million *(to three decimal places)*

| | 2005 | 2006 | 2007 | Total |
|-------------|-------|-------|-------|-------|
| Commitments | 0.450 | 0.850 | 0.850 | 2.150 |
| Payments | | | | |

(b) Technical and administrative assistance and support expenditure is 0.

| Subtotal a+b | 2005 | 2006 | 2007 | Total |
|--------------|-------|-------|-------|-------|
| Commitments | 0.450 | 0.850 | 0.850 | 2.150 |
| Payments | | | | |

(c) Overall financial impact of human resources and other administrative expenditure *(see points 7.2 and 7.3)*

| TOTAL a+b+c | 2005 | 2006 | 2007 | Total |
|-------------|-------|-------|-------|-------|
| Commitments | 0.450 | 0.850 | 0.850 | 2.150 |
| Payments | | | | |

2.4. Compatibility with financial programming and financial perspective

Proposal is compatible with existing financial programming.

2.5. Financial impact on revenue:²¹

Proposal has no financial implications (involves technical aspects regarding implementation of a measure)

3. BUDGET CHARACTERISTICS

| Type of expenditure | | New | EFTA contribution | Contributions from applicant countries | Heading in financial perspective |
|---------------------|-------------------|-----|-------------------|--|----------------------------------|
| Non-comp | Diff/ Non-diff | NO | YES | YES | No 3 Internal Policies |

4. LEGAL BASIS

- Council Regulation (EC) No. 322/97 on Community Statistics.
- Decision No. 2367/2002/EC of the European Parliament and of the Council of the 16 December 2002 on the Community Statistical Programme 2003 to 2007.

5. DESCRIPTION AND GROUNDS

5.1. Need for Community intervention ²²

5.1.1. Objectives pursued

This Council Regulation aims to make available harmonised statistical information on foreign-controlled affiliates in the reporting country (inward FATS). The feasibility of collecting harmonised statistical information on foreign affiliates controlled by the reporting country (outward FATS) will be tested in pilot studies. The information is needed for drawing up, monitoring and evaluating Community policies, in particular concerning the internal market as well as economic, trade, employment, research and development, competition and enterprise policies. Furthermore, international treaties such as that instituting the General Agreements on Trade in Services (GATS) require harmonised statistics in this area.

5.1.2. Measures taken in connection with ex ante evaluation

The feasibility of collecting the data, taking into account the benefits of the availability of the data in relation to the costs of collection and the burden of businesses was tested for the inward FATS part since reference year 1996 in yearly pilot studies on a voluntary basis.

²¹ For further information, see separate explanatory note.

²² For further information, see separate explanatory note.

The legal basis for the pilot studies was Annex 1 Section 10 of Council Regulation No 58/97 of 20 December 1996 concerning structural business statistics, also known as the SBS Regulation.²³ Up to now, 12 Member States participated and are participating in the project, providing data for several reference years (up to 2001). The scope of the pilot studies was extended over the years while introducing additional variables and increasing the level of country detail.

The pilot studies for inward FATS have proven that a breakdown of structural business statistics by ultimate controlling institutional unit of a foreign affiliate is possible. It has been shown convincingly that the data can be collected, that the statistics can be produced in a cost-effective way, and that the results are of great interest to users inside and outside the European Commission. It has been shown that it is possible accurately to compare the impact on foreign controlled affiliates not only with their nationally controlled counterparts, but also with the FATS of other countries.

Several publications presenting the results of the data collection so far have been produced. A publication and several Statistics in Focus on foreign-controlled enterprises have been published so far. Data are also available in Eurostat's reference database, New Cronos, Theme 4, SBS Domain, FATS Collection.

The main limitation is the lack of coverage of all Member States. To evaluate the implementation of the GATS and the functioning of the Internal Market it is essential to have data for all EU Member States.

The benefits of the availability of the data have been measured against the costs of collection and the burden on businesses for the pilot studies. The burden on businesses was difficult to quantify, because there are not data existing in the Member States quantifying it. But it can be appreciated that it is not very heavy, because existing data are generally used for processing the FATS data sets and the data collection is based on already existing data collections. Therefore, the additional costs of FATS to business outside normal national statistics activity is restricted to occasional contact for clarification of ownership and control, or to a few additional questions on that theme in ongoing surveys.

The costs to the Member States of data collection and processing are also not very high, because existing registers are used and most of the data used to calculate FATS are available as part of the regular surveys. The only additional data collection necessary is for the allocation of control. Therefore, the costs to the Member States are restricted mainly to administrative and computer services expenses.

The implementation of new statistics always involves set-up costs as well as costs for the research and development of the data process in the implementation phase. If FATS can be produced automatically as part of an inquiry results process, for example, the costs will be restricted to register and inquiry analysis time. For the pilot studies the Commission contributed financial support to help cover the costs of the Member States.

The benefits of FATS are also difficult to quantify in figures. However, in the past few years the Member States and Eurostat have registered a growth in the number of requests for FATS-

²³ Council Regulation (EC, EURATOM) No. 58/97 of 20 December 1996 concerning structural business statistics (OJ No. L 14, 17.1.97)

type statistics on both the services and manufacturing sectors from international organisations such as the OECD and UNCTAD as well as from economists, banks, foreign embassies, academics and other statistical offices.

5.1.3. Measures taken following ex post evaluation

According to article 12 of the proposed regulation it is envisaged that a report on the implementation of this regulation will be submitted within five years of the entry into force of the regulation, to the European Parliament and the Council. In particular, the report shall also 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.

5.2. Action envisaged and budget intervention arrangements

The proposed Regulation describes the legal framework within which Member States' National Statistical Offices or Central Banks will provide the FATS data. Both this regulation and future implementing regulations will be output measures, defining the statistical variables to be provided, but leaving Member States full flexibility in how to obtain the variables. In practice, many Member States will use existing data sources to obtain the results required.

The contribution from the Commission budget with respect to the work by the national statistical institutes or other national authorities responsible for Commission statistics represents only part of the total of the statistical work undertaken by the national authorities. In principle production and transmission of regular statistics, which form an integral part of the statistical programme, will be based on the subsidiarity principle, and the operational and administrative costs are borne by the national authorities. The regular data collection is based on existing administrative sources, but for pilot studies co-financing would be necessary to test the feasibility of the collection of the data requested by our main users but difficult to collect.

The Commission contribution will take the form of grants awarded on the basis of grant applications submitted by Member States in advance, which will include estimated cost statements. The pilot studies will be funded via the existing Community Statistical Programme 2003 to 2007. There will be no Community funding on the basis of the proposed Regulation after the year 2007. This funding only concerns co-financing of pilot studies. The population who should get budgetary help are the national authorities. According to Article 2 of Council Regulation (CE) No 322/97 on Community Statistics²⁴ national authorities shall mean national statistical institutes and other bodies responsible in each Member State for producing Community statistics. They should directly be given to the data processing institutes, namely statistical institutes and central banks.

Work by Eurostat to develop and document the Community methodology and to process, analyse and disseminate data will be covered in full. Additional costs are expected to be marginal.

Data will be provided annually. Eurostat will maintain a database for the data, and will publish FATS annually.

²⁴ OJ L 52, 22.02.1997.

5.3. Methods of implementation

Management of the grants procedure and all data handling will be carried out by permanent Commission staff, with no externalisation.

6. FINANCIAL IMPACT

6.1. Total financial impact on Part B - (over the entire programming period)

(The method of calculating the total amounts set out in the table below must be explained by the breakdown in Table 6.2.)

6.1.1. Financial intervention

Commitments (in € million to three decimal places)

| Breakdown | 2005 | 2006 | 2007 | Total |
|--|-------|-------|-------|-------|
| Grants to national authorities for pilot studies | 0.450 | 0.850 | 0.850 | 2.150 |
| TOTAL | 0.450 | 0.850 | 0.850 | 2.150 |

7. IMPACT ON STAFF AND ADMINISTRATIVE EXPENDITURE

7.1. Impact on human resources

| Types of post | Staff to be assigned to management of the action using existing resources | | Total | Description of tasks deriving from the action |
|------------------------------|---|---------------------------|--------|---|
| | Number of permanent posts | Number of temporary posts | | |
| Officials or temporary staff | A 2 B 3 C | 1 | 2 4 | A-grades for implementation of the Regulation and methodological work, B-grades for data treatment and the maintenance of the informatics system. |
| Other human resources | | | | |
| Total | 5 | | 6 | |

7.2. Overall financial impact of human resources

| Type of human resources | Amount (€) | Method of calculation * |
|--|------------|-------------------------|
| Officials | 648.000 | 6x108.000 |
| Temporary staff | | |
| Other human resources (specify budget line) | | |
| Total | 648.000 | |

Existing human resources will be reallocated for the management and the needs of the programme, no other resources are necessary.

7.3. Other administrative expenditure deriving from the action

No or only marginal increase in other administrative expenditure is foreseen. Expenditure on working groups and missions etc. are expected to continue at the current level.

8. FOLLOW-UP AND EVALUATION

8.1. Follow-up arrangements

The implementation of this Regulation will be treated in a comitology procedure. As specified in article 9 of this Regulation, Commission Regulations will be developed in relation to

- the adjustment to economic and technical developments in the collection and statistical processing of data, as well as the processing and transmission of results,
- the adjustment of the definitions, if necessary, according to economic and methodological developments,
- for adaptation of the level of detail listed in Annexes I, II and III of the proposed Regulation,
- for the definition of the proper common quality standards and the contents of the quality reports,
- to setting out the appropriate format and procedure for the transmission of results by Member States
- and to the implementation of the results of the pilot studies.

8.2. Arrangements and schedule for the planned evaluation

Each Member State will take all measures necessary to ensure the quality of the data transmitted according to common quality standards. Member States will supply the Commission with a report on the quality of the data transmitted. The common quality standards as well as the content of the quality reports will be specified by the Commission by comitology. The Commission shall assess the quality of the data transmitted on the basis of the quality reports transmitted by Member States, and shall define the periodicity of such exercise.

The Commission will, within five years of the entry into force of this Regulation, submit a report to the European Parliament and the Council on the implementation of this Regulation. In particular, this report will assess the quality of the statistics produced, 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, assess the progress of the pilot studies and their implementation and identify areas for potential improvement and amendments considered necessary in light of the results obtained and the costs involved.

9. ANTI-FRAUD MEASURES

A revised system of internal management and control was put in place following the Commission's Reform initiative on financial management. This system included a reinforced internal audit capacity.

Annual monitoring of progress with implementation of the Commission's Internal Control Standards is designed to give assurance on the existence and functioning of procedures for prevention and detection of fraud and irregularities.

New rules and procedures have been adopted for the principal budgetary process: calls for tenders, grants, commitments, contracts and payments. The manual of procedures are made available to all those intervening in financial acts with a view to clarify responsibilities, simplify workflows and indicate key control points. Training on their use is provided. The manuals are subject to regular review and updating.

IMPACT ASSESSMENT FORM

THE IMPACT OF THE PROPOSAL ON BUSINESS WITH SPECIAL REFERENCE TO SMALL AND MEDIUM-SIZED ENTERPRISES(SMEs)

TITLE OF PROPOSAL

Proposal for a regulation of the European Parliament and the Council on Community Statistics on the Structure and Activity of Foreign Affiliates.

DOCUMENT REFERENCE NUMBER

THE PROPOSAL

1. Taking account of the principle of subsidiarity, why is Community legislation necessary in this area and what are its main aims?

Community legislation on statistics on the structure and activity of foreign affiliates is needed to set common statistical standards for data, with a high degree of comparability between data collected in different Member States. Such comparability is requested by all users, not only at Community level, but also within Member States.

The aim of the proposed regulation is to establish common rules for the production of Community statistics on the structure and activity of foreign affiliates. The regulation defines a set of relevant statistical data, together with the most important definitions needed to ensure the comparability of the statistics. This is essential, for the calculation of EU aggregates, which are in great demand by users.

THE IMPACT ON BUSINESS

2. Who will be affected by the proposal?

– which sectors of business

NACE section C to K

– which sizes of business (what is the concentration of small and medium-sized firms)

As foreign control is exerted in general in big enterprises, the impact on small and medium-sized firms will be relatively small.

– are there particular geographical areas of the Community where these businesses are found

No.

3. What will business have to do to comply with the proposal?

In general, data for inward FATS can be collected from existing administrative sources, e.g. Structural Business Statistics, or statistical business registers in the Member States. Therefore the additional burden for businesses should be small.

For outward FATS, resident owners should supply information on the activity of their affiliates located in extra-EU countries. Additional variables should be supplied with respect to FDI surveys, although FATS only consider controlled affiliates while FDI considers affiliates with more than 10% of equity capital.

4. What economic effects is the proposal likely to have?

– on employment

None.

– on investment and the creation of new businesses

The statistics which will become available via this Regulation will assist enterprises in finding attractive destinations for setting-up foreign affiliates. This Regulation may therefore help businesses in investment decisions.

– on the competitiveness of businesses

The statistics which will become available via this Regulation will assist enterprises who wish to benchmark their operations against the industry average. This Regulation may therefore help to promote the competitiveness of businesses.

5. Does the proposal contain measures to take account of the specific situation of small and medium-sized firms (reduced or different requirements etc)?

Pilot studies have shown that foreign-controlled affiliates are rather big enterprises. Thus, small and medium-sized firms are less concerned by the data collection.

CONSULTATION

6. List the organisations which have been consulted about the proposal and outline their main views.

The National Statistical Offices, the National Central Banks and other competent national authorities responsible for data collections have been consulted on many occasions during the preparation of this text. A draft of a legal act was first presented to a FATS Task Force in September 2002 and was then presented and discussed at the meetings of the FATS Joint Working Group in January 2003, where both groups of data providers, National Statistical Institutes and Central Banks, were present. Based on the discussions in this working group meeting, a revised version was drafted and sent for written consultation to the FATS contacts in March 2003. The draft proposal was amended on the basis of written consultation and a revised version

was presented to the BSDG and the CMFB in June 2003. There was general support in both groups for the regulation. The draft Regulation was discussed at the meeting of the SPC on 17 September 2003. Several delegations supported the proposal. The main areas of concern for some delegations were especially outward FATS, exchange of individual data and the level of detail requested. A series of consultations with Member States were conducted; specifically, discussions in the SBS Steering Group in November 2003 and in the CMFB in January 2004 and three written consultations of the members of the FATS Joint Working Group in November 2003, January and March 2004 and one written consultation. These resulted in revisions of the act, and finally the agreed text of the present proposal. In particular, the article on exchange of individual data has been deleted, outward FATS are now planned as pilot studies and the level of detail of inward FATS has been reduced. The draft Regulation was presented to the SPC for opinion in May 2004. The members of the SPC generally supported the proposal.