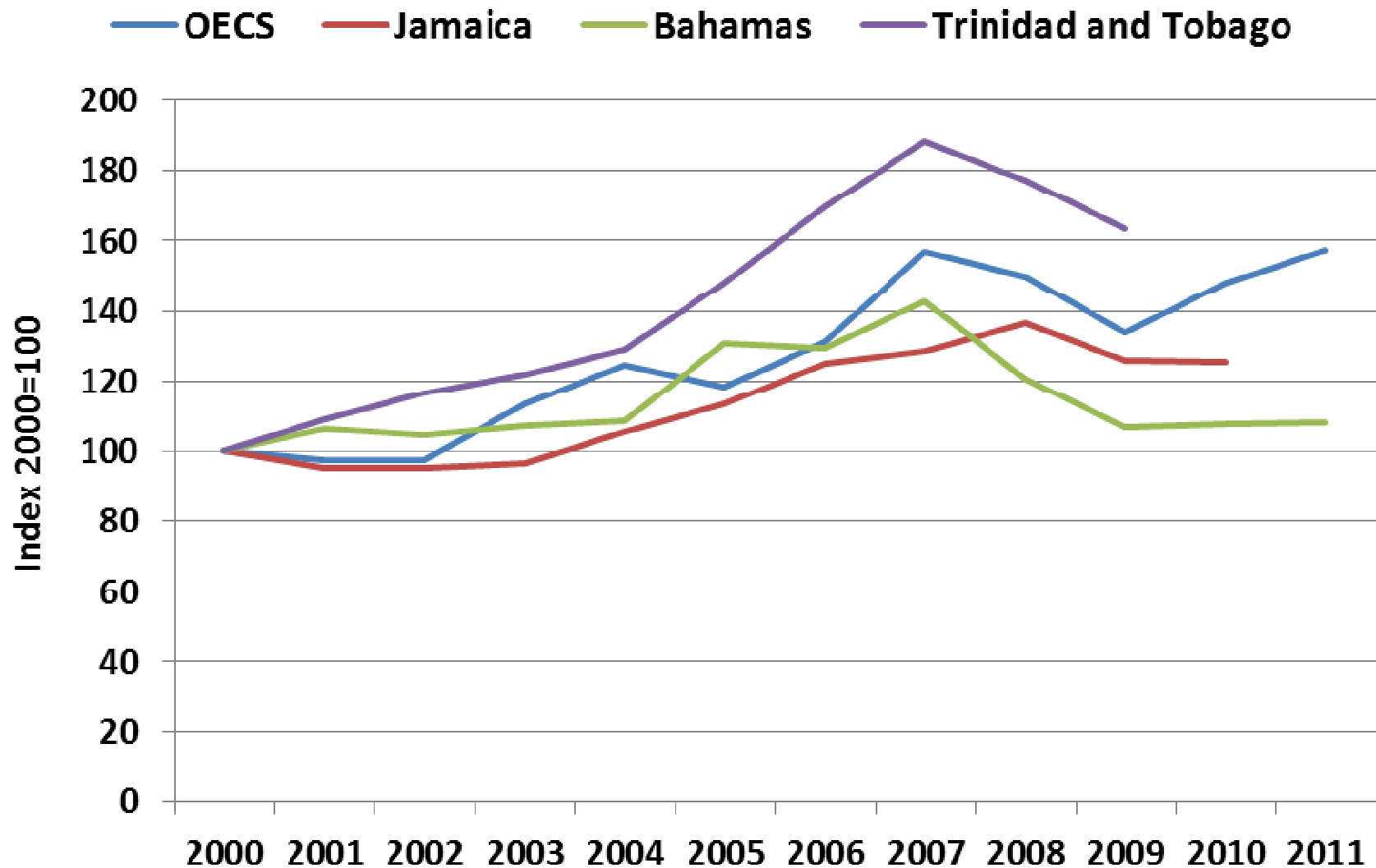


# **Regional Workshop on Travel and International Tourism Consumption**

## **FDI and FATS statistics and tourism**

**Roseau, Dominica, 14-17 May 2013**

# Value added in Hotels and Restaurants in selected CARICOM Members



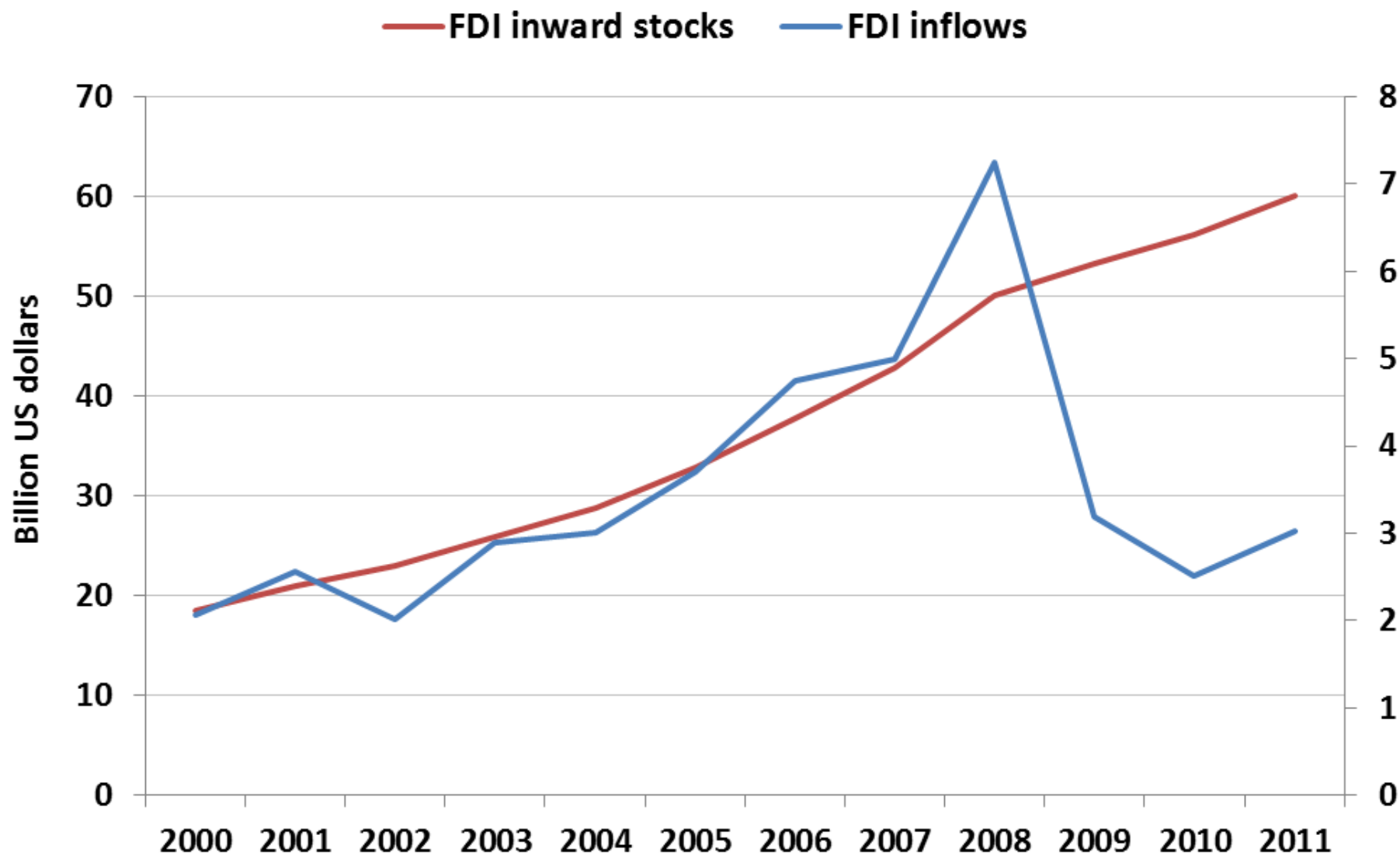
Source: National Accounts Statistics (ECCU and UN).

# Specific questions on globalization ..



- To what extent the economy controlled by foreigners?
- What about tourism? By which countries?
- What are the characteristics of foreign affiliates compared to national firms?  
(i.e., affiliates of hotels and restaurant chains, tour operators etc. )
- What about other sectors?
- What is the relative importance of GATS mode <sup>3</sup> 3?

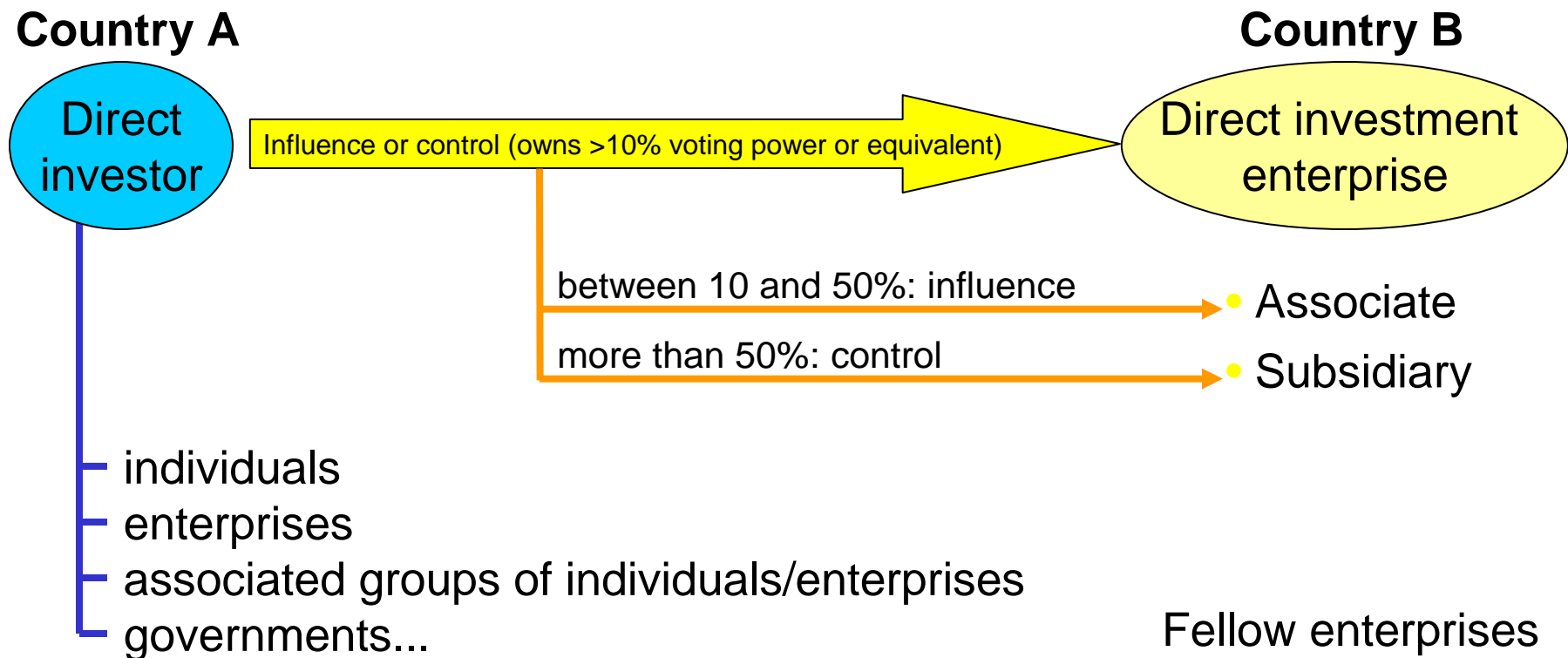
# CARICOM - FDI Inflows and inward stocks 2000-2011



Source: UNCTAD FDI statistics.

# The FDI Universe

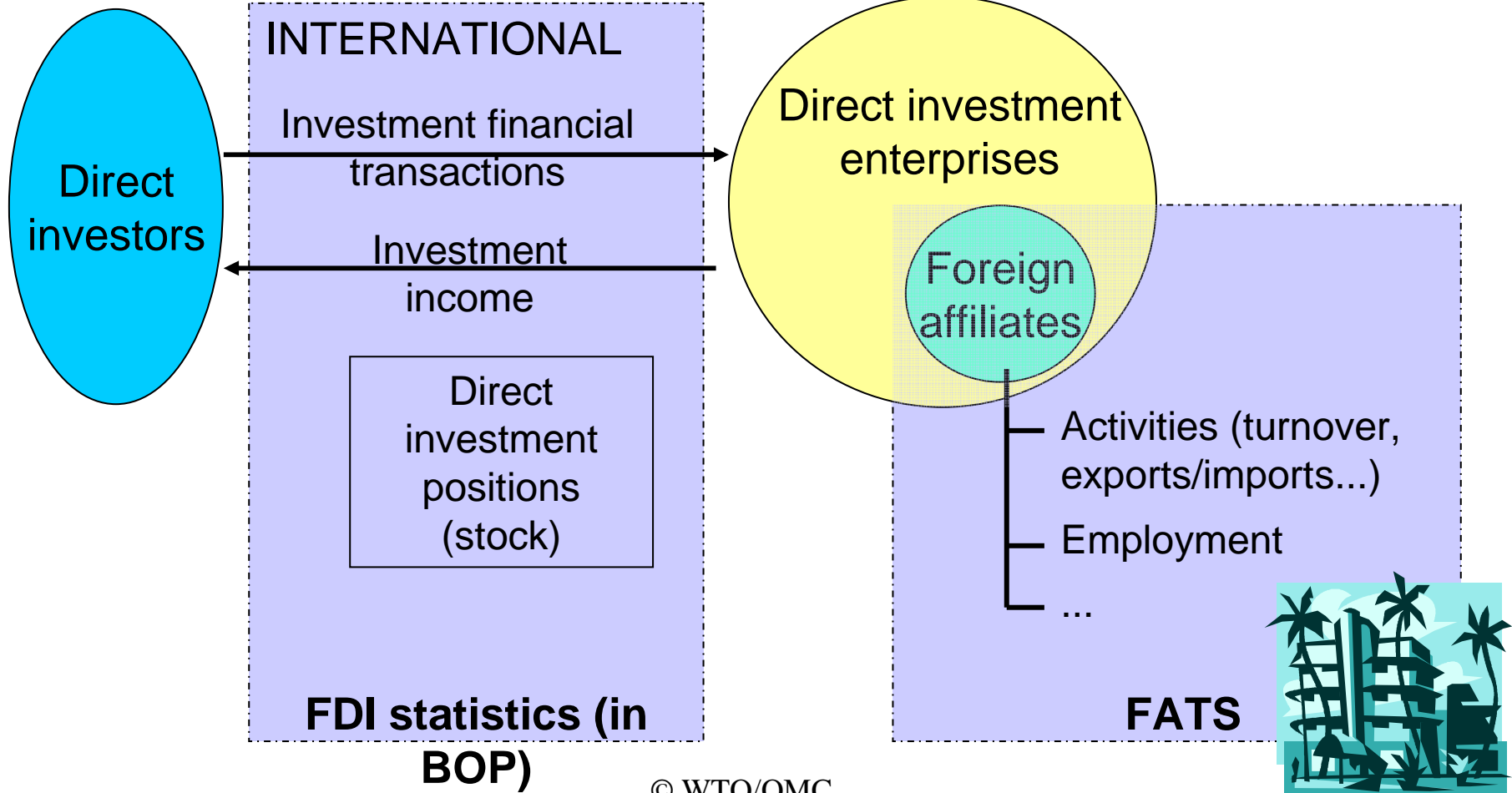
**FDI: the direct investor makes an international investment to obtain a lasting interest in an enterprise abroad**



# FDI Statistics and FATS

Country A  
(outward FDI/FATS)

Country B  
(inward FDI/FATS)



# Firms Covered in FATS

- **Control criteria**

- Majority-controlled foreign affiliates**

- (a single foreign investor owns more than 50% of voting power at each stage of the ownership chain):*

- Includes* subsidiaries

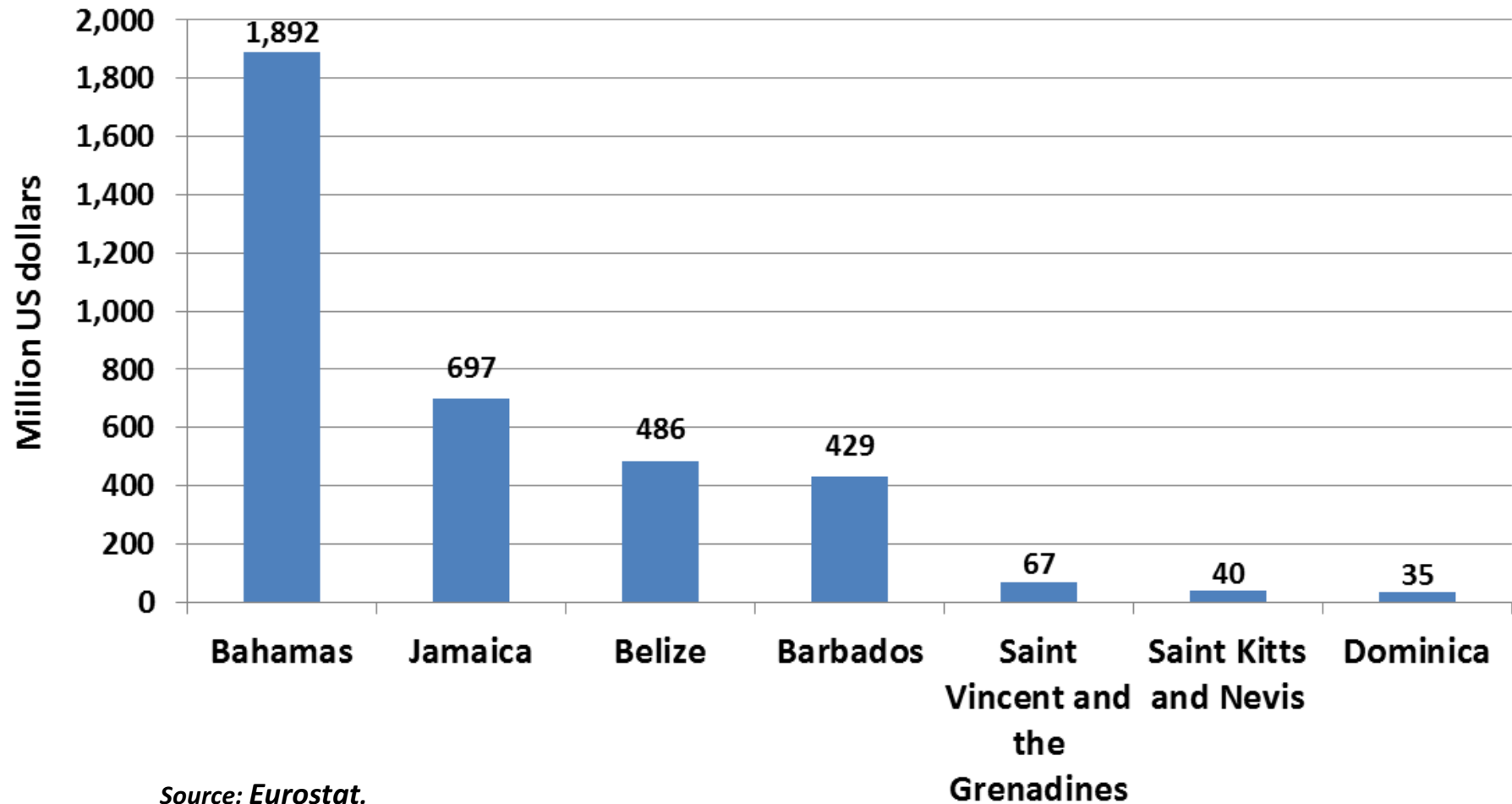
- Excludes* associates

- **Types of producers**

- All affiliates (i.e. producing goods, services)**

- **Supplementary firms where relevant (e.g. multiple controllers)**

## European Union (27): FATS turnover in selected CARICOM countries - 2009



**In which sectors?**



# Principles Underpinning FATS

## In line with international standards

- *SNA 2008* (National Accounts)
- *BPM6* (BOP)

→ FATS closely linked with Foreign Direct Investment (FDI)

→ Going further than these standards

- *OECD Benchmark Definition of FDI, 4th edition*
- *OECD Handbook: globalization + economic analysis*
- *MSITS: supply of services through “commercial presence”*

# Economic Variables for FATS

Most are drawn from SNA 2008

**Basic FATS variables**  
(minimum recommended by MSITS)

- Sales (turnover) and/or output
- Employment
- Value added
- Exports and imports of goods and services
- Number of enterprises

- Assets
- Compensation of employees
- Net worth
- Net operating surplus
- Gross fixed capital formation
- Taxes on income
- Research and development expenditures
- Purchases of goods and services

**Additional FATS variables**

# Foreign Affiliates Statistics (FATS)

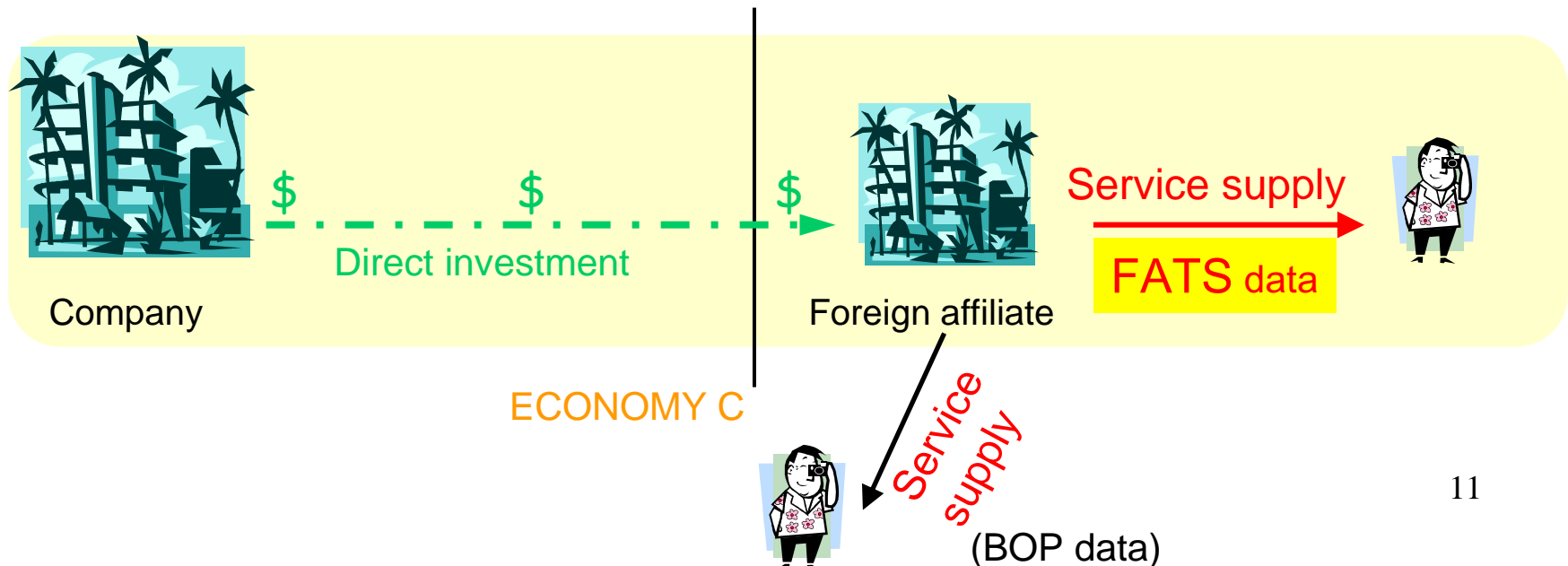
Where is the trade?

**ECONOMY A**

compiles **outward FATS**

**ECONOMY B**

compiles **inward FATS**



# Sales (turnover) or Output?

- « Sales » = « turnover »
- **Output is a superior measure**
  - ... but sales easier to collect
  - and more options for disaggregation
- In practice output will be identical to sales (no stocks, work-in-progress impossible to measure)
- Except for:
  - Wholesale and retail trade activities
  - Financial intermediation activities (finance and insurance)

# Inward FATS

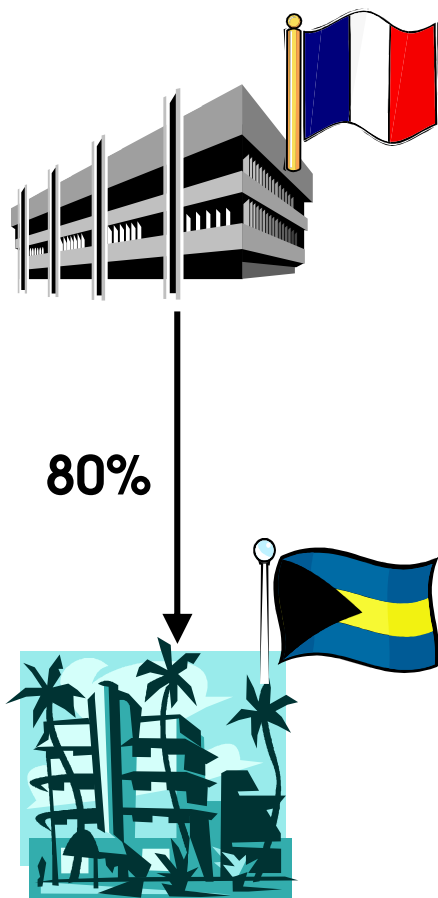
- Often easier to collect than outward FATS
- Should already be included in country's domestic enterprise statistics (no. of hotels, VA of the sector, etc.)

 Identifying foreign controlled subset !

- Exchanges of information among partners are important: outward information published by a partner can prove useful

**Importance of standardized definitions  
and methodologies**

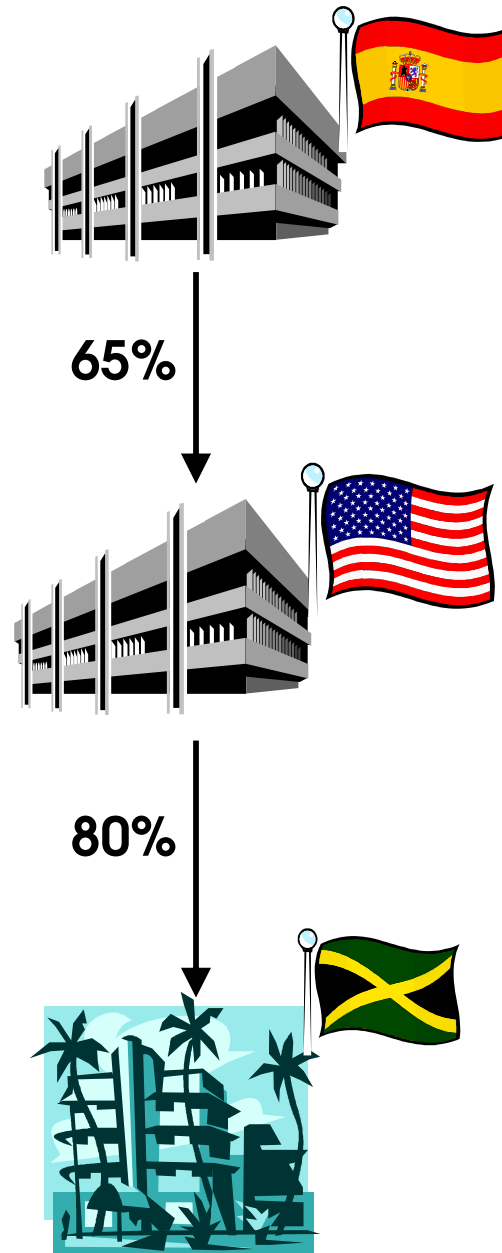
# Inward FATS



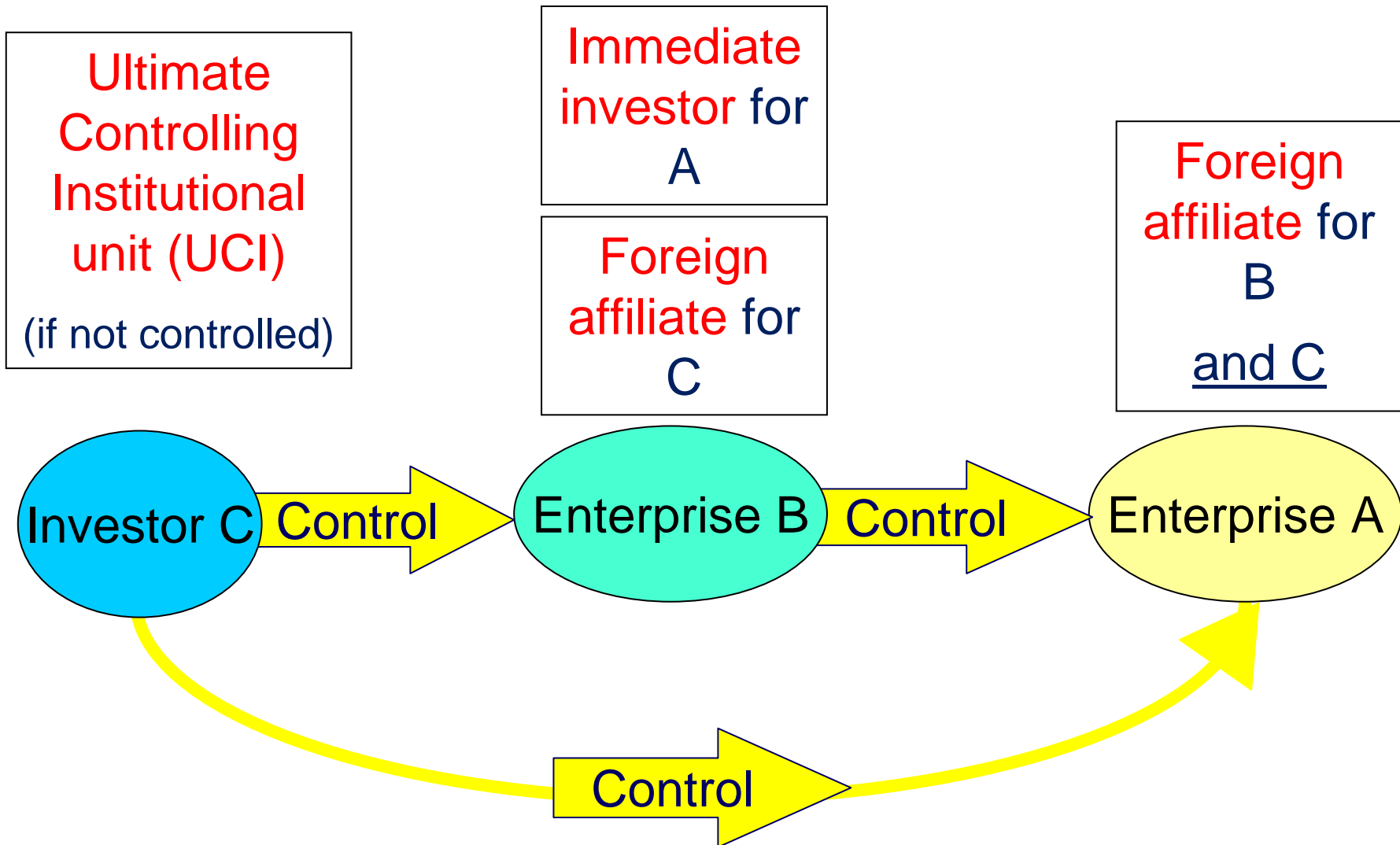
Foreign investor is **immediate controller**  
and **ultimate controlling institutional unit (UCI)**

# Inward FATS

**Where to allocate  
FATS variables?**

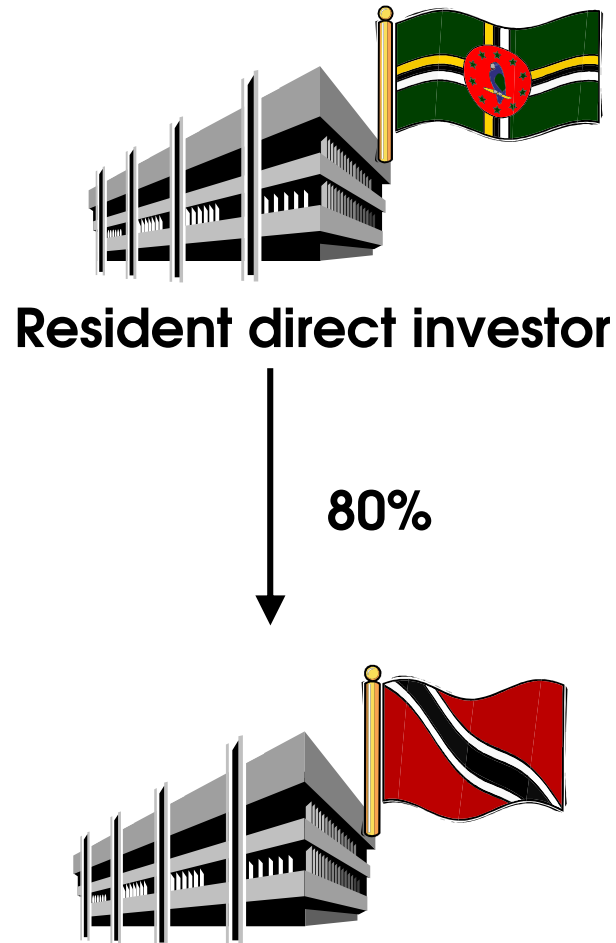


# « Control »: an essential concept





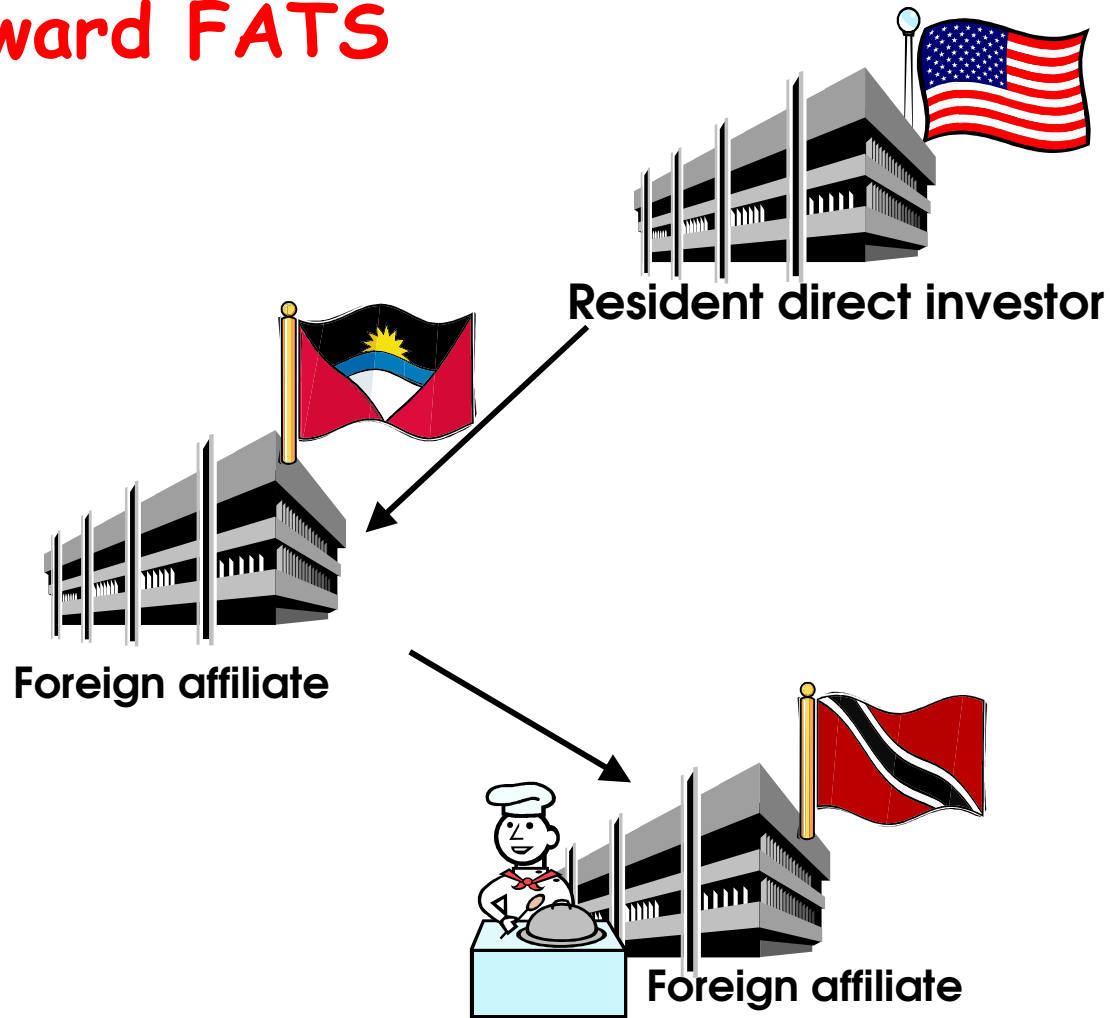
# Outward FATS



Resident direct investor is the **immediate controller**

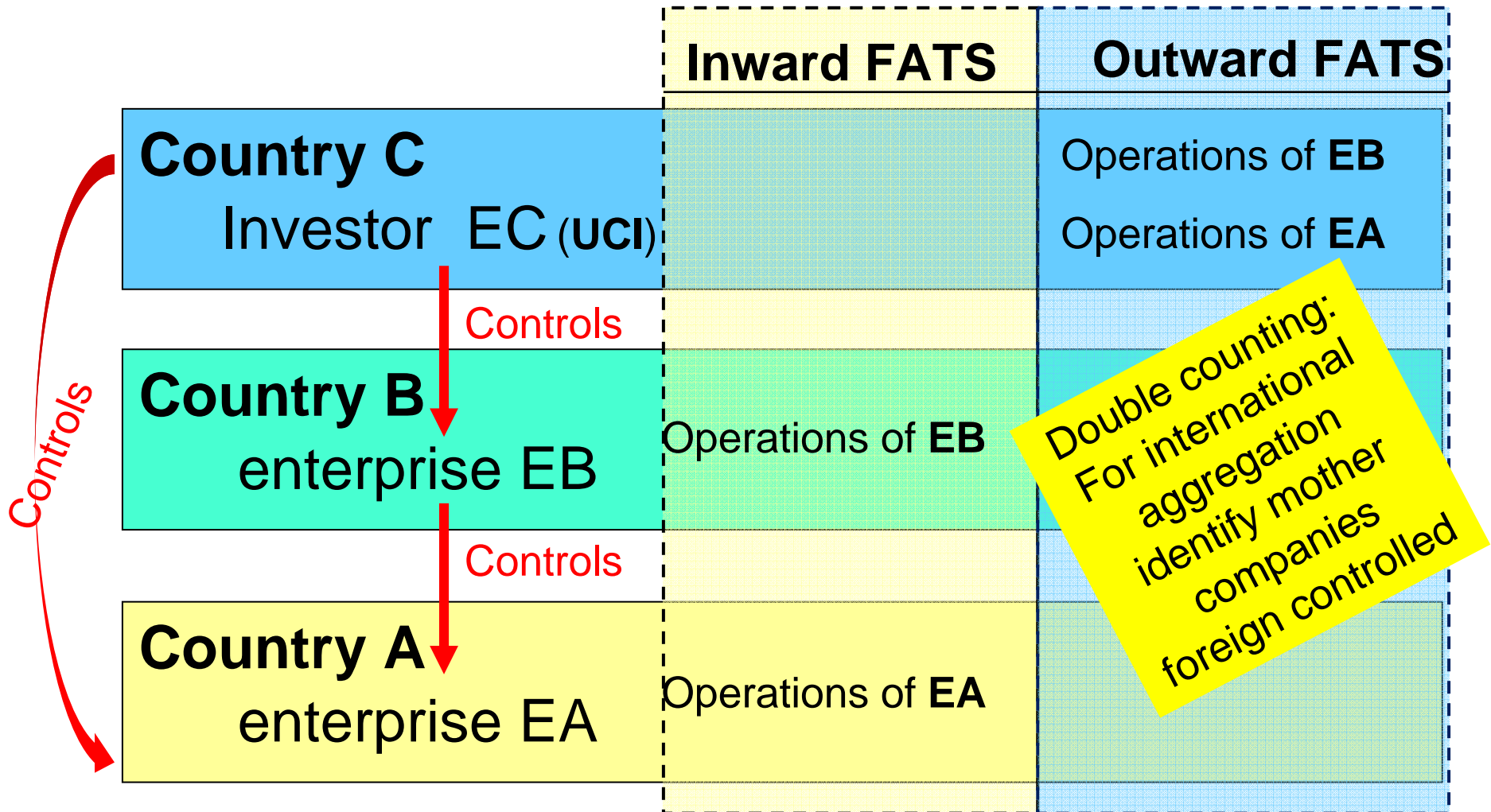
And the **ultimate controlling institutional unit**

# Outward FATS



## How to allocate FATS variables?

# Recording of Inward and Outward FATS



# Classification by Activity and by Product

- **FATS variables classified as a first priority on an activity basis**
  - Foreign affiliates classified by their **primary activity**
  - According to ISIC Categories for Foreign Affiliates in services (**ICFA Rev.1**)
- **Long-term priority...**
  - FATS variables such as sales, imports and exports should also be broken-down by **product** according to EBOPS 2010 (at least total goods and total services)
- ICFA can be **linked** with EBOPS (to a limited extent)

# ICFA 2010

## ICFA headings/elements

## ISIC Rev. 4 code

### **AGRICULTURE, FORESTRY AND FISHING**

Crop and animal production, hunting and related service activities

*Support activities to agriculture and post-harvest crop activities*

Forestry and logging

*Support services to forestry*

Fishing and aquaculture

### **MINING AND QUARRING**

Mining support service activities

### **MANUFACTURING**

Repair and installation of machinery equipment

### **ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY**

*Electric power generation, transmission and distribution*

### **WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES**

Water collection, treatment and supply

Sewerage

Waste collection, treatment and disposal activities; materials recovery

Remediation activities and other waste management services

### **Section A**

div. 01

*group 016*

div. 02

*group 024*

div. 03

### **Section B**

div. 09

### **Section C**

div. 33

### **Section D**

*class 3510*

### **Section E**

div. 36

div. 37

div. 38

div. 39

# ICFA 2010 (continued)

## ICFA headings/elements

## ISIC Rev. 4 code

### CONSTRUCTION

Section F

### WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES

Section 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

Section H

Land transport and transport via pipelines

div. 49

*Passenger rail transport, interurban*

*class 4911*

*Freight rail transport*

*class 4912*

*Other passenger land transport*

*class 4922*

*Freight transport by road*

*class 4923*

*Transport via pipeline*

*class 4930*

Water transport

div. 50

*Sea and coastal water transport*

*group 501*

*Inland water transport*

*group 502*

Air transport

div. 51

Warehousing and support activities for transportation

div. 52

Postal and courier activities

div. 53

# ICFA 2010 (continued)

## ICFA headings/elements

## ISIC Rev. 4 code

### ACCOMMODATION AND FOOD SERVICE ACTIVITIES

Accommodation

Food and beverage service activities

### INFORMATION AND COMMUNICATION

Publishing activities

*Publishing of books, periodicals and other publishing activities*

*Software publishing*

Motion picture, video and television programme production, sound recording and music publishing activities

Programming and broadcasting activities

Telecommunications

Computer programming, consultancy and related activities

*Computer programming activities*

*Computer consultancy and computer facilities management activities*

*Other information technology and computer service activities*

Information service activities

*Data processing, hosting and related activities; web portals*

*Other information service activities*

*News agencies activities*

*Other information service activities n.e.c*

### Section I

div. 55

div. 56

### Section J

div. 58

*group 581*

*group 582*

div. 59

div. 60

div. 61

div. 62

*class 6201*

*class 6202*

*class 6209*

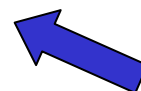
div. 63

*group 631*

*group 639*

*class 6391*

*class 6399*



...

**More details? Additional categories?**

# ICFA 2010 (continued)

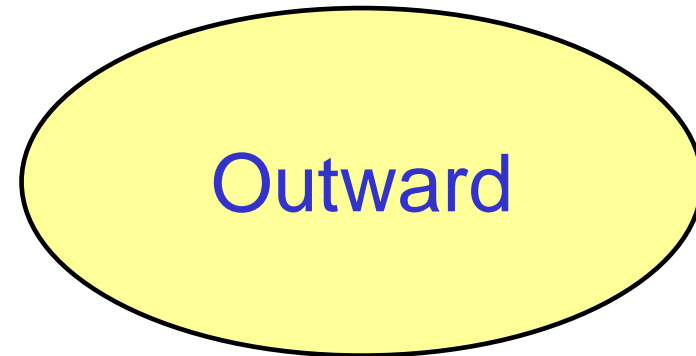
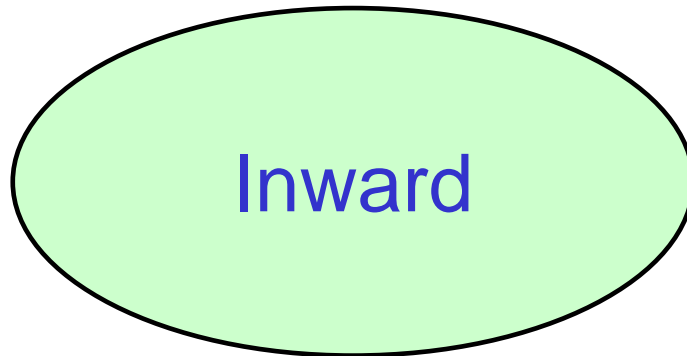
## ICFA headings/elements

## ISIC Rev. 4 code

<b>15</b>	<b>Education</b>	<b>section P (85)</b>
<b>16</b>	<b>Human health and social work activities</b>	<b>section Q (86 to 88)</b>
16.1	Human health activities	86
16.2	Residential care and social work activities	87 to 88
<b>17</b>	<b>Arts, entertainment and recreation</b>	<b>Section R (90 to 93)</b>
17.1	Creative, arts and entertainment activities	div. 90
17.2	Libraries, archives, museums and other cultural activities	div. 91
17.3	Sporting and other recreational activities; gambling and betting activities	div. 92+93
<b>18</b>	<b>Other service activities</b>	<b>section S (94 to 96)</b>
18.1	Activities of membership organizations	94
18.2	Repair of computers and personal and household goods, other personal service activities	95 to 96

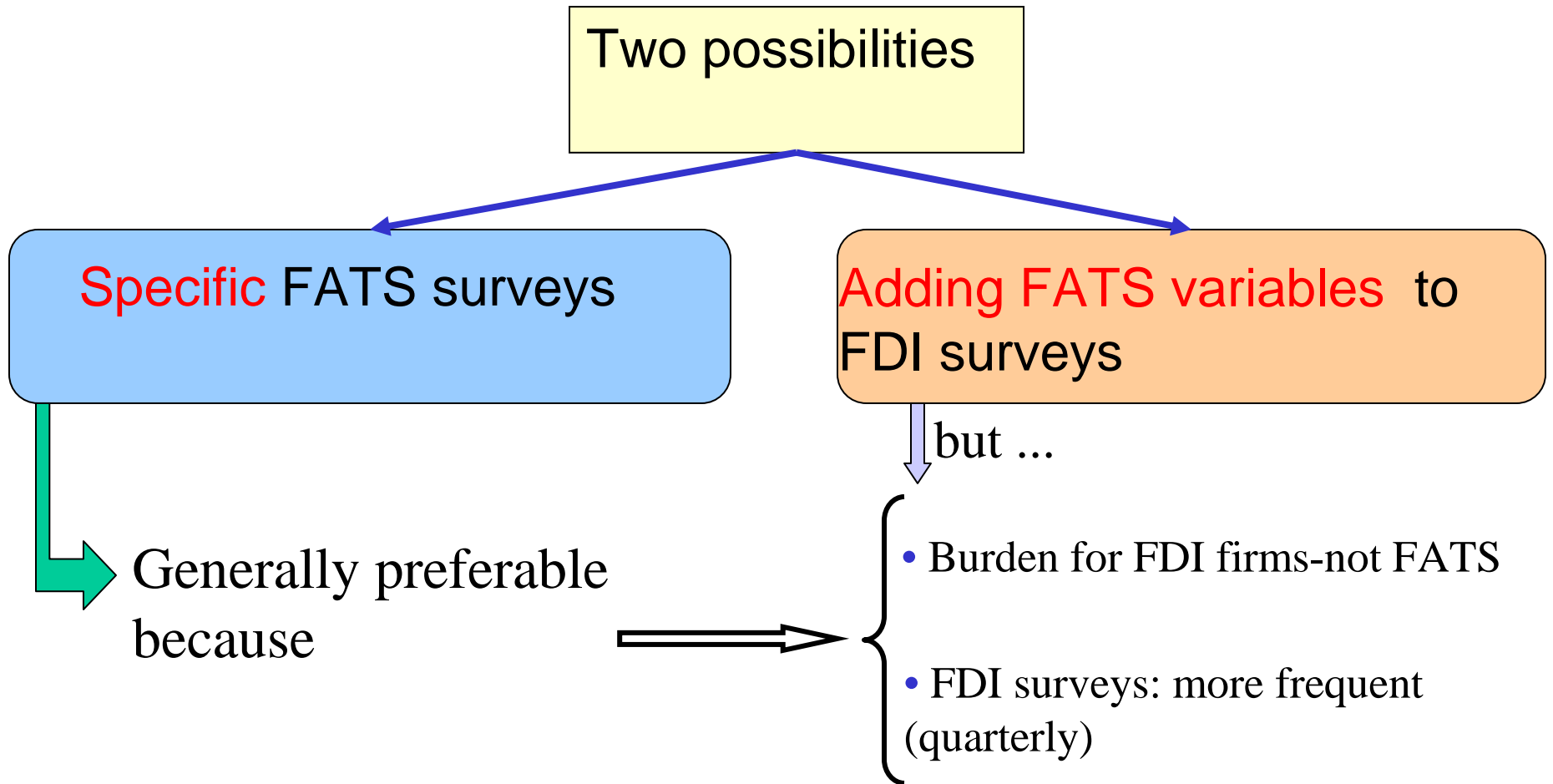


# Compilation of FATS Statistics



Link with FDI in both cases  
(identification of FATS firms)

# FATS Surveys



Collected information: basic FATS variables to a very detailed ICFA breakdown

# Recommendations of the new MSITS on FATS

1. FATS to cover controlled affiliates as defined in the FDIR
  2. FATS compiled for all foreign affiliates
3. Geographical attribution :
  - Inward: country of UCI (+ first foreign parent)
  - Outward: country of operations of the affiliate
4. Activity/product attribution : Activity (ICFA) as first priority, product as a longer term goal
5. Priority variables: Sales (or turnover) and/or output; Employment; Value added; Exports and imports; Number of enterprises

**Focus on tourism and creative industries!**