

More Countries Collect Data on Multinational Companies

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The rise in the globalization of economic activity has encouraged a growing number of countries to collect data on the operations of multinational companies, such as those presented in this article. Most recently, the European Parliament and the 27 member states of the European Union enacted a regulation to require the collection of these data by member countries.¹ Traditionally, most countries' data on multinational companies have been limited to measuring transactions between parents and affiliates to obtain data on capital and income flows necessary for the compilation of the international transactions accounts and direct investment position accounts. However, many of the questions related to globalization concern the overall activity of multinational companies, not just their cross-border transactions and positions. A host of questions have arisen. Are multinational companies more productive than strictly domestic companies? Is production abroad a substitute for, or a complement to, production at home by multinational companies? Do multinational companies pay their fair share of corporate income taxes?

Data on local sales by multinationals in foreign host countries are also needed to support international agreements, such as the General Agreement on Trade in Services, that include commercial presence as a mode of supply. These data needs have led to international efforts to develop standards for more comprehensive data on the operations of multinational companies and to more national efforts to collect such data.

International organizations have recently developed a number of guidebooks to assist national compilers of this type of data. Among the first guides, the *Manual on Statistics of International Trade in Services* provides a framework for data on sales of services abroad by foreign affiliates and for expanded detail by type of service for cross-border transactions.² Another recent guide, the *OECD Handbook on Economic*

Globalisation Indicators prescribes a "core" set of globalization indicators related to multinational companies and explores related conceptual and methodological issues.³ Earlier this year, Eurostat—the Statistical Office of the European Communities—released its *Recommendations Manual on the Production of Foreign Affiliates Statistics*, which also prescribes a set of core indicators and discusses the related conceptual and methodological issues in greater detail.⁴ Recommendations for similar indicators are also expected to be included in forthcoming revision of the OECD's *Benchmark Definition of Foreign Direct Investment*. These new efforts to provide guidance to national statistical compilers, which have occurred in a relatively short time, illustrate the urgency and importance that statistical agencies attach to measuring these activities.

The formulation of these guidelines has been accompanied by a rise in the number of countries that produce, or will soon be producing, data on the foreign operations of resident multinational companies. A number of countries have a history of producing data on the local activity of foreign-owned resident companies, but only the United States and a few other countries—including France, Germany, Italy, Japan, and Sweden—have had programs to collect data on the foreign operations of resident multinational companies.⁵ The data that will be collected under the recent legislation by the European Parliament represents a substantial advance in this area.

1. Regulation (EC) No 716/2007 is available on the Web at <http://www.eur-lex.europa.eu/en/index.htm>. Click on "Simple Search," then click on "Natural Number," and then enter "2007" for the year and "716" for the number.

2. United Nations, European Commission, International Monetary Fund, Organisation for Economic Co-operation and Development (OECD), United Nations Conference on Trade and Development, and World Trade Organization, *Manual on Statistics of International Trade in Services* (Geneva, Luxembourg, New York, Paris, Washington, DC, 2002); <http://unstats.un.org/unsd/tradeserv/TFSITS/manual.htm>

3. OECD, *OECD Handbook on Economic Globalisation Indicators* (Paris: OECD, 2005).

4. Eurostat, *Recommendations Manual on the Production of Foreign Affiliates Statistics* (Eurostat, 2007); http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1090,30070682,1090_33076576&_dad=portal&_schema=PORTAL. Under "Themes," click on "Economy and Finance" and then on "Publications."

5. See Anna M. Falzoni, "Statistics on Foreign Direct Investment and Multinational Corporations: A Survey" (2000); <http://www.cepr.org/research/networks/fdimc/Papers/Data.pdf>