



EUROPEAN CENTRAL BANK

EUROSYSTEM

Compilation modalities for Foreign-controlled Non- financial Corporations (FCC) in the euro area

UNECE

Group of Experts on
National Accounts



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Background



**ESCB
Medium-term
strategies
(FA and ES)**

**TOP 5:
ESCB user
committees***

**Data Gaps
Initiative II**

**Review of the
standards
(SNA/BPM)**

**CMFB Vision
on
Globalisation
and Statistics**

**ESA 2010
sector
classification**

* Monetary Policy Committee (MPC) and
Financial Stability Committee (FSC)



ESCB Expert Group on FCC^{**}: compilation modalities

^{**} Active during 2020-2022

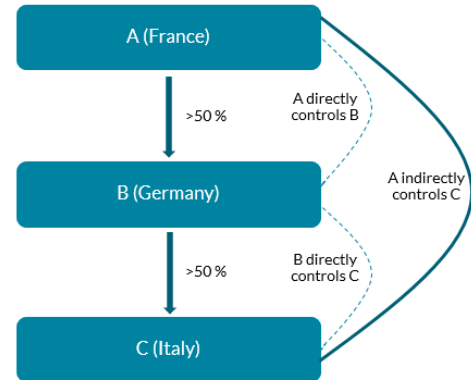
“The preparation of a report on modalities for the compilation of financial flows and balance-sheets for foreign controlled non-financial corporations, both for sector accounts (either in core or satellite accounts), and balance of payments and international investment position statistics (b.o.p./i.i.p.)”

Joint EG: Working Groups on Financial accounts and Government finance Statistics (WG FGS) and on External Statistics (WG ES)

Key aspects

1. Economic control and the definition of the FCC population

- Ultimate controlling parent (UCP)
 - Direct vs indirect control
 - Is MNE's Global Decision Centre (GDC) always the UCP?
 - Equivalence between ownership and voting power?
 - Tracking ownership back to the UCP - not an easy task...
- **Communication amongst compilers** can help reducing the national burden and at the same time mitigate the risk of inconsistent recording.
- **Definitions in line with SNA/BPM update** Guidance Note G.2
--> Framework for direct investment relationships (FDIR).



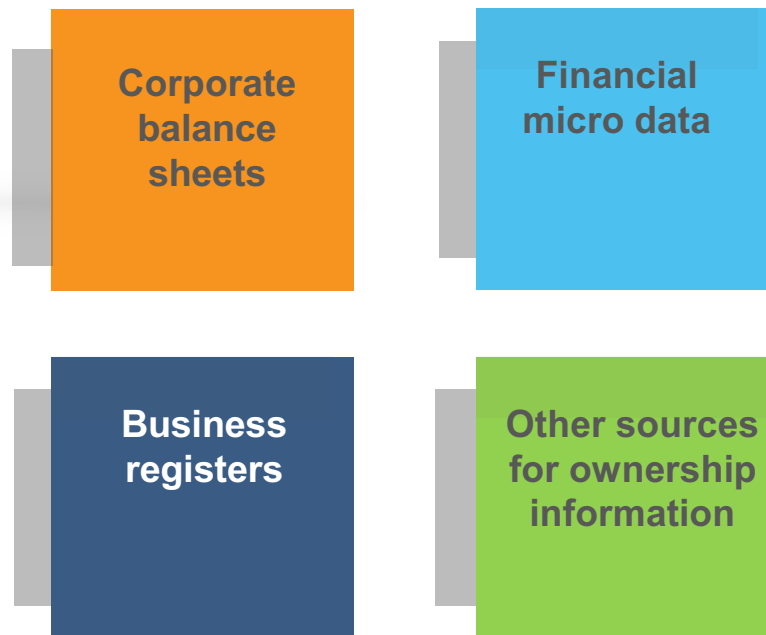
Key aspects

2. Data sources and corporate information

- Ultimate parent: about 40 source entries identified at March 2021 survey



*Similarities but also
country differences!*



3. Combining granular and aggregated data: micro-macro adjustments and MNE monitoring

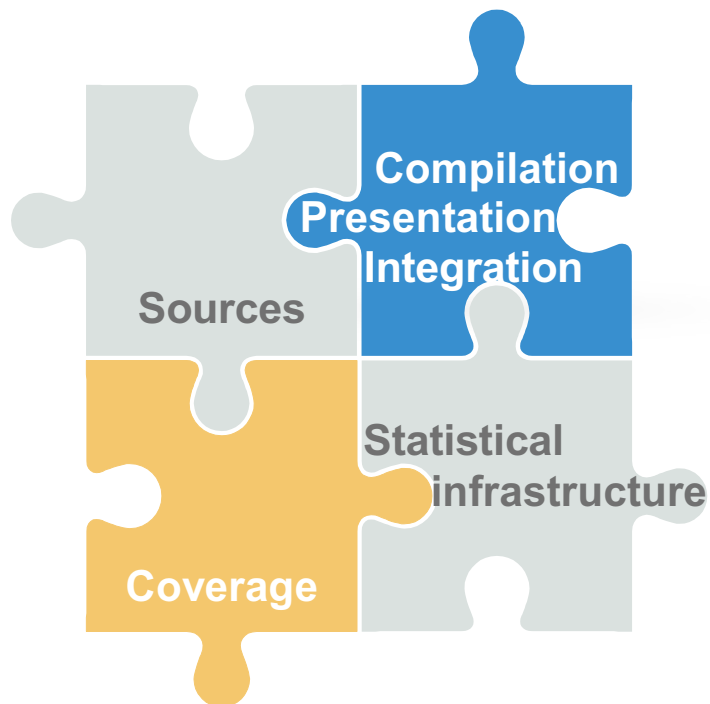
Ideally, high-quality granular data with full coverage and fully aligned with the macroeconomic statistics principles --> NFCs, FCCs and DCCs estimates would be consistent by construction and no reconciliation effort would be needed either.

- The reconciliation strategy:
 - Direct allocation
 - Proportional allocation
 - Grossing up data reported with thresholds
 - Micro-macro links with stratified samples
- **Large Case Units:** strategic role in business and economic statistics, and the detailed information collection, therefore LCUs can be instrumental for FCC identification and compilation.

4. Integration of FCC estimates in the macroeconomic statistics framework

- The level of consistency between the sources and methods used in comparison to those used for the rest of balance of payments and sector accounts statistics, and
- The strategy for compiling and presenting FCC in the context of those statistics, addressing the relevant issues, including in particular the instrument detail, counterpart detail, frequency and timeliness.
- Integration – how?
 - FCC being “of which” category/detail in the sector accounts
 - A step-by-step approach (from “initial” interim set to full accounts for FCC)
 - Changes in sector classification: *corporate migration between FCC and DCC?*

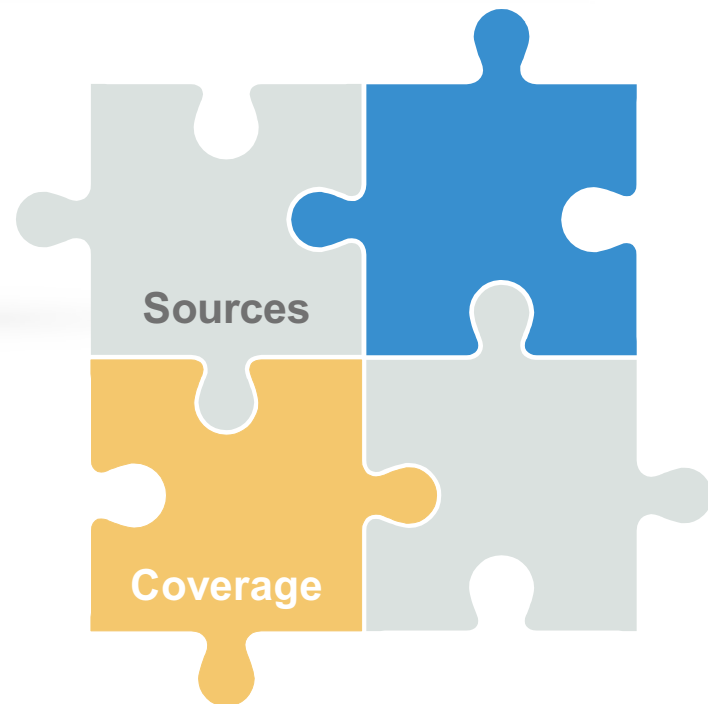
Recommendations



Note: All recommendations refer to the financial sector accounts and b.o.p./i.i.p. under the ESCB framework.

Recommendations

1. Develop **quarterly corporate balance-sheet** databases
2. Extend the scope of **FDI surveys**
3. **Statistical regulations to cover FCCs**
4. Enhance **monitoring of MNEs**
5. FCC population as established in **FDIR**
6. *Initial compilation* to cover at least a **proposed simplified balance-sheet**
7. *Initial compilation* to cover at least **stocks**
8. *Initial compilation* to cover at least **total for proposed asset and liabilities and corresponding positions on non-residents**

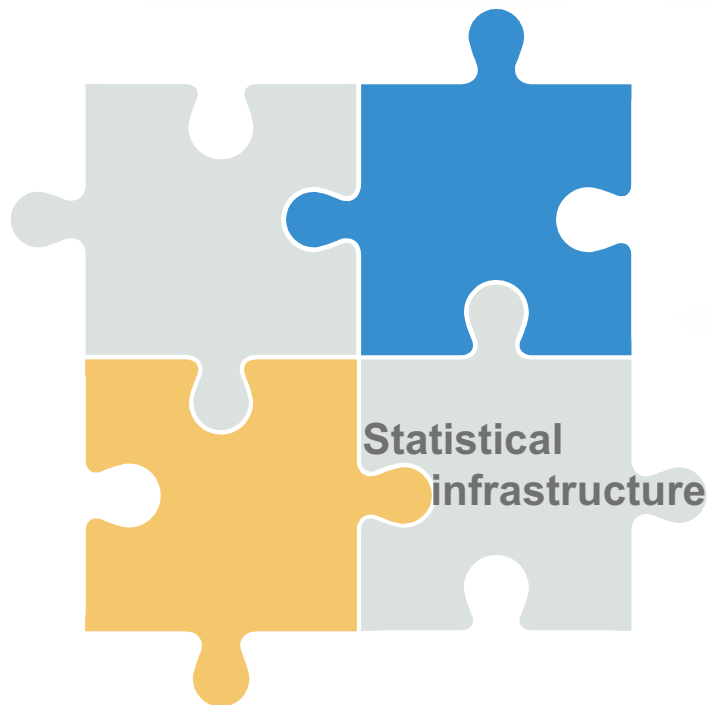


Recommendations



9. **Gradual development** to finally achieve the **standard financial accounts and b.o.p. scopes**
10. **Compilation system to be integrated** in the standard IT solutions for financial accounts/ b.o.p.
11. **Compilation to be based on micro data**, possibly “completed” using macrodata/ aggregated as benchmarks
12. **High degree of integration and consistency of FCCs** and standard financial accounts/b.o.p. since early stages
13. FCC statistics **to be presented as an integral part** of financial accounts/ b.o.p.
14. **Final objective for timeliness t+90**; initial estimates to accommodate data availability
15. **Changes in ownership structure to be identified separately**, at least in the steady-state
16. **Full transparency** to be provided regarding methodological and coverage **deficiencies of initial FCCs estimates**

Recommendations



17. Improve **business registers**

18. Facilitate **access/ sharing of data**

A 3D rendering of various geometric shapes, including cubes and rectangular prisms, in shades of light blue and white. The shapes are arranged in a complex, overlapping pattern, creating a sense of depth and movement. The lighting is soft, highlighting the edges and surfaces of the objects.

Implementation: way forward

Stepwise approach

ESCB Statistics Committee supported:

- Liaising and coordinating with Eurostat to foster
 - consistent identification of corporate ownership and economic control in registers (incl. EGR and RIAD); Task Force FDI as a key player
 - development of non-financial items by the ESS
- Update of ECB guidelines on external statistics and financial accounts planned for 2026 with reporting from 2029

October 2025

Phase 1
Initial set
[Voluntary]

1

April 2028

Phase 2
Extended set
[Voluntary]

2

October 2029

Phase 3
Steady state
[Mandatory]

3

Initial set

	Total FCC <i>(transmitted with regular financial accounts)</i>	Vis-a-vis non-residents <i>(transmitted with regular BoP)</i>	Foreign direct investment <i>(transmitted with regular BoP)</i>
Total assets			
AF.2 Currency and Deposits			
AF.3 Debt Securities			
AF.4 Loans			
AF.5 Equity and Investment Fund Shares/Units			
<i>of which, F.511 Quoted equity</i>			
AF.8 Other Accounts Receivable			
Total liabilities			
AF.3 Debt Securities			
AF.4 Loans			
<i>of which, MFI loans</i>			
AF.5 Equity and Investment Fund Shares/Units			
AF.8 Other Accounts Payable			

- **Timeliness of reporting:** 3-9 months
- **Data frequency:** quarterly
- **Publication:** tbd



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