

Challenges in the external statistics framework: how to register MNE financial restructuring operations

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Introduction

In recent years, the **number**, the **complexity** and the **variety** of possible **corporate financial restructuring operations** have been increasing.

The process of revision of **international manuals** is working on a precise **definition** of these operations and their **impacts on external statistics** (harmonization of compilation practices, reduction of possible bilateral asymmetries).

Two kind of operations, and related challenges, are here presented:

- **Re-domiciliation** of the holding company of a group
- **Transfer of participation** between group entities

...in continuity with what presented in Lisbon in February 2020 during the IFC Conference on external statistics



During the period 2019-2020 a corporate restructuring involved **Davide Campari**, one of the world most important food and beverage groups located in Italy. The process developed in several steps and ended up in the re-domiciliation in the Netherlands of the holding company of the group, Davide Campari-Milano S.p.A.

In September 2021, **Mediaset** Spa, the holding company of an Italian group involved in media and communications, transferred its registered office to the Netherlands.

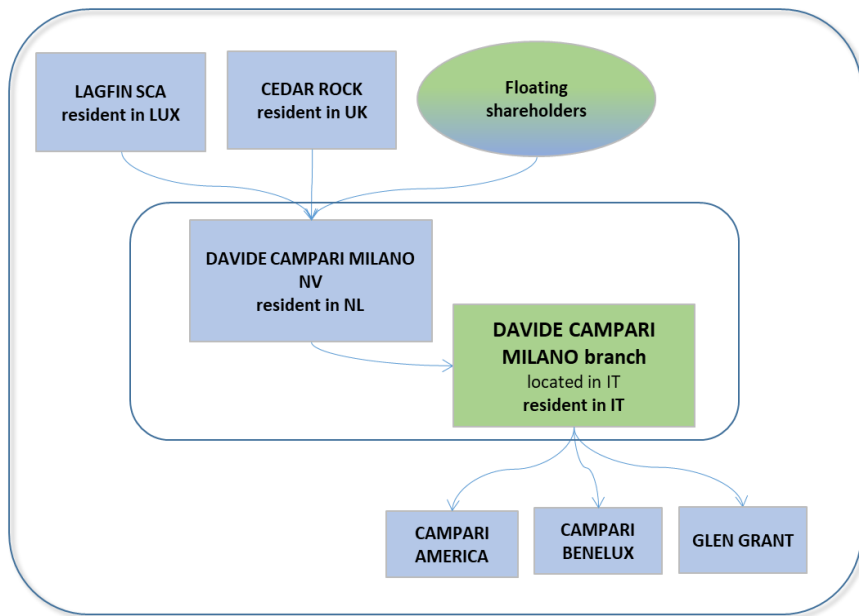
In both cases, a permanent establishment in Italy (a branch) was created to carry out, without interruption, the activities performed by the “old” enterprise.

Re-domiciliation

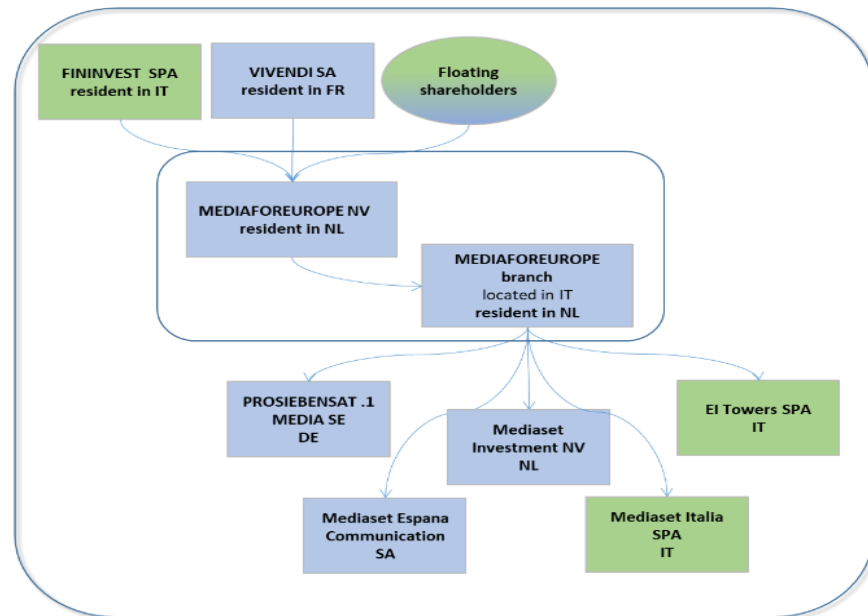
Transfer of participations

Conclusions

The Davide Campari group after the restructuring



The Mediaset (Mediaforeurope) group after the restructuring



Green (blue) boxes refer to Italian (non resident) enterprises

The main difference in the two cases is the **residence of the branch located in Italy**: Italian in the Campari case (as stated on the official documents) and Dutch in the Mediaset case (ascertained only **through bilateral contacts with the reporting agent**).

In the Mediaset case, further insights put in evidence inconsistent classification across different registers (business registers, BOP register, RIAD, ...); it could imply **incoherent statistical reporting in different domains** (BOP/IIP and national account at least).

Unresolved issues:

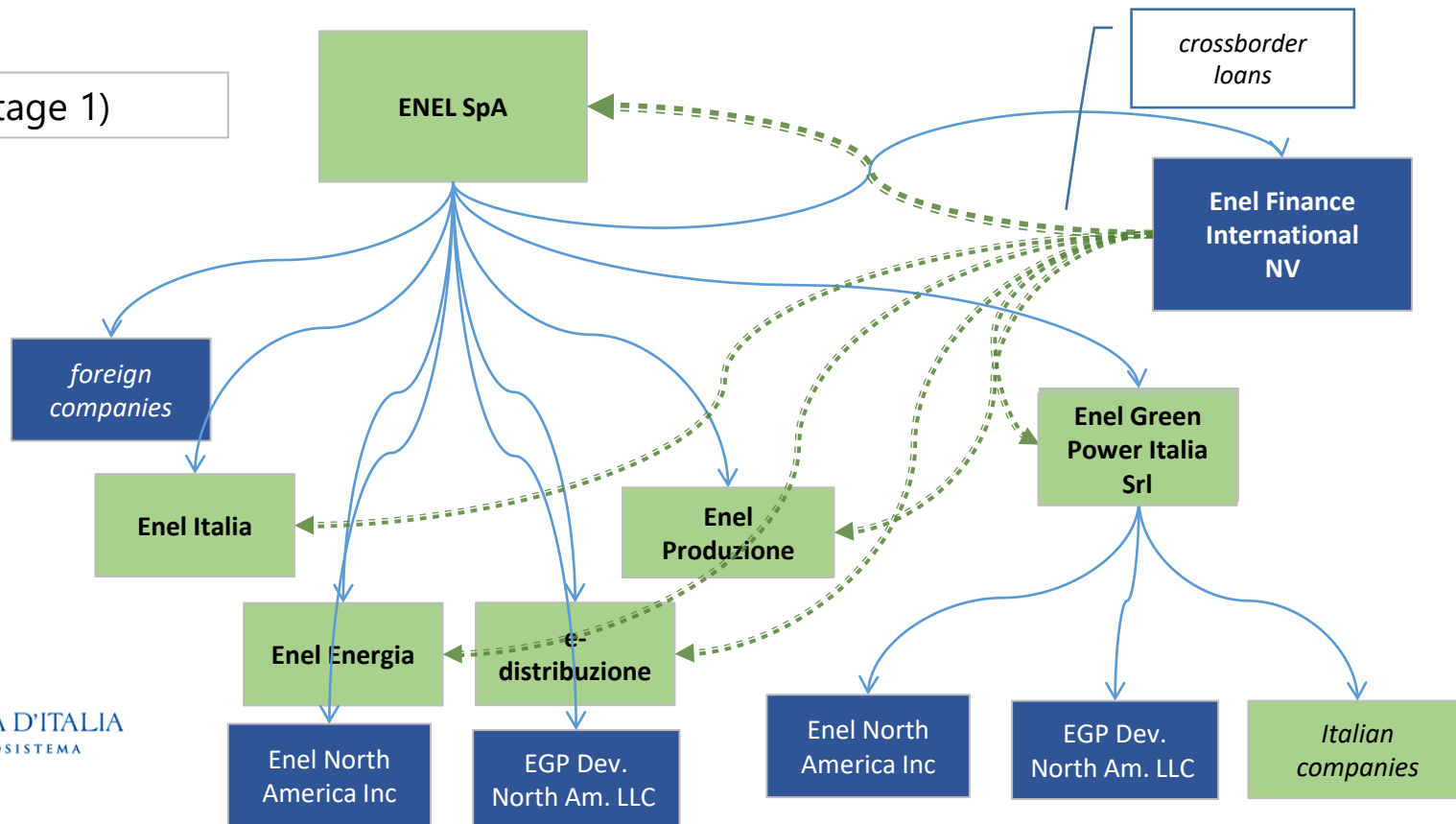
- the difficulty of establishing whether a branch is resident or not (e.g. who should verify if the requested conditions are satisfied? how should be assured that the assigned residency is uniformly acquired by all registries?)
- the heterogeneity of residency attribution across countries, statistical domains and reporters.

During the last few years, a wide reorganization involved some companies of the **Enel** group, one of the Italian largest private energy operator in the world. The process aims for the **simplification and optimization of the group's corporate structure** and is still under way in some countries in which the group operates.

In Italy, the reorganization took place in 2020 and was carried out in two stages:

- 1) Partial demerger of Enel Green Power SpA with the transfer to Enel SpA of North-American participations and intercompany loan agreement with Enel Finance International NV.
- 2) the transfer of the Italian business unit from Enel SpA to the Italian sub-holding Enel Italia SpA which also took over in the loan agreements of the transferred Italian companies with Enel Finance International NV.

Stage 1)

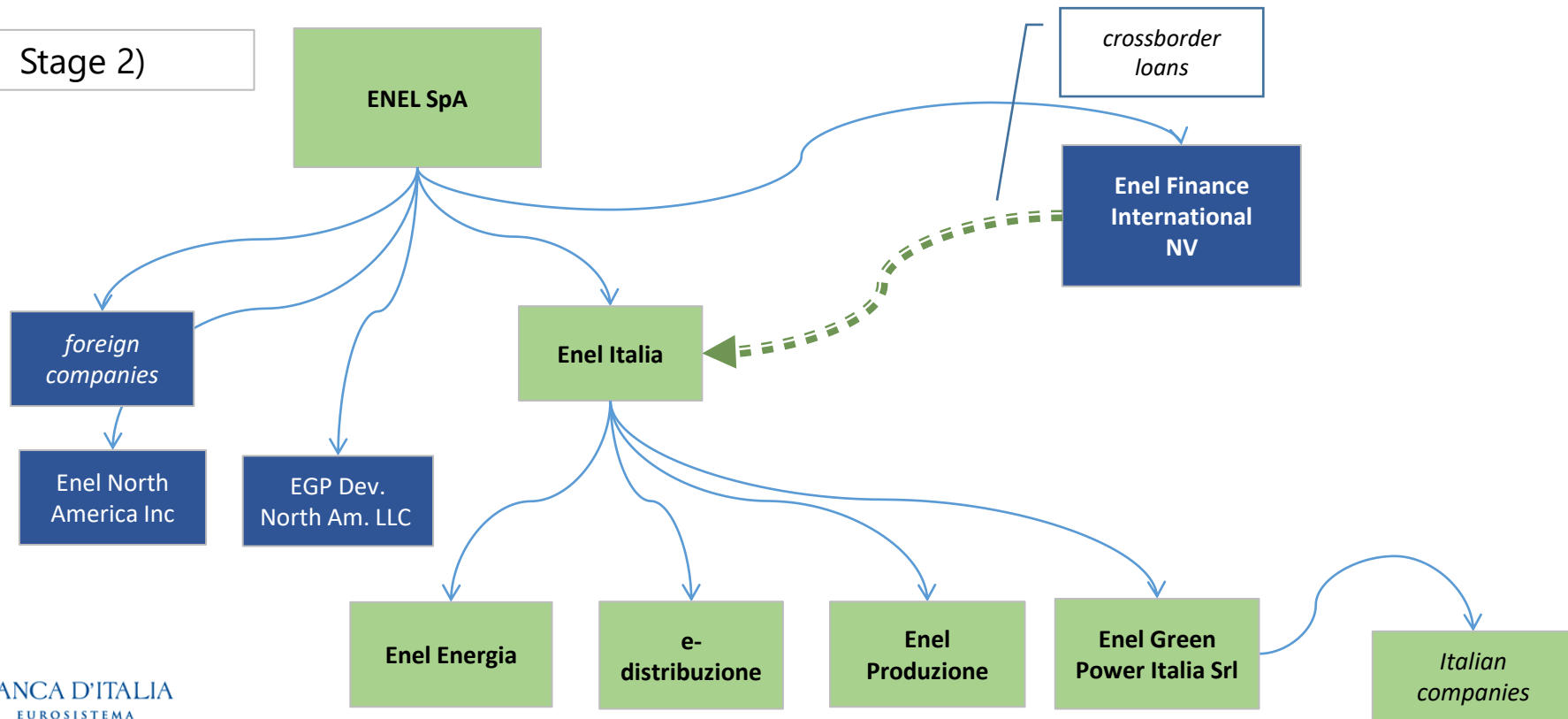


Re-domiciliation

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Stage 2)



In order to correctly represent in BOP/IIP the effects of the reorganization, all the Italian companies involved need to be directly **included in the sample**; if some of them is indirectly included, by grossing-up techniques, then particular caution is needed in order to avoid inconsistencies and/or errors and omissions.

Relevant efforts are necessary to **verify that data reported** by all different parties exchanging assets/liabilities **are consistent** (in terms of amounts, financial instruments...)

Compilation issues related to debt instrument are even more challenging: loans and credits transfers are usually not covered by the media; furthermore, the value of the assets/liabilities exchanged can be very difficult to estimate, as it is generally not available in specialized database nor in the companies' balance sheet.

Challenges

Peculiar cases, such as **branches** or temporary ad-hoc units and related problems

Availability and timeliness of **information**

Consistent **interpretation** of facts among compilers

Identification and allocation of the effects on BoP/IIP items other than FDI equity

Lack of flexibility of **data collection system**

Hints

Widespread sharing of the main definitions, classifications and **methodologies**

Detailed guidelines enriched with concrete examples

Exchange views among compilers

Flexible data collection systems

Thank you for your attention!

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