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Challenges in the external statistics framework: how to register MNE financial restructuring operations¹

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¹ This presentation was prepared for the conference. The views expressed are those of the authors and do not necessarily reflect the views of the BIS, the IFC or the central banks and other institutions represented at the event.

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Nadia Accoto, Giuseppina Marocchi and Silvia Sabatini¹

Abstract

The rapid development of a globalised world has drastically increased the number, the complexity and the variety of possible intercompany operations. More and more frequently companies are involved in corporate inversions or decide to move their domicile to other countries in order to benefit from more advantageous fiscal and company management conditions.

These operations imply relevant problems in compiling external statistics, particularly foreign direct investment flows and stocks but also other balance of payments items. The purpose of the work is to highlight these challenges through the analysis of some real cases observed in Italy.

Keywords: multinational enterprises, external statistics, foreign direct investment

¹ The views expressed in the article are those of the authors and do not involve the responsibility of the Bank of Italy.

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1. Introduction

The rapid development of a globalised world has drastically increased the number, the complexity and the variety of possible corporate restructuring operations² that are reflected on external statistics. How to correctly capture and include these processes in the Balance of Payments/International Investment Position (BOP/IIP) framework has become one of the most important subject in many international fora.

In the second half of 2020, the process of update of the IMF Balance of Payments and International Investment Position manual (BPM6) began. Particular attention was paid to the analysis of corporate restructuring operations, in order to provide compilers with detailed instructions on how to correctly record these processes in the external statistics framework with the aim to harmonize compilation practices among countries and favor the reduction of possible bilateral asymmetries.³

The paper intends to continue the analysis of the challenges posed to the external statistics compilers by the increasingly frequent and complex corporate restructuring, firstly presented in Lisbon in February 2020 during the IFC Conference on external statistics *"Bridging measurement challenges and analytical needs of external statistics: evolution or revolution?"*.⁴

On that occasion, two significant real cases that had important effects on Italy's BOP/IIP were presented: (1) a cross-border merger and the subsequent creation of a branch (located and resident) in Italy and (2) the acquisition of an entire big Italian group through the establishment of a chain of newly created companies.

This paper deals with some further cases of corporate restructuring, occurred in Italy in recent years, which involved important Italian groups and led to some further challenges in recording the effects in the official statistics. The paper also intends to provide new examples in order to contribute to the ongoing discussion on defining specific guidelines in the new manuals about how to correctly and uniquely register these operations in the context of external statistics.

Chapter 2 analyses two different cases of re-domiciliation in the Netherlands of the holding company of two relevant Italian groups (Davide Campari and Mediaset) highlighting the different features of the branches created after the change of residence. Chapter 3 describes another type of restructuring related to the transfer of participations and other assets within enterprises of a same group. Chapter 4 summarises the results of the analysis and tries to point out the main challenges and possible solutions.

For each case, the main events of the operation are described, underlying the impacts on external statistics and focusing on the difficulties faced by compilers. The discussion concentrates only on the financial account of the BOP and on the IIP, particularly on Foreign Direct Investment (FDI) and Portfolio Investment. Similar and

² I.e. cross-border mergers, re-domiciliation of a company, transfer of participation between group entities

³ At the moment of writing, corporate restructuring is being analyzed in different contexts, but only one document is currently disclosed: "D4 Corporate Inversions" (<https://www.imf.org/-/media/Files/Data/Statistics/BPM6/DITT/d4-corporate-inversions.ashx>)

⁴ https://www.bis.org/ifc/publ/ifcb52_20.pdf (Lisbon paper)

related challenges, not examined in the paper, are faced also for the possible impact of the operations on the current account of the BOP (investment income item).

The circumstances described in these three cases are derived from public documents available on the websites of the involved companies. Reported amounts are fictitious, without any relationships with real data, in order to preserve their confidentiality.

Box 1

The Italian BOP/IIP Direct reporting system

The Italian data collection system is mainly based on direct reporting by entities involved in cross-border transactions.

Direct reporting entities include all the resident banks, all other financial intermediaries, and the central bank, for their own transactions and positions, and a sample of non-financial and insurance companies.

With reference to resident banks and other financial intermediaries, data are collected, on a census basis, within the framework of supervisory reporting, through specific BOP statistical reports inserted ad hoc.

The non-financial and insurance company Direct reporting system consists of a set of sample surveys covering specific non-financial and financial transactions and positions and varying in frequency from monthly to annual, depending on the investigated phenomena.

The total sample covers about 7,000 enterprises; the sample selection makes use of a BOP-specific business register (with a flag for the presence of FDI relationships) and it is based on the size of enterprises and on their geographical location on the Italian territory. The most relevant enterprises in terms of dimension are included on a census basis.

This system offers, as the main advantage, the possibility of establishing a direct contact with the reporting agents that allows compilers to investigate the more complex aspects of some important transactions that involve reporting companies.

In fact, for instance, when a relevant event is reported by the media, the BOP/IIP compilers can:

- contact the units directly or indirectly involved for further explanations on the event, in order to: clearly outline the process, obtain the necessary details (including real amounts), correctly record in the external statistics all the relevant aspects (functional category and instruments such as equity, bonds and loans);^①
- evaluate the possibility to insert in the sample newly established companies.

The direct link with the reporting agent also gives the possibility to know in advance about relevant operations, even when they do not jump to the press headlines or are not reported by commercial data providers.

Another relevant advantage of Direct reporting is related to the flexibility in defining the requested information: the monthly questionnaire has been recently modified to introduce new questions allowing the reporting of participations/shareholders emerged/disappeared after financial restructuring operations and, in the annual questionnaire, it is now asked to separately report participation in branches.

^① In the cases analysed in this paper, the frequent informal contacts with the reporting agent gave a prompt and complete picture of all the most relevant aspects of the processes.

2. The re-domiciliation of the holding company of a group

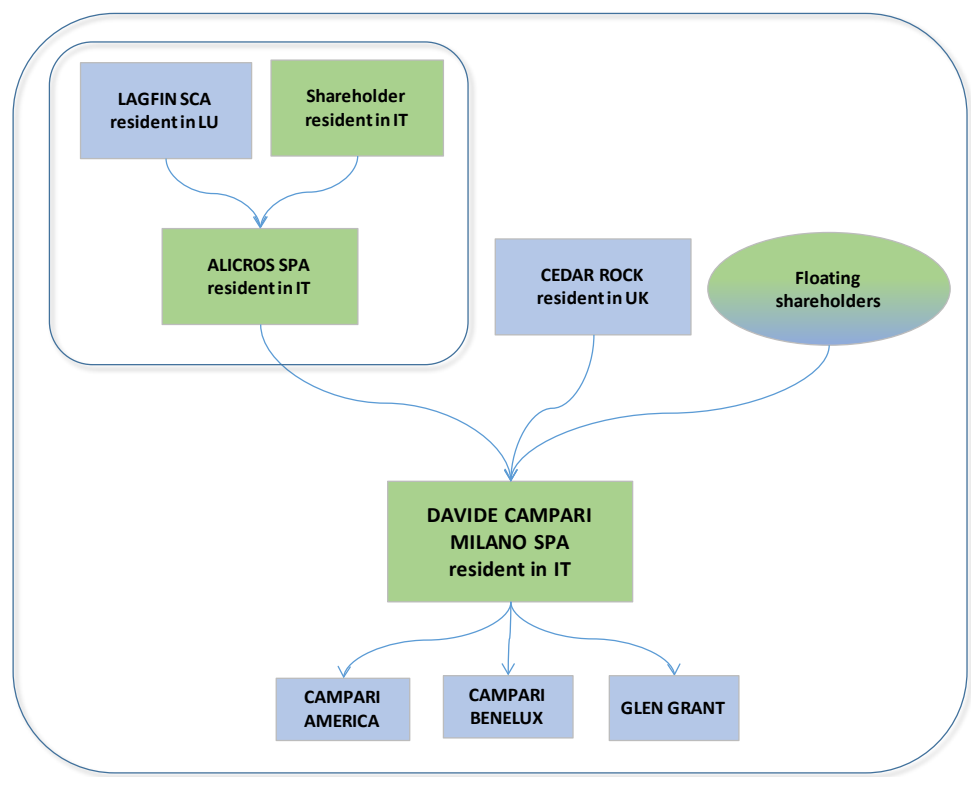
2.1 General description and impacts on external statistics of the financial restructuring of the Davide Campari group

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 (Campari).

Before the restructuring, Campari was an Italian company, listed on Milan stock exchange, with two direct investors (Alicros Spa, an Italian unlisted enterprise, and Cedar Rock, an investment fund domiciled in the UK) and other floating shareholders (Figure 1).

The Davide Campari group before the restructuring

Figure 1



The corporate restructuring developed in three stages:

- a **first phase**, occurred in February 2019, during which Lagfin SCA first purchased the remaining participation in Alicros Spa from the other shareholder and

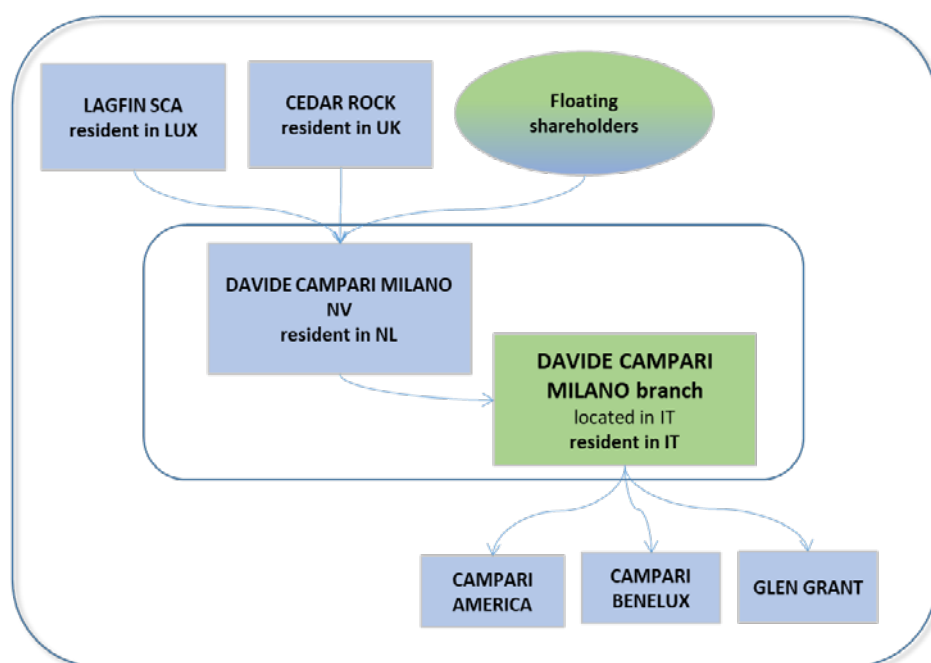
subsequently incorporates Alicros itself, thus becoming the new foreign direct investor of Campari;⁵

- a **second phase**, occurred in July 2020, in which Campari, the Italian holding company of the group, moved its domicile to the Netherlands changing its name in Davide Campari Milano NV;⁶
- a **third phase**, simultaneous but logically distinct from the second one, in which a permanent establishment in Italy (a branch) was created to carry out, without interruption, the activities performed by the old enterprise Campari.

Figure 2 summarizes the ownership structure after the corporate restructuring phases.

The Davide Campari group after the restructuring

Figure 2



The articulated process produced several effects, both on the BOP and on the IIP. In order to outline them, let us suppose (see Figure 3) that, before the phase 1 started, the total equity investment in Alicros Spa was equal to 370 Euros and the total equity investment in Campari was equal to 4250 Euros. Furthermore, the FDI assets of Campari were equal to 3600 Euros.

⁵ As stated in the Lagfin SCA website (<https://www.lagfin.lu/#Structure>)

⁶ More detailed information on the transaction aimed at the transfer of the registered office of Davide Campari-Milano S.p.A. can be found in the Campari website: <https://www.camparigroup.com/en/page/investors/transfer-registered-office>

Equity investment in Alicros Spa and Campari before the merger

Figure 3

Equity investment in Alicros SpA		Amount (Euros)	Equity investment in Davide Campari SpA		Amount (Euros)
Total		370	Total		4250
Lagfin SCA (LU)		200	Alicros SpA (IT)		2000
Resident shareholder		170	Cedar Rock (UK)		300
			Resident floating shareholders		450
			Non resident floating shareholders		1500

Figure 4 summarizes the hypothetical values for holdings of debt securities issued by Campari before the re-domiciliation (holdings by non-resident investors, assumed to be 250 Euros).

Campari debt securities holdings

Figure 4

debt securities issued by Davide Campari-Milano SpA		Amount (Euros)
Total		450
Resident investors		200
Non resident investors		250

From the Italian perspective, in the first phase, the acquisition of the remaining part of Alicros Spa from the other Italian shareholder implies an increase in the FDI liabilities: Lagfin raises the value of the unlisted equity investment in Alicros of 170 Euros (according to our assumptions)⁷. Furthermore, the subsequent merger of the two companies implies the disappearance of the direct investment in unlisted equity (Lagfin in Alicros) and the appearance of the direct investment in listed equity (Lagfin in Campari), reconciled through the "other changes in volume" item. The treatment of all the aspects related to merger (as other changes in volume or as transactions) is still under discussion in the international fora.

The following figure summarizes the recording in the Italian external statistics before, during and after the first phase.

Impact of Phase 1 on BOP/IIP

Figure 5

Impact of the Merger - PHASE 1 on external statistics								
	Opening position		Transactions		other changes in volume		Closing position	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Financial account	3600	2250	170	170		1630	3770	4050
Direct investment - Equity								
in listed companies		300				2.000		2300
in unlisted companies and other equity	3600	200		170		-370	3600	0
Portfolio investment - equity		1500						1500
- debt securities		250						250
Other investment			170				170	
Net IIP/ Net e&o	1350		0				-280	

⁷ The settlement of this operation is recorded in the Other investment item.

During the second and the third phase, no transaction actually occurs: the events related to the re-domiciliation of Campari and the subsequent establishment of a branch in Italy do not give rise to BOP recordings; yet they only affected the IIP.⁸

In the second phase, the re-domiciliation of Campari from Italy to the Netherlands produces, as an immediate effect, the elimination of the stock in the direct investment listed equity liabilities (2300 Euros in our numerical example) and in the direct investment unlisted equity assets (3600 Euros). Furthermore, it produces effects also on the portfolio investment (equity and debt securities). The phase 2 implies the elimination of the stock of portfolio liabilities (connected to the holding by non-resident investors) and the appearance of portfolio assets (holdings by residents) (see first and second part of Figure 6). In the third phase, FDI liabilities in other equity (500 Euros) emerge because of the creation of the Italian branch (as well as FDI assets).

All these changes in the IIP are reconciled through an entry in the "other changes in volume" account.

Impact of Phases 2 and 3 on IIP

Figure 6

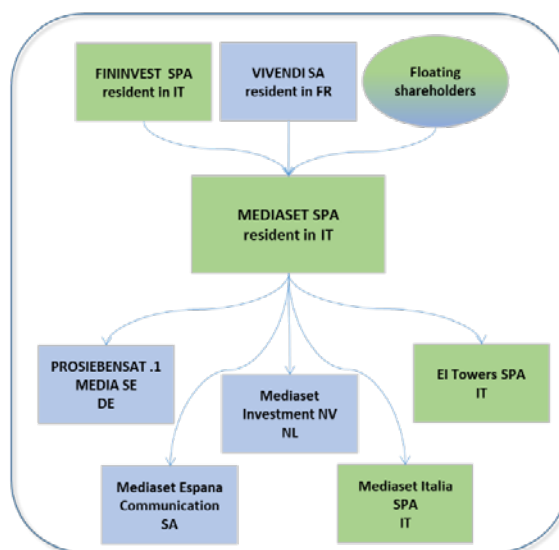
Impact of the change of residence - PHASE 2 and PHASE 3 on external statistics						
	Opening position (end of Phase1)		Intermediate position (end of Phase2)		Closing position (end of Phase3)	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Financial account		4050	650	0	4250	500
Direct investment - Equity						
in listed companies		2300		0		
in unlisted companies and other equity	3600		0		3600	500
Portfolio investment - equity		1500	450	0	450	
- debt securities		250	200	0	200	
Net IIP		-4050	650		3750	

2.2 Another type of re-domiciliation: the case of Mediaset Spa

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

Before the transfer, Mediaset Spa was an Italian company listed on Milan stock exchange, with two direct investors (Fininvest Spa, an Italian enterprise, and Vivendi SA, a company resident in France) and other floating shareholders (Figure 7).

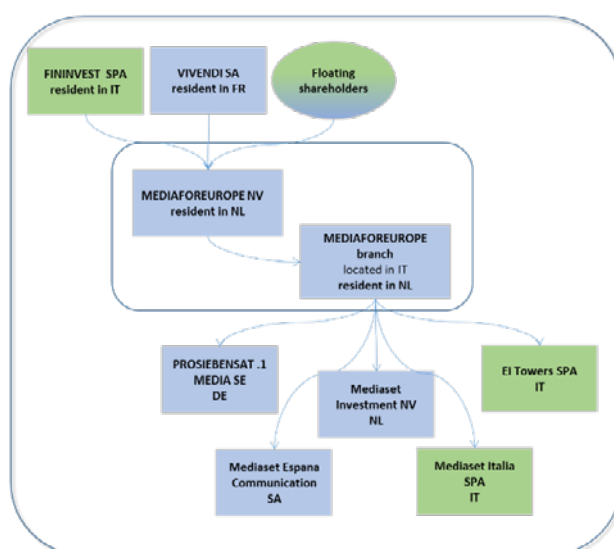
⁸ See BPM6 § 4.167 and § 9.21.



When moving its domicile to the Netherlands, Mediaset Spa changed its name first to Mediaset NV⁹ and then to Mediaforeurope NV; the re-domiciled company remained listed on Milan stock exchange.

Simultaneously with the re-domiciliation, a branch was created in Italy and provided with all the Mediaset's existing assets and liabilities even though it was considered as an indistinct part of the foreign parent company and therefore resident in the Netherlands.

Figure 8 summarizes the ownership structure after the re-domiciliation.



⁹ https://www.mfemediaforeurope.com/binary/documentRepository/65/Press%20Release_1615.pdf

The main difference with respect to the Campari re-domiciliation (Figure 2) is the residence of the branch located in Italy: Italian in the Campari case and Dutch in the Mediaset case.

Impacts on IIP are similar to what illustrated in the Campari case and are not here reported and analysed. All changes have been treated as other changes in volume.

2.3 Main challenges

The two cases are typical examples of the complexity of financial restructuring operations. Even if enterprises involved in such processes supplied detailed information on the process on their website well in advance, there were still several challenges for BOP/IIP compilers.

As already deeply described in Lisbon paper, the main challenges regard:

- the availability of detailed information on the operation, structured for external statistics purposes;
- the identification and the correct treatment of the effects on BOP/IIP items other than FDI equity;
- the coherent interpretation of cases among compilers of the countries involved in the restructuring process in order to minimise the asymmetries and BOP errors and omissions.

The re-domiciliation in the Netherlands of Mediaset Spa posed further challenges with reference to the availability of a detailed description of the operation.

In fact, in this case, the document describing the preliminary re-domiciliation plan of the company, distributed well before the date of effectiveness of the operation, foresaw a tripartite common cross-border merger among Mediaset Spa and its subsidiaries in Spain and the Netherlands (Mediaset Espana Communication SA and Mediaset Investment NV).¹⁰ The recording of the effects of the operation in Italian external statistics was consequently analysed and defined on the basis of this plan but, in the end, due to legal disputes, the merger did not take place as described in the document and, at last, Mediaset Spa simply transferred its registered office to the Netherlands. This change had less prominence in the press and on the company's website than the previous re-domiciliation plan, resulting in difficulties for the compiler in adapting the registration criteria in the external statistics.

However, the main challenge related to Campari and Mediaset re-domiciliation refers to the identification of the residency and the features of the branch located in Italy created at the same time as the change of residence. In the Campari case, it was clearly stated in the company plans that the branch was a separate unit from the Dutch mother company. On the contrary, in the Mediaset case, no clear indication on the status of the branch was available on the website or in the official documents. Only through bilateral contacts with the reporting agent, it was possible to understand that the branch was an indistinct part of Mediaforeurope NV and, thus, non-resident in Italy.

¹⁰ A detailed description of the tripartite common cross-border merger is available on MFE website: https://www.mfediaforeurope.com/binary/documentRepository/13/1.%20Common%20merger%20plan%20SITO%20COMPLETO_531.pdf

The ascertainment of the residency and the accounting autonomy of the branch is a relevant element for the coherent statistical reporting in different domains (BOP/IIP and National Accounts at least) and across countries. In case of a distinct entity, in fact, the operation of the branch should be excluded from the accounts of the economy of its head office and included in the statistics of the economy in which it is located. Otherwise, all assets and liabilities should be allocated to the mother company.¹¹ Unfortunately, it is not always possible to have a direct contact with the enterprise involved in this kind of operation in order to solve this dilemma. Furthermore, even in this most optimistic case, indications supplied by the enterprise are not always implemented in the same way in all statistical domains. In the case of Mediaset, in fact, further insights pointed out inconsistent classification across different registers (business registers, BOP register, RIAD, ...), which may result in inconsistent statistical treatment. Consequently, the following issues remain unsolved:

- the difficulty of unambiguously 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 registers?)
- the heterogeneity of residency attribution across countries, statistical domains and reporters.

To our knowledge, in the last year, at least other two large Italian companies moved to the Netherlands, following the same pattern of Mediaset and implying the same difficulties and possible asymmetries across domains due to this kind of misinterpretation.

3. Transfer of participations within a group: the Enel case

3.1 General description and impacts on external statistics

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.

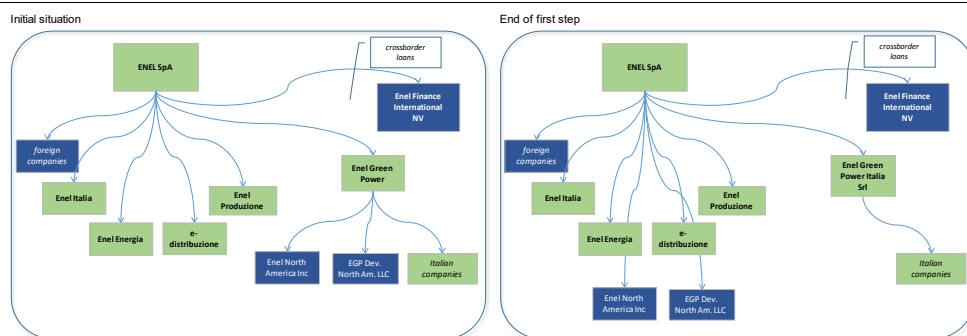
In 2020, the reorganization took place in Italy and was carried out in two stages.¹² A first one concerned the partial demerger of Enel Green Power Spa (EGP) with the transfer to Enel Spa (i) of the 100% equity held by EGP in North America (in the companies Enel North America Inc. and Enel Green Power Development North America LLC) and (ii) of an intercompany loan agreement with Enel Finance International NV. With the completion of this phase, EGP Italian participations were transferred to a newly established company denominated Enel Green Power Italia Srl (Figure 9).

¹¹ See BPM6 § 4.26 to § 4.28.

¹² https://www.enel.com/content/dam/enel-com/documenti/investitori/informazioni-finanziarie/2020/annuali/en/enel-spa-financial-statements_2020.pdf

Enel group – Italian branch reorganization - 1

Figure 9

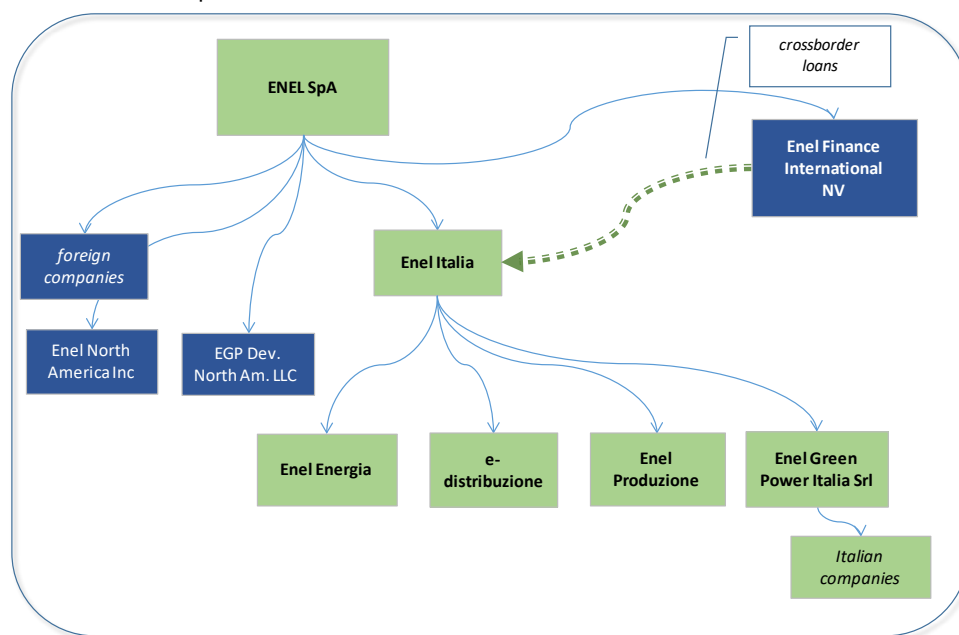


The second phase concerned the transfer of the Italian business unit from Enel Spa to an Italian sub-holding. More specifically, Enel transferred to Enel Italia Spa (the company chosen for the role of sub-holding) the equity participation in: Enel Energia Spa, Servizio Elettrico Nazionale Spa, e-distribuzione Spa, Enel Produzione Spa and Enel Green Power Italia Srl (the last one being the new company established after the spin-off occurred at the first stage). The business transferred to Enel Italia also included: (i) a portion of the debt of Enel in respect of Enel Finance International NV, (ii) the contracts, receivables and payables of Enel with the components of the above business unit and (iii) the debt of the transferred companies in respect of Enel Finance International NV. With this last point, in particular, Enel Italia Spa took over in the loan agreements of the transferred Italian companies with Enel Finance International NV (Figure 10).

Enel group – Italian branch reorganization - 2

Figure 10

End of second step - Final situation



From the BOP perspective, this reorganization did have very limited impacts. Indeed, all the operations refer to transfers between Italian companies of assets and/or liabilities, both cross-border and domestic. They may only affect the IIP in case of significant differences (e.g. listed/not listed, non-financial/financial) between the Italian companies exchanging cross-border positions. If any, those impacts would be treated as other changes in volume.

Effects on the BOP/IIP would have been much more considerable if assets/liabilities transfers had also involved non-resident companies in the group, an eventuality theoretically possible.

3.2 Main challenges

The main challenges of this type of restructuring concern the BOP/IIP compilation, especially in a system that uses direct reporting on a sample basis, as the Italian one.

A first issue is related to the coverage, as it is necessary to ascertain if all the Italian companies involved in the reorganization are directly included in the sample or are included only indirectly, by grossing-up techniques. In the second case, particular caution is needed in order to avoid the arising of inconsistencies and/or errors and omissions.

Furthermore, relevant efforts are necessary to verify that data reported by all different parties exchanging assets/liabilities are consistent, both in terms of substance (same financial instruments, same amounts, same counterparts have to be indicated by all the respondents) and in terms of timing (the moment of the exchange of assets/liabilities has to be the same for all parties).

In cases like the ENEL restructuring, another relevant challenge for the BOP compilers is related to the lack of information. Usually, a clear and exhaustive picture of complex reorganizations is available only when they are completed, long after the single operations (spin-offs, transfers of assets and liabilities, etc.) took place.

Until then, partial and preliminary data have to be collected, with a lot of effort, picking up information in the media, in the commercial data providers and from the direct reporters. This is particularly difficult for assets and liabilities other than equity: events such loans and credits transfers, like those occurred in the Enel restructuring, 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. Thus, compilation issues related to debt instrument are even more challenging.

4. Conclusions

The paper aims to highlight how the work of the BOP/IIP compilers is increasingly challenging due to the more and more complex internationalization and corporate restructuring strategies adopted by multinational companies.

The real-world cases analyzed in this paper offer a fairly varied overview of these challenges that can be summarized as follows:

- **Availability and timeliness of information.** The more timely and accurate the details provided by the media or in the companies' balance sheets, the fewer checks to be made through additional sources/information. In any case, the available information is rarely structured for BOP/IIP purposes and concerns only a detailed description of the transaction for shareholders and investors, with few numerical details limited to some balance sheet items without the breakdowns necessary to make them usable for BOP/IIP purposes
- **Consistent interpretation of facts and identification and allocation of the effects on all BOP/IIP items** among all the external statistics compilers from countries involved in the cross border operations, in order to avoid potential asymmetries and reduce BOP errors and omissions. Not all compilers of the involved countries have the same available information and, if there are no unique and internationally agreed guidelines for the registration of all possible cases (i.e. the treatment of mergers as other changes in volume or transaction), each country can interpret and register them in a different way
- **Necessity to deal with peculiar cases**, such as the establishment of **branches** (the ascertainment of their residency and their accounting autonomy) or the creation of **temporary ad-hoc units** whose short life prevent from the possibility to collect the necessary information from them
- **Lack of flexibility of data collection system**, not always structured to immediately include new entities as reporting agents and to collect all necessary information on time (sometimes figures outside the scope of BOP are essential to complete the framework, for example position vs. residents).

The work of external statistics compilers can be improved, first, through the **outlining of univocal definitions, classifications and registration practices** to be implemented in the current revision process of international manuals.¹³ This will surely reduce possible asymmetries between countries and the weight of the errors and omissions item. The new manuals should contain **detailed guidelines enriched with concrete examples** in order to help in assuring homogeneous recording among countries and statistical domains.

In this context, the **exchange of views and current practices among compilers** should be supported in all international fora dealing with this subject.

Lastly, the use of flexible **data collection systems**, in terms of structure of the questions and reporting agents (see Box1 for details), is essential to collect information directly from companies as much as possible.

¹³ BPM6 as stated in the Introduction, but also the OECD Benchmark Definition of Foreign Direct Investment and the System of National Accounts.

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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.

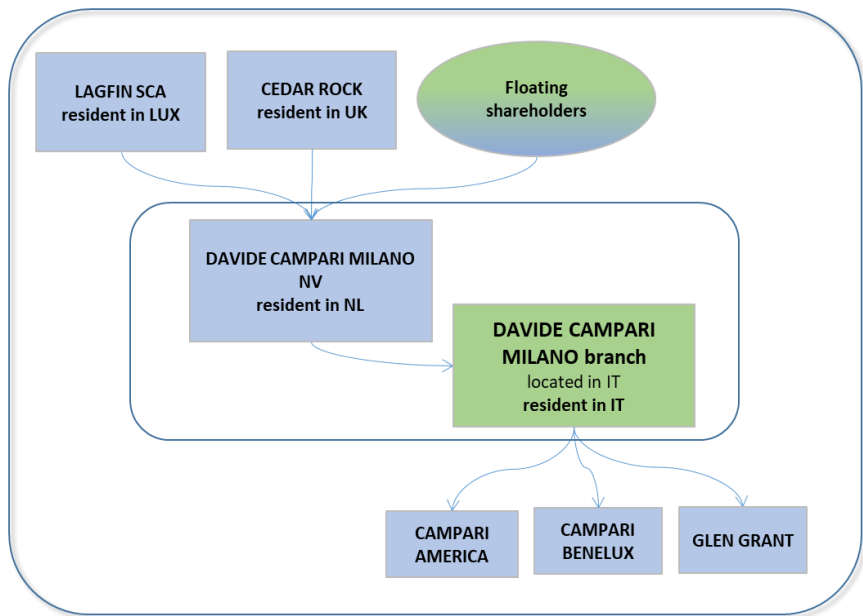
In both cases, a permanent establishment in Italy (a branch) was created to carry out, without interruption, the activities performed by the “old” enterprise.

Re-domiciliation

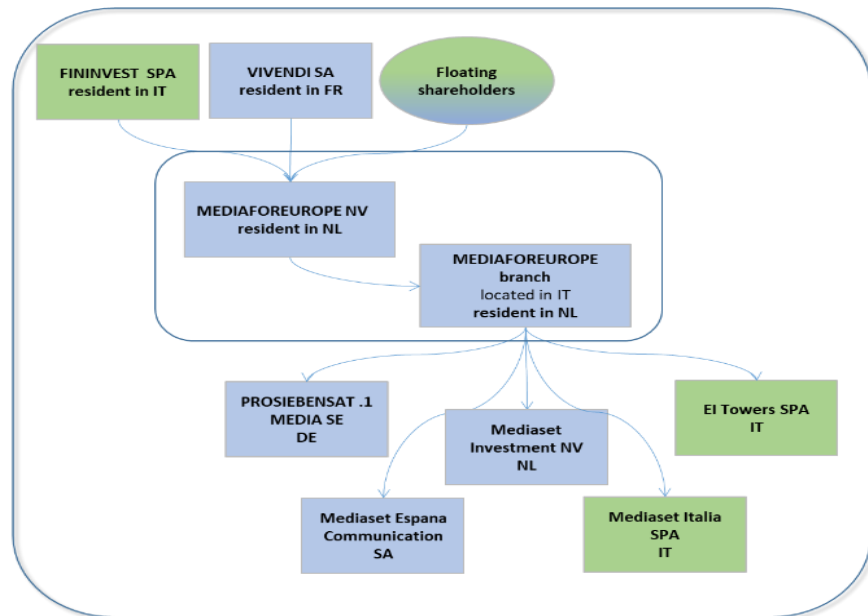
Transfer of participations

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:

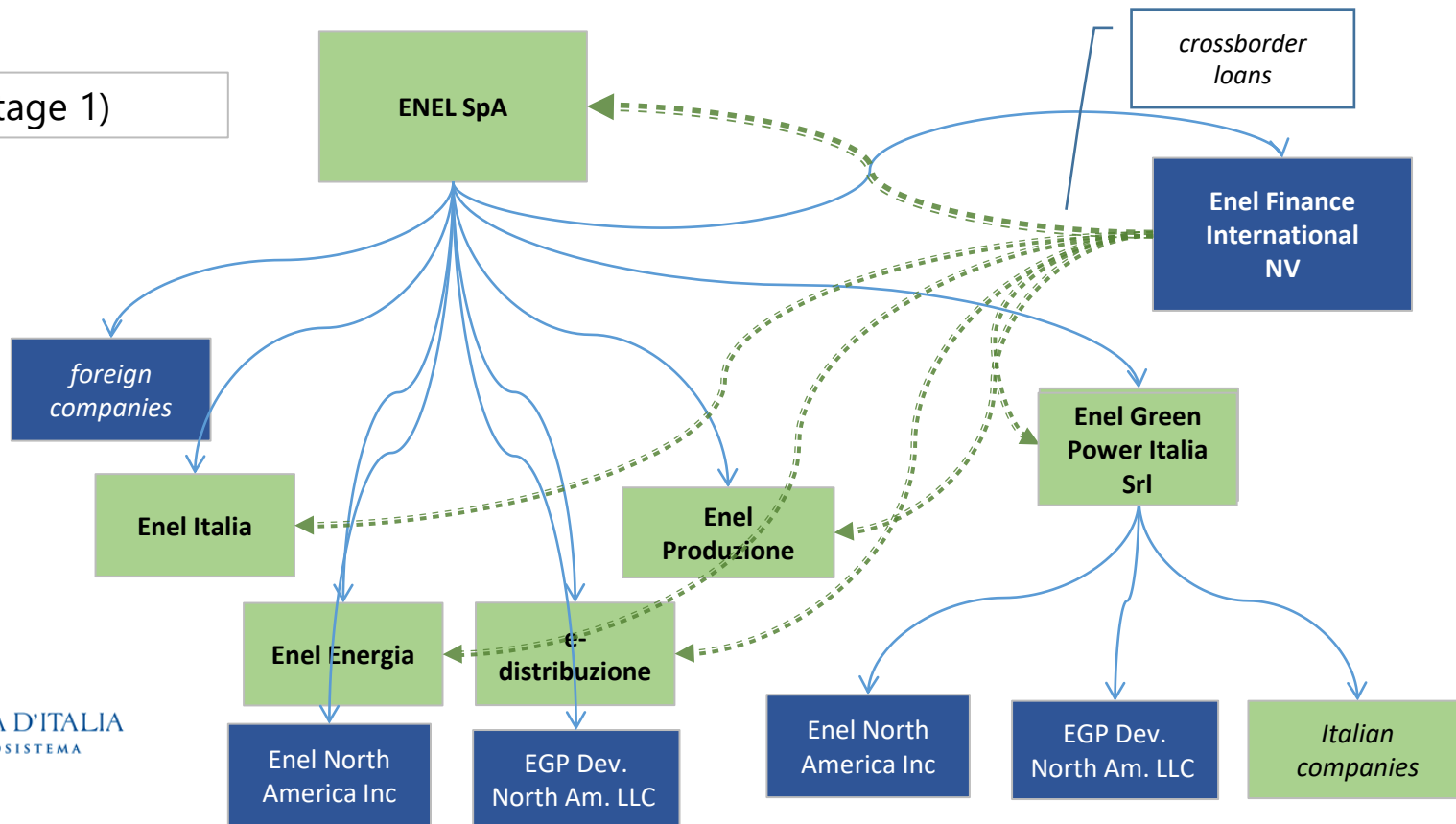
- the difficulty of establishing whether a branch is resident or not (e.g. who should verify if the requested conditions are satisfied? how should be assured that the assigned residency is uniformly acquired by all registries?)
- the heterogeneity of residency attribution across countries, statistical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

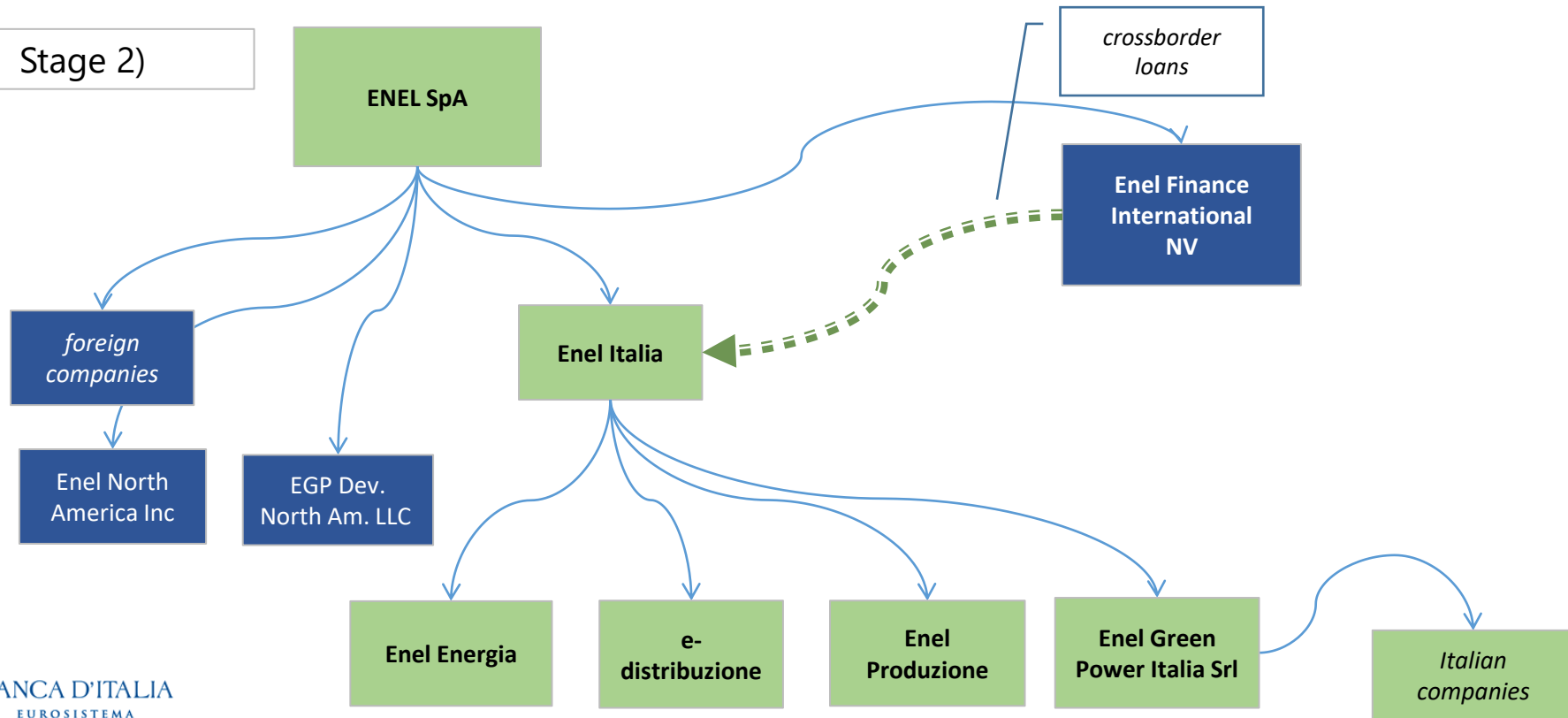


Re-domiciliation

Transfer of
participations

Conclusions

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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