

## ANNEX 13

*Research Agenda*

667. At the time of publishing this edition of the *Benchmark Definition*, there were a number of issues requiring further investigation. These issues have been placed on a research agenda with investigations to be undertaken to progress their resolution (to the extent possible). As results become available from these investigations, they will be released in a managed process as addenda to the *Benchmark Definition*. The appearance of an issue on the research agenda does not guarantee that recommendations in the *Benchmark Definition* will change as a result of further investigation. Consequently, compilers should not presume the results of any investigations on the research agenda, but should await the publication of an addendum on the outcomes. The topics to be investigated are first categorised under the following five headings.

1. Capital in transit.
2. Ultimate investing/host country.
3. Special items related to FDI transactions/position.
4. Globalisation.
5. Other items.

**1. Capital in transit**

668. *Identifying non-resident Special Purpose Entities (SPE)*: This *Benchmark Definition* recommends that countries report on a supplemental basis FDI looking through non-resident SPEs. Recognising the difficulties and in the absence of an agreed methodology, such data delivery was identified as supplemental in spite of its high analytical relevance. Some countries have practical methods for looking through non-resident SPEs. Annex 7 provides some assistance to compilers in determining the existence of SPE-type entities pending the future development of a pragmatic methodology.

669. *Updating the typology of SPEs as appropriate*. Given the changing nature of financing patterns of multinational enterprises, OECD does support the view to find a universal definition of SPEs. However, OECD will be attentive if any work is conducted in other fora to find a universal definition. The criteria described in Chapter 6 to guide compilers will be revised if and when new structures are established by MNEs for financing direct investment.

670. *Segregating capital transiting through operational affiliates of multinational enterprises (MNE)*: In addition to SPEs, MNEs also invest via their operational subsidiaries abroad. Segregating these funds passing through the enterprise from its other business is currently

not possible. More work will be necessary to develop a comprehensive methodology to isolate such transactions /positions.

671. Exploring the usefulness and feasibility of a *register for SPEs*.

## 2. Ultimate investing/host country

672. *FDI positions allocated according to ultimate host country*. Guidance on FDI inward positions according to ultimate investing country/industry (UIC) is provided in Chapter 4 and Annex 10. However, this *Benchmark Definition* does not provide any guidance or methodology for outward investments according to ultimate host country (UHC). The concept will be clarified in view of its importance in the analysis of the ultimate destination of FDI.

673. *Round tripping* refers to domestic funds which leave a country and return back as foreign direct investment. Such operations could be put in place for multiple reasons, for example as tax benefits, money laundering, etc. The research work will attempt to answer questions such as: should such investments be included in FDI statistics: and how could they be segregated?

## 3. Special items related to FDI transactions/position

674. Some of the concepts/recommendations included in this *Benchmark Definition* may benefit from further refinements or practical examples:

- i) *Extended directional principle*: further examination of the deflation of FDI and clarification of the methodology for the identification of the ultimate controlling parent.
- ii) Acquiring voting power without purchasing equity (e.g. swaps, repurchase agreements).
- iii) Equity and debt transactions /positions between financial institutions.
- iv) Treatment of negative equity.
- v) Time of recording for reinvested earnings on the same basis as the payment of dividends.
- vi) Multi-territory enterprises and the treatment of income flows and changing identification of the parent.
- vii) Developing a *reference survey* to assist compilers. Such a sample survey would complement the methodological and practical information provided in the *Benchmark Definition*.
- viii) Special studies on FDI by type of entity: investment funds; hedge funds; private equity funds; sovereign wealth funds; use of derivatives to gain control; stapled securities.

## 4. Globalisation

675. Activities of multinational enterprises (AMNE) data are closely linked to financial transactions and positions of FDI. They provide information on the impact of investments. Currently, inconsistencies prohibit a sound analysis of the two data sets. OECD has a recognised experience in setting methodological standards for FDI and AMNE statistics as well as in data collection/dissemination. Nevertheless, ample amount of work still remains

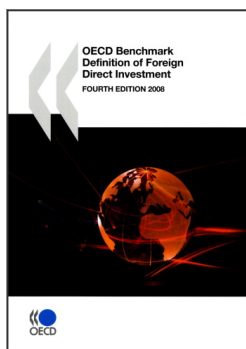
for the reconciliation of these data sets for i) methodological reconciliation; and ii) analytical reconciliation. Some of the items identified are:

- i) Reconciliation of FDI statistics and statistics on the activities of MNE.
- ii) Economic definition of FDI stocks.
- iii) Hybrid system to identify direct investment relationship.
- iv) Further examining FDI by type with particular emphasis on M&As: divestments resulting from buy-backs; greenfield investment; extension of capital; financial restructuring.
- v) Explore possible synergies with on-going work on business registers in their development of multinational registers.

## 5. Other items

676. Several other items of analytical interest were identified for future investigation:

- i) *FDI by enterprise size*: Internationalisation of small and medium size enterprises is a current issue. Distinguishing FDI by size of enterprises is required for such analysis.
- ii) *Privatisation and FDI*: There is ample interest, in particular for emerging economies, to identify the share of privatisations in FDI (or *vice versa*).
- iii) Possible reconciliation of FDI statistics and trade statistics: Trade and FDI are considered to be closely related. However, current data classifications do not allow sound analysis of these two sets of measures of economic activity.
- iv) *Sales of patents* as a part of the more general technology transfer analysis and its linkages to FDI.



**From:**  
**OECD Benchmark Definition of Foreign Direct  
Investment 2008**  
Fourth Edition

**Access the complete publication at:**  
<https://doi.org/10.1787/9789264045743-en>

**Please cite this chapter as:**

OECD (2009), "Annex 13: Research Agenda", in *OECD Benchmark Definition of Foreign Direct Investment 2008: Fourth Edition*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264045743-23-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to [rights@oecd.org](mailto:rights@oecd.org). Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at [info@copyright.com](mailto:info@copyright.com) or the Centre français d'exploitation du droit de copie (CFC) at [contact@cfcopies.com](mailto:contact@cfcopies.com).