



## METHODOLOGICAL EXPLANATION

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# INWARD STATISTICS ON FOREIGN AFFILIATES

This methodological explanation relates to the data releases:

- Inward Statistics on Foreign Affiliates, Slovenia, annually (First Release)



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## 1 PURPOSE

The statistics on foreign affiliates is one of the statistics for monitoring the globalisation phenomenon and its impact on the national economies. The statistics on foreign affiliates is intended for monitoring the importance, structure and performance of foreign affiliates on the territories of the individual countries.

Key statistics are the data on the number, characteristics and business performance of foreign affiliates: net turnover, value added, employee benefits expense, gross investment, number of employees and number of employees and self-employed persons.

## 2 LEGAL FRAMEWORK

- [Annual Programme of Statistical Surveys \(LPSR\) \(only in Slovene\)](#)
- [National Statistics Act \(OJ RS, No. 45/95 and 9/01\)](#)
- Regulation (EU) No 2019/2152 of the European Parliament and of the Council of 27 November 2019 on European business statistics, repealing 10 legal acts in the field of business statistics (CELEX: 32019R2152)
- Commission implementing Regulation (EU) No 1197/2020 of 30 July 2020 laying down technical specifications and arrangements pursuant to Regulation (EU) 2019/2152 of the European Parliament and of the Council on European business statistics repealing 10 legal acts in the field of business statistics (CELEX: 32020R1197).

## 3 UNIT DESCRIBED BY THE PUBLISHED DATA

The unit described by the published data is an active enterprise or a branch on the territory of the Republic of Slovenia, either under majority or multiple minority direct or indirect control of the foreign institutional units (enterprises or natural persons).

## 4 SELECTION OF OBSERVATION UNIT

The observed enterprises that are described by the data are monitored by the country of ultimate controlling institution and by activity (SKD 2008).

The unit is active if it had turnover or employees or investment and were therefore active during at least a part of the reference period.

The observation units are the subpopulation of the population of all enterprises registered for performing predominantly market activities and with main activity

in one of the following segments of the Standard Classification of Activities 2008 (SKD 2008): Mining and quarrying (B), Manufacturing (C), Electricity, gas, steam and air conditioning supply (D), Water supply, sewerage, waste management and remediation activities (E), Construction (F), Wholesale and retail trade, repair of motor vehicles and motorcycles (G), Transportation and storage (H), Accommodation and food service activities (I), Information and communication (J), Financial and insurance activities (K), Real estate activities (L), Professional, scientific and technical activities (M), Administrative and support service activities (N), Education (P), Human health and social work activities (Q), Arts, entertainment and recreation (R), Repair of computers and personal and household goods (S95) and Other personal service activities (S96).

For the enterprises their number and business performance characteristics, turnover, the production value, value added at factor costs, personal costs, gross investment in tangible good, persons employed and employees.

The coverage is full, which means that the observation units are selected among all foreign legal units and branches (further referred to as foreign affiliates), in predominantly (over 50%) majority or multiple minority, direct or indirect ownership by foreigners. By identification, the ownership shares over 10% are considered. The total number of legal units identified in this way is at the moment around 13,000, around 8,000 of them active and registered in the covered activities.

## **5 SOURCES AND METHODS OF DATA COLLECTION**

Data are collected annually.

Data for calculating the variables of observed enterprises are obtained from existing administrative and statistical sources, and from the following statistical surveys:

- Statistical Enterprise Groups Register (SPR–RSP)

SURs annual database on ownership shares of holders (legal and natural persons) by enterprises, which SURS collects for conducting the survey, is the data source for identifying inward foreign affiliates and for identifying the country where the ultimate controlling institution resides.

- Performance of enterprises by activity and size classes, Slovenia, annually - final data

Data of structural business statistics are the basis for the survey and data sources for the number and economic performance of covered foreign affiliates.

- Statistical Enterprise Groups Register (SPR–RSP)

- Performance of enterprises by activity and size classes, Slovenia, annually - final data, survey done by Statistical office RS (SURS)
- Research and development activity, Slovenia, annually, survey done by Statistical office RS (SURS)
- European Group Register is the data source for identifying the country where the ultimate controlling institution resides
- Other data sources: publicly available national enterprise databases, websites of the enterprises and newspapers articles.

## 6 DEFINITIONS

**Inward foreign affiliate** is an enterprise resident in Slovenia (the compiling country of the statistics) over which an institutional unit not resident in Slovenia (the compiling country of the statistics) has control. An enterprise may consist of several ownership-related legal units, as long as they operate on the market as one independent enterprise.

**Control** means the ability to determine the general policy of an enterprise by choosing appropriate directors, if necessary. In this context, enterprise A is deemed to be controlled by an institutional unit B when B controls, whether directly or indirectly, more than half of the shareholders' voting power or more than half of the shares. In statistical practice, the control is in the most cases determined by the ownership share bigger than 50%.

**Indirect control** means that an institutional unit B may have control over enterprise A through another affiliate C.

**Majority control** means that a control is exercised by a single institutional unit holding a majority of voting power or the shares.

**Minority control means** that a control is exercised by a single unit (or linked units) without holding a majority of voting power or shares.

**Foreign control** means that the controlling institutional unit is resident in a different country from the one where the institutional unit over which it has control is resident.

**Ultimate controlling institutional unit (UCI)** of a foreign affiliate is the institutional unit, proceeding up a foreign affiliate's chain of control, which is not controlled by another institutional unit.

**Statistics on inward foreign affiliates** means statistics, describing activity of the foreign enterprises residents in the country of statistics.

**Number of foreign affiliates** is the number of registered legal or natural persons which had turnover or employees or investment and were therefore active during at least a part of the reference period.

**Net turnover** is the total amount that the enterprise settled with sale of goods, material and performed services in the reference year. It is measured on the basis of selling prices stated on invoices and other documents less discounts at

sale or later on and the value of returned quantities. It includes all costs and charges linked to the buyer and excludes all duties and taxes on the goods or services invoiced by the unit and value added tax, possible sale of fixed assets, financial income, subsidies and other extra income. (Under the old decree: Turnover).

**The production value** measures the value of goods and services actually produced by the unit, based on sales, including changes in stocks and the resale of goods and services.

**Value added** is calculated as gross income from operating activities after adjusting for operating subsidies and indirect taxes. Value-added is calculated gross because value adjustments (such as depreciation) are not subtracted. From 2010 data on subsidies, grants, allowances, compensation and other revenue related to business performance are also taken into account. (Under the old decree: Gross operating surplus).

**Employee benefits expense** are defined as the total remuneration, in cash or in kind, payable by an employer to an employee (regular and temporary employees as well as home-workers) in return for work done by the latter during the reference period. Employee benefits expense also include taxes and employees social security contributions retained by the unit as well as the employers compulsory and voluntary social contributions. (Under the old decree: Personnel costs).

**Gross investment in tangible non-current assets** includes all investment during the reference period in all tangible goods. Included are new and existing tangible capital goods, whether bought from third parties or produced for own use (i.e. capitalised production of tangible capital goods), having a useful life of more than one year, including non-produced tangible goods such as land. (Under the old decree: Gross investment in tangible goods).

**Number of employees and self-employed persons** is defined as the total number of persons who work in the observation unit (paid or unpaid), as well as persons who work outside the unit they belong to and are paid by (e.g. sales representatives). It includes part-time, seasonal workers, and home workers on the pay roll. The Number of employees and self-employed persons excludes workers supplied to the unit by other enterprises. Voluntary workers are also not included. Detached workers are included in the Number of employees and self-employed persons (persons employed in Slovenia and sent to work or training abroad). (Under the old decree: Number of persons employed).

**Employees** are persons who work for an employer (for legal persons or for individual private entrepreneurs and other registered natural persons), receive payment in the form of salaries and are socially insured on the basis of the employment contract. The employment contract can be made for fixed or unspecified period of time, for full-time or part-time work. The number of employees includes also trainees, persons performing public works and partners in private companies and institutions in the Republic of Slovenia who are managers (if they do not have compulsory insurance on some other basis). The number of employees excludes students and pupils who work for an employer occasionally and receive payment. Detached workers are also included in the number of employees (persons employed in Slovenia and sent to work or training abroad).

## 7 EXPLANATIONS

### 7.1 CLASSIFICATIONS

Data are published:

- By activities
- By countries and groups of countries

In the breakdown by activity the Standard Classification of Activities, SKD 2008, is used. SKD 2008, <http://www.stat.si/doc/pub/skd.pdf>, is the national version of the European statistical classification of economic activities, NACE. Rev. 2.

Geographical breakdown of data is based on [Commission implementing Regulation \(EU\) 2020/1470](#) of 12 October 2020 on the nomenclature of countries and territories for the European statistics on international trade in goods and on the geographical breakdown for other business statistics (CELEX:32020R1470). Geographical breakdown base on GEO level 1 (foreign controlled enterprises) and GEO level 3 (enterprises abroad ultimately controlled by institutional units of the reporting country).

EU-27 after Brexit: BE + BG + CZ + DK + DE + EE + IE + GR + ES + FR + IT + CY + LV + LT + LU + HR + HU + MT + NL + AT + PL + PT + RO + SI + SK + FI + SE

Europe: BE + BG + CZ + DK + DE + EE + IE + GR + ES + FR + IT + CY + LV + LT + LU + HR + HU + MT + NL + AT + PL + PT + RO + SI + SK + FI + SE + AD + AL + BA + BY + CH + FO + GB + GG + GI + IM + IS + JE + LI + MD + ME + MK + NO + RS + RU + SM + TR + UA + VA

Africa: AO + BF + BI + BJ + BW + CD + CF + CG + CI + CM + CV + DJ + DZ + EG + ER + ET + GA + GH + GM + GN + GQ + GW + IO + KE + KM + LR + LS + LY + MA + MG + ML + MR + MU + MW + MZ + NA + NE + NG + RW + SC + SD + SH + SL + SN + SO + SS + ST + SZ + TD + TG + TN + TZ + UG + ZA + ZM + ZW

America: AG + AI + AR + AW + BB + BM + BO + BQ + BR + BS + BZ + CA + CL + CO + CR + CU + CW + DM + DO + EC + FK + GD + GL + GT + GY + HN + HT + JM + KN + KY + LC + MS + MX + NI + PA + PE + PY + SR + SV + SX + TC + TT + US + UY + VC + VE + VG + VI

Asia: AE + AF + AM + AZ + BD + BH + BN + BT + CN + GE + HK + ID + IL + IN + IQ + IR + JO + JP + KG + KH + KP + KR + KW + KZ + LA + LB + LK + MM + MN + MO + MV + MY + NP + OM + PH + PK + PS + QA + SA + SG + SY + TH + TJ + TL + TM + TW + UZ + VN + YE

Oceania and Polar regions: AQ + AS + AU + BV + CC + CK + CX + FJ + FM + GS + GU + HM + KI + MH + MP + NC + NF + NR + NU + NZ + PF + PG + PN + PW + SB + TF + TK + TO + TV + UM + VU + WF + WS

Offshore financial centres: AD + AG + AI + AW + BB + BH + BM + BS + BZ + CK + CW + DM + GD + GG + GI + HK + IM + JE + KN + KY + LB + LC + LI + LR + MH + MS + MU + NR + NU + PA + PH + SC + SG + SX + TC + VC + VG + VI + VU + WS

## **7.2 DATA PROCESSING**

### **DATA EDITING**

Data editing was not performed.

### **WEIGHTING**

Weighting was not performed.

### **SEASONAL ADJUSTMENT**

Seasonal adjustment is not applicable.

### **DATA PROCESSING OTHER**

The survey covers the data on legal units identified by countries on the majority or multiple minority ownership (control) shares. Using the unique identification number, legal units identified in this way are then linked to the data of structural business statistics and statistics on research and development, from where the economic variables, requested by the EU regulation, are assigned to them.

## **7.3 INDICES**

Indices are not published.

## **7.4 PRECISION**

The precision is not calculated.

## **7.5 OTHER EXPLANATIONS**

In some cases, totals do not match because of rounding.

Data that are statistically protected to respect the confidentiality of reporting units are replaced with the letter »z«.

More information about confidentiality in our Office can be found on <https://www.stat.si/statweb/en/FundamentalPrinciples/StatConf>.



In the survey, we observe the statistical activity, which is for statistical purposes defined as the main activity in the Statistical Business Register (SBR). In some cases, the statistical activity is different from the registered activity defined in the Business Register of Slovenia, kept by AJPES. The statistical activity is determined for the major units, which have different main activity based on existing statistical data than is registered main activity.

## 8 PUBLISHING

- Data are published annually
- SiStat Database: Enterprises - Globalization - [Inward foreign affiliates](#).

The results are published as absolute values for foreign affiliates (foreign control), for Slovene (national) enterprises and for the total population of all enterprises.

The results by activities are published at the level of individual sectors and sum of division S95 and S96 of SKD 2008 and as a sum of activities and divisions S95 and S96 (Activity – TOTAL), for enterprises in total, foreign affiliates (foreign control) and domestic enterprises (domestic control).

The results by geographical breakdown are published for 61 countries, territories or geographical aggregates. These results are published for sum of all activities divisions S95 and S96 (Activity – TOTAL).

- First Release (Foreign Economic Relations, Globalization): »Inward Statistics on Foreign Affiliates, Slovenia, annually«.
- EUROSTAT (Statistical Office of the European Union)

## 9 REVISION OF THE DATA

### 9.1 PUBLISHING OF PRELIMINARY AND FINAL DATA

Provisional data are not disseminated. Only final data are published.

### 9.2 FACTORS INFLUENCING COMPARABILITY OVER TIME

**NEW OBSERVED ACTIVITIES** With the new European legislation on business statistics, the range of observed activities in structural business statistics has expanded. From 2021 on, the sections of education (P), health and social work (Q), art, entertainment and recreational activities (R) and other service activities (S96) also began to be monitored. The entire section of financial and insurance services (K) is now observed.

Data for previous years are not available for newly observed activities.

COVID-19 In 2020 and 2021, the COVID-19 crisis had a major impact on business operations. Subsidies related to business effects are also taken into account among other income in the calculation of value added. In accordance with accounting standards, companies also include salary compensation and crisis allowance among these subsidies, and this should be taken into account when comparing data on a year-on-year basis.

From 2021, the data for Serbia no longer includes Kosovo. Kosovo is monitored separately with the new regulation.

Data for previous years are not available for newly observed activities.

Data by country are published for Activity – TOTAL. Sections K Financial and insurance, P Education, Q Human health and social work activities, R Art, entertainment and recreation activities and division S96 Other personal service activities are included in Activity - TOTAL from 2021. Data for previous years are therefore not directly comparable.

There are no major breaks in time series. Since the controlling country is sometimes difficult to identify and the European Group Register, which is to be the main source for attribution of the controlling country, is still under development, minor breaks regarding the controlling country can appear.

Minor changes appeared in the definition of three variables of structural business statistics: in 2010 for value added in factor costs and in 2013 for the number of persons employed and employees. More detailed explanations of these changes can be found in the respective methodological explanations.

Methodological explanation on revision of statistical data is available on <http://www.stat.si/dokument/5299/RevisionOfStatisticalDataMEgeneral.pdf>.

## 10 OTHER METHODOLOGICAL MATERIALS

Methodological materials on SURSs website are available at <https://www.stat.si/statweb/en/Methods/QuestionnairesMethodologicalExplanationsQualityReports>.

- Questionnaire:
  - SURS does not collect data for this survey by using a questionnaire.
- Quality report for the survey:
  - Inward statistics on foreign affiliates (SSP-FATS/L)

Theme: Enterprises, SubTheme: Globalization

- Methodological explanations:
  - Enterprise Groups

Theme: Enterprises, Foreign Economic Relations

Subtheme: Globalization

- Structural Business Statistics

Theme: Enterprises

Subtheme: Enterprise Structure and Performance

- Foreign Affiliates Statistics (FATS) Recommendations Manual:  
<http://ec.europa.eu/eurostat/web/products-manuals-and-guidelines/-/KS-RA-12-016>.