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FOREIGN CONTROLLED ENTERPRISES (iFATS), 2020

More than a quarter of value added was realised by foreign controlled enterprises

In the NKD 2007. sections related to the non-financial business economy¹⁾, in 2020, out of 180 537 active enterprises, 6 700 were foreign controlled enterprises (iFATS), which is 3.7% of the total number of active enterprises in these sections. There were 185 061 persons employed in these enterprises, which is 17.0% of the total number of persons employed in these sections.

In 2020, foreign controlled enterprises (iFATS) realised a turnover of 203.6 billion kuna, which is 31.0% of the total turnover realised by the non-financial business economy, and a value added of 52.5 billion kuna or 27.5% of the total value added of the non-financial business economy.

The data are published at the level of the statistical unit "enterprise" in accordance with the definition and rules set out in Council Regulation (EEC) No. 696/93 of 15 March 1993 on the statistical units for the observation and analysis of the production system in the Community.

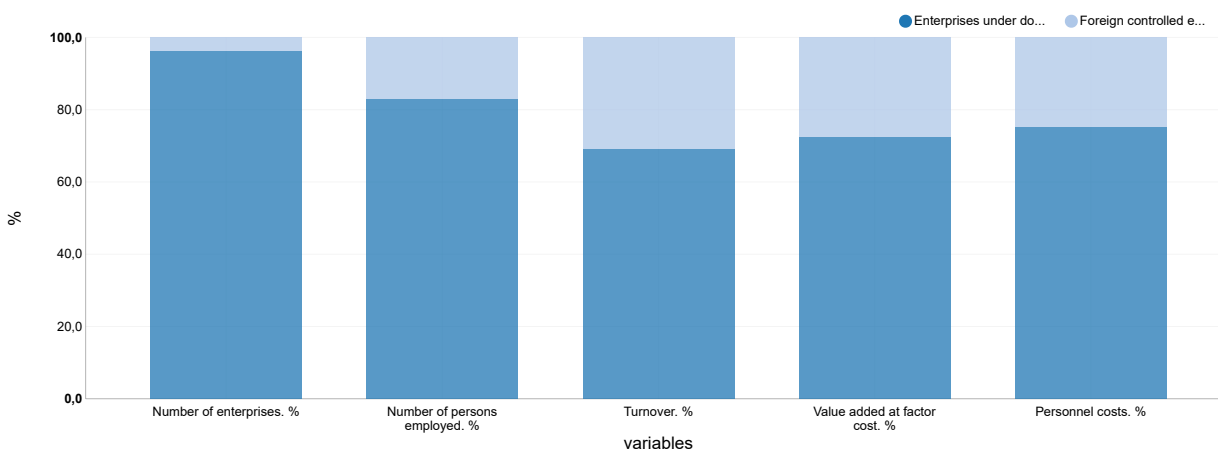
Detailed data are available on the website of the Croatian Bureau of Statistics under "Databases", which enables browsing and exporting of data in various formats.

¹⁾ Non-financial business economy includes activities of sections B – J and L – N as well as division 95 of section S, NKD 2007., regarding activities that in major part represent the so-called "real" sector.

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	Number of enterprises	Number of persons employed	Turnover	Value added at factor cost	Personnel costs
			Mln kuna		
Non-financial business economy – total	180 537	1 087 397	656 192	190 804	110 881
Enterprises under domestic control	173 837	902 336	452 626	138 323	83 394
Foreign controlled enterprises (iFATS)	6 700	185 061	203 566	52 481	27 487
Intra EU-27	4 581	126 330	131 996	35 097	17 799
Extra EU-27	2 119	58 731	71 570	17 384	9 688

G-1 ENTERPRISES UNDER DOMESTIC CONTROL AND FOREIGN CONTROLLED ENTERPRISES



NOTES ON METHODOLOGY

Inward foreign affiliates statistics (iFATS) describe the activity of foreign affiliates resident in the compiling economy. According to Eurostat's methodology, a controlling institutional unit should be determined according to the ultimate controlling institutional unit of a foreign affiliate (UCI), which is not controlled by another institutional unit within the foreign affiliate's chain of command. In this survey, due to a lack of relevant sources for its detection, UCI is determined for the period from 2008 to 2015 by a substitution criterion based on the headquarters of the first foreign owner. Starting with the 2016 reference year, UCI has been taken over from the EuroGroups Register (EGR), while, concerning all enterprises not recorded in the EGR, UCI is still determined by a substitution criterion based on the headquarters of the first foreign owner.

The purpose of the iFATS survey is measuring direct and indirect effects of foreign control on employment, wages and productivity in the Republic of Croatia by NKD sections; for the preparation of economic, competition, enterprise, research, technical development and employment policies in the context of the liberalisation process. The survey is carried out in accordance with the Regulation (EC) No. 716/2007 of the European Parliament and of the Council (EC) of 20 June 2007 on the structure and activity of foreign affiliates – the FATS Regulation. Data have been available since 2008.

Sources and methods of data collection

Data on iFATS have been taken over from the annual processing of the structural business statistics (SBS) for the inward foreign affiliates statistics. The SBS compilation data as well as those used in the calculation of SBS indicators are collected from existing administrative and statistical sources.

The principal data source in sections B – J and L – N as well as in division 95 of section S is the Annual Financial Report of Entrepreneurs (GFI-POD form) obtained from the Financial Agency. Additional data sources are other financial reports, records of the Tax Administration (profit and income taxes) and own surveys of the Croatian Bureau of Statistics (IDU-OK and INV-P forms) according to the relevant methodology.

Observation units

Observation unit for iFATS is an enterprise – a business entity that makes an organisational unit engaged in producing goods and/or services, holds a certain degree of autonomy and operates on the territory of the Republic of Croatia under foreign control, in accordance with Council Regulation (EEC) No. 696/93 on the statistical units for the observation and analysis of the production system in the Community. Depending on the business and organisational situation, it may correspond to either one legal unit or a group of several legal units. In addition to legal units, enterprises also include free lances and crafts.

Units according to the UCI are taken over from the EGR, while the coverage of business entities that are not registered in the EGR is formed according to the information received from the Croatian National Bank.

Each enterprise as a whole is assigned a code number of its principal activity according to the National Classification of Activities. The principal activity is determined and updated by the Statistical Business Register (SBR) of the Croatian Bureau of Statistics.

The criterion for determining the principal activity is the largest share in the total value added of an enterprise. If it is not possible to obtain the accurate information on the value added, the activity classification has to be determined by using substitute criteria, such as income and/or the number of employed persons.

Coverage

Data are presented by sections and divisions of the National Classification of Activities, 2007 version (NKD 2007.), combined with the geographical breakdown.

They include active enterprises that are classified into sections B – J and L – N as well as into division 95 of section S of the NKD 2007., according to their principal activity.

Confidentiality

Aggregate data, for which confidentiality must be upheld (because of a small number of units, the dominance rule or secondary confidentiality rule), are treated as such and are not published in line with the Official Statistics Act (NN, No. 25/20) and the Commission Regulation (EC) No. 250/2009.

Definitions of variables

Number of enterprises (EU code 11110) is the number of enterprises under foreign control, registered in the Statistical Business Register that were active during at least a part of the reference period. A statistical unit is considered to be active if it either had employment or realised turnover or investments.

Number of persons employed (EU code 16110) is defined as the total number of persons who work in an enterprise (including working proprietors, partners working regularly in the unit, unpaid family workers and voluntary workers), as well as persons who work outside the enterprise they belong to but are paid by it.

Turnover (EU code 12110) comprises the total accrued incomes from market sales of goods or services to third parties, with the exception of deductible VAT. Incomes classified as financial, other and extraordinary ones are excluded.

Value added at factor costs (EU code 12150) is the gross income from operating activities after adjusting for operating subsidies and indirect taxes, calculated gross (depreciation is not subtracted). Income and expenditure classified as financial is excluded from value added.

Personnel costs (EU code 13310) are remunerations calculated and payable by employers to employees in return for the work done. They are made up of wages and salaries (EU code 13320) and social security costs (EU code 13330).

Abbreviations

EC	European Community
EEC	European Economic Community
EU	European Union
EU-27	European Union (27 Member States)
EU code	EU code of variables
Eurostat	statistical office of the European Union
FATS	foreign affiliates statistics
mln kuna	million kuna
NKD 2007.	National Classification of Activities, 2007 version
NN	Narodne novine, official gazette of the Republic of Croatia
UCI	ultimate controlling institutional unit
VAT	value added tax

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