

European Central Bank/Eurostat: bilateral data exchange and the Foreign Direct Investment Network

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10.76. The Foreign Direct Investment Network (FDI) Network is a joint European Central Bank (ECB)/Eurostat initiative that has been developed in close cooperation with FDI compilers from all member states. Its aim is to tackle asymmetries in FDI and, as a consequence, to improve data quality. To reach that purpose, the FDI Network facilitates the secure exchange of information between national compilers on specific FDI transactions and positions.

10.77. The transmission and exchange of confidential data in the context of the FDI Network is foreseen exclusively for statistical purposes and, in particular, for the purpose of increasing the quality of the European Union/euro area BOP statistics.

10.78. Transactions taken into account for a specific reconciliation round are related to transmissions exchanged in a certain period. Those transactions are introduced into the template and sent out by Eurostat with the request that FDI Network users amend the information of the transactions for which they acted as an initiator or, on a second sheet, as a counterpart. The compiler member state completes the template for its transactions. A similar procedure is used for the reconciliation of positions.

10.79. In accordance with the provisions of the "FDI Network Manual", Eurostat regularly monitors the results of the reconciliation process of the transactions exchanged through the Network. FDI asymmetries can be analysed from two different points: at the European Union (EU)-28 aggregate level using data available from the quarterly BOP and annual FDI, and on a bilateral level using mirror FDI data for countries that are more active users of the FDI Network. The analysis of the counterpart countries is based on net figures reported by countries, while the transactions and positions exchanged through the network are expressed normally in gross values. The asymmetries are calculated separately for inward and outward flows/stocks. The tables indicate the decrease of asymmetries and the status of several transactions within a period.

10.80. The bilateral exchange of data (flows/stocks) could improve the quality of the transmitted data. Reconciliation in the FDI Network leads to a number of closed cases. When reconciliation cannot be made, it is typically due to incorrect information received from the company involved or methodological differences among member states, particularly owing to the use of different valuation methods.

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