



## ~ Methodology ~

### **BASIC STRUCTURAL INDICATORS OF BUSINESS ACTIVITIES OF FOREIGN AFFILIATES**

#### **LEGAL BASIS**

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Foreign affiliates statistics (Inward FATS) are conducted in accordance with the Law on Statistics of Republika Srpska (“Official Gazette of Republika Srpska”, No. 85/03) and the Statistical Programme of Republika Srpska 2022–2025 (“Official Gazette of Republika Srpska”, No. 102/21)

The obligation to submit data to the Republika Srpska Institute of Statistics (the Institute) is based on Article 8 of the Law on Statistics of Republika Srpska (“Official Gazette of Republika Srpska”, No. 85/03).

Pursuant to Articles 27 and 28 of the Law on Statistics of Republika Srpska and in accordance with the Rules of protection of confidential data, the Institute is obliged to protect submitted confidential data. Therefore, the Institute must not use the data collected for statistical purposes for any other purpose and these data must not be published as individual data.

#### **METHODOLOGY**

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Methodology used for the implementation of the survey on foreign affiliates complies with the European statistical standards and its content is defined by the EU Regulation on business statistics 2019/2152 and the Implementing regulation 2020/1197.

#### **Aim and content**

Inward FATS statistics are aimed at monitoring business operations of foreign affiliates in the country, as well as their participation and influence in the domestic economy.

In addition, these statistics are required in the process of alignment with European statistical standards and for international comparability of data (globalisation and monitoring of international credit flows).

## **Reporting units and observation units**

Observation units are enterprises covered by the survey on structural business statistics (SBS), in which the share of foreign capital (one or more countries) in the total capital is 50% or more.

The source of data used to identify affiliates is the List of Enterprises from the Survey on direct foreign investment, carried out by the Central Bank of Bosnia and Herzegovina. The List is used to compare and control the SBS data.

## **Coverage**

Inward FATS statistics cover foreign affiliates classified in the following sections of the Classification of Economic Activities of BiH 2010 (NACE Rev. 2):

- B – Mining and quarrying,
- C - Manufacturing,
- D - Electricity, gas, steam and air-conditioning production and supply,
- E - Water supply; sewerage, waste management and remediation activities,
- F - Construction,
- G - Wholesale and retail trade; repair of motor vehicles and motorcycles,
- H - Transport and storage,
- I - Accommodation and food service activities,
- J – Information and communication,
- L – Real estate activities,
- M – Professional, scientific and technical activities,
- N – Administrative and support service activities,
- P – Education (private sector),
- Q – Human health and social work activities (private sector), and
- S – Other service activities (except division 94 which is not covered in line with the EU Regulation).

Covered are all enterprises operating commercially, that have headquarters on the territory of Republika Srpska but are controlled by a foreign enterprise.

## **Method and period of data collection**

Data on foreign affiliates in Republika Srpska (Inwards FATS) are the result of statistical processing of Annual reports on Structural Business Statistics for enterprises with 20 or more employees and Annual financial statements of enterprises with less than 20 employees.

Of all the characteristics collected directly through the questionnaire “Annual reports on Structural Business Statistics”, Inward FATS statistics use the following data:

- number of enterprises
- data on ownership (share percentage and country of the owner)
- economic activity
- number of persons employed
- turnover
- production value
- value added at factor cost
- personnel costs
- gross fixed capital formation in tangible assets
- total purchases.

The List of Foreign Enterprises is also obtained from the Central Bank of Bosnia and Herzegovina, once a year.

### **Data processing**

Data processing is done at all levels of economic activity, by size of affiliates and by country of the owner with the highest share in capital.

### **Definitions of main features**

**Foreign affiliate (Inward FATS)** is an enterprise resident in Republika Srpska, but controlled by a foreign institutional unit. These are enterprises in which the share of foreign capital (one or more countries) in the total capital is 50% or more. Inward FATS data present the share and influence of foreign affiliates on the domestic economy.

**Number of foreign affiliates** covers active enterprises operating commercially, which are majority foreign-owned.

**Number of employed persons** includes number of employees and unpaid employed persons such as proprietors, partners, family members working regularly in the enterprise, volunteers, etc. Number of employees covers persons who are employed on a temporary or permanent basis, working in full or part time. Number of employees includes seasonal workers, apprentices, people working from home, and persons on strike or on short-term leave. This number does not cover persons on long-term leave. Employees are paid by the employer for performed work and payments can be in the form of wage, salary, fee, gratuity, piecework pay or remuneration in kind.

**Turnover** covers calculated revenues from sale of own products, revenues from provided services and revenues from sale of goods for resale, during the reference period, without VAT and similar deductible taxes. Sales discounts, price reductions, value of returned goods, as well as subsidies received from the state, other, financial and extraordinary incomes are excluded.

**Production value** is the value of all goods and services produced by foreign affiliates during the observation period.

**Value added at factor cost** is shown as the gross amount (without depreciation deduction) and it is calculated by adding subsidies to production value at basic prices and subtracting product and production tax costs and value of intermediate consumption from it.

**Personnel costs** are defined as total compensation of employees during the reference period, in money or in kind. These consist of gross wages and salaries and other personnel costs having the character of personal income.

## **IMPLEMENTATION FREQUENCY**

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The results are published on an annual basis, 16 months after the observation year.

## **PUBLISHING**

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The data are published by section of economic activity, by size of affiliates and by country of headquarters of the foreign owner with the highest share in capital.

The release “Basic structural indicators of business activities of foreign affiliates” is available at the website of the Republika Srpska Institute of Statistics: [www.rzs.rs.ba](http://www.rzs.rs.ba)

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