

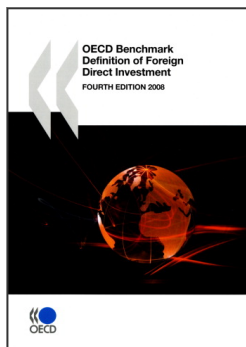
Foreword

Foreign direct investment (FDI) is a key driver of international economic integration. With the right policy framework, FDI can provide financial stability, promote economic development and enhance the well being of societies.

Reliable FDI statistics have always been essential for policy makers faced with the challenges of attracting and making the most of international investment. In the early 1980s, the OECD recognised that traditional reporting models could not account for the removal of regulatory barriers for cross-border investments, the evolution of multinational enterprises and the increasing complexity of their financing through offshore tax jurisdictions and other arrangements. As a result, in 1983, the OECD adopted a new "Benchmark Definition of Foreign Direct Investment" which provided a comprehensive set of rules to improve statistical measures of foreign direct investment. However, the financing structures of multinational enterprises and other business combinations have continued to evolve in an increasingly globalised market. To adapt the statistical measures to changing economic and financial realities, the OECD adopted in 2008 the 4th edition of the Benchmark Definition of Foreign Direct Investment which sets the world standard for FDI statistics.

This 4th edition introduces new techniques in financial measures of direct investment. As examples, distinguishing financial flows via special purpose entities to reduce the effects of round-tripping of funds; distinguishing FDI by type of transaction (such as mergers and acquisitions); and identifying FDI according to the ultimate investor. This revised Benchmark Definition includes indicators on economic activities of multinational enterprises and a new section for users. The annexes elaborate further specific topics and include practical examples. The 4th edition of the Benchmark Definition will serve as a single point of reference for all that is related to FDI and its measurement.

This publication is the result of the work by the Working Group on International Investment Statistics, representing the international community of FDI statisticians [and chaired by Mr. Roger De Boeck]. The work was undertaken at the request of the OECD Investment Committee and in co-operation with the IMF and other partner international organisations. It was supported by material prepared by the Secretariat of the Working Group, Ayse Bertrand, Senior Statistician in the OECD Investment Division headed by Pierre Poret in the Directorate for Financial and Enterprise Affairs.



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