



الجهاز المركزي للمعلومات
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Changes to Foreign Direct Investment (FDI) Survey to Meet the BPM6 Requirements

Foreign Direct Investment Relationship Framework Exercises - Examples

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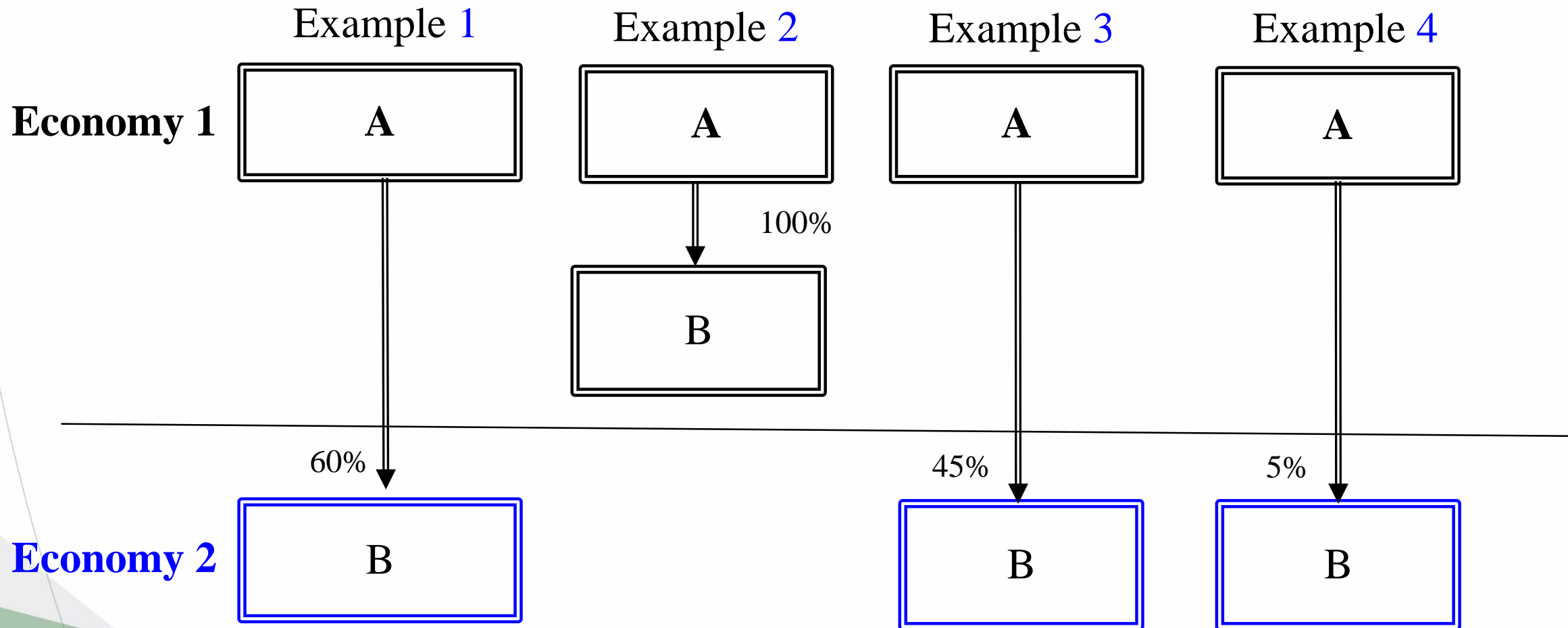
April 12, 2019

Muscat, Oman

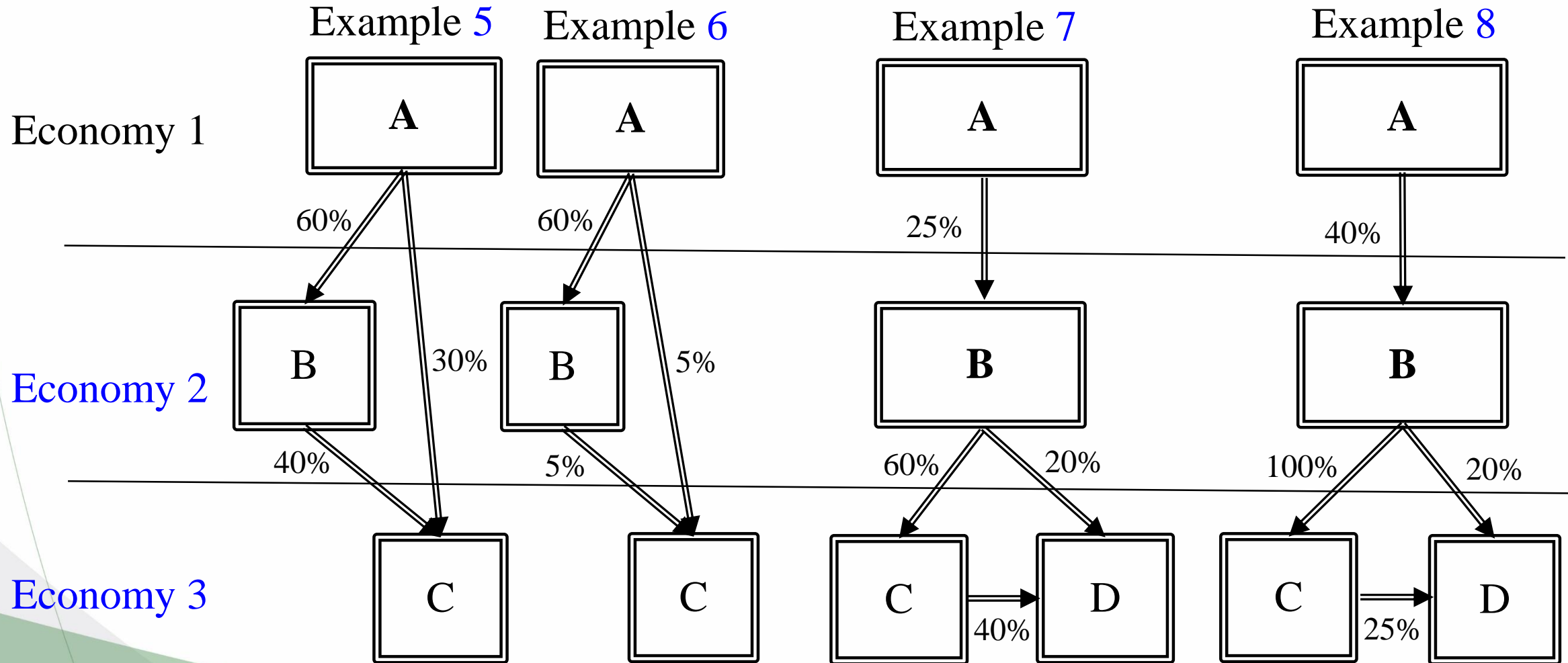
Outline

1. Foreign Direct Investment Relationship (FDIR)
2. Participation Multiplication Method (PMM)
3. Direct Influence/Indirect Control Method
4. Comparing FDIR, PMM and DIIC Methods
5. FDIR and Enterprise Groups
6. Classifying financial transactions and positions

FDI Relationships – Examples 1-4



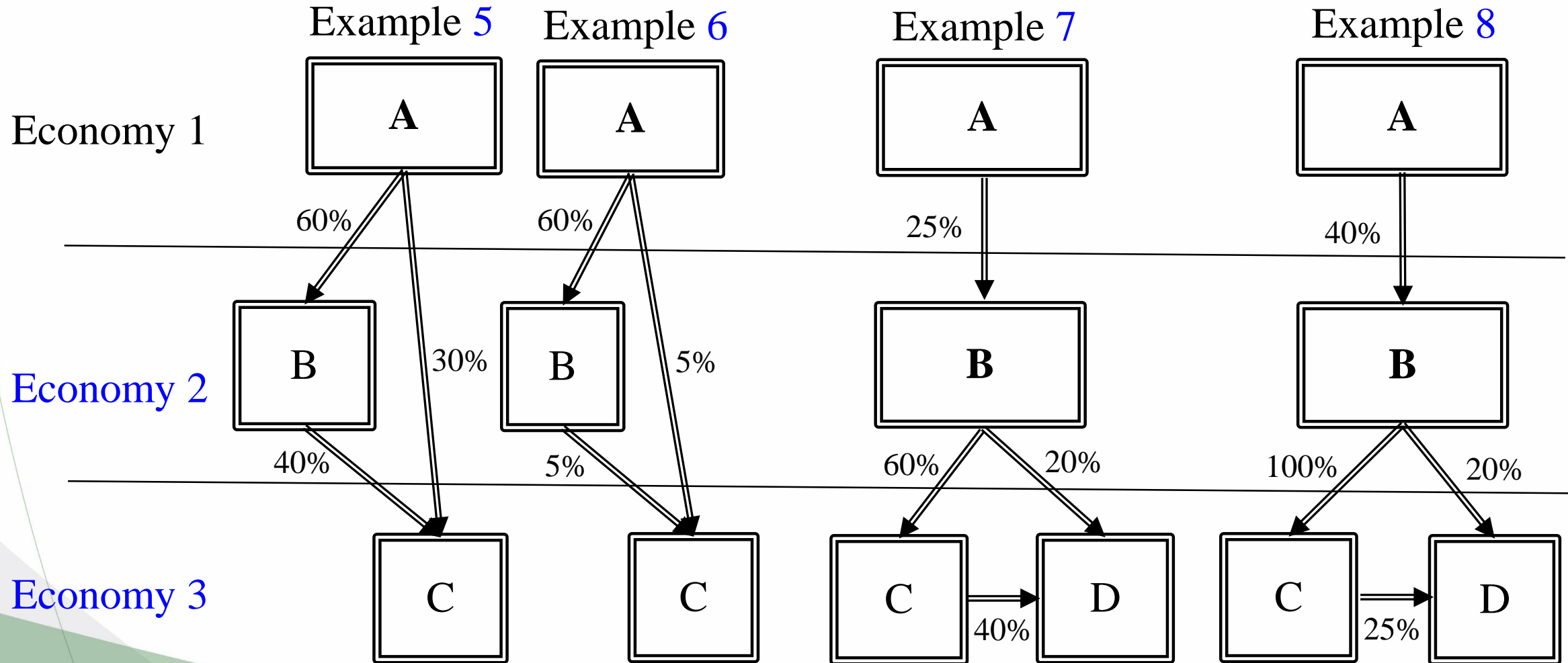
FDI Relationships – Examples 5-8



Participation Multiplication Method or PMM

- ❑ The **PMM** includes in direct investment **all enterprises** in which an investor has voting equity participation of **at least 10%**.
 - ❖ The calculation of participation percentage is based on a straight multiplication and summation of direct and indirect participation percentages:
 - ❖ An indirect participation in a given enterprise at the bottom of a chain of ownership is **calculated** by:
 - ✓ taking the investor's participation in the first enterprise,
multiplied by
 - ✓ the first enterprise's participation in the next enterprise,
multiplied by
 - ✓ the corresponding percentages for all other intervening enterprises in the chain,
multiplied by
 - ✓ the last intervening enterprise's participation in the given enterprise.

Participation Multiplication Method: Examples 5-8



Direct Influence/Indirect Control Method or DIIC



- ❑ The DIIC includes in direct investment:
 - ❖ All enterprises of which the voting power is 10% or more directly owned,
plus
 - ❖ All enterprises that are controlled by them (ownership of more than 50% of the voting power),
plus
 - ❖ All other enterprises in a continuous chain of majority ownership.
- ❑ This method allows the **first** link in an ownership chain to be a non-controlling link, but all subsequent links must be controlling links. Thus the DIIC breaks the ownership chain at the second non-controlling link (as in the FDIR) where the first link from the investor is a non-controlling link.
- ❑ On the other hand (and contrary to the FDIR), the DIIC breaks the ownership chain at the first non-controlling link where the first link from the investor is a controlling link.



Direct Influence/Indirect Control Method

Example 9

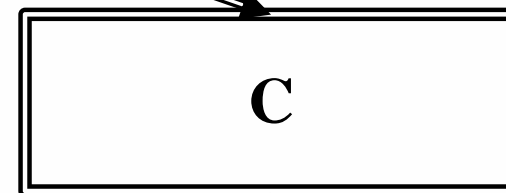
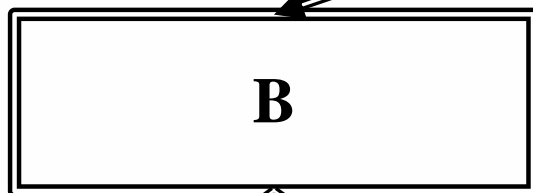
Economy 1



60%

40%

Economy 2



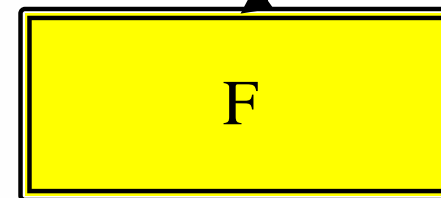
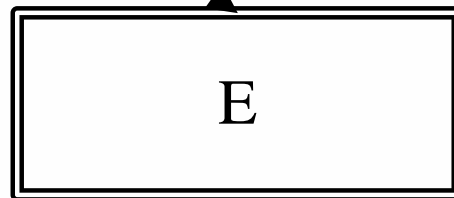
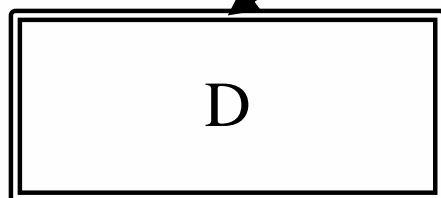
40%

60%

40%

60%

Economy 3





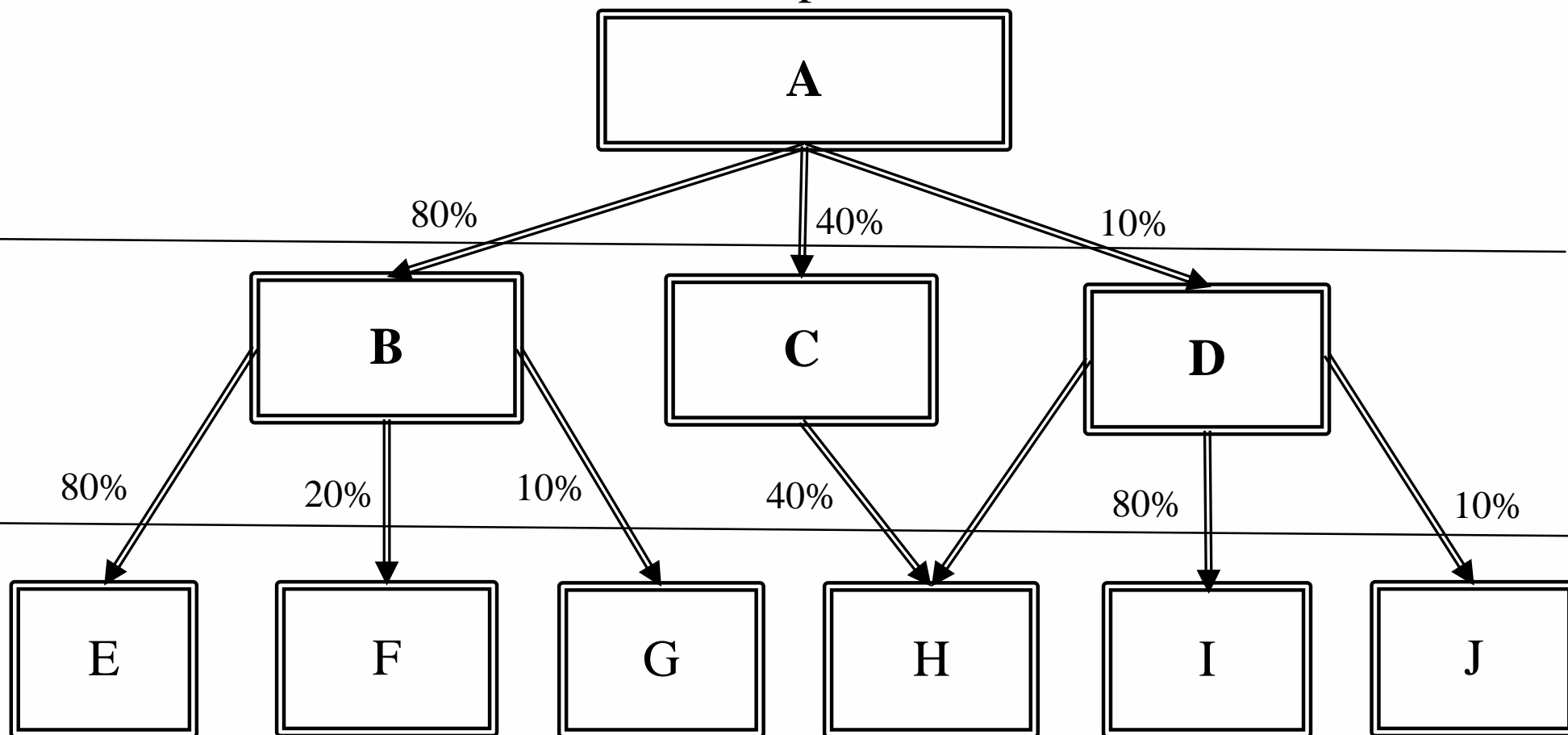
Comparing FDIR, PMM and DIIC Methods

Example 10

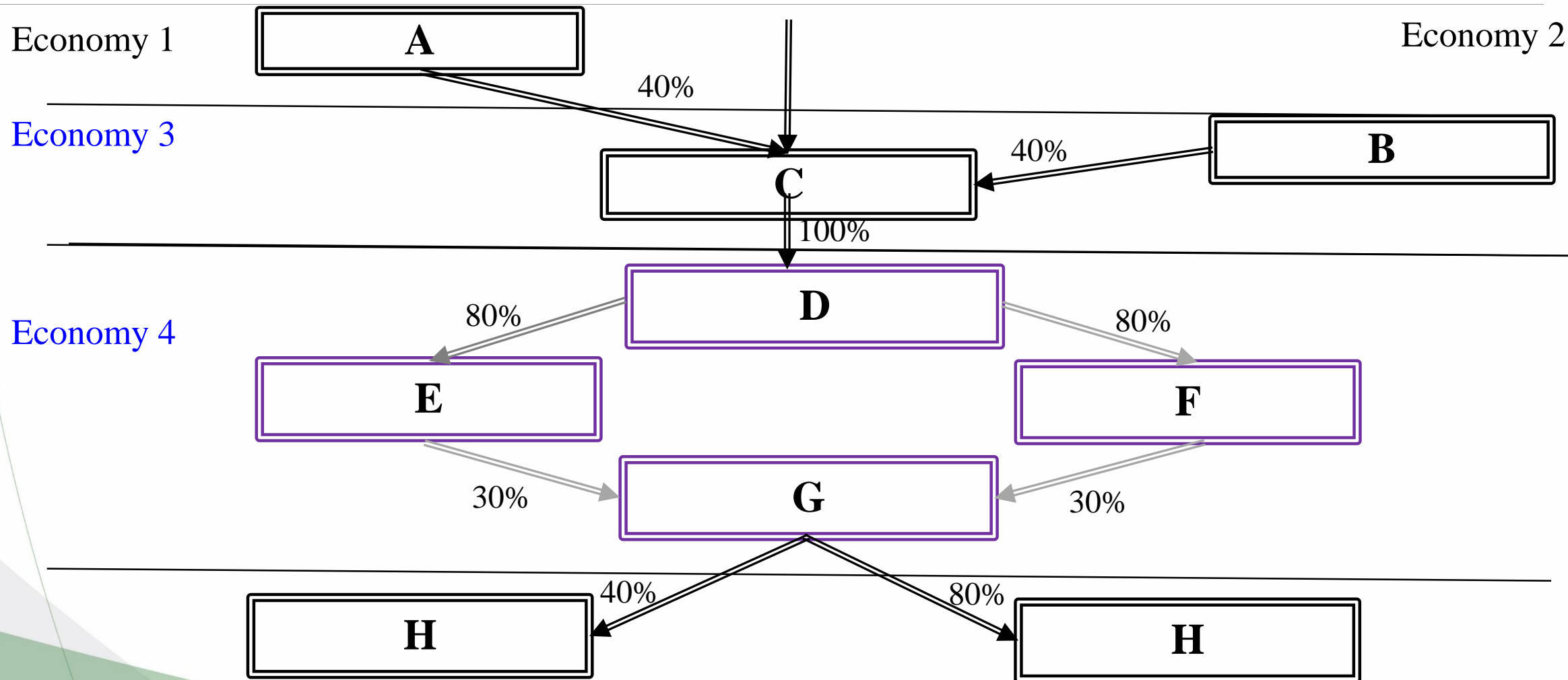
Economy 1

Economy 2

Economy 3



FDIR and Enterprise Groups: Example 11



References

This presentation draws extensively from the

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THANK YOU