(1) Topic: **Country Identification: Ultimate Beneficiary Owner / Ultimate Destination Versus Immediate Host / Immediate Investing Country**

(2) Issues – see DITEG Issues Papers #12 by the United States and Eurostat.

(3) Recommendations:

(i) DITEG agreed that the geographic allocation on the basis of the Ultimate Beneficiary Owner (UBO) for inward FDI will provide useful supplementary information, especially for FDI stocks and income as well as for FATS

(ii) It was agreed that more work should be done for allocating outward FDI on the basis of the Country of Ultimate Destination. The group did not take a position at this meeting regarding future work on outward investment.

(iii) Eurostat will prepare a new Issue paper for the next DITEG meeting in which two different methods for assigning inward investment to the UBO are further elaborated. The first method will follow all foreign direct owners with ownership of at least 10%, and all indirect owners with at least 50% ownership (i.e. the method followed in the original Issue paper). In the second method only one chain leading up to the UBO will be followed. This chain will commence with the largest direct foreign owner (with ownership of at least 10%) and will continue until the first (in)direct owner that is not controlled itself by another owner (US method). The BEA and ABS will contribute to the preparation of the Issue paper.

(iv) Work on on determining the UBO is to be coordinated with work determining direct investment relationships

(4) Rejected Alternatives.
None

5. Questions for the IMF Committee on Balance of Payments (the Committee) and the OECD Workshop in International Investment Statistics (WIIS)

Questions for BOPCOM and WIIS will be formulated after the March 2005 DITEG meeting.