

***METHODOLOGICAL GUIDELINES
FOREIGN AFFILIATES STATISTICS***

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I. The legal basic

The legal basis for the implementation of this statistical survey is the Law on Official Statistics and Official Statistical System of Montenegro "Official Gazette of Montenegro" no. 18 from 30. 03. 2012.

This survey is supported in its work, in addition to this Act, on the National Classification of Economic Activities (KD2010) that complies with the European classification NACE rev. 2

Statistics on the structure and activity of foreign affiliates FATS is based on Regulation no. 716/2007 which defines the methodology for collecting, calculating, checking and publication of data on the operations of foreign subsidiaries.

Other regulations that supplement and / or change the methodological framework set by regulation 716/2007 are:

- Regulation no. 747/2008, the amendments to Regulation br.716 / 2007, and refers to the definitions of characteristics which are collected in this study, as well as the application of the classification NACE Rev. 2.*
- Regulation no. Regulation 364/2008 is to supplement br.716 / 2007 regarding technical format for the transmission of data statistics of foreign branches and variations that will be granted to the Member States.*
- Regulation no. Regulation 834/2009 is to supplement br.716 / 2007 regarding the definition of criteria for assessing the quality of the research.II. Methodological guidelines*

a) The aim and object of research

Regulation (EU) No 716/2007 of the European Parliament and of the Council of 20 June 2007 on the statistics of the structure and activities of foreign affiliates the so-called FATS Regulation establishes a common framework for collecting statistics of foreign affiliates.

This Regulation covers two statistical surveys: the internal statistics of foreign affiliates (Inward FATS) and external statistics of foreign affiliates (Outward FATS).

Internal statistics of foreign affiliates (Inward FATS) describes the activities of businesses in our economy. Statistical units are enterprises residing in Montenegro and managed by business entity based outside the country.

External statistics of foreign affiliates (Outward FATS) describes the activities business entities abroad under the control business entities with headquarters in Montenegro Gori.Statističke units are enterprises and all branches abroad that are controlled by institutional units resident in Montenegro.

b) Sources, methods and periodicity of data collection

Data sources are business entities that are resident in Montenegro, which are controlled by the business entity based outside the country as well as economic entities abroad under the control business entities based in Montenegro.

Framework used for internal statistics of foreign affiliates is Business Register. Included are economic entities that operate with foreign capital and have more than 10 employees. Cover all activities Nace Rev. 2 of the B - N, except for sectors K (Financial and insurance activities). Characteristics which are collected are: turnover, production value, value added at factor cost, total purchases of goods and services, total purchases of goods and services purchased for resale in the same condition as received, personnel costs, gross investment in tangible goods and number employees,

Used framework for external statistics of foreign affiliates is a registry of foreign direct investment of the Central Bank. Characteristics which are collected are: turnover, number of employees and number of enterprises.

Periodicity of this survey is annual, and the data are published at the end of the current year for the previous year.

Questionnaires can be found on the website of the Statistical Office.

c) Reporting units

The main observation units that are used for statistics of foreign affiliates are business entities. Each business entity as a whole is assigned a code of the National Classification of Activities under the main activity that it carries out. The main activity is establishing and updating by Business Register of Statistical Office of Montenegro.

According forms of performing economic activity in this research are covered the companies and forms of Company Law of the Republic of Montenegro, as follows:

- *Partnership (partnership)*
- *Limited partnership*
- *Joint Stock Company*
- *a limited liability company*

d) Coverage

1. Covered sectors according Nace

In accordance with the new classification of activities from 2012 include all economic entities that are under the Classification of Activities (CA 2010), which is in line with the European NACE Rev 2, registered in the following sectors:

Sector	Description
B	<i>Mining and quarrying</i>
C	<i>Manufacturing</i>
D	<i>Electricity, gas, steam and air conditioning supply</i>
E	<i>Water supply, sewerage, waste management and remediation activities</i>
F	<i>Construction</i>
G	<i>Wholesale and retail trade: repair of motor vehicles, motorcycles</i>
H	<i>Transportation and storage</i>
I	<i>Accommodation and food service activities</i>
J	<i>Information and communication</i>
L	<i>Real estate activities</i>
M	<i>Professional, scientific and technical activities</i>
N	<i>Administrative and support service activities</i>

2. The covered geographical area

21 municipalities:

-Andrijevica, Bar, Budva, Bijelo Polje, Berane, Crikvenica, Zabljak, Kolasin, Kotor, Mojkovac, Nikšić, Plav, plužine, Pljevlja, Podgorica, rožaje, Tivat, Ulcinj, Herceg Novi, Cetinje and Šavnik.

Given that Montenegro is one region on the all three NUTS levels, the reporting obligation is reduced to reporting obligations at the national level.

3. Coverage by size class

According to a group of employees, classes of enterprises are divided into:

Class 1 - Small Business: 1 to 49 employees,

Class 2 - Medium Enterprises: 50 to 249 employees,

Class 3 - large companies: more than 250 employees.

e) Confidentiality

Law on Official Statistics and the system of official statistics reporting units are obliged to give information and individual data obtained in the survey, are protected and used only for statistical purposes.

Aggregated data for which there is a reason for confidentiality (due to the small number of units, the rule of dominance or secondary confidentiality), in accordance with the Law on Official Statistics and the system of official statistics and the Regulation 364/2008 of the European Commission, are treated as confidential and shall not be disclosed (Article 60).

f) Definitions of variables

Turnover (V12110) includes accrued income from sales of products, goods and services, excluding VAT.

Value of production (V12120) measures the amount of goods and services actually produced in a unit, based on sale, including changes in stocks of goods and services as well as their resale.

Total purchases of goods and services (V13110) include the value of all goods and services purchased during the accounting period for resale or consumption in the production process. Goods and services can be resold with or without further processing, fully utilized in the production process or left as stocks.

Personnel costs (V13310) the total wages paid to employees (regular, temporary employees, and employees of households), by employers, for previously performed work during the reference period. Personnel costs also include taxes and social security contributions of employees in the company, as well as mandatory and voluntary social contributions for employers.

Gross investment in tangible assets (V15120) include all realized investments in new and used tangible assets in the reporting period, whose life is longer than one year.

Units of measurement

-number

-euro

-thousands of Euro.

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