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MULTINATIONAL ENTERPRISES | YEAR 2024

R&D expenditure and value added of foreign enterprises in the services sector is increasing

In 2024, the value added generated by foreign-controlled enterprises reached €196 billion (+4.1% compared with the previous year). Growth was driven by the services sector (+6.7%), while industry (excluding construction) recorded a slight decline (-0.7%).

The importance of foreign multinationals in Italy's international trade is highest in the pharmaceutical industry (60.2% of exports and 71.3% of imports) and motor vehicles (52.9% and 69.5%, respectively). Inward foreign multinationals also account for a large majority (68.8%) of intra-group imports.

45.5% of the workforce and 36.9% of the turnover of Italian multinationals are located abroad.

For 75% of Italian multinationals, access to new markets is the main reason for investing abroad. Commercial agreements and joint ventures are also widely used.

41.2%

Share of intramural R&D expenditure by foreign-controlled enterprises

+2.9 percentage points compared with 2023

175

Host countries of Italian multinationals

Foreign multinationals come from 108 countries

35.4%

Foreign multinationals' contribution to national exports

Exports (-1.7%) and imports of foreign affiliates decreased from 2023

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Foreign multinationals: strong growth in services value added

In 2024, foreign-controlled multinational enterprises (MNEs) continued to strengthen their presence in Italy, both in terms of employment and productivity, while Italian multinationals further consolidated their operations abroad.

Originating from 108 countries, foreign MNEs operated in Italy through 19,321 affiliates (+2.6% compared with 2023), employing more than 1.9 million people (+3.8%), generating €871 billion in turnover (-1.8%), producing nearly €196 billion in value added (+4.1%), and spending over €7 billion on intramural R&D (+10.7%). Growth in value added was entirely driven by services (+6.7%), whereas the increase in R&D expenditure was mainly attributable to manufacturing (+14.0%), compared with services (+2.6%).

Although they account for only 0.4% of all resident enterprises in Italy, foreign multinationals further strengthened their contribution to key economic aggregates in industry and services. They employed 10.1% of the workforce (+0.3 percentage points compared with 2023), generated 17.8% of total value added (+0.3 p.p.), and accounted for 41.2% of business R&D expenditure (+2.9 p.p.). Turnover was the only exception, declining slightly to 21.0% (-0.1 p.p.).

Italian multinationals also expanded abroad, operating through 26,935 foreign affiliates (+6.6% compared with 2023) in 175 countries. These affiliates employed nearly 1.8 million people (+4.4%) and generated €576 billion in turnover (+2.9%).

In manufacturing, the sectors contributing most to the growth of Italian MNEs abroad were other transport equipment (+21.4% employment and +30.4% turnover), wood, paper and printing (+33.8% and +22.9%), rubber and plastics (+5.4% and +10.3%), and food and beverages (+4.3% and +9.9%).

In services, the strongest expansion was recorded in professional, scientific and technical activities (+19.3% employment and +107.7% turnover), information and communication services (+6.3% and +11.5%), and transportation and warehousing (+7.1% and +9.3%).

Considering the overall activities of Italian-controlled multinationals, both in Italy and abroad, foreign operations accounted for 45.5% of total employment and generated 36.9% of total turnover. The share of employees located abroad was higher in industry than in services (47.2% versus 43.8%), while the opposite was true for turnover (31.0% versus 45.9%).

The industrial sectors with the highest incidence of activities carried out abroad by Italian multinationals were mining and quarrying (92.8% of employment and 97.2% of turnover), rubber and plastics (60.2% and 44.8%), electrical equipment (57.8% and 51.4%), and pharmaceuticals (53.9% and 37.7%). Among non-financial services, the highest shares were recorded in rental and business support services (51.0% and 45.4%) and trade (46.6% and 42.8%).

MAIN ECONOMIC VARIABLES AND INDICATORS BY MACRO-SECTOR. Year 2024

	ENTERPRISES	PERSONS EMPLOYED	TURNOVER (mln of euro)	AVERAGE SIZE
	Foreing enterprises resident in Italy			
Industry	5,542	641,615	354,941	115.8
Services	13,779	1,263,028	516,214	91.7
TOTAL	**19,321**	**1,904,643**	**871,155**	**98.6**
	Enterprises under national control resident abroad			
Industry	11,090	943,687	294,080	85.1
Services	15,845	847,269	281.,44	53.5
TOTAL	**26,935**	**1,790,956**	**575,924**	**66.5**

Foreign multinationals' imports are predominantly intra-group, while their contribution to national exports is strongest in pharmaceuticals and motor vehicles

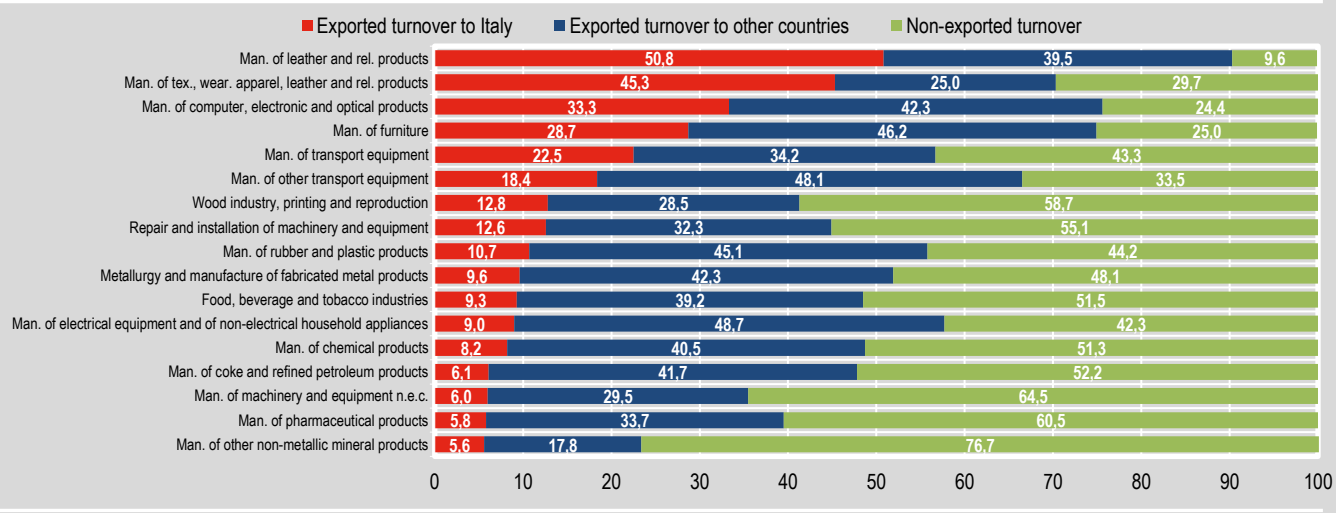
A marked size differential between multinational enterprise groups and non-multinational enterprises is confirmed. Resident enterprises belonging to Italian multinational enterprise groups employ, on average, 101 persons, while foreign-controlled affiliates in Italy employ 98.6 persons and foreign affiliates of Italian multinational enterprises 66.5 persons, compared with just 3.6 persons employed on average by non-multinational enterprises. This substantial gap is also reflected in labour productivity levels: value added per person employed amounts to €102.8 thousand for foreign-controlled affiliates, compared with €64.9 thousand for non-multinational enterprises.

In 2024, exports of goods generated by foreign-controlled enterprises amounted to almost €200 billion (-1.7% compared with 2023), while imports of goods, at nearly €220 billion, recorded a larger decline (-3.7%). Foreign-controlled enterprises accounted for 35.4% of total Italian exports of goods and generated 49.3% of total imports of goods (down 0.4 percentage points compared with 2023 in both cases). Intra-group trade represented 45.4% of exports and 68.8% of imports of foreign-controlled enterprises.

The contribution of foreign-controlled enterprises to international trade was particularly significant in the manufacture of pharmaceutical products (60.2% of exports and 71.3% of imports), motor vehicles (52.9% and 69.5%, respectively), computers, electronic and optical products (45.9% and 52.6%), and chemicals and chemical products (42.9% and 49.1%).

Foreign affiliates of Italian multinational enterprises exported 38.2% of their turnover, with the highest shares recorded in the manufacture of leather and related products (90.2%), computers, electronic and optical products (75.6%), and furniture and other manufacturing activities (74.9%). High export shares directed to Italy were also observed in traditional Made in Italy industries: 50.8% in the manufacture of leather and related products, 45.3% in textiles, wearing apparel and leather products, and 33.3% in computers, electronic and optical products (Figure 1).

FIGURE 1. GEOGRAPHICAL DESTINATIOM OF TURNOVER GENERATED ABROAD BY MANUFACTURING ENTERPRISES. YEAR 2024, PERCENTAGE VALUES



The European Union remains the main partner area both as the origin of foreign-controlled affiliates in Italy and as the location of foreign affiliates of Italian multinational enterprise groups.

Foreign-controlled affiliates operating in Italy originate predominantly from the European Union, accounting for 57.7% of all foreign-controlled enterprises (+0.3 percentage points compared with 2023). European-controlled affiliates also make a substantial contribution in terms of persons employed (56.6%) and turnover (54.0%).

Ranked by persons employed, France became the leading country of control for foreign-controlled affiliates in Italy for the first time, with 2,662 enterprises and more than 366 thousand persons employed. French-controlled affiliates accounted for 17.6% of turnover, 18.8% of value added and 8.9% of intramural R&D expenditure. They overtook the United States, whose affiliates comprised 2,564 enterprises and almost 363 thousand persons employed, generating 17.7% of turnover, 22.2% of value added and 24.0% of intramural R&D expenditure. Germany ranked third, with 2,739 enterprises and more than 241 thousand persons employed, accounting for 14.1% of turnover, 12.4% of value added and 8.8% of intramural R&D expenditure.

The European Union also remained the main location area for foreign affiliates of Italian multinational enterprise groups, although its importance declined compared with 2023. EU countries hosted 47.5% of foreign affiliates (-1.2 percentage points), 41.5% of persons employed (-0.8 percentage points) and 49.9% of turnover (-2.7 percentage points) generated abroad by Italian-controlled affiliates.

The top ten host countries for foreign affiliates of Italian multinational enterprise groups accounted for 60.7% of enterprises, 59.3% of persons employed and 62.3% of turnover generated abroad. Likewise, the top ten countries of ultimate controlling institutional units of foreign-controlled affiliates in Italy accounted for more than 80% of persons employed, turnover, value added and intramural R&D expenditure generated by foreign-controlled affiliates operating in Italy.

FIGURE 2a. CONTRIES OF ORIGIN OF FOREIGN MULTINATIONAL ENTERPRISES. Year 2024

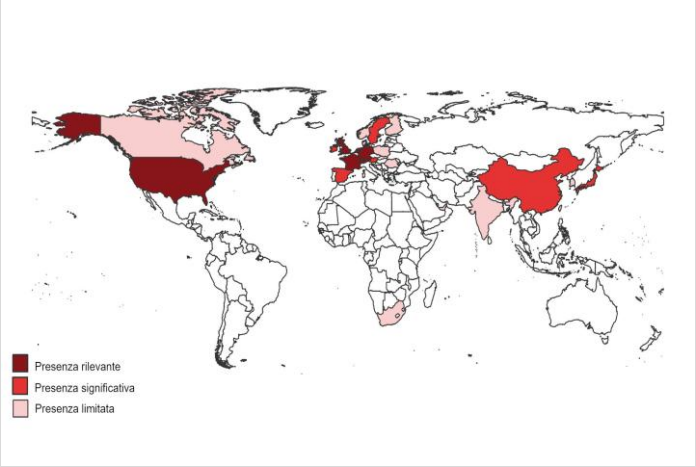
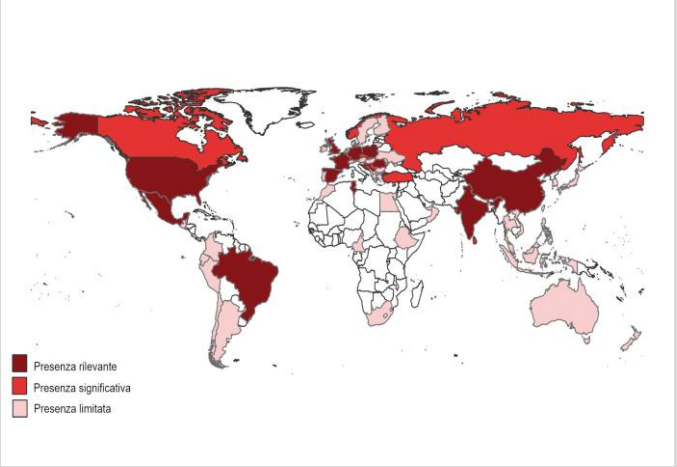


FIGURE 2b. DESTINATION COUNTRIES OF ITALIAN MULTINATIONALS IN MANUFACTURING. Year 2024



Foreign affiliates of Italian multinational enterprise groups abroad rely mainly on agreements and joint ventures, while strategic partnerships with enterprises and research institutions remain less widespread.

The propensity of Italian multinational enterprise (MNE) groups to invest abroad is strongly influenced by their size. In particular, 46.2% of large Italian MNE groups operating in industry and 40.7% of those operating in services either carried out or planned a new foreign controlling investment in 2025. The propensity to invest abroad is considerably lower among medium-sized and small MNE groups. The share falls to 14.5% in industry and 21.4% in services among medium-sized groups, and declines further among small groups, to 7.4% and 5.6%, respectively.

In 2025, the EU14 area (see Glossary) was the main destination for new foreign controlling investments undertaken by Italian MNE groups, accounting for 31.5% of projects in industry and 36.5% in services. It was followed, for industry, by the United States and Canada and by Other Asian countries, the Middle East and Oceania (15.7% each), while for services the main alternative destinations were the United States and Canada (14.6%) and Other European countries (13.3%).

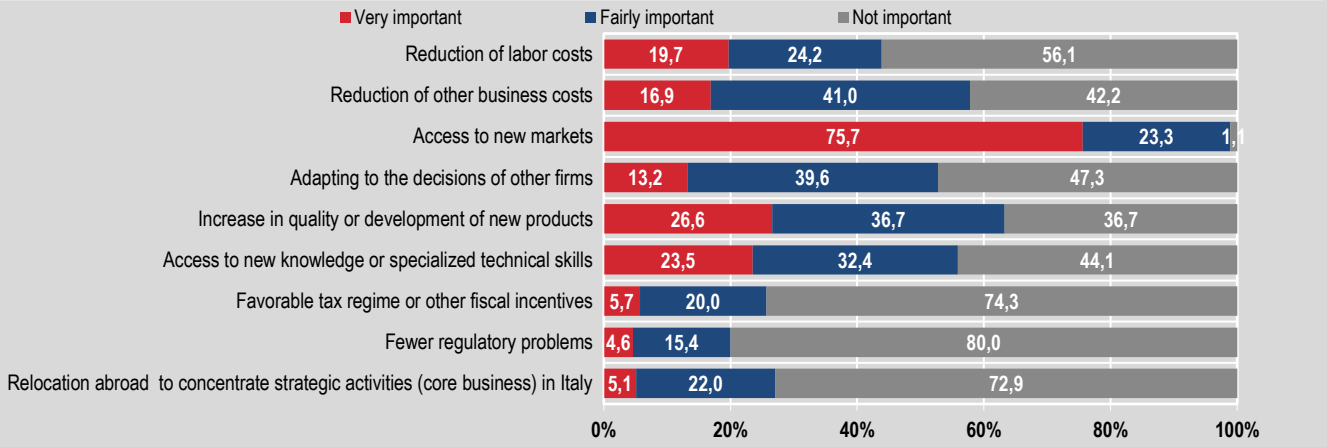
New foreign controlling investments carried out or planned in 2025 were primarily aimed at the production of goods and services (39.0% in industry and 31.4% in services, respectively) and distribution and logistics activities (26.0% and 28.3%). Other important business functions included marketing, sales and after-sales services, including customer support centres and call centres (21.5%) in industry, and engineering and other technical services (9.8%) in services.

In 2025, access to new markets remained the main driver of new foreign investments for Italian MNE groups active in industry, cited by 75.7% of groups (Figure 3). Other important motivations were improving quality and developing new products (26.6%) and gaining access to new knowledge or specialised technical competences (23.5%). Labour cost reduction was reported by only 19.7% of industrial groups.

A similar pattern emerged among MNE groups operating in services, for which access to new markets was also the main motivation behind new foreign investments (74.4%), followed by access to new knowledge or specialised technical competences (27.0%) and improving quality and developing new products (22.9%).

Italian MNE groups also operate internationally through organisational arrangements other than ownership control. Commercial agreements are by far the most widespread form of international cooperation, adopted by around six enterprises out of ten (61.0%). Among industrial groups, other forms include production agreements (18.7%), joint ventures (16.8%) and technological partnerships with enterprises or research institutions (4.6%). Service-sector groups mainly rely on joint ventures (17.3%), production agreements (13.4%) and technological partnerships with enterprises or research institutions (6.3%).

FIGURE 3. MAIN REASONS FOR NEW FOREIGN INVESTMENTS BY INDUSTRIAL GROUPS. Years 2025, Percentage compositions (a)



a) Percentage compositions of motivations (multiple response options) based on the total respondents who declared the factor as relevant

Glossary

Purchases of goods or services: purchases of raw, auxiliary, and consumable materials, and purchases of services provided by third parties.

Person employed: a person employed in a legal-economic unit located abroad or in Italy, either as an independent worker or as an employee (full-time, part-time, or under a training contract), even if temporarily absent (due to service, vacation, illness, work suspension, wage supplementation schemes, etc.). This category includes the owner(s) of the enterprise directly involved in management, cooperative members (who receive compensation proportional to the work performed and a share of the enterprise's profits), family helpers (relatives or in-laws of the owner who provide manual labor without a fixed contractual wage), as well as executives, managers, clerical staff, manual workers, and apprentices.

Foreign affiliate: an enterprise or quasi-enterprise (branch) located in the national territory and controlled by a non-resident institutional unit.

Italian affiliates abroad: an enterprise or quasi-enterprise (branch) located abroad and controlled by an institutional unit (enterprise, individual, public or private institution) resident in Italy. Control is defined on the basis of the concept of the ultimate controlling entity (Italian).

Business Register of Active Enterprises (ASIA): Business Register of Archive of Active Enterprises (ASIA) is the register of statistical observation units used in Istat's economic surveys, established in compliance with Regulation (EC) No. 177/2008 of the European Parliament and Council of 20 February 2008, which sets up a common framework for business registers used for statistical purposes.It collects identification information (name, location), structural information (employees, main and secondary economic activity, legal form, turnover), and demographic information (start date, closure date, activity status, presence of insolvency procedures) for all enterprises (and their local units) active in all economic sectors, with the exception of sections A, B, L, P and Q and private non-profit entities in the Ateco 2002 classification (for years from 2000 onwards) and Ateco 1991 (for previous years), as well as sections A, O and U of the Ateco 2007 classification.The ASIA archive is updated annually through a process of integrating information from administrative and statistical sources. The main administrative sources include:Archives managed by the Italian Revenue Agency for the Ministry of Economy and Finance, such as the Tax Register, annual indirect tax returns, regional tax on productive activities (IRAP) returns, sector studies, data from the "Unico" tax form (Rh section).Business registers of the Chambers of Commerce, Industry, Crafts and Agriculture, and related archives of shareholders of corporations and individuals holding corporate positions.Archives of the National Social Security Institute (INPS).The INAIL archive (insurance for workers under temporary contracts).Telephone utility archives.Consolidated and annual financial statements archives.The credit institutions archive managed by the Bank of Italy.The insurance companies archive managed by ISVAP.The statistical sources include the Survey on Local Units of Large Enterprises (IULGI) and the structural and short-term surveys carried out by Istat on enterprises.

Geographical Areas: Geographical areas are defined according to the Eurostat Geonomenclature.EU14: includes, in addition to Italy, Belgium, Denmark, France, Germany, Greece, Ireland, Luxembourg, the Netherlands, Portugal, Spain, Sweden, Austria, and Finland.EU27: includes the EU14 plus the Czech Republic, Estonia, Cyprus, Lithuania, Latvia, Hungary, Malta, Poland, Slovenia, Slovakia, Bulgaria, Romania, and Croatia.Other European countries: Albania, Andorra, Belarus, Bosnia and Herzegovina, Faroe Islands, Gibraltar, Iceland, Kosovo, Liechtenstein, North Macedonia, Moldova, Montenegro, Norway, United Kingdom, Russia, Holy See (Vatican City State), Serbia, Switzerland, Turkey, and Ukraine.North America: Canada, Greenland, and the United States.

Ancillary activities: specific economic activities (such as accounting, personnel management, logistics, and warehousing) that differ from the main activity of the enterprise or group, often carried out by separate units and always without any direct placement on the market.

Economic activity: efers to a nationally controlled enterprise located abroad, or a foreign-controlled enterprise located in Italy. It is the production of goods or services that takes place when resources such as labor, facilities, and raw materials contribute to the creation of goods or the provision of services. An economic activity is characterized by the use of production factors, a production process, and one or more resulting products (goods or services). For statistical information purposes, economic activities are classified according to the European nomenclature NACE Rev.2 (Ateco 2007 at the national level), while the level of detail for analysis and data collection is defined by the FATS Regulation..

***Branch*:** see secondary establishment.

Classification of Economic Activities by Technological Intensity and Knowledge Content of Sectors (OECD–Eurostat): This classification extends to Services the framework originally developed by Pavitt (1984).High-technology industries: ATECO groups 303 and 325, and divisions 21 and 26. Medium-high-technology industries: divisions 20, 27, 28, 29, 30, 33 (excluding group 303), and group 254. Medium-low-technology industries: divisions 19, 22, 23, 24, 25 (excluding group 254). Low-technology industries: divisions 10, 11, 12, 13, 14, 15, 16, 17, 18, 31, 32 (excluding group 325). Knowledge-intensive technology services: divisions 53, 58, 60–63. Knowledge-intensive market services: divisions 50, 51, 68, 69–71, 73, 74, 77, 78, 80–82. Knowledge-intensive financial services: divisions 64, 65, 66. Other services (non–knowledge-intensive): reconstructed by difference from the above groupings, including divisions 45, 46, 47, 49, 52, 55, 56, 59, 75, 79.

Ultimate Italian Parent Company: An institutional unit (enterprise, individual, or institution) resident in Italy that represents the final link in the control chain of an enterprise located abroad.Therefore, in order to correctly identify the set of Italian-controlled subsidiaries abroad, it is necessary to consider the entire control structure of the nationally controlled multinational group, including the presence of foreign subsidiaries that depend on intermediate holding companies located abroad.

Ultimate Foreign Parent Company: An institutional unit (enterprise, individual, or institution) that represents the final link in the control chain of an enterprise.Therefore, in order to correctly identify this entity, it is necessary to reconstruct the entire control chain until reaching the economic unit that is not itself controlled, directly or indirectly, by others. The country of the parent company is determined by the residence of the ultimate foreign parent.

Subsidiary (enterprise): Enterprise A is defined as a subsidiary of institutional unit B when the latter, as of December 31 of the reference year, directly or indirectly controls more than 50% of its shares or voting rights.

Control: The ability to determine the overall activity of an enterprise, including the selection of the most suitable directors.Control can be difficult to establish; therefore, in information-gathering processes, the share of equity capital with voting rights is often used as a proxy.Enterprise A, resident abroad, is defined as being controlled by institutional unit B, resident in Italy, when the latter, as of December 31 of the reference year, directly or indirectly holds more than 50% of its shares or voting rights.However, particular cases are considered when the effective control of the enterprise is limited or suspended due to agreements or regulations in the country where the foreign subsidiary operates.

Direct Foreign Control by Natural Persons Resident in Italy: This occurs when the direct controlling entity of an enterprise located abroad is an individual resident in Italy.This type of control is common in the small and medium-sized enterprise sector, although it is geographically limited almost exclusively to the case of Romania.

Labour Cost: Labour cost includes all items that make up the gross remuneration of employees (executives, managers, clerical staff, manual workers, shop assistants, apprentices, and home-based workers): basic pay, cost-of-living allowances and other similar non-incorporated allowances, profit-sharing, overtime, holiday and festive pay, Christmas bonuses, additional monthly payments beyond the twelfth, and other similar payments and benefits in kind.It also includes expenses for social contributions net of any exemptions, various benefits, provisions set aside during the financial year to cover future severance payments, and various social expenses (childcare facilities, seaside or mountain holiday camps, etc.).Its measurement may vary significantly depending on the different regulations and laws in force in the country of residence, in the case of Italian subsidiaries.

Unit Labour Cost: The ratio between labour cost and the number of employees.

Foreign Control: Occurs when the ultimate parent company is resident in a country different from that of the controlled enterprise.

Employee: A person who carries out their work activity within a legal-economic unit and is registered in the payroll of the enterprise or institution.Employees include cooperative members registered in the payroll, executives, managers, clerical staff, manual workers, whether full-time or part-time, apprentices, home-based workers registered in the payroll, seasonal workers, and workers under training contracts.

Ent (from Enterprise)): according to EU Regulation No. 696/93): "The enterprise corresponds to the smallest combination of legal units that constitutes an organizational unit for the production of goods and services, enjoying a certain degree of decision-making autonomy, particularly with regard to the allocation of its current resources. An enterprise carries out one or more activities in one or more locations. An enterprise may correspond to a single legal unit. The enterprise is defined as an economic entity that, in certain circumstances, may correspond to a grouping of several legal units. Certain legal units carry out activities exclusively for another legal entity, and their existence is due solely to administrative reasons (for example, fiscal) without having economic relevance. This category also includes a large number of legal units without employees. Often their activities must be interpreted as ancillary activities of the parent legal unit to which they belong and to which they must be linked in order to constitute the 'enterprise' entity used for economic analysis."

Exports of Goods or Services: Refers to the trade in goods and services carried out by the foreign subsidiary with countries other than the one in which it is located.Accordingly, trade flows to and from Italy are considered part of the imports or exports of the foreign subsidiary.Total exports or imports refer to the overall trade conducted by the foreign subsidiary, while intra-group trade refers to a subset of these flows, specifically those carried out with enterprises belonging to the same international group located in another country, including Italy (intra-firm trade).

***FATS* (*Foreign Affiliates Statistics*):** The acronym FATS stands for Foreign Affiliates Statistics, i.e. statistics describing the overall activity of foreign affiliates. Inward FATS: Statistics on the activity of foreign affiliates operating in the national territory. Outward FATS: Statistics on the activity of affiliates abroad that are controlled by enterprises resident in the national territory.

Turnover: Turnover includes sales of products manufactured by the enterprise, revenues from processing carried out on behalf of third parties, revenues from the provision of non-industrial services to third parties (commissions, machinery rentals, etc.), sales of goods purchased in its own name and resold without transformation, commissions, brokerage fees and other compensation for sales of goods on behalf of third parties, gross traffic revenues, and services provided to third parties. For enterprises resident abroad, turnover is measured with reference to the annual financial statements or other accounting documents prepared by the foreign subsidiary, gross of internal consolidation flows within the multinational group. For foreign-controlled enterprises resident in Italy, turnover is understood gross of all expenses charged to customers (transport, packaging, insurance, and similar) and of indirect taxes (manufacturing, consumption, etc.), except for VAT invoiced to customers, and net of allowances and discounts granted to customers and returned goods. Excluded are: export tax refunds, late-payment interest, and interest on installment sales. The value of work performed during the financial year by construction and shipbuilding enterprises is included in the overall turnover..

Turnover Net of Purchases of Intermediate Goods and Services: This is given by the difference between turnover and purchases of intermediate goods and services. This aggregate represents an estimate, albeit approximate, of the value added created abroad. The measurement of value added generated abroad is particularly complex and burdensome for enterprises. It should be noted that discrepancies between this variable and value added, as assessed within the framework of structural business statistics for enterprises resident in Italy, are below 10% for all economic activity sectors, with the exception of coke and petroleum refining, construction, research and development, real estate activities, and—more limitedly—in the manufacture of transport equipment and the manufacture of machinery and mechanical appliances.

Degree of Active Internationalization: Assessed on the basis of the share of activities carried out abroad compared to the total activities carried out in Italy, both measured in terms of employees.

Large Enterprises: Enterprises with 250 employees or more.

Large Multinational Groups: Multinational groups with consolidated turnover exceeding €500 million and/or 20 or more foreign-controlled enterprises.

Medium-Sized Multinational Groups: Multinational groups with consolidated turnover between €50 million and €499 million and/or between 5 and 19 foreign-controlled enterprises.

Small Multinational Groups: Multinational groups with consolidated turnover below €50 million and/or fewer than 5 foreign-controlled enterprises.

Gross Fixed Investments: Acquisitions of fixed capital carried out during the year; also includes the value of capital goods produced by the enterprise for its own use and extraordinary repairs and maintenance performed by the enterprise itself on company facilities.

Medium-Sized Enterprises: Enterprises with between 50 and 249 employees.

Country of Residence of the Foreign Multinational: The country in which the ultimate parent company of the enterprise (enterprise, individual, or institution) is resident. Accordingly, enterprises are not considered foreign-controlled if their registered office, immediate or intermediate parent company, holding company, or trust company is resident abroad, when the ultimate parent company is resident in Italy.

Major Multinational Groups: This category includes multinational groups with consolidated turnover exceeding €500 million and/or 20 or more foreign-controlled enterprises.

(pparent Labour Productivity: The ratio between value added and the number of employees.

Gross Profitability: The share of value added absorbed by gross operating surplus. This indicator is obtained by adjusting the gross operating surplus for the component of remuneration of self-employed workers, which is comparable to the "labour income" of the entrepreneur.The gross operating surplus is calculated by subtracting labour cost from value added and represents the surplus generated by production activity after remunerating employees. Labour cost also takes into account the nominal remuneration of self-employed workers..

Total Trade and Intra-Group Trade in Goods or Services: Total trade refers to the overall exchanges carried out by the foreign-controlled enterprise with economic operators resident abroad.Intra-group trade refers to a subset of these exchanges, specifically those carried out with foreign enterprises belonging to the same international group (intra-firm trade). Exchanges with other enterprises resident in Italy and belonging to the same international group are excluded.

Secondary Establishment or Branch: A local unit without its own legal autonomy, dependent on a nationally controlled enterprise. Considered as quasi-enterprises.

***Special purpose entity* or *SPE*:** Legal units established within a multinational group to carry out instrumental activities or activities limited in time and objectives.

Research and Development Expenditure (Intra-Muros): Expenditure for R&D activities carried out by enterprises or public entities using their own personnel and equipment.

Transfers of Managerial, Commercial, or Other Competences: Refers to the exchange of non-scientific and non-technological competences and knowledge between the enterprise and foreign enterprises belonging to the same multinational group. These exchanges may concern the adoption of new procedures or strategies related to the overall organization of the enterprise or to specific functions (commercial, administrative, logistics, etc.).

Transfers of Scientific and Technological Knowledge: Refers to the exchange of scientific and technological competences and knowledge between the enterprise and foreign enterprises belonging to the same multinational group. These exchanges may be material (intermediate or instrumental products with high technological content) or immaterial (use of patents, licenses, software, or collaboration agreements in research, design, and innovation activities).

Legal Unit: legal-economic unit that produces goods and services intended for sale and, under current laws or its own statutes, has the authority to distribute profits to its owners, whether private or public. The responsible party may be one or more individuals, individually or jointly, or one or more legal persons. Included among enterprises are: sole proprietorships, partnerships, corporations, cooperatives, special companies of municipalities, provinces, or regions. Self-employed workers and freelancers are also considered enterprises.

Institutional Unit: The elementary center of economic decision-making, characterized by uniformity of behavior and autonomy of decision in carrying out its principal function. It may refer to individuals, enterprises, or institutions.

Value Added: The increase in value that the enterprise's activity adds to the value of goods and services received from other enterprises through the use of its own production factors (labour, capital, and entrepreneurial activity). This aggregate is obtained by subtracting total costs from total revenues: Costs include gross purchases, various services, use of third-party services, changes in inventories of raw materials and goods purchased without transformation, and other operating charges. Revenues include gross turnover, changes in inventories of finished products, semi-finished products and work in progress, increases in fixed assets for internal work, and ancillary operating revenues.

Methodological Note

Regulatory Framework

Statistical production aimed at measuring phenomena related to the internationalization of enterprises has been harmonized within the European Union through Regulation (EU) No. 2019/2152 of 27 November 2019 and Implementing Regulation (EU) No. 2020/197 of 30 July 2020. The Regulation defines, with reference to the country producing the statistics, two distinct populations of enterprises: Foreign-controlled enterprises resident in Italy (Inward FATS statistics) Nationally controlled enterprises resident abroad (Outward FATS statistics).

The analysis conducted in this Report is based on the definition of enterprise as a legal unit. However, at the European level, data have been disseminated based on the definition of enterprise used at the European level (Ent, from the English term Enterprise, see glossary), as defined in Regulation (EU) No. 696/93.

Main Features of the Survey System on Multinational Enterprises

The conceptual and definitional framework for the production of Inward and Outward FATS statistics is defined at the national level by the aforementioned Regulation in an integrated manner. Based on the concept of the ultimate foreign parent, it is possible to accurately and non-overlappingly define the two reference populations. This result is ensured by a monitoring system that makes it possible to anticipate the main entries and exits from the two populations, as well as the transitions from one population to the other, as increasingly occurs for Italian multinationals acquired by foreign multinationals. At the level of the statistical production process, the survey system on multinational enterprises consists of two distinct direct surveys: Survey on foreign-controlled enterprises resident in Italy Survey on the foreign activities of nationally controlled enterprises. Both surveys are census-based in order to guarantee data quality with respect to highly detailed estimation domains, based on the intersection between economic activity and country.The integrated use of archives and other information sources (administrative data, company websites, profiling of major multinational groups) allows the prior selection of the subset of enterprises potentially involved in the survey, minimizing the statistical burden on enterprises not concerned by the phenomenon under investigation. For example, in the case of the survey on foreign-controlled enterprises, those declaring themselves nationally controlled account for less than 7% of respondents, while 10% is observed for nationally controlled enterprises declaring that they do not control enterprises resident abroad.

The reporting unit is the legal unit for Inward FATS and the parent enterprise for Outward FATS, which provides information on foreign subsidiaries, while the units of analysis are twofold. In the case of this Report, the unit of analysis is always the legal unit, whereas for dissemination at the European level, as already mentioned, it is the Ent (from Enterprise), as required by the above Regulation. For the Inward FATS survey, the first data transmitted to Eurostat according to this definition refer to the 2018 reference year, and the transition from legal units to enterprises (ENTs) is carried out by reconstructing foreign-controlled groups using the enterprise groups register and the economic variables from the SBS Frame.For the Outward Survey, the first data transmitted to Eurostat, according to the definition of Ent, refer to 2021. Since this involves defining an aggregation of enterprises resident abroad, it is appropriate to proceed with assumptions based on the economic activities of enterprises belonging to the same group in a given country and on certain turnover assessments. An algorithm has therefore been set up that aggregates legal units into a single Ent, or alternatively establishes the Ent as consisting of a single legal unit. The dataset initially consists of records containing the number (count) of foreign subsidiaries, with each record characterized by the group code, country of residence, economic activity code, and number of foreign subsidiaries. To determine whether a set of records identified by the pair group code and country of residence can be defined as an Ent, it is necessary to calculate the percentage of turnover of each element belonging to the initial set. If one of them accounts for a turnover share greater than or equal to 90%, then the set will be labeled as an Ent, and the economic activity will be that of the record with the highest turnover. Otherwise, each element of the set may be considered as an Ent.

Survey on Foreign-Controlled Enterprises Resident in Italy (Inward FATS)

Target Population and Sources Used

The observation field of Inward FATS statistics consists of enterprises and local units (branches) resident in Italy and subject to ultimate foreign control, which are active in sectors B to N and P–Q–R–S of the Ateco 2007 economic activity classification.

The production of Inward FATS statistics is based on the integration of a wide range of information sources, predominantly census-type, as reported in the following table.

TABLE 1. LIST OF INFORMATION SOURCES USED FOR THE PRODUCTION OF INWARD FATS STATISTICS

Information Sources	Characteristics and Economic Variables Used for Estimates
A. Panel of Foreign-Controlled Enterprises Integrated with the Results of the Census Survey on Foreign-Controlled Enterprises in Italy	Foreign Nationality of the Ultimate Controlling Parent and Trade in Goods and Services with Foreign Countries (Overall and Intra-Firm Component)
B. Business register of Enterprise Groups	Group Structure and Nationality of the Head, List of Foreign Directly Controlled Enterprises
C. Business Register of Active Enterprises in Italy (ASIA)	Business Demographic Characteristics (Economic Activity Code, Number of Employees, etc.), List of Enterprises Operating in Italy with Foreign Legal Form
D. Major Newspapers, Specialized Publications, Commercial Databases, at National and International Level	Monitoring of Major Foreign-Controlled Enterprises in Relation to Entry or Exit Events from the Population of Foreign-Controlled Enterprises as well as Changes in Foreign Nationality
E. Survey on the Business Accounts System (SCI)	Turnover, Value Added at Factor Cost, Value of Production, Personnel Costs, Total Purchases of Goods and Services, Purchases of Goods and Services for Resale without Transformation, Gross Fixed Capital Formation
F. Frame-SBS Data Integrated with the Results of the Survey on Small and Medium-Sized Enterprises and on the Practice of Arts and Professions (SMEs)	
G. Survey on Research and Development in Enterprises (RS1)	Expenditure on Research and Development (R&D)
H. Surveys on Foreign Trade (COE)	Exports and Imports of Goods

STARTING LIST IDENTIFICATION

oreign control information has a census nature and derives from the annual update of the Istat panel on foreign multinational affiliates resident in Italy, composed of about 18,800 units. This panel, which also contributes to updating the enterprise groups register, is updated annually by integrating multiple sources: the census survey included in the National Statistical Programme (NSP), analysis of signals from administrative sources, alignment with the enterprise groups register, and profiling activities on the most influential economic units.

SURVEY STRATEGIES AND INSTRUMENTS

The survey is census-based for enterprises with more than 50 employees, and sample-based for the others (random sampling with strata defined by the combination of employee class and economic activity, the latter being defined consistently with the classification required by the Regulation = Ateco_FATS). Data collection is biennial, with the reference period 2023–2024, and involved 8,893 enterprises with a response rate of 73%. The direct survey is conducted exclusively in electronic mode and allows the collection of information on the ultimate controlling parent of the enterprise and the country of residence of the controller.

Additional information is also collected regarding exports and imports of goods and services, with details on intra-group trade. Finally, qualitative information is requested concerning the exchanges of scientific knowledge and managerial skills from abroad through the enterprise group.

STATISTICAL TREATMENT OF NON-RESPONSES AND INTEGRATION OF ECONOMIC VARIABLES

Foreign control information for non-responding enterprises was thoroughly verified for all enterprises with at least 100 employees and on a sample basis for enterprises with fewer than 100 employees, in order to ensure data quality. In particular, entry or exit events from the population of foreign-controlled enterprises were monitored using the main information sources, while the quality and consistency with the adopted definitions regarding the ultimate control of the enterprise were verified for enterprises with a significant impact on the economic variables produced at the aggregate level. Starting from 2018, for better coverage, the survey results have been fully integrated with the Enterprise Groups Register. Consequently, the methodology shifted from a re-proportioning logic of foreign control and of the countries of residence of the ultimate controlling parent to a census-based logic. For this reason, as reported in the text and tables, the number of foreign-controlled enterprises has undergone variations in terms of the country of residence of the ultimate controlling parent. The main economic-structural variables of Inward FATS are obtained through the census-type integration of the updated list of foreign-controlled enterprises with microdata from surveys on business accounts (SCI and Frame-SBS integrated with the results of the SME survey), on Research and Development in enterprises (RS1), and—limited to the exchange of goods—on foreign trade surveys (COE). For the results obtained on the economic variables of foreign-controlled enterprises, consistency was verified with the estimates produced for other statistical domains reporting the same variables (SBS). The quantification of total trade in goods and the estimation of the intra-group component result from the integration of COE data with those collected from foreign-controlled enterprises. Information on the country of residence of the ultimate controlling parent, if not available, was estimated using re-proportioning techniques that take into account the distribution of respondents by country and economic activity.

SURVEY ON FOREIGN ACTIVITIES OF NATIONALLY CONTROLLED ENTERPRISES (OUTWARD FATS)

TARGET POLUPATION

The unit of analysis of Outward FATS statistics consists of enterprises and assimilated units (branches and non-financial Special Purpose Entities – SPEs) resident abroad and subject to ultimate national control. The activities carried out abroad are included in sectors B to N and P–Q–R–S of the Ateco 2007 economic activity classification.

STARTING LIST IDENTIFICATION

The observation unit consists of the group heads of enterprise groups resident in Italy for which the legal prerequisites for data collection exist. Specifically, the enterprise acting as the group head reports for the entire foreign perimeter of the multinational group.

TARGET POPULATION AND SOURCES USED

To Reduce Statistical Burden and Improve Accuracy of Estimates the reference universe, consisting of all enterprises resident abroad under ultimate Italian control and the related survey units associated with them, was identified a priori by integrating the following sources:

- Statistical Business Register
- Enterprise Groups Register
- Financial Statements (individual and consolidated) for the part relating to controlling shareholdings in enterprises resident abroad (List of shareholdings in other companies included in the notes to the accounts).

In particular, the definition of the ultimate controlling parent adopted by the FATS Regulation required some integrations of the reference universe to account for specific cases of ultimate Italian control, thereby reducing the underestimation of the phenomenon under investigation. The main special cases considered were:

- Foreign-to-foreign control
- Individuals resident in Italy directly controlling enterprises resident abroad

The first case, concerning a limited number of large Italian industrial groups, allowed the recovery of information on foreign affiliates directly controlled by holdings resident abroad but under ultimate Italian control (one or more individuals). The second case, concerning a large number of enterprises mainly located in Romania, refers to the direct establishment of companies abroad by one or more individuals resident in Italy.In both cases, integration was carried out using an international commercial database (ORBIS, produced and marketed by Bureau Van Dijk).

STRATEGIES AND INSTRUMENTS OF SURVEY

Given the high number and level of detail of the estimation domains required by the FATS Regulation—which calls for the production of statistics jointly by economic activity sector and by the country of residence of foreign affiliates—a census survey was chosen, involving 5,997 parent companies of enterprise groups that hold at least one controlling interest in a foreign-resident enterprise. The a priori selection of the list of enterprises to be surveyed made it possible both to work on a very limited set of companies—thus minimizing the statistical burden on enterprises not affected by the phenomenon—and to rationalize data collection. This was achieved by excluding all intermediate affiliates within the groups and interviewing the parent company, which was asked to provide information on the entire set of enterprises controlled directly or indirectly, through other affiliates resident in Italy or abroad. The direct survey of enterprises resident in Italy was conducted exclusively in electronic form and allowed the collection of information on the economic activity, country of residence, and main economic variables of foreign affiliates. The response rate of the survey was 69% in terms of reporting units (parent companies), with a significant impact in terms of analysis units and related variables (Table 2). A strong correlation was observed between the response rate and the economic size of the group: for the largest Italian multinational groups, the response rate was 99%, while it was well above average for medium-sized Italian multinational groups.

STATISTICAL TREATMENT OF TOTAL AND PARTIAL NON-RESPONSE

The estimation of total non-response (where the reporting unit did not respond for all the analysis units under its control) is particularly complex in the context of a survey aimed at collecting information on economic activities not resident in Italy. The characteristics of the reporting units (activity and economic size) are not necessarily correlated with the characteristics of the analysis units. In particular, a parent company may be associated with one or more foreign affiliates, and the distribution of foreign affiliates by economic activity sector and country of residence may differ considerably even among parent companies of enterprise groups with very similar overall economic size and characteristics of resident units. The commercial database ORBIS, produced and marketed by Bureau Van Dijk, was used only for the classification variable “economic activity” and the analysis variables “employment” and “turnover,” in order to reconstruct the main non-responding analysis units (undercoverage of affiliates reported by a respondent or total non-response). The use of this source led to a significant recovery in the non-response rate. The incomplete or partial reconstruction of affiliates belonging to the same parent company—linked to issues of coverage, completeness, and quality of the information available in commercial databases—required the adoption of appropriate estimation methodologies for the residual share of analysis units not surveyed and not integrated. The estimation method

employed takes into account both the characteristics of the reporting units (economic size and “prevalent” economic activity of the enterprise group) and the known characteristics of the analysis units (number of affiliates and geographical area of residence). Table 2 summarizes the contribution of the different sources and methods that led to the production of the final aggregates.

TABLE 2. CONTRIBUTION OF DIFFERENT SOURCES AND METHODS TO FINAL ESTIMATES. Percentage of the total

Source / Method	Number of foreign affiliates	Number of persons employed	Turnover
Data collected through the survey	76.5	86.4	95.0
Integration of total and partial non-responses with international databases	1.1	2.5	2.4
Recovery of coverage in specific cases through international databases	2.3	2.8	1.2
“Total data collected or reconstructed	**79.9**	**91.7**	**98.6**
Estimation of total and partial non-response	20.1	8.3	1.4
Total	**100**	**100**	**100**

INFORMATION ON DATA CONFIDENTIALITY

The data collected are protected by statistical confidentiality and subject to personal data protection regulations. They may be used, including for subsequent processing, exclusively for statistical purposes by the entities of the National Statistical System. They may also be communicated for scientific research purposes under the conditions and according to the procedures set out in Article 7 of the Code of Conduct for the processing of personal data carried out within the National Statistical System and in EU Regulation No. 831/2002. The estimates disseminated in aggregated form are such that it is not possible to identify the entities that provided the data or to which the data refer.

DISSEMINATION

At the conclusion of the production process of the two surveys, the results obtained are published through the following dissemination channels:

-Statistical Report “Multinational Enterprises”

- Institutional volume “Italian Statistical Yearbook”

- Istat–Ice Yearbook

- Part of the data is also available on the Eurostat website.

The microdata collected during the survey are made available to users upon request. In any case, the data are released in anonymous form.

For technical and methodological clarifications

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