

This metadata describes the compilation practices, sources and methodology in use in 2003. Please refer to the contact person below for details of any changes that may have been introduced by the country since that time.

Germany:

Direct Investment Compilation Practices, Data Sources and Methodology

Ms. Beatrix Stejskal-Passler,
Head of Section
Banking Statistics and External Stock Statistics
Statistics Department
Deutsche Bundesbank
Wilhelm-Epstein-Str.14
D-60431 Frankfurt am Main
Germany

Telephone: (49-69) 9566-2482
Fax: (49-69) 9566-2969
E-mail: Beatrix.Stejskal-Passler@bundesbank.de

Direct Investment in Germany

- **Balance of Payments (“Transactions Data”)**
- **International Investment Position (“Position Data”)**

Direct Investment Abroad

- **Balance of Payments (“Transactions Data”)**
- **International Investment Position (“Position Data”)**

DIRECT INVESTMENT IN GERMANY

BALANCE OF PAYMENTS (“INWARD TRANSACTIONS”) DATA

A. Compilation Practices and Data Sources

Data Availability

Separately identifiable monthly data are compiled by the Bundesbank within the balance of payments framework on (a) the components of direct investment income: (i) income on equity (dividends and distributed branch profits), (ii) reinvested earnings, and (iii) income on debt (interest), and (b) the components of direct investment financial flows: (i) equity capital, and (ii) other capital. These data are disseminated with a timeliness of 6 weeks after the end of the reference period in the Bundesbank's *Monthly Report: Balance of Payments* and on the Bundesbank website <http://www.bundesbank.de> under the statistics section (on the page for the *Statistical Supplement to the Monthly Report*). The data are also reported to the IMF for publication (quarterly data rather than monthly) and to the OECD.

Revision Practices

The data are preliminary when first released. The monthly data for the previous month are revised and disseminated together with the preliminary data for the current month. In addition, the monthly data for the previous 4 years are revised in March of each year and disseminated with the first revised data for December of the last year. The data are revised to take account of new information and corrected data from respondents. The monthly data are considered to be final up to 50 months after their first release on average (the data for January become final after 50 months while the data for December become final 39 months after their first release).

The revised status of the data is clearly identified in the disseminated data. The general public are informed of the reasons for significant revisions and those resulting from major changes in methodology. The historical data are revised as far back as possible in instances of major changes in methodology or data collection systems.

Although there are no differences in the revision practices between the data disseminated in the national publications and those reported to the IMF and OECD for publication, differences in the disseminated data can occur because of differences in the reporting cycle—although the most recent data are reported to both the IMF and the OECD, the data are reported to the IMF on a quarterly basis, while the data are reported to the OECD on an annual basis.

Data Coverage

No major sectors of the economy or elements within those economic sectors are excluded from the monthly data.

There are no differences in the sectoral coverage between the data disseminated in the national publications and those reported to the IMF and the OECD for publication.

Data Collection Method

The data are collected using a mixture of an individual transactions basis and an aggregate basis—data for components compiled from an international transactions reporting system (ITRS) are collected on an individual transactions basis, while data compiled from enterprise surveys are collected on an aggregate basis. The reporting requirements are compulsory.

Data Sources

The data for income on equity (dividends and distributed branch profits), income on debt (interest), and equity capital are compiled from an ITRS, which covers cash transactions made through the domestic banking system, cash transactions made through the foreign bank accounts of enterprises, and noncash transactions. The data for reinvested earnings are calculated by estimating total profits for the current year, deducting dividends, and allocating reinvested earnings as a residual, pro rata temporis, into 12 equal parts. (There are plans to change this practice with effect from 2004 by calculating total monthly operating profits on an accrual basis, deducting

dividends and treating reinvested earnings as a residual.) The data on short-term other capital are compiled from data on assets and liabilities of affiliated enterprises obtained from a monthly survey of resident enterprises, and the data on long-term other capital are compiled from the ITRS.

There are no differences in the data sources between the data disseminated in the national publications and those reported to the IMF and the OECD for publication.

A business register of enterprises involved in direct investment is used to compile the inward direct investment transactions data. The register is maintained by the Statistics Department of the Bundesbank and is updated on an ongoing basis using information from (i) the ITRS's list of transactors, (ii) other statistical collection forms, (iii) regional service centers or offices of the Bundesbank, (iv) registers maintained by government licensing and regulatory authorities, (v) the financial press, and (vi) compulsory direct investment surveys. The same business register is used to compile the inward direct investment transactions and position data, and the outward direct investment transactions and position data.

Geographic Classification

Quarterly data showing breakdowns by country for the direct investment income data and for direct investment financial flows data are compiled by the Bundesbank with a timeliness of 6 weeks after the end of the reference period. These data are disseminated in aggregate form in the *Statistical Supplement to the Monthly Report: Balance of Payments*, available on the Bundesbank's website <http://www.bundesbank.de>, but the detailed data are available on request. In addition, annual data showing more detailed breakdowns by country for the direct investment income data and for direct investment financial flows data are compiled by the Bundesbank with a timeliness of 6 months after the end of the reference year. These data are disseminated in the *Special Statistical Publication No. 11: Balance of Payments by Region*, which is also available on the Bundesbank's website at http://www.bundesbank.de/download/volkswirtschaft/stat_beihefte/balanceofpayments072004.pdf. The data showing country breakdowns for both the direct investment financial flows and direct investment income are also reported to the OECD and Eurostat. The data cover all countries. Bilateral data are not used in the compilation of the data.

The debtor/creditor principle is used as the basis for the geographic allocation of the data. The five countries with the largest amount of direct investment income from investment in Germany during 2002 (ranked in descending order) were: the United States, France, Switzerland, the Netherlands, and the United Kingdom. The five countries with the largest amount of direct investment financial flows into Germany during 2002 (ranked in descending order) were: the Netherlands, the United Kingdom, Luxembourg, France, and the United States.

In addition to the data showing country breakdowns, annual data are compiled by the Bundesbank showing breakdowns of both the direct investment income and direct investment financial flows for the following regions/economic zones: (i) the EU15, (ii) EFTA, (iii) the OECD, (iv) NAFTA, (v) the CIS countries, (vi) the ASEAN countries, and (vii) the OPEC countries. These data are disseminated once a year with a timeliness of 6 months after the end of the referencing period in the *Special Statistical Publication No. 11: Balance of Payments by Region*, which are also available on the Bundesbank's website. Data for all other regions are available on request, subject to confidentiality constraints.

There are no differences in the data coverage, sources, etc. between the inward transactions data showing geographic breakdowns disseminated in the national publications and reported to the OECD and Eurostat, and the aggregate inward data on direct investment income and direct investment financial flows reported to the IMF for publication.

Industrial Classification

Annual data showing a breakdown by industrial activity for direct investment financial flows are compiled by the Bundesbank and are disseminated once a year with a timeliness of 6 months after the end of the reference year on the website of the Ministry of Economics and Labour (<http://www.bmwa.bund.de>) —with effect from 2004, these data will also be disseminated on the Bundesbank's website <http://www.bundesbank.de>. The data showing breakdowns by industrial activity for the direct investment financial flows are also reported to the OECD and Eurostat. In addition, monthly and quarterly data showing a breakdown by industrial activity for direct investment financial flows are compiled by the Bundesbank. These data are not disseminated, but are available on request with a timeliness of 6 weeks after the end of the reference period. Monthly, quarterly, and annual data showing a breakdown by industrial activity for the direct investment income data are compiled by the

Bundesbank. These data are not disseminated, but are available on request with a timeliness of 6 weeks after the end of the reference period in the case of the monthly and quarterly data, and with a timeliness of 6 months after the end of the reference period in the case of the annual data. The data showing breakdowns by industrial activity for the direct investment income are also reported to the OECD and Eurostat. The data show a breakdown for 70 industrial activities. The classification used is NACE, Rev. 1, which broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC).

The data on direct investment income and direct investment financial flows are classified on the basis of the industrial activity of the resident direct investment enterprises. The five industrial activities with the largest amount of direct investment income, disregarding reinvested earnings, from investment in Germany during 2002 were: (i) holding companies, (ii) post and telecommunications, (iii) manufacturing of medical, precision and optical instruments, watches and clocks, (iv) other financial intermediation, and (v) manufacturing of chemicals and chemical products. The five industrial activities with the largest amount of direct investment financial flows into Germany during 2002 (in descending order) were: (i) holding companies, (ii) credit institutions, (iii) post and telecommunications, (iv) manufacture of basic metals, and (v) wholesale trade.

Annual data are compiled by the Bundesbank for both the direct investment income and the direct investment financial flows data showing a breakdown by both industrial activity and main partner country. The data are not disseminated, but are available on request once a year with a timeliness of 9 months after the end of the reference year. The five highest ranking partner countries during 2002 (ranked in descending order) for which breakdowns by industrial activity are disseminated were: the Netherlands, the United Kingdom, Luxembourg, France, and the United States.

In addition, annual data are compiled once a year by the Bundesbank for both the direct investment income data and the direct investment financial flows data showing a breakdown by both industrial activity and region/economic zone. These data are not disseminated, but are available once a year on request with a timeliness of 9 months after the end of the reference period.

There are no differences in the data coverage, sources, etc. between the inward transactions data showing industrial activity breakdowns disseminated in the national publications and reported to the OECD and Eurostat, and the aggregate inward data on direct investment income and direct investment financial flows reported to the IMF for publication.

B. Methodology

Definition of Direct Investment Enterprises in Germany

In accordance with the international standards, the basic criterion for defining direct investment enterprises in Germany is 10 percent ownership by a nonresident investor, regardless of whether the investor has an effective voice in management—that is, enterprises in which the nonresident direct investor owns 10 percent or more but does not have an effective voice in management are included, while enterprises in which the nonresident investor owns less than 10 percent but has an effective voice in management are not included. In accordance with the international standards, the 10 percent ownership is based on the ownership of each individual nonresident investor or group of related nonresident investors, rather than being calculated by combining the holdings of all nonresident investors in a specific enterprise or from a specific country. A value threshold is not used to identify resident direct investment enterprises. Unincorporated enterprises are not treated differently from incorporated enterprises.

Treatment of Indirectly Owned Direct Investment Enterprises

The “Fully Consolidated System” (FCS) recommended in the international standards is partially applied. In accordance with the FCS, the direct investment financial flows data include all equity and other capital transactions made directly between resident enterprises of a related group as defined in the FCS and nonresident enterprises of the same group, without consideration of the percentage of equity directly held by these enterprises in each other, and including those enterprises that share a common direct investor but have no ownership in each other. Contrary to the FCS, the direct investment earnings data do not include the relevant share of all indirectly-owned direct investment enterprises.

Enterprises in Germany are required by law to produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic, but are not required by law to identify all transactions with the parent company.

Measurement of Direct Investment Earnings

Contrary to the international standards, the "Current Operating Performance Concept" (COPC) is not fully used to calculate earnings of direct investment enterprises. In accordance with the COPC, (i) deductions are made for depreciation of capital, (ii) realized and unrealized capital gains and losses, write-offs, and realized and unrealized exchange rate gains and losses are not included, (iii) interest receivable/payable is included, and (iv) debt repayments receivable/payable are excluded. (Prior to the data for 2000, realized capital gains and losses, unrealized capital losses, and write-offs, were included in the data.) Contrary to the COPC, provisions are not made for host-country income and corporation taxes.

Treatment of Income on Equity (Dividends and Distributed Branch Profits)

The data on dividends and distributed branch profits cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) the data for unincorporated enterprises are recorded gross of any withholding taxes, (ii) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, (i) dividends and distributed branch profits are recorded on the date they are paid, rather than the date they are declared payable, and (ii) the data for incorporated enterprises are recorded net, rather than gross, of any withholding taxes.

Treatment of Reinvested Earnings and Undistributed Branch Profits

The data on reinvested earnings and undistributed branch profits cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) reinvested earnings are recorded in the period in which they are earned, (ii) the data include reinvested earnings and undistributed branch profits between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks, and (iv) when a direct investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings.

Treatment of Income on Debt (Interest)

The data on income on debt (interest) cover both incorporated enterprises and unincorporated enterprises. The data include interest on (i) long-term loans, (ii) short-term loans, and (iii) financial leases. The data do not include (i) bonds and money market instruments, and (ii) trade credits.

In accordance with the international standards, (i) the data do not include interest on financial derivatives, (ii) the data do not include interest on deposits, loans, and other claims and liabilities related to usual banking activities between affiliated banks, (iii) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iv) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, (i) the data include interest on claims and liabilities related to usual financial intermediation activities between affiliated financial intermediaries, and (ii) the data are recorded on a paid basis, rather than on an accrual basis.

Treatment of Equity Capital

The equity capital transactions data cover (i) listed voting stocks (shares), (ii) unlisted voting stocks (shares), (iii) participating preference [preferred] shares, (iv) other non-voting stocks (shares), and (v) noncash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, (i) the data include equity transactions between affiliated banks and between affiliated financial intermediaries, (ii) the data include equity transactions between nonfinancial direct investment enterprises and affiliated financial

intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, non-participating preference [preferred] shares are classified under equity capital, rather than under other capital.

Treatment of Other Capital

The other capital transactions data cover: (i) long-term loans, (ii) short-term loans, (iii) trade credits, and (iv) financial leases. The data do not include bonds and money market instruments. In accordance with the international standards, the data exclude (i) financial derivatives, (ii) loan/debt guarantees provided by direct investors or related direct investment enterprises, (iii) changes in insurance company technical reserves, and (iv) transactions between affiliated banks involving deposits, loans, and other claims and liabilities related to usual banking activities. In accordance with the international standards, (i) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks, and (iii) the data include transactions associated with permanent debt between affiliated banks and between affiliated financial intermediaries. (Permanent debt is defined as being subordinated loans.) Contrary to the international standards, (i) the data do not include non-participating preference [preferred] shares, which are instead classified under equity capital, and (ii) the data include transactions between affiliated financial intermediaries involving claims and liabilities related to usual financial intermediation activities.

The treatment of instances when a loan/debt guarantee provided by a direct investor or related direct investment enterprise is invoked following default by a direct investment enterprise varies depending on the treatment in the accounting records of the individual enterprises—either (i) the entire amount of the loan outstanding is treated as an equity capital injection by the guarantor and recorded under “Direct Investment in Germany: Equity Capital: Increase in Liabilities to Direct Investors” at the time the guarantee is invoked, or (ii) the entire amount of the loan outstanding is treated as lending by the guarantor and recorded under “Direct Investment in Germany: Other Capital: Increase in Liabilities to Direct Investors” at the time the guarantee is invoked, or (iii) the periodic payments of principal and interest made by the guarantor are treated as equity capital injections by the guarantor and recorded under “Direct Investment in Germany: Equity Capital: Increase in Liabilities to Direct Investors” at the time the periodic payments are made, or (iv) the periodic payments of principal and interest made by the guarantor are treated as lending by the guarantor and recorded under “Direct Investment in Germany: Other Capital: Increase in Liabilities to Direct Investors” at the time the periodic payments are made.

Treatment of Reverse Investment

Transactions involving reverse investment are not treated in accordance with the international standards in all instances.

Assuming that the direct investment enterprise is a resident of Germany and the direct investor is a nonresident, when the direct investment enterprise owns at least 10 percent of its nonresident direct investor, and has therefore established a direct investment relationship in its own right, in accordance with the international standards, equity transactions are recorded as “Direct Investment Abroad: Equity Capital: Increase in Claims on Affiliated Enterprises” and loan transactions are recorded as “Direct Investment Abroad: Other Capital: Increase in Claims on Affiliated Enterprises”.

Assuming that the direct investment enterprise is a resident of Germany and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, contrary to the international standards, equity transactions are recorded as “Portfolio Investment: Increase in Assets: Equity Securities”, rather than as “Direct Investment in Germany: Equity Capital: Increase in Claims on Direct Investors”. In accordance with the international standards, loan transactions are recorded as “Direct Investment in Germany: Other Capital: Increase in Claims on Direct Investors”. However, data identifying these reverse investment transactions as “Direct Investment in Germany: Other Capital: Increase in Claims on Direct Investors” are not reported to the IMF. (Only data at the level of “Direct Investment in Germany: Other Capital” are reported to the IMF.)

Treatment of Quasi-corporations

In accordance with the international standards, the direct investment data include the activities of quasi-corporations involving the operation in Germany by nonresidents of (i) construction enterprises, and (ii) mobile equipment, such as ships, aircraft, and drilling rigs.

Treatment of Offshore Enterprises

Not applicable. There are no offshore enterprises established in Germany by nonresidents at present.

Treatment of Special Purpose Entities (SPEs)

In accordance with the international standards, activities of SPEs established in Germany by nonresidents are included in the direct investment data, with no exceptions. Contrary to the international standards, in the case of SPEs established in Germany by nonresidents that have the primary purpose of financial intermediation, transactions with affiliated banks and affiliated financial intermediaries, except those involving equity capital and permanent debt, are not excluded from the data.

Treatment of Land and Buildings

In accordance with the international standards, the equity capital data include purchases and sales of land and buildings in Germany by nonresident enterprises and nonresident individuals. Land and buildings purchased in Germany by nonresident enterprises and nonresident individuals on long-term leases are not included.

Treatment of Natural Resources Exploration

In accordance with international standards, (i) expenditure related to natural resources exploration in Germany by nonresidents is included in the equity capital data, (ii) expenditure on bonus payments made by nonresidents to the host country for the right to undertake exploration for natural resources is included in the equity capital data when there is a clear intention to establish a direct investment enterprise, and (iii) in instances of the shutdown of a direct investment enterprise established in Germany by nonresidents for natural resource exploration, no transactions are recorded in the balance of payments statistics.

Exchange Rate Conversion

Most transactions are converted to the unit of account at the exchange rate prevailing on the day of the transaction, but some are converted at the average exchange rate for the period. The data on reinvested earnings are converted at the exchange rate used for the balance sheets of the individual direct investment enterprises in Germany.

DIRECT INVESTMENT IN GERMANY

INTERNATIONAL INVESTMENT POSITION LIABILITIES (“INWARD POSITION DATA”)

A. Compilation Practices and Data Sources

Data Availability

Separately identifiable semi-annual data are compiled by the Bundesbank within the international investment position (IIP) framework on (a) equity capital and reinvested earnings, and (b) other capital. These data are disseminated with a timeliness of 7-8 months after the end of the reference period in the Bundesbank’s *Statistical Supplement to the Monthly Report* and on the Bundesbank website <http://www.bundesbank.de> under the statistics section (on the page for the *Statistical Supplement to the Monthly Report*).

In addition, separately identifiable annual (calendar year) data are compiled by the Bundesbank within the international investment position (IIP) framework on (a) equity capital and reinvested earnings, and (b) other capital. The data first disseminated are based on the position data for earlier years and/or estimates, and are released as part of the overall International Investment Position data with a timeliness of 9 months after the end of the reference year in the Bundesbank’s *Statistical Supplement to the Monthly Report* and on the Bundesbank website <http://www.bundesbank.de> under the statistics section. These so-called annual “FDI IIP data” are also reported to the IMF for publication. More detailed annual data are disseminated with a timeliness of 16 months after the end of the reference period—these are the so-called annual “FDI stock data”, which are also reported to the OECD and Eurostat.

Revision Practices

The data are preliminary when first released. The revision practice for the annual FDI IIP data corresponds to the revisions practices for the annual FDI stock data. (Overall, the annual FDI IIP data for the previous 3 years are revised to take account of revised source data at the time of the release of annual FDI IIP data for the latest year, 9 months after the end of the reference year. The general revision policy for the FDI stock data is that the data for the previous year are revised at the time of the release of the data for the latest year.) The annual FDI IIP data for the preceding year are revised to take account of new information at the time of the release of the annual FDI stock data for the previous year and the year before, 16 months after the end of the reference year, and again at the time of the release of the annual FDI stock data, 12 months later. At this time the annual FDI IIP data are considered to be final, that is, 24 months after their first release. (In September 2001, end-2000 FDI IIP data are based on the FDI stock data for the previous year and/or estimates; in September 2002, the FDI IIP data as at the end of 2000 are replaced by the FDI stock data from the annual enterprise survey; in September 2003, the end-2000 FDI IIP data are revised in line with the revision of the FDI stock data, which are considered final at that time. The detailed annual FDI stock data reported to the OECD and Eurostat are revised only once, at the time of the release of the data for the latest year, at which time they are considered to be final, that is, 12 months after their first release.

The revised status of the data is not clearly identified in the disseminated data. The general public are informed of the reasons for significant revisions or in instances of methodological changes. The annual IIP data are revised as far back as possible in instances of major changes in methodology or data collection systems, but the annual FDI stock data are not revised in instances of major changes in methodology or data collection systems.

There are no differences in the revision practices between the data disseminated in the national publications and those reported to the IMF, the OECD, and Eurostat for publication. However, differences in the data can occur because of differences in the revision practices and dissemination cycles followed by those organizations and the Bundesbank.

Data Coverage

No major sectors of the economy or elements within those economic sectors are excluded from the annual data.

There are no differences in the sectoral coverage between the data disseminated in the national publications and those reported to the IMF for publication. However, there are differences in the coverage between the data

disseminated in the national publications and those reported to the OECD, as the latter do not include reverse investment positions or private sector real estate positions.

Data Collection Method

The data for the latest year that are first released are collected using a mixture of an aggregate basis (the position data for the previous year) and an individual transactions basis (an international transactions reporting system [ITRS]). The data for the latest year that are disseminated in subsequent releases are collected on an aggregate basis. The reporting requirements are compulsory.

Data Sources

The data that are first released are compiled from the position data for the previous year and the transactions data for the current year, which are primarily compiled from an ITRS that covers cash transactions made through the domestic banking system, cash transactions made through the foreign bank accounts of enterprises, and noncash transactions. The perpetual inventory method (a method for deriving position data from transactions data) is used with adjustments for price changes, exchange rate changes, and other nontransaction changes. The data disseminated in subsequent releases for all components are compiled primarily from annual enterprise surveys of resident enterprises.

There are no differences in the data sources between the data disseminated in the national publications and those reported to the IMF and the OECD for publication.

A business register of enterprises involved in direct investment is used to compile the inward direct investment position data. The register is maintained by the Statistics Department of the Bundesbank and is updated on an ongoing basis using information from (i) the ITRS's list of transactors, (ii) other statistical collection forms, (iii) regional service centers or offices of the Bundesbank, (iv) registers maintained by government licensing and regulatory authorities, (v) the financial press, and (vi) compulsory direct investment surveys. The same business register is used to compile the inward direct investment transactions and position data, and the outward direct investment transactions and position data.

Geographic Classification

Annual FDI stock data showing breakdowns by country for the inward direct investment position data are compiled by the Bundesbank and are disseminated once a year with a timeliness of 16 months after the end of the reference year in the *Special Statistical Publication No. 10: International Capital Links*, which is also available on the Bundesbank's website at http://www.bundesbank.de/download/stat_sonder/statso10_en.pdf. The data showing country breakdowns are also reported to the OECD and Eurostat. The data cover all countries and bilateral data are not used in the compilation of the data.

In accordance with the international standards, the data are compiled and disseminated on an "immediate country" basis. In addition, data are compiled on an ultimate country basis. These data are not disseminated, but are available on request. The five countries with the largest amount of direct investment in Germany as at the end of 2001 (ranked in descending order) were: the Netherlands, Luxembourg, the United States, the United Kingdom, and France.

In addition to the data showing country breakdowns, annual data are compiled by the Bundesbank showing breakdowns of the inward direct investment position data for the following regions/economic zones: (i) the EU15, (ii) EFTA, (iii) the OECD, (iv) NAFTA, (v) the CIS countries, (vi) the ASEAN countries, and (vii) the OPEC countries. These data are not disseminated, but are available on request, subject to confidentiality constraints, with a timeliness of 16 months after the end of the reference period. Data for all other regions are also available on request, subject to confidentiality constraints.

There are differences in the data coverage between the inward position data showing geographic breakdowns disseminated in the national publications and reported to the OECD and Eurostat, and the aggregate inward position data reported to the IMF for publication, in that the former do not include reverse investment positions or private sector real estate positions.

Industrial Classification

Annual data showing a breakdown by industrial activity for the inward direct investment position data are compiled by the Bundesbank and are disseminated once a year with a timeliness of 16 months after the end of the reference year in the *Special Statistical Publication No. 10: International Capital Links*, which is also available on the Bundesbank's website at http://www.bundesbank.de/download/stat_sonder/statso10_en.pdf. The data showing breakdowns by industrial activity for the inward direct investment position data are also reported to the OECD and Eurostat. The data show a breakdown for 70 industrial activities. The classification used is NACE, Rev. 1, which broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC).

The data on the inward direct investment position data are classified on the basis of the industrial activity of the resident direct investment enterprises. The five industrial activities with the largest amount of direct investment in Germany as at the end of 2001 (in descending order) were: (i) holding companies, (ii) wholesale and retail trade, (iii) other financial intermediation, (iv) manufacture of chemicals and chemical products, and (v) credit institutions.

Annual data are disseminated by the Bundesbank for the inward direct investment position data showing a breakdown by both industrial activity and main partner country. These data are disseminated once a year with a timeliness of 16 months after the end of the reference period in the *Special Statistical Publication No. 10: International Capital Links*, which is also available on the Bundesbank's website. The five highest ranking partner countries as at the end of 2001 (ranked in descending order) for which breakdowns by industrial activity are disseminated were: the Netherlands, Luxembourg, the United States, the United Kingdom, and France.

In addition, annual data are compiled by the Bundesbank for the inward direct investment position data showing a breakdown by both industrial activity and region/economic zone. These data are disseminated once a year with a timeliness of 16 months after the end of the reference period in the *Special Statistical Publication No. 10: International Capital Links*, which is also available on the Bundesbank's website.

There are differences in the data coverage between the inward position data showing industrial activity breakdowns disseminated in the national publications and reported to the OECD and Eurostat, and the aggregate inward position data reported to the IMF for publication, in that the former do not include reverse investment positions or private sector real estate positions.

B. Methodology

Definition of Direct Investment Enterprises in Germany

In accordance with the international standards, the basic criterion for defining direct investment enterprises in Germany is 10 percent ownership by a nonresident investor, regardless of whether the investor has an effective voice in management—that is, enterprises in which the nonresident direct investor owns 10 percent or more but does not have an effective voice in management are included, while enterprises in which the nonresident investor owns less than 10 percent but has an effective voice in management are not included. In accordance with the international standards, the 10 percent ownership is based on the ownership of each individual nonresident investor or group of related nonresident investors, rather than being calculated by combining the holdings of all nonresident investors in a specific enterprise or from a specific country. A value threshold is used to identify resident direct investment enterprises, namely, the balance sheet value of the direct investment enterprise must be Euro 3 million or more. (Prior to 2002, two value thresholds were used to identify resident direct investment enterprises in the inward position data, namely, (i) if the ownership of the direct investment enterprise by a nonresident direct investor was 50 percent or more, the balance sheet value of the enterprise had to be Euro 0.5 million or more, and (ii) if the ownership of the direct investment enterprise by a nonresident direct investor was between 10 percent and 50 percent, the balance sheet value of the direct investment enterprise had to be more than Euro 5 million.) Unincorporated enterprises are not treated differently from incorporated enterprises.

Treatment of Indirectly Owned Direct Investment Enterprises

The “Fully Consolidated System” (FCS) recommended in the international standards is partially applied. Contrary to the FCS, the data do not include (i) the relevant share of the reinvested earnings of indirectly-owned

direct investment enterprises, and (ii) all equity capital positions held directly by resident enterprises of a related group as defined in the FCS with nonresident enterprises of the same group, without consideration of the percentage of equity directly held by these direct investors or enterprises in each other, and including those enterprises that share a common direct investor but have no ownership in each other. In accordance with the FCS, the data include all other capital positions held directly by resident enterprises of a related group as defined in the FCS with nonresident enterprises of the same group, without consideration of the percentage of equity directly held by these direct investors or enterprises in each other, and including those enterprises that share a common direct investor but have no ownership in each other.

Enterprises in Germany are required by law to produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic, but are not required by law to identify all transactions with the parent company.

Treatment of Equity Capital and Reinvested Earnings

The equity capital position data cover (i) listed voting stocks (shares), (ii) unlisted voting stocks (shares), (iii) participating preference [preferred] shares, (iv) other non-voting stocks (shares), and (v) noncash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, (i) the data include equity positions between affiliated banks and between affiliated financial intermediaries, (ii) the data include equity positions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, non-participating preference [preferred] shares are classified under equity capital, rather than under other capital.

The reinvested earnings data cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) reinvested earnings are recorded in the period in which they are earned, (ii) the data include positions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks, and (iv) when a direct investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings. (See also the section on the *Measurement of Direct Investment Earnings* in the metadata on the Balance of Payments [transactions] data on Direct Investment in Germany.)

Treatment of Other Capital

The other capital position data cover: (i) long-term loans, (ii) short-term loans, (iii) trade credits, and (iv) financial leases. The data do not include bonds and money market instruments. In accordance with the international standards, the data exclude (i) financial derivatives, (ii) loan/debt guarantees provided by direct investors or related direct investment enterprises, (iii) changes in insurance company technical reserves, and (iv) positions between affiliated banks involving deposits, loans, and other claims and liabilities related to usual banking activities. In accordance with the international standards, (i) the data include positions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries, and (iii) the data include positions associated with permanent debt between affiliated banks and affiliated financial intermediaries. (Permanent debt is defined as being subordinated loans.) Contrary to the international standards, (i) the data include positions between affiliated financial intermediaries involving claims and liabilities related to usual financial intermediation activities, (ii) the data do not include other capital positions between nonfinancial direct investment enterprises and affiliated banks, with the exception of positions involving permanent debt, and (iii) the data do not include non-participating preference [preferred] shares, which are instead classified under equity capital.

The treatment of instances when a loan/debt guarantee provided by a direct investor or related direct investment enterprise is invoked following default by a direct investment enterprise varies depending on the treatment in the accounting records of the individual enterprises—either (i) the entire amount of the loan outstanding is treated as an equity capital injection by the guarantor and recorded under “Liabilities: Direct Investment in Germany: Equity Capital: Liabilities to Direct Investors” at the time the guarantee is invoked, or (ii) the entire amount of the loan outstanding is treated as lending by the guarantor and recorded under “Liabilities: Direct Investment in Germany:

Other Capital: Liabilities to Direct Investors” at the time the guarantee is invoked, or (iii) the periodic payments of principal and interest made by the guarantor are treated as equity capital injections by the guarantor and recorded under “Liabilities: Direct Investment in Germany: Equity Capital: Liabilities to Direct Investors” at the time the periodic payments are made, or (iv) the periodic payments of principal and interest made by the guarantor are treated as lending by the guarantor and recorded under “Liabilities: Direct Investment in Germany: Other Capital: Liabilities to Direct Investors” at the time the periodic payments are made. If the direct investment enterprise has gone into liquidation, an adjustment is made to the position data to reduce the value of the enterprise to zero.

Treatment of Reverse Investment

Positions involving reverse investment are not treated in accordance with the international standards in all instances.

Assuming that the direct investment enterprise is a resident of Germany and the direct investor is a nonresident, when the direct investment enterprise owns at least 10 percent of its nonresident direct investor, and has therefore established a direct investment relationship in its own right, in accordance with the international standards, equity positions are recorded as “Assets: Direct Investment Abroad: Equity Capital: Claims on Affiliated Enterprises” and loan positions are recorded as “Assets: Direct Investment Abroad: Other Capital: Claims on Affiliated Enterprises”.

Assuming that the direct investment enterprise is a resident of Germany and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, contrary to the international standards, equity positions are recorded as “Assets: Portfolio Investment: Equity Securities”, rather than as “Liabilities: Direct Investment in Germany: Equity Capital: Claims on Direct Investors”. In accordance with the international standards, loan positions are recorded as “Liabilities: Direct Investment in Germany: Other Capital: Claims on Direct Investors”. However, data identifying these reverse investment positions as “Liabilities: Other Capital: Claims on Direct Investors” are not reported to the IMF. (Only data at the level of “Liabilities: Direct Investment in Germany: Other Capital” are reported to the IMF.)

Reverse investment positions are not included in the detailed position data reported to the OECD.

Treatment of Quasi-corporations

In accordance with the international standards, the direct investment data include the activities of quasi-corporations involving the operation in Germany by nonresidents of (i) construction enterprises, and (ii) mobile equipment, such as ships, aircraft, and drilling rigs.

Treatment of Offshore Enterprises

Not applicable. There are no offshore enterprises established in Germany by nonresidents at present.

Treatment of Special Purpose Entities (SPEs)

In accordance with the international standards, activities of SPEs established in Germany by nonresidents are included in the direct investment data, with no exceptions. Contrary to the international standards, in the case of SPEs established in Germany by nonresidents that have the primary purpose of financial intermediation, positions with affiliated banks and affiliated financial intermediaries, except those involving equity capital and permanent debt, are not excluded from the data.

Treatment of Land and Buildings

In accordance with the international standards, the equity capital data include ownership of land and buildings in Germany by nonresident enterprises and nonresident individuals. Land and buildings owned in Germany by nonresident enterprises and nonresident individuals on long-term leases are not included.

Ownership of land and buildings in Germany by nonresident enterprises and nonresident individuals is excluded from the detailed data reported to the OECD.

Treatment of Natural Resources Exploration

In accordance with international standards, (i) expenditure related to natural resources exploration in Germany by nonresidents is included in the equity capital data on direct investment, (ii) expenditure on bonus payments made by nonresidents to the host country for the right to undertake exploration for natural resources is included in the equity capital data when there is a clear intention to establish a direct investment enterprise, and (iii) in instances of the shutdown of a direct investment enterprise established in Germany by nonresidents for natural resource exploration, an adjustment to reflect that shutdown is made to the liabilities data on direct investment equity capital in the international investment position statistics.

Valuation of Assets and Liabilities

The data on equity capital for listed enterprises are primarily recorded at book values, which are the values shown in the balance sheets of the individual enterprises. However, the data on equity capital of listed enterprises with direct capital links are also recorded at market values. The data on equity capital for unlisted enterprises are recorded at book values, which are the values shown in the balance sheets of the individual enterprises.

The data on other capital are recorded at book values, which are the values shown in the balance sheets of the individual enterprises.

The book values used are those shown in the accounting records of the resident direct investment enterprises, rather than the nonresident direct investors.

There are plans to value the equity capital and other capital positions in the aggregate inward position data reported to the IMF for publication at market values, beginning with the data for end-2002.

Exchange Rate Conversion

All positions are converted to the unit of account at the exchange rate used in the balance sheets of the individual reporting enterprises, which in the case of the data for the latest year that are derived from the transactions data, are primarily the exchange rate prevailing on the day of the transaction.

DIRECT INVESTMENT ABROAD

BALANCE OF PAYMENTS (“OUTWARD TRANSACTIONS”) DATA

A. Compilation Practices and Data Sources

Data Availability

Separately identifiable monthly data are compiled by the Bundesbank within the balance of payments framework on (a) the components of direct investment income: (i) income on equity (dividends and distributed branch profits), (ii) reinvested earnings, and (iii) income on debt (interest), and (b) the components of direct investment financial flows: (i) equity capital, and (ii) other capital. These data are disseminated with a timeliness of 6 weeks after the end of the reference period in the Bundesbank's *Monthly Report: Balance of Payments* and on the Bundesbank website <http://www.bundesbank.de> under the statistics section (on the page for the *Statistical Supplement to the Monthly Report*). The data are also reported to the IMF for publication (quarterly rather than monthly).

Revision Practices

The data are preliminary when first released. The monthly data for the previous month are revised and disseminated together with the preliminary data for the current month. In addition, the monthly data for the previous 4 years are revised in March of each year and disseminated with the first revised data for December of the last year. The data are revised to take account of new information and corrected data from respondents. The monthly data are considered to be final up to 50 months after their first release on average (the data for January become final after 50 months while the data for December become final 39 months after their first release).

The revised status of the data is clearly identified in the disseminated data. The general public are informed of the reasons for significant revisions and those resulting from major changes in methodology. The historical data are revised as far back as possible in instances of major changes in methodology or data collection systems.

Although there are no differences in the revision practices between the data disseminated in the national publications and those reported to the IMF and OECD for publication, differences in the disseminated data can occur because of differences in the reporting cycle—although the most recent data are reported to both the IMF and the OECD, the data are reported to the IMF on a quarterly basis, while the data are reported to the OECD on an annual basis.

Data Coverage

No major sectors of the economy or elements within those economic sectors are excluded from the monthly data.

There are no differences in the sectoral coverage between the data disseminated in the national publications and those reported to the IMF and the OECD for publication.

Data Collection Method

The data are collected using a mixture of an individual transactions basis and an aggregate basis—data for components compiled from an international transactions reporting system (ITRS) are collected on an individual transactions basis, while data compiled from enterprise surveys are collected on an aggregate basis. The reporting requirements are compulsory.

Data Sources

The data for income on equity (dividends and distributed branch profits), income on debt (interest), and equity capital are compiled from an ITRS, which covers cash transactions made through the domestic banking system, cash transactions made through the foreign bank accounts of enterprises, and noncash transactions. The data for reinvested earnings are calculated by estimating total profits for the current year, deducting dividends, and allocating reinvested earnings as a residual, pro rata temporis, into 12 equal parts. (There are plans to change this practice with effect from 2004 by calculating total monthly operating profits on an accrual basis, deducting

dividends and treating reinvested earnings as a residual.) The data on short-term other capital are compiled from data on assets and liabilities of affiliated enterprises obtained from a monthly survey of resident enterprises, and the data on long-term other capital are compiled from the ITRS.

There are no differences in the data sources between the data disseminated in the national publications and those reported to the IMF and the OECD for publication.

A business register of enterprises involved in direct investment is used to compile the outward direct investment transactions data. The register is maintained by the Statistics Department of the Bundesbank and is updated on an ongoing basis using information from (i) the ITRS's list of transactors, (ii) other statistical collection forms, (iii) regional service centers or offices of the Bundesbank, (iv) registers maintained by government licensing and regulatory authorities, (v) the financial press, and (vi) compulsory direct investment surveys. The same business register is used to compile the outward direct investment transactions and position data and the inward direct investment transactions and position data.

Geographic Classification

Quarterly data showing breakdowns by country for the direct investment income data and for direct investment financial flows data are compiled by the Bundesbank with a timeliness of 6 weeks after the end of the reference period. These data are disseminated in aggregate form in the *Statistical Supplement to the Monthly Report: Balance of Payments*, available on the Bundesbank's website <http://www.bundesbank.de>, but the detailed data are available on request. In addition, annual data showing more detailed breakdowns by country for the direct investment income data and for direct investment financial flows data are compiled by the Bundesbank with a timeliness of 6 months after the end of the reference year. These data are disseminated in the *Special Statistical Publication No. 11: Balance of Payments by Region*, which is also available on the Bundesbank's website at http://www.bundesbank.de/download/volkswirtschaft/stat_beihefte/balanceofpayments072004.pdf. The data showing country breakdowns for both the direct investment financial flows and direct investment income are also reported to the OECD and Eurostat. The data cover all countries. Bilateral data are not used in the compilation of the data.

The debtor/creditor principle is used as the basis for the geographic allocation of the data. The five countries with the largest amount of direct investment income from investment abroad by residents of Germany during 2002 (ranked in descending order) were: the Netherlands, France, Switzerland, Austria, and Spain. The five countries with the largest amount of direct investment financial flows from Germany during 2002 (ranked in descending order) were: the United Kingdom, France, Luxembourg, Austria, and Italy.

In addition to the data showing country breakdowns, annual data are compiled by the Bundesbank showing breakdowns of both the direct investment income and direct investment financial flows for the following regions/economic zones: (i) the EU15, (ii) EFTA, (iii) the OECD, (iv) NAFTA, (v) the CIS countries, (vi) the ASEAN countries, and (vii) the OPEC countries. These data are disseminated once a year with a timeliness of 6 months after the end of the referencing period in the *Special Statistical Publication No. 11: Balance of Payments by Region*, which are also available on the Bundesbank's website. Data for all other regions are available on request, subject to confidentiality constraints.

There are no differences in the data coverage, sources, etc. between the outward transactions data showing geographic breakdowns disseminated in the national publications and reported to the OECD and Eurostat, and the aggregate outward data on direct investment income and direct investment financial flows reported to the IMF for publication.

Industrial Classification

Annual data showing a breakdown by industrial activity for direct investment financial flows are compiled by the Bundesbank and are disseminated once a year with a timeliness of 6 months after the end of the reference year on the website of the Ministry of Economics and Labour (<http://www.bmwa.bund.de>) —with effect from 2004, these data will also be disseminated on the Bundesbank's website <http://www.bundesbank.de>. The data showing breakdowns by industrial activity for the direct investment financial flows are also reported to the OECD and Eurostat. In addition, quarterly data showing a breakdown by industrial activity for direct investment financial flows are compiled by the Bundesbank. These data are not disseminated, but are available on request with a timeliness of 6 weeks after the end of the reference period.

Monthly, quarterly, and annual data showing a breakdown by industrial activity for the direct investment income data are compiled by the Bundesbank. These data are not disseminated, but are available on request (with a timeliness of 6 weeks after the end of the reference period in the case of the monthly and quarterly data and with a timeliness of 6 months after the end of the reference period in the case of the annual data). The data showing breakdowns by industrial activity for the direct investment income are also reported to the OECD and Eurostat.

The data show a breakdown for 70 industrial activities. The classification used is NACE, Rev. 1, which broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC).

The data on direct investment income and direct investment financial flows are classified on the basis of the industrial activity of the resident direct investors. The five industrial activities with the largest amount of direct investment income (disregarding reinvested earnings) from investment abroad by residents of Germany during 2002 (in descending order) were: (i) holding companies, (ii) credit institutions, (iii) mutual funds, (iv) manufacturing of motor vehicles, trailers and semi-trailers, and (v) manufacturing of electrical machinery and apparatus, not elsewhere classified. The five industrial activities with the largest amount of direct investment financial flows from Germany during 2002 (in descending order) were: (i) credit institutions, (ii) holding companies, (iii) electricity, gas, and water supply, (iv) manufacture of motor vehicles, and (v) insurance companies.

Annual data are compiled by the Bundesbank for the direct investment income data and the direct investment financial flows data showing a breakdown by both industrial activity and main partner country. These data are not disseminated, but are available once a year on request, with a timeliness of 9 months after the end of the reference period. The five highest ranking partner countries during 2002 (ranked in descending order) for which breakdowns by industrial activity are disseminated were: the United Kingdom, France, Luxembourg, Austria, and Italy.

In addition, annual data are compiled a year by the Bundesbank for the direct investment income data and the direct investment financial flows data showing a breakdown by both industrial activity and region/economic zone. These data are not disseminated, but are available on request with a timeliness of 9 months after the end of the reference period.

There are no differences in the data coverage, sources, etc. between the outward transactions data showing industrial activity breakdowns disseminated in the national publications and reported to the OECD and Eurostat, and the aggregate outward data on direct investment income and direct investment financial flows reported to the IMF for publication.

B. Methodology

Definition of Direct Investors

In accordance with the international standards, the basic criterion for defining resident direct investors is 10 percent ownership by a resident investor of an enterprise abroad, regardless of whether the investor has an effective voice in management—that is, enterprises abroad in which the resident direct investor owns 10 percent or more but does not have an effective voice in management are included, while enterprises abroad in which the resident investor owns less than 10 percent but has an effective voice in management are not included. In accordance with the international standards, the 10 percent ownership is based on the ownership of each individual resident investor or group of related resident investors, rather than being calculated by combining the holdings of all resident investors in a specific enterprise abroad or in a specific country abroad. No value threshold is used to identify resident direct investors, and unincorporated enterprises are not treated differently from incorporated enterprises.

Treatment of Indirectly Owned Direct Investment Enterprises

The “Fully Consolidated System” (FCS) recommended in the international standards is partially applied. In accordance with the FCS, the direct investment financial flows data include all equity and other capital transactions made directly between resident enterprises of a related group as defined in the FCS and nonresident enterprises of the same group, without consideration of the percentage of equity directly held by these enterprises in each other, and including those enterprises that share a common direct investor but have no

ownership in each other. Contrary to the FCS, the direct investment earnings data do not include the relevant share of all indirectly-owned direct investment enterprises.

Enterprises in Germany are required by law to produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic, but are not required by law to identify all transactions with the parent company.

Measurement of Direct Investment Earnings

Contrary to the international standards, the "Current Operating Performance Concept" (COPC) is not fully used to calculate earnings of direct investment enterprises. In accordance with the COPC, (i) deductions are made for depreciation of capital, (ii) realized and unrealized capital gains and losses, write-offs, and realized and unrealized exchange rate gains and losses are not included, (iii) interest receivable/payable is included, and (iv) debt repayments receivable/payable are excluded. (Prior to the data for 2000, realized capital gains and losses, unrealized capital losses, and write-offs, were included in the data.) Contrary to the COPC, provisions are not made for host-country income and corporation taxes.

Treatment of Income on Equity (Dividends and Distributed Branch Profits)

The data on dividends and distributed branch profits cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) the data for unincorporated enterprises are recorded gross of any withholding taxes, (ii) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, (i) dividends and distributed branch profits are recorded on the date they are paid, rather than the date they are declared payable, and (ii) the data for incorporated enterprises are recorded net, rather than gross, of any withholding taxes.

Treatment of Reinvested Earnings and Undistributed Branch Profits

The data on reinvested earnings and undistributed branch profits cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) reinvested earnings are recorded in the period in which they are earned, (ii) the data include reinvested earnings and undistributed branch profits between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks, and (iv) when a direct investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings.

Treatment of Income on Debt (Interest)

The data on income on debt (interest) cover both incorporated enterprises and unincorporated enterprises. The data include interest on (i) long-term loans, (ii) short-term loans, and (iii) financial leases. The data do not include (i) bonds and money market instruments, and (ii) trade credits.

In accordance with the international standards, (i) the data do not include interest on financial derivatives, (ii) the data do not include interest on deposits, loans, and other claims and liabilities related to usual banking activities between affiliated banks, (iii) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iv) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, (i) the data include interest on claims and liabilities related to usual financial intermediation activities between affiliated financial intermediaries, and (ii) the data are recorded on a paid basis, rather than on an accrual basis.

Treatment of Equity Capital

The equity capital transactions data cover (i) listed voting stocks (shares), (ii) unlisted voting stocks (shares), (iii) participating preference [preferred] shares, (iv) other non-voting stocks (shares), and (v) noncash acquisitions of

equity, such as through the provision of capital equipment. In accordance with the international standards, (i) the data include equity transactions between affiliated banks and between affiliated financial intermediaries, (ii) the data include equity transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, non-participating preference [preferred] shares are classified under equity capital, rather than under other capital.

Treatment of Other Capital

The other capital transactions data cover: (i) long-term loans, (ii) short-term loans, (iii) trade credits, and (iv) financial leases. The data do not include bonds and money market instruments. In accordance with the international standards, the data exclude (i) financial derivatives, (ii) loan/debt guarantees provided by direct investors or related direct investment enterprises, (iii) changes in insurance company technical reserves, and (iv) transactions between affiliated banks involving deposits, loans, and other claims and liabilities related to usual banking activities. In accordance with the international standards, (i) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks, and (iii) the data include transactions associated with permanent debt between affiliated banks and between affiliated financial intermediaries. (Permanent debt is defined as being subordinated loans.) Contrary to the international standards, (i) the data do not include non-participating preference [preferred] shares, which are instead classified under equity capital, and (ii) the data include transactions between affiliated financial intermediaries involving claims and liabilities related to usual financial intermediation activities.

The treatment of instances when a loan/debt guarantee provided by a direct investor is invoked following default by a direct investment enterprise varies depending on the treatment in the accounting records of the individual enterprises—either (i) the entire amount of the loan outstanding is treated as an equity capital injection by the guarantor and recorded under “Direct Investment Abroad: Equity Capital: Increase in Claims on Affiliated Enterprises” at the time the guarantee is invoked, or (ii) the entire amount of the loan outstanding is treated as lending by the guarantor and recorded under “Direct Investment Abroad: Other Capital: Increase in Claims on Affiliated Enterprises” at the time the guarantee is invoked, or (iii) the periodic payments of principal and interest made by the guarantor are treated as equity capital injections by the guarantor and recorded under “Direct Investment Abroad: Equity Capital: Increase in Claims on Affiliated Enterprises” at the time the periodic payments are made, or (iv) the periodic payments of principal and interest made by the guarantor are treated as lending by the guarantor and recorded under “Direct Investment Abroad: Other Capital: Increase in Claims on Affiliated Enterprises” at the time the periodic payments are made.

Treatment of Reverse Investment

Transactions involving reverse investment are not treated in accordance with the international standards in all instances.

Assuming that the direct investment enterprise is a resident of Germany and the direct investor is a nonresident, when the direct investment enterprise owns at least 10 percent of its nonresident direct investor, and has therefore established a direct investment relationship in its own right, in accordance with the international standards, equity transactions are recorded as “Direct Investment Abroad: Equity Capital: Increase in Claims on Affiliated Enterprises” and loan transactions are recorded as “Direct Investment Abroad: Other Capital: Increase in Claims on Affiliated Enterprises”.

Assuming that the direct investment enterprise is a resident of Germany and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, contrary to the international standards, equity transactions are recorded as “Portfolio Investment: Increase in Assets: Equity Securities”, rather than as “Direct Investment in Germany: Equity Capital: Increase in Claims on Direct Investors”. In accordance with the international standards, loan transactions are recorded as “Direct Investment in Germany: Other Capital: Increase in Claims on Direct Investors”. However, data identifying these reverse investment transactions as “Direct Investment in Germany: Other Capital: Increase in Claims on Direct Investors”

are not reported to the IMF. (Only data at the level of “Direct Investment in Germany: Other Capital” are reported to the IMF.)

Treatment of Quasi-corporations

In accordance with the international standards, the direct investment data include the activities of quasi-corporations involving the operation abroad by residents Germany of (i) construction enterprises, and (ii) mobile equipment, such as ships, aircraft, and drilling rigs.

Treatment of Offshore Enterprises

In accordance with the international standards, activities of offshore enterprises established abroad by residents of Germany are included in the direct investment data.

Treatment of Special Purpose Entities (SPEs)

In accordance with the international standards, activities of SPEs established abroad by residents of Germany are included in the direct investment data, with no exceptions. Contrary to the international standards, in the case of SPEs established abroad by residents of Germany that have the primary purpose of financial intermediation, transactions with affiliated banks and affiliated financial intermediaries, except those involving equity capital and permanent debt, are not excluded from the data.

Treatment of Land and Buildings

In accordance with the international standards, the equity capital data include purchases and sales of land and buildings abroad by enterprises and individuals resident in Germany. Land and buildings purchased abroad by enterprises and individuals resident in Germany on long-term leases are not included.

Treatment of Natural Resources Exploration

In accordance with international standards, (i) expenditure related to natural resources exploration abroad made by residents of Germany is included in the equity capital data, (ii) expenditure on bonus payments made by residents of Germany to the host country for the right to undertake exploration for natural resources is included in the equity capital data when there is a clear intention to establish a direct investment enterprise, and (iii) in instances of the shutdown of a direct investment enterprise established in Germany by nonresidents for natural resource exploration, no transactions are recorded in the balance of payments statistics.

Exchange Rate Conversion

Most transactions are converted to the unit of account at the exchange rate prevailing on the day of the transaction, but some are converted at the average exchange rate for the period. The data on reinvested earnings are converted at the exchange rate used for the balance sheets of the individual direct investment enterprises abroad.

DIRECT INVESTMENT ABROAD

INTERNATIONAL INVESTMENT POSITION ASSETS (“OUTWARD POSITION DATA”)

A. Compilation Practices and Data Sources

Data Availability

Separately identifiable semi-annual data are compiled by the Bundesbank within the international investment position (IIP) framework on (a) equity capital and reinvested earnings, and (b) other capital. These data are disseminated with a timeliness of 7-8 months after the end of the reference period in the Bundesbank’s *Statistical Supplement to the Monthly Report* and on the Bundesbank website <http://www.bundesbank.de> under the statistics section (on the page for the *Statistical Supplement to the Monthly Report*).

In addition, separately identifiable annual (calendar year) data are compiled by the Bundesbank within the international investment position (IIP) framework on (a) equity capital and reinvested earnings, and (b) other capital. The data first disseminated are based on FDI stock data for the previous year and/or estimates, and are released as part of the overall International Investment Position data with a timeliness of 9 months after the end of the reference year in the Bundesbank’s *Statistical Supplement to the Monthly Report* and on the Bundesbank website <http://www.bundesbank.de> under the statistics section. These so-called annual “IIP data” are also reported to the IMF for publication. More detailed annual data are disseminated with a timeliness of 16 months after the end of the reference period—these are the so-called annual “FDI stock data”, which are also reported to the OECD and Eurostat.

Revision Practices

The data are preliminary when first released. The revision practice for the annual FDI IIP data corresponds to the revisions practices for the annual FDI stock data. (Overall, the annual FDI IIP data for the previous 3 years are revised to take account of revised source data at the time of the release of annual FDI IIP data for the latest year, 9 months after the end of the reference year. The general revision policy for the FDI stock data is that the data for the previous year are revised at the time of the release of the data for the latest year.) The annual FDI IIP data for the preceding year are revised to take account of new information at the time of the release of the annual FDI stock data for the previous year and the year before, 16 months after the end of the reference year, and again at the time of the release of the annual FDI stock data, 12 months later. At this time the annual FDI IIP data are considered to be final, that is, 24 months after their first release. (In September 2001, end-2000 FDI IIP data are based on the FDI stock data for the previous year and/or estimates; in September 2002, the FDI IIP data as at the end of 2000 are replaced by the FDI stock data from the annual enterprise survey; in September 2003, the end-2000 FDI IIP data are revised in line with the revision of the FDI stock data, which are considered final at that time. The detailed annual FDI stock data reported to the OECD and Eurostat are revised only once, at the time of the release of the data for the latest year, at which time they are considered to be final, that is, 12 months after their first release.

The revised status of the data is not clearly identified in the disseminated data. The general public are informed of the reasons for significant revisions or in instances of methodological changes. The annual IIP data are revised as far back as possible in instances of major changes in methodology or data collection systems, but the annual FDI stock data are not revised in instances of major changes in methodology or data collection systems.

There are no differences in the revision practices between the data disseminated in the national publications and those reported to the IMF, the OECD, and Eurostat for publication. However, differences in the data can occur because of differences in the revision practices and dissemination cycles followed by those organizations and the Bundesbank.

Data Coverage

No major sectors of the economy or elements within those economic sectors are excluded from the annual data.

There are no differences in the sectoral coverage between the data disseminated in the national publications and those reported to the IMF for publication. However, there are differences in the sectoral coverage between the

data disseminated in the national publications and those reported to the OECD, as the latter do not include reverse investment positions or private sector real estate positions.

Data Collection Method

The data for the latest year that are first released are collected using a mixture of an aggregate basis (the position data for the previous year) and an individual transactions basis (an international transactions reporting system [ITRS]). The data for the latest year that are disseminated in subsequent releases are collected on an aggregate basis. The reporting requirements are compulsory.

Data Sources

The data for all components are compiled primarily from annual enterprise surveys of resident enterprises. The perpetual inventory method (a method for deriving position data from transactions data) is used for the first release of the data for the most recent year, which are based on the transactions data for that year with adjustments for price changes, exchange rate changes, and other nontransaction changes.

There are no differences in the data sources between the data disseminated in the national publications and those reported to the IMF and the OECD for publication.

A business register of enterprises involved in direct investment is used to compile the outward direct investment position data. The register is maintained by the Statistics Department of the Bundesbank and is updated on an ongoing basis using information from (i) the ITRS's list of transactors, (ii) other statistical collection forms, (iii) regional service centers or offices of the Bundesbank, (iv) registers maintained by government licensing and regulatory authorities, (v) the financial press, and (vi) compulsory direct investment surveys. The same business register is used to compile the outward direct investment transactions and position data and the inward direct investment transactions and position data.

Geographic Classification

Annual FDI stock data showing breakdowns by country for the outward direct investment position data are compiled by the Bundesbank and are disseminated once a year with a timeliness of 16 months after the end of the reference year in the *Special Statistical Publication No. 10: International Capital Links*, which is also available on the Bundesbank's website at http://www.bundesbank.de/download/stat_sonder/statso10_en.pdf. The data showing country breakdowns are also reported to the OECD and Eurostat. The data cover all countries and bilateral data are not used in the compilation of the data.

In accordance with the international standards, the data are compiled on an "immediate country" basis. The five countries with the largest amount of direct investment from Germany as at the end of 2001 (ranked in descending order) were: the United States, the Netherlands, the United Kingdom, France, and Luxembourg.

In addition to the data showing country breakdowns, annual data are compiled by the Bundesbank showing breakdowns of the outward direct investment position data for the following regions/economic zones: (i) the EU15, (ii) EFTA, (iii) the OECD, (iv) NAFTA, (v) the CIS countries, (vi) the ASEAN countries, and (vii) the OPEC countries. These data are not disseminated, but are available on request, subject to confidentiality constraints, with a timeliness of 16 months after the end of the reference period. Data for all other regions are also available on request, subject to confidentiality constraints.

There are differences in the data coverage between the outward position data showing geographic breakdowns disseminated in the national publications and reported to the OECD and Eurostat, and the aggregate outward position data reported to the IMF for publication, in that the former do not include reverse investment positions or private sector real estate positions.

Industrial Classification

Annual data showing a breakdown by industrial activity for the outward direct investment position data are compiled by the Bundesbank and are disseminated once a year with a timeliness of 16 months after the end of the reference year in the *Special Statistical Publication No. 10: International Capital Links*, which is also available on the Bundesbank's website at http://www.bundesbank.de/download/stat_sonder/statso10_en.pdf. The data showing breakdowns by industrial activity for the outward direct investment position data are also reported to the

OECD and Eurostat. The data show a breakdown for 70 industrial activities. The classification used is NACE, Rev. 1, which broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC).

The data on the outward direct investment position data are classified on two separate bases—on the basis of the industrial activity of the resident direct investors, and on the basis of the nonresident direct investment enterprises. The five industrial activities with the largest amount of direct investment from Germany as at the end of 2001 (in descending order) were: (i) holding companies, (ii) wholesale and retail trade, (iii) credit institutions, (iv) post and telecommunications, and (v) other financial intermediation.

Annual data are compiled by the Bundesbank for the outward direct investment position data showing a breakdown by both industrial activity and main partner country. These data are disseminated once a year with a timeliness of 16 months after the end of the reference period in the *Special Statistical Publication No. 10: International Capital Links*, which is also available on the Bundesbank's website. The five highest ranking partner countries as at the end of 2001 (ranked in descending order) for which breakdowns by industrial activity are disseminated were: the United States, the Netherlands, the United Kingdom, France, and Luxembourg.

In addition, annual data are compiled once a year by the Bundesbank for the outward direct investment position data showing a breakdown by both industrial activity and region/economic zone. These data are disseminated once a year with a timeliness of 16 months after the end of the reference period in the *Special Statistical Publication No. 10: International Capital Links*, which is also available on the Bundesbank's website.

There are differences in the data coverage between the outward position data showing industrial activity breakdowns disseminated in the national publications and reported to the OECD and Eurostat, and the aggregate outward position data reported to the IMF for publication, in that the former do not include reverse investment positions or private sector real estate positions.

B. Methodology

Definition of Direct Investors

In accordance with the international standards, the basic criterion for defining resident direct investors is 10 percent ownership by a resident investor of an enterprise abroad, regardless of whether the investor has an effective voice in management—that is, enterprises abroad in which the resident direct investor owns 10 percent or more but does not have an effective voice in management are included, while enterprises abroad in which the resident investor owns less than 10 percent but has an effective voice in management are not included. In accordance with the international standards, the 10 percent ownership is based on the ownership of each individual resident investor or group of related resident investors, rather than being calculated by combining the holdings of all resident investors in a specific enterprise abroad or in a specific country abroad. A value threshold is used to identify resident direct investors, namely, the balance sheet value of the direct investment enterprise abroad must be Euro 3 million or more. Prior to 2002, two value thresholds were used to identify resident direct investors in the outward position data, namely (i) if the ownership of the nonresident direct investment enterprise by a resident direct investor was 50 percent or more, the balance sheet value of the enterprise had to be Euro 0.5 million or more, and (ii) if the ownership of the nonresident direct investment enterprise by a resident direct investor was between 10 percent and 50 percent, the balance sheet value of the direct investment enterprise had to be more than Euro 5 million. Unincorporated enterprises are not treated differently from incorporated enterprises.

Treatment of Indirectly Owned Direct Investment Enterprises

The “Fully Consolidated System” (FCS) recommended in the international standards is partially applied. Contrary to the FCS, the data do not include (i) the relevant share of the reinvested earnings of indirectly-owned direct investment enterprises, and (ii) all equity capital positions held directly by resident enterprises of a related group as defined in the FCS with nonresident enterprises of the same group, without consideration of the percentage of equity directly held by these direct investors or enterprises in each other, and including those enterprises that share a common direct investor but have no ownership in each other. In accordance with the FCS, the data include all other capital positions held directly by resident enterprises of a related group as defined in the FCS with nonresident enterprises of the same group, without consideration of the percentage of equity

directly held by these direct investors or enterprises in each other, and including those enterprises that share a common direct investor but have no ownership in each other.

Enterprises in Germany are required by law to produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic, but are not required by law to identify all transactions with the parent company.

Treatment of Equity Capital and Reinvested Earnings

The equity capital position data cover (i) listed voting stocks (shares), (ii) unlisted voting stocks (shares), (iii) participating preference [preferred] shares, (iv) other non-voting stocks (shares), and (v) noncash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, (i) the data include equity positions between affiliated banks and between affiliated financial intermediaries, (ii) the data include equity positions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, non-participating preference shares are classified under equity capital, rather than under other capital.

The reinvested earnings data cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) reinvested earnings are recorded in the period in which they are earned, (ii) the data include positions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks, and (iv) when a direct investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings. (See also the section on the *Measurement of Direct Investment Earnings* in the metadata on the Balance of Payments [transactions] data on Direct Investment Abroad.)

Treatment of Other Capital

The other capital position data cover: (i) long-term loans, (ii) short-term loans, (iii) trade credits, and (iv) financial leases. The data do not include bonds and money market instruments. In accordance with the international standards, the data exclude (i) financial derivatives, (ii) loan/debt guarantees provided by direct investors or related direct investment enterprises, (iii) changes in insurance company technical reserves, and (iv) positions between affiliated banks involving deposits, loans, and other claims and liabilities related to usual banking activities. In accordance with the international standards, (i) the data include positions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries, and (iii) the data include positions associated with permanent debt between affiliated banks and affiliated financial intermediaries. (Permanent debt is defined as being subordinated loans.) Contrary to the international standards, (i) the data include positions between affiliated financial intermediaries involving claims and liabilities related to usual financial intermediation activities, (ii) the data do not include other capital positions between nonfinancial direct investment enterprises and affiliated banks, with the exception of positions involving permanent debt, and (iii) the data do not include non-participating preference shares, which are instead classified under equity capital.

The treatment of instances when a loan/debt guarantee provided by a direct investor is invoked following default by a direct investment enterprise varies depending on the treatment in the accounting records of the individual enterprises—either (i) the entire amount of the loan outstanding is treated as an equity capital injection by the guarantor and recorded under “Assets: Direct Investment Abroad: Equity Capital: Claims on Affiliated Enterprises” at the time the guarantee is invoked, or (ii) the entire amount of the loan outstanding is treated as lending by the guarantor and recorded under “Assets: Direct Investment Abroad: Other Capital: Claims on Affiliated Enterprises” at the time the guarantee is invoked, or (iii) the periodic payments of principal and interest made by the guarantor are treated as equity capital injections by the guarantor and recorded under “Assets: Direct Investment Abroad: Equity Capital: Claims on Affiliated Enterprises” at the time the periodic payments are made, or (iv) the periodic payments of principal and interest made by the guarantor are treated as lending by the guarantor and recorded under “Assets: Direct Investment Abroad: Other Capital: Claims on Affiliated Enterprises” at the time the periodic payments are made. If the direct investment enterprise has gone into liquidation, an adjustment is made to the position data to reduce the value of the enterprise to zero.

Treatment of Reverse Investment

Positions involving reverse investment are not treated in accordance with the international standards in all instances.

Assuming that the direct investment enterprise is a resident of Germany and the direct investor is a nonresident, when the direct investment enterprise owns at least 10 percent of its nonresident direct investor, and has therefore established a direct investment relationship in its own right, in accordance with the international standards, equity positions are recorded as "Assets: Direct Investment Abroad: Equity Capital: Claims on Affiliated Enterprises" and loan positions are recorded as "Assets: Direct Investment Abroad: Other Capital: Claims on Affiliated Enterprises".

Assuming that the direct investment enterprise is a resident of Germany and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, contrary to the international standards, equity positions are recorded as "Assets: Portfolio Investment: Equity Securities", rather than as "Liabilities: Direct Investment in Germany: Equity Capital: Claims on Direct Investors". In accordance with the international standards, loan positions are recorded as "Liabilities: Direct Investment in Germany: Other Capital: Claims on Direct Investors". However, data identifying these reverse investment positions as "Liabilities: Other Capital: Claims on Direct Investors" are not reported to the IMF. (Only data at the level of "Liabilities: Direct Investment in Germany: Other Capital" are reported to the IMF.)

Reverse investment positions are not included in the detailed position data reported to the OECD.

Treatment of Quasi-corporations

In accordance with the international standards, the direct investment data include the activities of quasi-corporations involving the operation abroad by residents of Germany of (i) construction enterprises, and (ii) mobile equipment, such as ships, aircraft, and drilling rigs.

Treatment of Offshore Enterprises

In accordance with the international standards, activities of offshore enterprises established abroad by residents of Germany are included in the direct investment data.

Treatment of Special Purpose Entities (SPEs)

In accordance with the international standards, activities of SPEs established abroad by residents of Germany are included in the direct investment data, with no exceptions. Contrary to the international standards, in the case of SPEs established abroad by residents of Germany that have the primary purpose of financial intermediation, positions with affiliated banks and affiliated financial intermediaries, except those involving equity capital and permanent debt, are not excluded from the data.

Treatment of Land and Buildings

In accordance with the international standards, the equity capital data include ownership of land and buildings abroad by enterprises and individuals resident in Germany. Land and buildings owned abroad by enterprises and individuals resident in Germany on long-term leases are not included.

Ownership of land and buildings abroad by enterprises and individuals resident in Germany is excluded from the detailed data reported to the OECD.

Treatment of Natural Resources Exploration

In accordance with international standards, (i) expenditure related to natural resources exploration abroad by residents of Germany is included in the equity capital data on direct investment, (ii) expenditure on bonus payments made by residents of Germany to the host country for the right to undertake exploration for natural resources is included in the equity capital data when there is a clear intention to establish a direct investment enterprise, and (iii) in instances of the shutdown of a direct investment enterprise established abroad by

residents of Germany for natural resource exploration, an adjustment to reflect that shutdown is made to the assets data on direct investment equity capital in the international investment position statistics.

Valuation of Assets and Liabilities

The data on equity capital for listed enterprises are primarily recorded at book values, which are the values shown in the balance sheets of the individual enterprises. However, the data on equity capital of listed enterprises with direct capital links are also recorded at market values. The data on equity capital for unlisted enterprises are recorded at book values, which are the values shown in the balance sheets of the individual enterprises.

The data on other capital are recorded at book values, which are the values shown in the balance sheets of the individual enterprises.

The book values used are those shown in the accounting records of the nonresident direct investment enterprises, rather than the resident direct investors.

There are plans to value the equity capital and other capital positions in the aggregate outward position data reported to the IMF for publication at market values, beginning with the data for end-2002.

Exchange Rate Conversion

All positions are converted to the unit of account at the exchange rate used in the balance sheets of the individual reporting enterprises, with the exception of the data for the most recent year that are derived from the transactions data, in which case the data are converted to the unit of exchange at the exchange rate prevailing at the end of the period to which the data relate.