

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.

## **Greece:**

### **Direct Investment Compilation Practices, Data Sources and Methodology**

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#### **Direct Investment in Greece**

- **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 GREECE

### BALANCE OF PAYMENTS (“INWARD TRANSACTIONS”) DATA

#### A. Compilation Practices and Data Sources

##### Data Availability

Separately identifiable monthly data (the most timely) are compiled by the Bank of Greece (BoG) within the balance of payments framework on (a) two of the three components of direct investment income: (i) income on equity (dividends and distributed branch profits), and (ii) income on debt (interest), and (b) the components of direct investment financial flows: (i) equity capital, and (ii) other capital, with a timeliness of 7 weeks after the end of the reference period. These data are not disseminated, but are available on request, as indicated on the BoG website (<http://www.bankofgreece.gr/en/sdds-external-balanceofpayments.xls>).

More comprehensive separately identifiable quarterly data are compiled by the BoG within the balance of payments framework on (a) two of the three components of direct investment income: (i) income on equity (dividends and distributed branch profits), and (ii) income on debt (interest), and (b) the components of direct investment financial flows: (i) equity capital, and (ii) other capital, with a timeliness of 3 months after the end of the reference period. These data are not disseminated, but are available on request, as indicated on the BoG website. The data are also reported to the IMF for publication. Detailed direct investment data (annual rather than quarterly) are also reported to the OECD, as well as monthly aggregates of direct investment flows within the framework of the “Main Economic Indicators”.

There are plans to begin to compile annual estimates of reinvested earnings for the 2003 year in 2004, based on an annual enterprise survey of direct investment positions, and to begin to include these data in the annual balance of payments statistics once they have been checked for robustness.

In addition, data showing total inward direct investment transactions and net direct investment are disseminated in the BoG’s *Monthly Bulletin*, and the *Annual Governor’s Report*, as well as on the BoG website cited above.

##### Revision Practices

The data are preliminary when first released. Although there is no strict national revision policy, the monthly and quarterly data are revised if necessary at the end of each month/quarter and become available on request at the time of release of the preliminary data for the latest quarter. The monthly and quarterly data for the current and previous two years are revised again if necessary once a year at the time of the release of the data for the last quarter of the current year. At this time they are considered to be final, that is, up to 36 months after their first release in the case of the monthly data and 33 months after their first release in the case of the quarterly data. The revised status of the data is clearly identified in the data made available on request, and the general public are informed of the reasons for the revision. The historical data are revised as far back as possible in instances of major changes in methodology or data collection systems.

There are no differences in the revision practices between the data made available on request and those reported to the IMF and OECD for publication.

##### Data Coverage

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

##### Data Collection Method

The data are collected on an individual transactions basis. The reporting requirements are compulsory.

##### Data Sources

Both the monthly and the quarterly data for all components are compiled from an international transactions reporting system (ITRS), which covers cash transactions made through the domestic banking system, but not cash transactions made through the foreign bank accounts of enterprises, or noncash transactions. (However, the volume of cash transactions made through the foreign bank accounts of enterprises is considered to be low.)

There are no differences in the data sources between the data made available on request and those reported to the IMF and OECD for publication.

A business register of enterprises involved in direct investment is not used to compile the inward direct investment transactions data.

### **Geographic Classification**

Quarterly data showing breakdowns by country for the direct investment income data and the direct investment financial flows data are compiled by the BoG with a timeliness of 3 months after the end of the reference period. These data are not disseminated, but are available on request, as indicated on the BoG website. However, there are plans to begin to disseminate the data showing country breakdowns on the BoG website with effect from the end of 2004. The data are also reported to the OECD and Eurostat for publication. The data cover all countries. Bilateral data are used on occasion in the compilation of the direct investment financial flows data, but not in the compilation of the direct investment income data.

The transactor principle, rather than the debtor/creditor principle, is used as the basis for the geographic allocation of the data. The three countries with the largest amount of direct investment income from investment in Greece during 2003 (ranked in descending order) were: the Netherlands, the United Kingdom, and France. The five countries with the largest amount of direct investment financial flows into Greece during 2003 (ranked in descending order) were: the United Kingdom, Germany, Switzerland, Italy, and the United States.

In addition to the data showing country breakdowns, quarterly data are compiled by the BoG 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 available on request with a timeliness of 3 months after the end of the reference period and are also reported to the OECD and Eurostat.

There are no differences in the data coverage, sources, etc. between the inward transactions data showing geographic breakdowns made available on request 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 breakdowns by industrial activity for the direct investment income data and the direct investment financial flows data are compiled by the BoG with a timeliness of 9 months after the end of the reference period. These data are not disseminated, but are available on request, as indicated on the BoG website. The data are also reported to the OECD and Eurostat for publication. The data show a breakdown for 52 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).

Both 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 three industrial activities with the largest amount of direct investment income from investment in Greece during 2003 (in descending order) were: (i) manufacturing, (ii) hotels and restaurants, and (iii) mining and quarrying. The five industrial activities with the largest amount of direct investment financial flows into Greece during 2003 (in descending order) were: (i) petroleum products, (ii) transport, communications, and telecommunications, (iii) manufacturing of food products, (iv) manufacturing of machinery and equipment, and (v) gas and electricity.

Annual data are compiled by the BoG for both the direct investment income data and the direct investment financial flows data showing a breakdown by both industrial activity and main partner country with a timeliness of 9 months after the end of the reference period. These data are not disseminated, but are available on request, as indicated on the BoG website. For direct investment income, the three highest ranking partner countries during 2003 (ranked in descending order) for which breakdowns by industrial activity are made available on request were: the Netherlands, the United Kingdom, and France. For direct investment financial flows, the three highest

ranking partner countries during 2003 (ranked in descending order) for which breakdowns by industrial activity are made available on request were: the United Kingdom, Germany, and Italy.

In addition, annual data compiled by the BoG 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 are available on request with a timeliness 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 made available on request 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 Greece**

In accordance with the international standards, the basic criterion for defining direct investment enterprises in Greece 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. No value threshold is used to identify resident direct investment enterprises, 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 reporting requirements request that (i) the direct investment earnings data include the relevant share of all indirectly-owned direct investment enterprises, and (ii) 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. However, in practice these reporting requirements are not always followed.

Enterprises in Greece are required by law to (i) produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic, and (ii) 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 direct investment earnings. In accordance with the COPC, (i) deductions are made for depreciation of capital, and for provisions for host-country income and corporation taxes, (ii) unrealized capital gains and losses are excluded, and (iii) interest receivable/payable is included. Contrary to the COPC, (i) realized capital gains and losses, write-offs, and realized and unrealized exchange rate gains and losses are included, and (iii) debt repayments receivable/payable are not excluded.

### **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. Contrary to the international standards, (i) dividends and distributed branch profits are recorded net, rather than gross, of any withholding taxes, and (ii) dividends and distributed branch profits are recorded on the date they are paid, rather than the date they are declared payable. 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, and (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks.

### **Treatment of Reinvested Earnings and Undistributed Branch Profits**

Not applicable. Data on reinvested earnings are not compiled at present. However, there are plans to begin to compile annual estimates beginning in 2004.

### **Treatment of Income on Debt (Interest)**

The data on income on debt (interest) cover both incorporated enterprises and unincorporated enterprises and include interest on (i) long-term loans, (ii) short-term loans, (iii) bonds and money market instruments, and (iv) financial leases. The data do not cover trade credits. In accordance with the international standards, the data do not include interest on (i) financial derivatives, and (ii) deposits, loans, and other claims and liabilities related to usual banking and financial intermediation activities between affiliated banks and affiliated financial intermediaries. 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, and (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. Contrary to the international standards, the data are compiled on a paid basis, rather than 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, and (iv) other non-voting stocks (shares). The data do not cover 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, the data include non-participating preference shares, which are classified under equity capital, instead of under other capital.

### **Treatment of Other Capital**

The other capital transactions data cover: (i) long-term loans, (ii) short-term loans, (iii) bonds and money market instruments, (iv) trade credits, and (v) financial leases. 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, and (iii) transactions between affiliated banks and between affiliated financial intermediaries involving deposits, loans, and other claims and liabilities related to usual banking and financial intermediation 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 "dowry capital".) Contrary to the international standards, (i) the data include changes in insurance company technical reserves, and (ii) the data do not include non-participating preference shares, which are classified under equity capital, rather than other capital.

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 cannot be identified from the present data sources.

### **Treatment of Reverse Investment**

Transactions involving reverse investment are treated in accordance with the international standards in all instances.

Assuming that the direct investment enterprise is a resident of Greece 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 Greece and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, in accordance with the international standards, equity transactions are recorded as "Direct Investment in Greece: Equity Capital: Increase in Claims on Direct Investors", and loan transactions are recorded as "Direct Investment in Greece: Other Capital: Increase in Claims on Direct Investors", and both are reported as such 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 Greece 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 Greece by nonresidents at present.

#### **Treatment of Special Purpose Entities (SPEs)**

Not applicable. There are no SPEs established in Greece by nonresidents at present.

#### **Treatment of Land and Buildings**

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

#### **Treatment of Natural Resources Exploration**

In accordance with the international standards, (i) expenditure related to natural resources exploration in Greece 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 Greece by nonresidents for natural resource exploration, no transactions are shown 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. However, some data are converted at the average exchange rate for the period.

## DIRECT INVESTMENT IN GREECE

### INTERNATIONAL INVESTMENT POSITION LIABILITIES (“INWARD POSITION DATA”)

#### A. Compilation Practices and Data Sources

##### Data Availability

Separately identifiable annual (calendar year) data are compiled by the Bank of Greece (BoG) within the international investment position (IIP) framework on (a) equity capital and reinvested earnings, and (b) other capital, with a timeliness of 9 months after the end of the reference period. These data are not disseminated, but are available on request, as indicated on the BoG website. The data are also reported to the IMF and the OECD for publication.

In addition, data showing total inward direct investment position data and net inward direct investment position data are disseminated in the BoG's *Monthly Bulletin*, and the *Annual Governor's Report*, as well as on the following BoG website (<http://www.bankofgreece.gr/en/sdds-external-iip.xls>).

##### Revision Practices

The data are preliminary when first released. The data for the previous year are revised once to take account of late responses to the annual enterprise survey and revised source data and are made available on request at the time of release of the preliminary data for the latest year. At this time they are considered to be final, that is 21 months after the end of the reference period, or 12 months after their first release.

The revised status of the data is clearly identified in the data made available on request and the general public are informed of the reasons for major revisions. The historical 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 made available on request and those reported to the IMF and OECD for publication.

##### Data Coverage

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

##### Data Collection Method

The data are collected on an aggregate basis and the reporting requirements are compulsory.

##### Data Sources

The data for all components are compiled primarily from an annual enterprise survey of resident enterprises. Information obtained from press reports is used as a secondary data source. The perpetual inventory method (a method for deriving position data from transactions data) is not used to compile the data.

There are no differences in the data sources between the data disseminated in the national publications and those reported to the IMF 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 BoG and is updated on an ongoing basis using information from (i) the ITRS's list of transactors, (ii) other statistical collection forms, (iii) regional branches/offices of the BoG, (iv) a register maintained by the stock exchange authorities, (v) the financial press, and (vi) compulsory direct investment surveys. The same business register is used to compile the inward and outward direct investment position data. No business register is used to compile the inward and outward transactions data.

### **Geographic Classification**

Annual data showing breakdowns by country for the inward direct investment position data are compiled by the BoG with a timeliness of 9 months after the end of the reference period. These data are not disseminated, but are available on request, as indicated on the BoG website. However, there are plans to begin to disseminate on the BoG website the data showing country breakdowns with effect from the end of 2004. The data are also reported to the OECD and Eurostat for publication. The data cover 36 countries and bilateral data are used on occasion 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 in Greece as at the end of 2002 (ranked in descending order) were: Luxembourg, the Netherlands, France, Germany, and the United States.

In addition to the data showing country breakdowns, annual data are compiled by the BoG 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 available on request with a timeliness of 9 months after the end of the reference period and are also reported to the OECD and Eurostat.

There are no differences in the data coverage, sources, etc. between the inward position data showing geographic breakdowns made available on request and reported to the OECD and Eurostat, and the aggregate inward position data reported to the IMF for publication.

### **Industrial Classification**

Annual data showing breakdowns by industrial activity for the inward direct investment position data are compiled by the BoG with a timeliness of 9 months after the end of the reference period. These data are not disseminated, but are available on request, as indicated on the BoG website. The data are also reported to the OECD and Eurostat for publication. The data show a breakdown for 52 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 inward 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 Greece as at the end of 2002 (in descending order) were: (i) manufacturing, (ii) transport and communications, (iii) financial intermediation, (iv) trade and repairs, and (v) hotels.

Annual data are compiled by the BoG for the inward direct investment position data showing a breakdown by both industrial activity and main partner country with a timeliness of 9 months after the end of the reference period. These data are not disseminated, but are available on request, as indicated on the BoG website. The three highest ranking partner countries as at the end of 2002 (ranked in descending order) for which breakdowns by industrial activity are made available on request were: Luxembourg, the Netherlands, and the United Kingdom.

In addition, annual data compiled by the BoG for the inward direct investment position data showing a breakdown by both industrial activity and region/economic zone are available on request with a timeliness 9 months after the end of the reference period.

There are no differences in the data coverage, sources, etc. between the inward position data showing industrial activity breakdowns made available on request and reported to the OECD and Eurostat, and the aggregate inward position data reported to the IMF for publication.

## **B. Methodology**

### **Definition of Direct Investment Enterprises in Greece**

In accordance with the international standards, the basic criterion for defining direct investment enterprises in Greece 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. No value threshold is used to identify resident direct investment enterprises, 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. Contrary to the FCS, the data do not include (i) the relevant share of the reinvested earnings of indirectly-owned direct investment enterprises. In accordance with the FCS, all equity capital and 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 Greece are required by law to (i) produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic, and (ii) 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, the data include non-participating preference shares, which are classified under equity capital, instead of under other capital.

The reinvested earnings data cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) the reinvested earnings are recorded in the period in which they are earned, (ii) the data include reinvested earnings 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 other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, when a direct investment enterprise makes a net loss, that net loss is not 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 Greece.)

#### **Treatment of Other Capital**

The other capital position data cover: (i) long-term loans, (ii) short-term loans, (iii) bonds and money market instruments, (iv) trade credits, and (v) financial leases. 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, and (iii) positions between affiliated banks and between affiliated financial intermediaries involving deposits, loans, and other claims and liabilities related to usual banking and financial intermediation 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 affiliated banks, and (iii) the data include positions associated with permanent debt between affiliated banks and between affiliated financial intermediaries. (Permanent debt is defined as being “dowry capital”.) Contrary to the international standards, (i) the data include changes in insurance company technical reserves, and (ii) the data do not include non-participating preference shares, which are classified under equity capital, rather than other capital.

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 cannot be identified from the present data sources.

#### **Treatment of Reverse Investment**

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

Assuming that the direct investment enterprise is a resident of Greece 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 Greece 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 "Liabilities: Direct investment in Greece: Equity Capital: Liabilities to Direct Investors, rather than as "Liabilities: Direct Investment in Greece: Equity Capital: Claims on Direct Investors", and loan positions are recorded as "Liabilities: Direct Investment In Greece: Liabilities to Direct Investors", rather than as "Liabilities: Direct Investment in Greece: Other Capital: Claims on Direct Investors".

#### **Treatment of Quasi-corporations**

In accordance with the international standards, the direct investment data include the activities of quasi-corporations involving the operation in Greece 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 Greece by nonresidents at present.

#### **Treatment of Special Purpose Entities (SPEs)**

Not applicable. There are no SPEs established in Greece by nonresidents at present.

#### **Treatment of Land and Buildings**

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

#### **Treatment of Natural Resources Exploration**

In accordance with the international standards, (i) expenditure related to natural resources exploration in Greece 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 Greece 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 recorded primarily at market values, although some are recorded at book values, which are the values shown in the accounting records of the individual reporting enterprises. The data on equity capital for unlisted enterprises are recorded at book values, which are the values shown in the accounting records of the individual reporting enterprises.

The data on other capital are recorded at book values, which are the values shown in the accounting records of the individual reporting enterprises.

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

**Exchange Rate Conversion**

Most positions are converted to the unit of account at the exchange rate prevailing on the date to which the position data relate. However, some positions are converted at the exchange rate prevailing on the date the stocks were acquired.

## DIRECT INVESTMENT ABROAD

### BALANCE OF PAYMENTS (“OUTWARD TRANSACTIONS”) DATA

#### A. Compilation Practices and Data Sources

##### Data Availability

Separately identifiable monthly data (the most timely) are compiled by the Bank of Greece (BoG) within the balance of payments framework on (a) two of the three components of direct investment income: (i) income on equity (dividends and distributed branch profits), and (ii) income on debt (interest), and (b) the components of direct investment financial flows: (i) equity capital, and (ii) other capital, with a timeliness of 7 weeks after the end of the reference period. These data are not disseminated, but are available on request, as indicated on the BoG website (<http://www.bankofgreece.gr/en/sdds-external-balanceofpayments.xls>).

More comprehensive separately identifiable quarterly data are compiled by the BoG within the balance of payments framework on (a) two of the three components of direct investment income: (i) income on equity (dividends and distributed branch profits), and (ii) income on debt (interest), and (b) the components of direct investment financial flows: (i) equity capital, and (ii) other capital, with a timeliness of 3 months after the end of the reference period. These data are not disseminated, but are available on request, as indicated on the BoG website. The data are also reported to the IMF for publication. Detailed direct investment data (annual rather than quarterly) are also reported to the OECD, as well as monthly aggregates of direct investment flows within the framework of the “Main Economic Indicators”.

There are plans to begin to compile annual estimates of reinvested earnings for the 2003 year in 2004, based on an annual enterprise survey of direct investment positions, and to begin to include these data in the annual balance of payments statistics once they have been checked for robustness.

In addition, data showing total inward direct investment transactions and net direct investment are disseminated in the BoG’s *Monthly Bulletin*, and the *Annual Governor’s Report*, as well as on the BoG website cited above.

##### Revision Practices

The data are preliminary when first released. Although there is no strict national revision policy, the monthly and quarterly data are revised if necessary at the end of each month/quarter and become available on request at the time of release of the preliminary data for the latest quarter. The monthly and quarterly data for the current and previous two years are revised again if necessary once a year at the time of the release of the data for the last quarter of the current year. At this time they are considered to be final, that is, up to 36 months after their first release in the case of the monthly data and 33 months after their first release in the case of the quarterly data.

The revised status of the data is clearly identified in the data made available on request, and the general public are informed of the reasons for the revision. The historical data are revised as far back as possible in instances of major changes in methodology or data collection systems.

There are no differences in the revision practices between the data made available on request and those reported to the IMF and OECD for publication.

##### Data Coverage

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

##### Data Collection Method

The data are collected using on an individual transactions basis and the reporting requirements are compulsory.

##### Data Sources

Both the monthly and the quarterly data for all components are compiled from an international transactions reporting system (ITRS), which covers cash transactions made through the domestic banking system, but not cash transactions made through the foreign bank accounts of enterprises, or noncash transactions. (However, the volume of cash transactions made through the foreign bank accounts of enterprises is considered to be low.)

There are no differences in the data sources between the data made available on request and those reported to the IMF and OECD for publication.

A business register of enterprises involved in direct investment is not used to compile the outward direct investment transactions data.

### **Geographic Classification**

Quarterly data showing breakdowns by country for the direct investment income and direct investment financial flows data are compiled by the BoG with a timeliness of 3 months after the end of the reference period. These data are not disseminated, but are available on request, as indicated on the BoG website. However, there are plans to begin to disseminate the data showing country breakdowns on the BoG website with effect from the end of 2004. The data are also reported to the OECD and Eurostat for publication. The data cover all countries. Bilateral data are used on occasion in the compilation of the direct investment financial flows data, but not in the compilation of the direct investment income data.

The transactor principle, rather than 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 Greece during 2003 (ranked in descending order) were: the Netherlands, Germany, the United Kingdom, the United States, and Italy. The five countries with the largest amount of direct investment financial flows from Greece during 2003 (ranked in descending order) were: Cyprus, France, the United Kingdom, the Netherlands, and Bulgaria.

In addition to the data showing country breakdowns, quarterly data are compiled by the BoG 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 available on request with a timeliness of 3 months after the end of the reference period and are also reported to the OECD and Eurostat.

There are no differences in the data coverage, sources, etc. between the outward transactions data showing geographic breakdowns made available on request 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 breakdowns by industrial activity for the direct investment income data and the direct investment financial flows data are compiled by the BoG with a timeliness of 9 months after the end of the reference period. These data are not disseminated, but are available on request, as indicated on the BoG website. The data are also reported to the OECD and Eurostat for publication. The data show a breakdown for 52 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).

Both 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 three industrial activities with the largest amount of direct investment income from investment abroad by residents of Greece during 2003 (in descending order) were: (i) banking, (ii) manufacturing, (iii) trade and repairs, and (iii) hotels and restaurants. The five industrial activities with the largest amount of direct investment financial flows from Greece during 2003 (in descending order) were: (i) manufacturing of food products, (ii) transport, communications, and telecommunications, (iii) manufacturing of petroleum products, (iv) manufacturing of metal products, and (v) banking.

Annual data are compiled by the BoG for both the direct investment income data and the direct investment financial flows data showing a breakdown by both industrial activity and main partner country with a timeliness of 9 months after the end of the reference period. These data are not disseminated, but are available on request, as

indicated on the BoG website. For direct investment income, the five highest ranking partner countries during 2003 (ranked in descending order) for which breakdowns by industrial activity are made available on request were: the Netherlands, Germany, the United Kingdom, the United States, and Italy. For direct investment financial flows, the three highest ranking partner countries during 2003 (ranked in descending order) for which breakdowns by industrial activity are made available on request were: Cyprus, France, and the United Kingdom.

In addition, annual data compiled by the BoG 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 are available on request with a timeliness 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 made available on request 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 reporting requirements request that (i) the direct investment earnings data include the relevant share of all indirectly-owned direct investment enterprises, and (ii) 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. However, in practice these reporting requirements are not always followed.

Enterprises in Greece are required by law to (i) produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic, and (ii) 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 direct investment earnings. In accordance with the COPC, (i) deductions are made for depreciation of capital, and for provisions for host-country income and corporation taxes, (ii) unrealized capital gains and losses are excluded, and (iii) interest receivable/payable is included. Contrary to the COPC, (i) realized capital gains and losses, write-offs, and realized and unrealized exchange rate gains and losses are included, and (iii) debt repayments receivable/payable are not excluded.

### **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. Contrary to the international standards, (i) dividends and distributed branch profits are recorded net, rather than gross, of any withholding taxes, and (ii) dividends and distributed branch profits are recorded on the date they are paid, rather than the date they are declared payable. 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, and (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks.

### **Treatment of Reinvested Earnings and Undistributed Branch Profits**

Not applicable. Data on reinvested earnings are not compiled at present. However, there are plans to begin to compile annual estimates beginning in 2004.

### **Treatment of Income on Debt (Interest)**

The data on income on debt (interest) cover both incorporated enterprises and unincorporated enterprises and include interest on (i) long-term loans, (ii) short-term loans, (iii) bonds and money market instruments, and (iv) financial leases. The data do not cover trade credits. In accordance with the international standards, the data do not include interest on (i) financial derivatives, and (ii) deposits, loans, and other claims and liabilities related to usual banking and financial intermediation activities between affiliated banks and affiliated financial intermediaries. 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, and (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. Contrary to the international standards, the data are compiled on a paid basis, rather than 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, and (iv) other non-voting stocks (shares). The data do not cover 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, the data include non-participating preference shares, which are classified under equity capital, instead of under other capital.

### **Treatment of Other Capital**

The other capital transactions data cover: (i) long-term loans, (ii) short-term loans, (iii) bonds and money market instruments, (iv) trade credits, and (v) financial leases. 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, and (iii) transactions between affiliated banks and between affiliated financial intermediaries involving deposits, loans, and other claims and liabilities related to usual banking and financial intermediation 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 "dowry capital".) Contrary to the international standards, (i) the data include changes in insurance company technical reserves, and (ii) the data do not include non-participating preference shares, which are classified under equity capital, rather than other capital.

Instances when a loan/debt guarantee provided by a direct investor is invoked following default by a direct investment enterprise cannot be identified from the present data sources.

#### **Treatment of Reverse Investment**

Transactions involving reverse investment are treated in accordance with the international standards in all instances.

Assuming that the direct investment enterprise is a resident of Greece 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 Greece and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, in accordance with the international standards, equity transactions are recorded as "Direct Investment in Greece: Equity Capital: Increase in Claims on Direct Investors", and loan transactions are recorded as "Direct Investment in Greece: Other Capital: Increase in Claims on Direct Investors", and both are reported as such 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 of Greece of (i) construction enterprises, and (ii) mobile equipment, such as ships, aircraft, and drilling rigs.

#### **Treatment of Offshore Enterprises**

Contrary to the international standards, activities of offshore enterprises established abroad by residents of Greece are not included in the direct investment data, as these activities cannot be identified from the present data sources.

#### **Treatment of Special Purpose Entities (SPEs)**

In accordance with the international standards, (i) activities of SPEs established abroad by residents of Greece are included in the direct investment data, with no exceptions, and (ii) in the case of SPEs established abroad by residents of Greece that have the primary purpose of financial intermediation, transactions with affiliated banks and affiliated financial intermediaries are excluded from the data, except those involving equity capital and permanent debt.

#### **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 Greece. Land and buildings purchased abroad by enterprises and individuals resident in Greece on long-term leases are not included.

#### **Treatment of Natural Resources Exploration**

In accordance with the international standards, (i) expenditure related to natural resources exploration abroad by residents of Greece is included in the equity capital data, (ii) expenditure on bonus payments made by residents of Greece 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 Greece for natural resource exploration, no transactions are shown 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. However, some data are converted at the average exchange rate for the period.



## DIRECT INVESTMENT ABROAD

### INTERNATIONAL INVESTMENT POSITION ASSETS (“OUTWARD POSITION DATA”)

#### A. Compilation Practices and Data Sources

##### Data Availability

Separately identifiable annual (calendar year) data are compiled by the Bank of Greece (BoG) within the international investment position (IIP) framework on (a) equity capital and reinvested earnings, and (b) other capital, with a timeliness of 9 months after the end of the reference period. These data are not disseminated, but are available on request, as indicated on the BoG website cited below. The data are also reported to the IMF and the OECD for publication.

In addition, data showing total inward direct investment position data and net inward direct investment position data are disseminated in the BoG's *Monthly Bulletin*, and the *Annual Governor's Report*, as well as on the following BoG website (<http://www.bankofgreece.gr/en/sdds-external-iip.xls>).

##### Revision Practices

The data are preliminary when first released. The data for the previous year are revised once to take account of late responses to the annual enterprise survey and revised source data and are made available on request at the time of release of the preliminary data for the latest year. At this time they are considered to be final, that is 21 months after the end of the reference period, or 12 months after their first release.

The revised status of the data is clearly identified in the data made available on request and the general public are informed of the reasons for major revisions. The historical 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 made available on request and those reported to the IMF and OECD for publication.

##### Data Coverage

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

##### Data Collection Method

The data are collected on an aggregate basis and the reporting requirements are compulsory.

##### Data Sources

The data for all components are compiled primarily from an annual enterprise survey of resident enterprises. Information obtained from press reports is used as a secondary data source. The perpetual inventory method (a method for deriving position data from transactions data) is not used to compile the data.

There are no differences in the data sources between the data disseminated in the national publications and those reported to the IMF 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 BoG and is updated on an ongoing basis using information from (i) the ITRS's list of transactors, (ii) other statistical collection forms, (iii) regional branches/offices of the BoG, (iv) a register maintained by the stock exchange authorities, (v) the financial press, and (vi) compulsory direct investment surveys. The same business register is used to compile the inward and outward direct investment position data. No business register is used for the inward and outward direct investment transactions data.

## **Geographic Classification**

Annual data showing breakdowns by country for the outward direct investment position data are compiled by the BoG with a timeliness of 9 months after the end of the reference period. These data are not disseminated, but are available on request, as indicated on the BoG website. However, there are plans to begin to disseminate on the BoG website the data showing country breakdowns with effect from the end of 2004. The data are also reported to the OECD and Eurostat for publication. The data cover 36 countries and bilateral data are used on occasion 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 Greece as at the end of 2002 (ranked in descending order) were: Cyprus, the United States, Luxembourg, Romania, and the United Kingdom.

In addition to the data showing country breakdowns, annual data are compiled by the BoG 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 available on request with a timeliness of 9 months after the end of the reference period and are also reported to the OECD and Eurostat.

There are no differences in the data coverage, sources, etc. between the inward position data showing geographic breakdowns made available on request and reported to the OECD and Eurostat, and the aggregate inward position data reported to the IMF for publication.

## **Industrial Classification**

Annual data showing breakdowns by industrial activity for the outward direct investment position data are compiled by the BoG with a timeliness of 9 months after the end of the reference period. These data are not disseminated, but are available on request, as indicated on the BoG website. The data are also reported to the OECD and Eurostat for publication. The data show a breakdown for 52 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 outward position data 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 from Greece as at the end of 2002 (in descending order) were: (i) financial intermediation, (ii) transport and communications, (iii) manufacturing, (iv) trade and repairs, and (v) construction.

Annual data are compiled by the BoG for the outward direct investment position data showing a breakdown by both industrial activity and main partner country with a timeliness of 9 months after the end of the reference period. These data are not disseminated, but are available on request, as indicated on the BoG website. The three highest ranking partner countries as at the end of 2002 (ranked in descending order) for which breakdowns by industrial activity are made available on request were: Cyprus, the United States, and Luxembourg.

In addition, annual data compiled by the BoG for the outward direct investment position data showing a breakdown by both industrial activity and region/economic zone are available on request with a timeliness 9 months after the end of the reference period.

There are no differences in the data coverage, sources, etc. between the outward position data showing industrial activity breakdowns made available on request and reported to the OECD and Eurostat, and the aggregate outward position data 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. Contrary to the FCS, the data do not include (i) the relevant share of the reinvested earnings of indirectly-owned direct investment enterprises. In accordance with the FCS, all equity capital and 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 Greece are required by law to (i) produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic, and (ii) 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.

The reinvested earnings data cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) the reinvested earnings are recorded in the period in which they are earned, (ii) the data include reinvested earnings 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 other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, when a direct investment enterprise makes a net loss, that net loss is not 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) bonds and money market instruments, (iv) trade credits, and (v) financial leases. The data do not cover non-participating preference [preferred] shares. 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, and (iii) positions between affiliated banks and between affiliated financial intermediaries involving deposits, loans, and other claims and liabilities related to usual banking and financial intermediation 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 affiliated banks, and (iii) the data include positions associated with permanent debt between affiliated banks and between affiliated financial intermediaries. (Permanent debt is defined as being "Dowry capital".) Contrary to the international standards, the data include changes in insurance company technical reserves.

Instances when a loan/debt guarantee provided by a direct investor is invoked following default by a direct investment enterprise cannot be identified from the present data sources.

### **Treatment of Reverse Investment**

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

Assuming that the direct investment enterprise is a resident of Greece 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 Greece 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 "Liabilities: Direct investment in Greece: Equity Capital: Liabilities to Direct Investors, rather than as "Liabilities: Direct Investment in Greece: Equity Capital: Claims on Direct Investors", and loan positions are recorded as "Liabilities: Direct Investment In Greece: Liabilities to Direct Investors", rather than as "Liabilities: Direct Investment in Greece: Other Capital: Claims on Direct Investors".

### **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 Greece of (i) construction enterprises, and (ii) mobile equipment, such as ships, aircraft, and drilling rigs.

### **Treatment of Offshore Enterprises**

Contrary to the international standards, activities of offshore enterprises established abroad by residents of Greece are not included in the direct investment data, as these activities cannot be identified from the present data sources.

### **Treatment of Special Purpose Entities (SPEs)**

In accordance with the international standards, (i) activities of SPEs established abroad by residents of Greece are included in the direct investment data, with no exceptions, and (ii) in the case of SPEs established abroad by residents of Greece that have the primary purpose of financial intermediation, transactions with affiliated banks and affiliated financial intermediaries are excluded from the data, except those involving equity capital and permanent debt.

### **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 Greece. Land and buildings owned abroad by enterprises and individuals resident in Greece on long-term leases are not included.

### **Treatment of Natural Resources Exploration**

In accordance with the international standards, (i) expenditure related to natural resources exploration abroad by residents of Greece is included in the equity capital data, (ii) expenditure on bonus payments made by residents of Greece 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 Greece 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 recorded primarily at market values, although some are recorded at book values, which are the values shown in the accounting records of the individual reporting

enterprises. The data on equity capital for unlisted enterprises are recorded at book values, which are the values shown in the accounting records of the individual reporting enterprises.

The data on other capital are recorded at book values, which are the values shown in the accounting records of the individual reporting enterprises.

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

**Exchange Rate Conversion**

Most positions are converted to the unit of account at the exchange rate prevailing on the date to which the position data relate. However, some positions are converted at the exchange rate prevailing on the date the stocks were acquired.