

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.

Indonesia:

Direct Investment Compilation Practices, Data Sources and Methodology

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Direct Investment in Indonesia

- **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 INDONESIA

BALANCE OF PAYMENTS (“INWARD TRANSACTIONS”) DATA

A. Compilation Practices and Data Sources

Data Availability

Separately identifiable quarterly data are compiled by the Bank of Indonesia (BI) 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. These data are disseminated with a timeliness of 3 months after the end of the reference period in the BI's publication *Indonesian Financial Statistics* and on the BI website (<http://www.di.go.id>). (Prior to 2002 the data were disseminated with a timeliness of 6 months after the end of the reference period.) The data are also reported to the IMF for publication. Data on the third component of direct investment income, namely, reinvested earnings, are not compiled.

Revision Practices

The data are preliminary when first released. The quarterly data for the previous year are revised once a year to take account of additional information from the External Debt Report and other data sources. The revised data are disseminated together with the preliminary data for the latest quarter and are considered to be final 12 months after their first release.

The revised status of the data for a given year is clearly identified in the disseminated data, but not the specific data. Although the general public are not informed of the reasons for the revisions, this information is provided by the BI on request. The historical data are revised as far back as data are available 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 for publication.

Data Coverage

The data exclude transactions relating to the extraction of crude petroleum and gas, and refined petroleum products and other treatments. However, there are plans to begin to include these elements in the future.

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 and the reporting requirements are compulsory.

Data Sources

The data for income of equity (dividends and distributed branch profits) are estimates, calculated as a percentage (which is equal to the assumed average profit rate) of equity capital held by nonresident direct investors and comprises both distributed and retained earnings. The data on income on equity (dividends and distributed branch profits) also include data on profit transfers of foreign bank branches and joint venture banks reported through the Bank Monthly report. The data for income on debt (interest) and other capital are compiled from information obtained from debt registers (the monthly External Debt Report). The data on income on debt (interest) is calculated by multiplying the outstanding loans, including trade credits, of non-bank direct investment enterprise, by LIBOR. The data on equity capital are estimates derived using the assumption (based on a benchmark survey of direct investment enterprises in Indonesia undertaken in Indonesia in 1996) that nonresident direct investors maintain a equity/debt ratio of 30-70 percent in their direct investment enterprises in Indonesia. Other data sources used to compile the data on equity capital are: (i) information on privatization and banking restructuring obtained from government, and (ii) press reports.

In addition, two additional sets of data are compiled by the BI for internal purposes. One set of data is compiled using information from an international transactions reporting system (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 second set of data is compiled using information from semi-annual enterprise survey of resident enterprises. These separate sets of data are used at this time only to cross-check the data disseminated in the national publications and reported to the IMF for publication. Consideration is being given to using either the ITRS data, or the survey data combined with the report from the oil sector, instead of the 30-70 ratio percent to compile the data in the future.

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 that report their external debt is used to compile the disseminated inward direct investment transactions data. This register (the "debt register") is maintained by the BI and is updated on an ongoing basis using information from reporters of external debt. In addition, the ITRS's list of transactors (the "ITRS list") is used to compile the unpublished inward transactions compiled from the ITRS and is updated using information from (i) registers maintained by government licensing and regulatory authorities, (ii) a debt register, and (iii) business directories from various institutions. A further register (the "survey list") is used to compile the second set of unpublished inward transactions data compiled from the enterprise survey and is updated using information from (i) the ITRS's list of transactors, (ii) a debt register, and (iii) other survey lists. The "debt register" business register is used only to compile the disseminated inward direct investment transactions data. The "ITRS list" business register is used to compile (i) one of the two sets of the unpublished inward and outward transactions data, and (ii) one set of the unpublished inward and outward position data. The "survey list" business register is used to compile (i) the second set of unpublished inward and outward transactions data, and (ii) the disseminated inward and outward position data.

Geographic Classification

Quarterly data showing breakdowns by country for the direct investment financial flows data are compiled by the BI with a timeliness of 3 months after the end of the reference period. The data are not disseminated and are not available on request. However, there are plans to report these data to ASEAN beginning in 2004 with data for 2002 and 2003. The compiled data cover 22 countries and bilateral data are not used in the compilation of the data. Data showing breakdowns by country are not compiled for the direct investment income data.

The debtor/creditor principle is used as the basis for the geographic allocation of the data.

In addition to the data showing country breakdowns, quarterly data are compiled by the BI with a timeliness of 3 months after the end of the reference period showing breakdowns of direct investment financial flows for a number of regions/economic zones. The data are not disseminated and are not available on request. However, there are plans to report these data to ASEAN for publication beginning in 2004 with data for 2002 and 2003. Data showing breakdowns by region/economic zones are not compiled for the direct investment income data.

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

Industrial Classification

Quarterly data showing breakdowns by industrial activity for the direct investment financial flows are compiled by the BI with a timeliness of 3 months after the end of the reference period. The data are not disseminated and are not available on request. However, there are plans to report these data to ASEAN beginning in 2004 with data for 2002 and 2003. The data show a breakdown for 9 industrial activities. The classification used broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC). A more detailed breakdown of the manufacturing industry into 11 subcategories is also compiled. Data showing breakdowns by industrial activity are not compiled for the direct investment income data.

The data are classified on the basis of the industrial activity of the resident direct investment enterprises.

Quarterly data are compiled by the BI with a timeliness of 3 months after the end of the reference period for the direct investment financial flows data showing a breakdown by both industrial activity and main partner country. The data are not disseminated and are not available on request. However, there are plans to report these data to ASEAN for publication beginning in 2004 with data for 2002 and 2003. Data showing a breakdown by both industrial activity and main partner country are not compiled for the direct investment income data.

In addition, quarterly data are compiled by the BI for the direct investment financial flows data showing a breakdown by both industrial activity and region/economic zone. The data are not disseminated, and are not available on request. However, there are plans to report these data to ASEAN for publication beginning in 2004 with data for 2002 and 2003. Data showing a breakdown by both industrial activity and region/economic region for the direct investment income data are not compiled.

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

B. Methodology

Definition of Direct Investment Enterprises in Indonesia

In accordance with the international standards, the basic criterion for defining direct investment enterprises in Indonesia is 10 percent ownership by a nonresident investor. In accordance with the international standards, enterprises in which the nonresident direct investor owns 10 percent or more but does not have an effective voice in management are included. Contrary to the international standards, the data also include enterprises in which the nonresident investor owns less than 10 percent but has an effective voice in management. (Prior to 2002, the data on income on debt and other capital, which were based on the External Debt Reports, were based on the criterion on foreign enterprises used by the Investment Board, that is, a joint venture company that had a minimum of 20 percent ownership by an Indonesian resident, increasing to at least 50 percent ownership within 20 years after the date that the enterprise began production.) Contrary to the international standards, the 10 percent ownership is calculated by combining the holdings of all nonresident investors in a specific enterprise or from a specific country, rather than being based on the ownership of each individual nonresident investor or group of related nonresident investors. 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 not applied. Specifically, (i) the direct investment earnings data do not include the relevant share of all indirectly-owned direct investment enterprises, and (ii) the direct investment financial flows data do not 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.

Enterprises in Indonesia 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

In accordance with the international standards, the "Current Operating Performance Concept" (COPC) is used to calculate direct investment earnings. Specifically, (i) deductions are made for depreciation of capital, and for provisions for host-country income and corporation taxes, (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.

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) dividends and distributed branch profits for both incorporated and 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 other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, dividends and distributed branch profits for both incorporated and unincorporated enterprises are recorded on the date they are compiled, rather than the date they are declared payable.

Treatment of Reinvested Earnings and Undistributed Branch Profits

Not applicable. Transactions data on reinvested earnings and undistributed branch profits are not compiled.

Treatment of Income on Debt (Interest)

The disseminated 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, and (iii) trade credits. (Prior to 2002 the data did not include interest on trade credits.) The data do not include interest on (i) bonds and money market instruments, and (ii) financial leases. In accordance with the international standards, the data do not include (i) interest on financial derivatives, and (ii) interest on deposits, loans, and other claims and liabilities related to usual banking activities between affiliated banks. 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 are recorded on an accrual basis. Contrary to the international standards, the data include interest on claims and liabilities related to usual financial intermediation activities between affiliated financial intermediaries.

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.

Treatment of Other Capital

The other capital transactions data cover: (i) long-term loans, (ii) short-term loans, and (iii) trade credits. (Prior to 2002 the data did not cover trade credits.) The data do not cover (i) bonds and money market instruments, and (ii) 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, (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 financial intermediaries. (Permanent debt is defined as being loans that will be paid as the last priority before shares are paid following bankruptcy of an enterprise.) Contrary to the international standards, (i) the data include transactions between affiliated financial intermediaries involving claims and liabilities related to usual financial intermediation activities, (ii) the data do not include transactions associated with permanent debt between affiliated banks, which are instead classified indistinguishably under Other Investment: Loans in the balance of payments statistics, and (iii) the data do not

include non-participating preference shares, which are instead classified under Portfolio Investment in the balance of payments statistics.

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 have not occurred to date.

Treatment of Reverse Investment

Transactions involving reverse investment are not applicable for the disseminated data, as such transactions cannot be identified from the present data sources. However, transactions involving reverse investment are treated in accordance with the international standards in all instances in the two sets of data on inward transactions compiled by the BI for internal purposes.

Assuming that the direct investment enterprise is a resident of Indonesia 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 Indonesia 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 Indonesia: Equity Capital: Increase in Claims on Direct Investors", and loan transactions are recorded as "Direct Investment in Indonesia: Other Capital: Increase in Claims on Direct Investors".

Treatment of Quasi-corporations

Contrary to the international standards, the direct investment data do not include the activities of quasi-corporations involving the operation in Indonesia by nonresidents of (i) construction enterprises, and (ii) mobile equipment, such as ships, aircraft, and drilling rigs, as these activities cannot be identified from the present data sources.

Treatment of Offshore Enterprises

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

Treatment of Special Purpose Entities (SPEs)

In accordance with the international standards, activities of SPEs established in Indonesia by nonresidents are included in the direct investment data, with no exceptions. Contrary to the international standards, in the case of SPEs established in Indonesia 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

Contrary to the international standards, the equity capital data in the disseminated inward transactions data do not include purchases and sales of land and buildings in Indonesia by nonresident enterprises and nonresident individuals. However, in accordance with the international standards, the equity capital data in the two sets of data on inward transactions compiled by the BI for internal purposes include purchases and sales of land and buildings in Indonesia by nonresident enterprises and nonresident individuals. Land and buildings purchased in Indonesia by nonresident enterprises and nonresident individuals on long-term leases are not included.

Treatment of Natural Resources Exploration

Contrary to the international standards, (i) expenditure related to natural resources exploration in Indonesia by nonresidents is not included in the equity capital data, and (ii) expenditure on bonus payments made by nonresidents to the host country for the right to undertake exploration for natural resources is not included in the equity capital data when there is a clear intention to establish a direct investment enterprise, as this information is not available from the present data sources. In accordance with the international standards, in instances of the shutdown of a direct investment enterprise established in Indonesia by nonresidents for natural resource exploration, no transactions are shown in the balance of payments statistics.

Exchange Rate Conversion

All transactions are converted to the unit of account at the exchange rate prevailing at the end of the period.

DIRECT INVESTMENT IN INDONESIA

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 Indonesia (BI) within the international investment position (IIP) framework on (a) equity capital and reinvested earnings, and (b) other capital, and are disseminated with a timeliness of 9 months after the end of the reference period on the following BI website (<http://www.bi.go.id/sdds>). The data are also reported to the IMF for publication. (Prior to 2001, position data on direct investment in Indonesia were not compiled.)

Revision Practices

The data are preliminary when first released. The data are revised three months after they are first released to take account of additional information from respondents and late submissions and are disseminated together with the preliminary data for the latest year. The revised data for the previous two years will then be revised once a year and disseminated once a year together with the preliminary data for the latest year. At this time the data will be considered to be final, that is, 24 months after their first release.

The revised status of the data is clearly identified in the disseminated data, but the general public are not informed of the reasons for the revisions. There are plans to revise the historical data back to 2001 in the future, primarily to include data on the oil and gas sector, or in other instances of major changes in methodology or data collection systems.

There are differences in the revision practices between the data disseminated in the national publications and those reported to the IMF for publication, in that the data are not reported to the IMF until after the first revisions have been made.

Data Coverage

The data exclude positions relating to the extraction of crude petroleum and gas, and refined petroleum products and other treatments. However, there are plans to begin to include these elements in the future.

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 from a semi-annual enterprise survey of resident enterprises. The perpetual inventory method (a method for deriving position data from transactions data) is not used to compile the data.

In addition, (i) an international transactions reporting system (ITRS), which covers cash transactions made through the domestic banking system, cash transactions made through the foreign bank accounts of enterprises, and noncash transactions (for all components), and (ii) information from a debt register (for the data on other capital), are used to compile a separate set of data, that are used only for internal purposes to cross-check the data disseminated in the national publications and reported to the IMF for publication

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 (the "survey list business register") is maintained by the BI and is updated on an ongoing basis using information from (i) compulsory direct investment surveys, (ii) the ITRS's list of transactors, and (iii) a debt register. In turn, the ITRS's list of transactors is updated using information from business directories published by various institutions, and the debt register is updated using information from enterprises that report their external debt. The same register (the "survey list" business register) is used for (i) the disseminated inward and outward position data, and (ii) one of the two sets of the unpublished inward and outward transactions data. However, different registers are used for (i) the disseminated inward transactions data (the "debt register" business register), and (ii) the second of the two sets of unpublished data for the inward and outward transactions data, and one set of unpublished inward and outward position data (the "ITRS list" business register).

Geographic Classification

Quarterly data showing breakdowns by country for the inward direct investment position data are compiled by the BI with a timeliness of 12 months after the end of the reference period. The data are not disseminated, are not available on request, and are not reported to ASEAN. The compiled data cover 17 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.

Data showing breakdowns by regions/economic zones for the inward position data are not compiled.

There are no differences in the data coverage, sources, etc. between the inward position data showing geographic breakdowns compiled by the BI, and the aggregate inward position data reported to the IMF for publication.

Industrial Classification

Quarterly data showing breakdowns by industrial activity for the inward direct investment position data are compiled by the BI with a timeliness of 12 months after the end of the reference period. These data are used for internal purposes only, and are not disseminated, are not available on request, and are not reported to ASEAN. The data show a breakdown for 9 industrial activities. The classification used broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC). A more detailed breakdown of the manufacturing industry into 11 subcategories is also compiled.

The data are classified on the basis of the industrial activity of the resident direct investment enterprises.

Inward position data showing a breakdown by (i) industrial activity and main partner country, and (ii) industrial activity and region/economic zone, are not compiled.

There are no differences in the data coverage, sources, etc. between the inward position data showing industrial activity breakdowns compiled by the BI, and the aggregate inward position data reported to the IMF for publication.

B. Methodology

Definition of Direct Investment Enterprises in Indonesia

In accordance with the international standards, the basic criterion for defining direct investment enterprises in Indonesia 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 for the disseminated data. Contrary to the FCS, the data do not include 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 Indonesia 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 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 other affiliated financial intermediaries and affiliated banks, and (iii) when a direct investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings. Contrary to the international standards, reinvested earnings are not recorded in the period in which they are earned, but instead are recorded when they are declared to be reinvested. (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 Indonesia.)

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, (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 non-participating preference shares, (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) the data include positions associated with permanent debt between affiliated banks and between affiliated financial intermediaries. (Permanent debt is defined as being loans that will be paid as the last priority before the shares are paid following bankruptcy of an enterprise.) Contrary to the international standards, the data include positions between affiliated financial intermediaries involving claims and liabilities related to usual financial intermediation activities.

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 have not occurred to date.

Treatment of Reverse Investment

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

Assuming that the direct investment enterprise is a resident of Indonesia 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 "Direct Investment Abroad: Other Capital: Claims on Affiliated Enterprises".

Assuming that the direct investment enterprise is a resident of Indonesia 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 positions are recorded as "Liabilities: Direct Investment in Indonesia: Equity Capital: Claims on Direct Investors", and loan positions are recorded as "Liabilities: Direct Investment in Indonesia: Other Capital: Claims on Direct Investors", and both are reported as such to the IMF.

Treatment of Quasi-corporations

Contrary to the international standards, the direct investment data do not include the activities of quasi-corporations involving the operation in Indonesia by nonresidents of (i) construction enterprises, and (ii) mobile equipment, such as ships, aircraft, and drilling rigs, as these activities cannot be identified from the present data sources.

Treatment of Offshore Enterprises

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

Treatment of Special Purpose Entities (SPEs)

In accordance with the international standards, activities of SPEs established in Indonesia by nonresidents are included in the direct investment data, with no exceptions. Contrary to the international standards, in the case of SPEs established in Indonesia 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 Indonesia by nonresident enterprises and nonresident individuals. Land and buildings owned in Indonesia by nonresident enterprises and nonresident individuals on long-term leases are not included.

Treatment of Natural Resources Exploration

Contrary to the international standards, (i) expenditure related to natural resources exploration in Indonesia by nonresidents is not 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 not 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 Indonesia by nonresidents for natural resource exploration, an adjustment to reflect that shutdown is not made to the liabilities data on direct investment equity capital in the international investment position statistics, as this information is not available from the present data sources.

Valuation of Assets and Liabilities

The data on equity capital for both listed and 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 entities.

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

All positions are converted to the unit of account at the exchange rate prevailing on the date to which the position data relate.

DIRECT INVESTMENT ABROAD
BALANCE OF PAYMENTS (“OUTWARD TRANSACTIONS”) DATA

A. Compilation Practices and Data Sources

Data Availability

Separately identifiable quarterly data are compiled by the Bank of Indonesia (BI) 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. (Prior to 2001, transactions data on direct investment abroad were not compiled for these components.) These data are used for internal purposes only, and are not disseminated, are not available on request, and are not reported to the IMF for publication.

Revision Practices

Not applicable. Transactions data on direct investment abroad are not disseminated.

Data Coverage

The data exclude transactions relating to the extraction of crude petroleum and gas, and refined petroleum products and other treatments. However, there are plans to begin to include these elements in the future.

Data Collection Method

The data are collected using a mixture of an individual transactions basis an international transactions reporting system [ITRS]) and an aggregate basis (an enterprise survey), and the reporting requirements are compulsory.

Data Sources

The data for all components are compiled from a semi-annual enterprise survey of resident direct investors. In addition, an international transactions reporting system (ITRS), which covers cash transactions made through the domestic banking system, cash transactions made through the foreign bank accounts of enterprises, and noncash transactions, is used as a primary data source for all data components except reinvested earnings.

A business register of enterprises involved in direct investment is used to compile the outward direct investment transactions data. The register (the “survey list” business register) is maintained by the BI and is updated on an ongoing basis using information from (i) compulsory direct investment surveys, (ii) the ITRS’s list of transactors, and (iii) a debt register. In turn, the ITRS’s list of transactors is updated using information from business directories published by various institutions, and the debt register is updated using information from enterprises that report their external debt. The same register (the “survey list” business register) is used for (i) one of the two sets of unpublished inward and outward transactions data, and (ii) the disseminated inward and outward position data. However different registers are used for (i) the disseminated inward transactions data (the “debt register” business register), and (i) the second of the two sets of unpublished inward and outward transactions data and one set of unpublished inward and outward position data (the “ITRS list” business register).

Geographic Classification

Quarterly data showing breakdowns by country for the direct investment financial flows data are compiled by the BI with a timeliness of 12 months after the end of the reference period. These data are used for internal purposes only and are not disseminated, are not available on request, and are not reported to ASEAN. The data cover 13 countries and bilateral data are not used in the compilation of the data. Data showing breakdowns by country for the direct investment income data are not compiled.

The debtor/creditor principle is used as the basis for the geographic allocation of the data.

Data showing breakdowns by regions/economic zones are not compiled.

Industrial Classification

Not applicable. Data showing breakdowns by industrial activity for the direct investment income data and the direct investment financial flows data are not compiled.

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 direct investment earnings data do not include the relevant share of all indirectly-owned direct investment enterprises. 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.

Enterprises in Indonesia 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

In accordance with the international standards, the “Current Operating Performance Concept” (COPC) is used to calculate direct investment earnings. Specifically, (i) deductions are made for depreciation of capital, and for provisions for host-country income and corporation taxes, (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.

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) dividends and distributed branch profits for both incorporated and unincorporated enterprises are recorded on the date they are declared payable, (ii) dividends and distributed branch profits or both incorporated and unincorporated enterprises are recorded gross of any withholding taxes, (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 other affiliated financial intermediaries and affiliated banks.

Treatment of Reinvested Earnings and Undistributed Branch Profits

The reinvested earnings data cover both incorporated enterprises and unincorporated enterprises. 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 other affiliated financial intermediaries and affiliated banks, and (iii) when a direct

investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings. Contrary to the international standards, reinvested earnings are not recorded in the period in which they are earned, but instead are recorded when they are declared to be reinvested.

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, (iv) trade credits, and (v) financial leases. In accordance with the international standards, the data do not include (i) interest on financial derivatives, and (ii) interest on deposits, loans, and other claims and liabilities related to usual banking activities between affiliated banks. 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 are recorded on an accrual basis. Contrary to the international standards, the data include interest on claims and liabilities related to usual financial intermediation activities between affiliated financial intermediaries.

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.

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, (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 non-participating preference shares, (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, (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) the data include transactions associated with permanent debt between affiliated banks and between affiliated financial intermediaries. (Permanent debt is defined as being loans that will be paid as the last priority before shares are paid following bankruptcy of an enterprise.) Contrary to the international standards, the data include transactions between affiliated financial intermediaries involving claims and liabilities related to usual financial intermediation activities.

instances when a loan/debt guarantee provided by a direct investor is invoked following default by a direct investment enterprise have not occurred to date.

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 Indonesia 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 Indonesia 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 Indonesia: Equity Capital: Increase in Claims on Direct Investors", and loan transactions are recorded as "Direct Investment in Indonesia: Other Capital: Increase in Claims on Direct Investors".

Treatment of Quasi-corporations

Contrary to the international standards, the direct investment data do not include the activities of quasi-corporations involving the operation abroad by residents of Indonesia of (i) construction enterprises, and (ii) mobile equipment, such as ships, aircraft, and drilling rigs, as these activities cannot be identified from the present data sources.

Treatment of Offshore Enterprises

In accordance with the international standards, activities of offshore enterprises established abroad by residents of Indonesia 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 Indonesia 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 Indonesia 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 residents in Indonesia. Land and buildings purchased abroad by enterprises and individuals resident in Indonesia on long-term leases are not included.

Treatment of Natural Resources Exploration

Contrary to the international standards, (i) expenditure related to natural resources exploration abroad by residents of Indonesia is not included in the equity capital data, and (ii) expenditure on bonus payments made by residents of Indonesia to the host country for the right to undertake exploration for natural resources is not included in the equity capital data when there is a clear intention to establish a direct investment enterprise, as this information is not available from the present data sources. In accordance with the international standards, in instances of the shutdown of a direct investment enterprise established abroad by residents of Indonesia for natural resource exploration, no transactions are shown in the balance of payments statistics.

Exchange Rate Conversion

All transactions are converted to the unit of account at the exchange rate prevailing at the end of 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 Indonesia (BI) within the international investment position (IIP) framework on (a) equity capital and reinvested earnings, and (b) other capital, and are disseminated with a timeliness of 9 months after the end of the reference period on the following BI website (<http://www.bi.go.id/sdds>). (Prior to 2001, position data on direct investment abroad were not compiled.) The data are also reported to the IMF for publication.

Revision Practices

The data are preliminary when first released. The data are revised three months after they are first released to take account of additional information from respondents and late submissions and are disseminated together with the preliminary data for the latest year. The revised data for the previous two years will then be revised once a year and disseminated once a year together with the preliminary data for the latest year. At this time the data will be considered to be final, that is, 24 months after their first release.

The revised status of the data is clearly identified in the disseminated data, but the general public are not informed of the reasons for the revisions. There are plans to revise the historical data back to 2001 in the future, primarily to include data on the oil and gas sector, or in other instances of major changes in methodology or data collection systems.

There are differences in the revision practices between the data disseminated in the national publications and those reported to the IMF for publication, in that the data are not reported to the IMF until after the first revisions have been made.

Data Coverage

The data exclude positions relating to the extraction of crude petroleum and gas, and refined petroleum products and other treatments. However, there are plans to begin to include these elements in the future.

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 from a semi-annual enterprise survey of resident enterprises. The perpetual inventory method (a method for deriving position data from transactions data) is not used to compile the data.

In addition, (i) an international transactions reporting system (ITRS), which covers cash transactions made through the domestic banking system, cash transactions made through the foreign bank accounts of enterprises, and noncash transactions (for all components), and (ii) information from a debt register (for the data on other capital), are used to compile a separate set of data, that are used only for internal purposes to cross-check the data disseminated in the national publications and reported to the IMF for publication.

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 (the "survey list" business register) is maintained by the BI and is updated on an ongoing basis using information from (i) compulsory direct investment surveys, (ii) the ITRS's list of transactors, and (iii) a debt register. In turn, the ITRS's list of transactors is updated using information from business directories published by various institutions, and the debt register is updated using information from enterprises that report their external debt. The same register (the "survey list" business register) is used for (i) the disseminated inward and outward position data, and (ii) one of the two sets of unpublished inward and outward transactions data. However different registers are used for (i) the disseminated inward transactions data (the "debt register" business register), and (ii) the second of the two sets of unpublished inward and outward transactions data and one set of unpublished inward and outward position data (the "ITRS list" business register).

Geographic Classification

Quarterly data showing breakdowns by country for the outward direct investment position data are compiled by the BI with a timeliness of 12 months after the end of the reference period. The data are used for internal purposes only, are not disseminated, are not available on request, and are not reported to ASEAN. The compiled data cover 13 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.

Data showing breakdowns by regions/economic zones for the outward position data are not compiled.

Industrial Classification

Quarterly data showing breakdowns by industrial activity for the outward direct investment position data are compiled by the BI with a timeliness of 12 months after the end of the reference period. These data are used for internal purposes only, and are not disseminated, are not available on request, and are not reported to ASEAN. The data show a breakdown for 9 industrial activities. The classification used broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC). A more detailed breakdown of the manufacturing industry into 11 subcategories is also compiled.

The data are classified on the basis of the industrial activity of the resident direct investors.

Outward position data showing a breakdown by (i) industrial activity and main partner country, and (ii) industrial activity and region/economic zone, are not compiled.

There are no differences in the data coverage, sources, etc. between the outward position data showing industrial activity breakdowns compiled by the BI, 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 for the disseminated data. Contrary to the FCS, the data do not include the relevant share of the reinvested earnings of indirectly-owned direct investment enterprises. In accordance with the FCS, the data include 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 Indonesia 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 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 other affiliated financial intermediaries and affiliated banks, and (ii) when a direct investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings. Contrary to the international standards, reinvested earnings are not recorded in the period in which they are earned, but instead are recorded when they are declared to be reinvested. (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, and (iv) trade credits. The data do not cover 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, (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 non-participating preference shares, (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) the data include positions associated with permanent debt between affiliated banks and between affiliated financial intermediaries. (Permanent debt is defined as being loans that will be paid as the last priority before shares are paid following bankruptcy of an enterprise.) Contrary to the international standards, the data include positions between affiliated financial intermediaries involving claims and liabilities related to usual financial intermediation activities.

instances when a loan/debt guarantee provided by a direct investor is invoked following default by a direct investment enterprise have not occurred to date.

Treatment of Reverse Investment

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

Assuming that the direct investment enterprise is a resident of Indonesia 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 "Direct Investment Abroad: Other Capital: Claims on Affiliated Enterprises".

Assuming that the direct investment enterprise is a resident of Indonesia 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 positions are recorded as "Liabilities: Direct Investment in Indonesia: Equity Capital: Claims on Direct Investors", and loan positions are recorded as "Liabilities: Direct Investment in Indonesia: Other Capital: Claims on Direct Investors", and both are reported as such to the IMF.

Treatment of Quasi-corporations

Contrary to the international standards, the direct investment data do not include the activities of quasi-corporations involving the operation abroad by residents of Indonesia of (i) construction enterprises, and (ii) mobile equipment, such as ships, aircraft, and drilling rigs, as these activities cannot be identified from the present data sources.

Treatment of Offshore Enterprises

In accordance with the international standards, activities of offshore enterprises established abroad by residents of Indonesia 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 Indonesia 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 Indonesia 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 residents in Indonesia. Land and buildings owned abroad by enterprises and individuals resident in Indonesia on long-term leases are not included.

Treatment of Natural Resources Exploration

Contrary to the international standards, (i) expenditure related to natural resources exploration abroad by residents of Indonesia is not included in the equity capital data, (ii) expenditure on bonus payments made by residents of Indonesia to the host country for the right to undertake exploration for natural resources is not 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 Indonesia for natural resource exploration, an adjustment to reflect that shutdown is not made to the assets data on direct investment equity capital in the international investment position statistics, as this information is not available from the present data sources.

Valuation of Assets and Liabilities

The data on equity capital for both listed and 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 entities.

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

All positions are converted to the unit of account at the exchange rate prevailing on the date to which the position data relate.