

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.

Slovenia:

Direct Investment Compilation Practices, Data Sources and Methodology

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Direct Investment in Slovenia

- **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 SLOVENIA

BALANCE OF PAYMENTS (“INWARD TRANSACTIONS”) DATA

A. Compilation Practices and Data Sources

Data Availability

Separately identifiable monthly data are compiled by the Bank of Slovenia (BSI) within the balance of payments framework on (a) the following two components of direct investment income: (i) income on equity, (dividends and distributed branch profits), and (ii) reinvested earnings, and (b) on the components of direct investment financial flows (i) equity capital, and (ii) other capital. The data for all items are available on request with a timeliness of 7 weeks. The data are also reported to the IMF for publication (quarterly rather than monthly). In addition, aggregate data on direct investment income and direct investment financial flows are disseminated in the BSI's *Monthly Bulletin*, available on the BSI website <http://www.bsi.si> under the publications section (on the financial data page).

The data on other capital began to be compiled in 2002 for the reference year 2001 onwards. (Prior to that date these data were included under the Other Investment category in the Financial Account of the balance of payments statistics.)

Separately identifiable data on income on debt (interest) are not compiled and are instead classified indistinguishably under the Other Investment income category of the balance of payments statistics.

In addition, separate annual (calendar year) data are compiled for (i) income on equity (dividends and distributed branch profits), (ii) reinvested earnings, and (iii) equity capital. These data are disseminated 9 months after the end of the reference year on the BSI website under the publications section (on the investments page). These data are reported to Eurostat, but not to the IMF for publication.

Revision Practices

The monthly data are preliminary when first released. The data for all months of the current calendar year are revised monthly to take account of revised source data and the revised aggregates are disseminated monthly in the BSI's *Monthly Bulletin* on the BSI website. The data for the previous year are also subject to revision as needed. The data are considered to be final 21 months after their first release.

The general public are informed of the reasons for any major revisions through a press conference and methodological notes in the *Monthly Bulletin*. However, such revisions are not common. The revised status of the data is clearly identified in the disseminated data. There have been no major changes in methodology or data collection systems to date.

The quarterly data reported to the IMF for publication are revised to ensure consistency with the monthly data disseminated in the national publications.

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 a mixture of an individual transactions basis and an aggregate basis. (The monthly data reported to the IMF for publication are collected on an individual transactions basis, while the annual data reported to Eurostat are collected on an aggregate basis.) The reporting requirements are compulsory.

Data Sources

The monthly data for all components except reinvested earnings are compiled primarily from an international transactions reporting system (ITRS), which covers cash transactions made through the domestic banking system, cash transactions made through foreign bank accounts of enterprises, and noncash transactions. A debt register is used as a secondary data source for the data on other capital. The monthly data on reinvested earnings are either estimates based on the annual data obtained from the annual enterprise survey of the previous year, which are then divided into 12 equal amounts, or the five year monthly average.

There are no differences in the data sources between the monthly data disseminated in the national publications and the monthly (quarterly) data reported to the IMF for publication.

The annual data for income on equity (dividends and distributed branch profits), reinvested earnings, and equity capital that are reported to Eurostat are compiled from an annual enterprise survey of direct investment enterprises in Slovenia.

A business register of enterprises involved in direct investment is used to compile the inward direct investment transactions data. The register is maintained by the BSI and is updated using information from (i) the international trade system's list of exporters/importers, (ii) the ITRS's list of transactors, (iii) other statistical collection forms, (iv) a register maintained by the stock exchange authorities, (v) a debt register, (vi) the financial press, and (vii) a compulsory annual direct investment survey. The register is updated on an annual basis for the information obtained from the annual enterprise survey and on an irregular basis for information obtained from all other sources. The same business register is used to compile the inward transactions and position data and the outward transactions and position data.

Geographic Classification

Annual data showing breakdowns by country are compiled by the BSI for both the direct investment income data, and the direct investment financial flows data. These data cover all countries and are disseminated once a year with a timeliness of 9 months after the end of the reference period on the BSI website <http://www.bsi.si> under the publications section (on the investments page). The data are also reported to Eurostat for publication. Bilateral data are not used in the compilation of the data.

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

In addition, annual data are compiled by the BSI showing breakdowns of both the direct investment income and direct investment financial flows for the following regions or economic zones: (i) Europe, (ii) Africa, further broken down into North Africa and Other, (iii) America, further broken down into North America, Central America, and South America, (iv) Asia, further broken down into the Near and Middle East, and other Asian Countries, (v) Oceania and Polar Regions, (vi) the EU-15, (vii) Extra EU-15, (viii) EU-25, (ix) Extra EU-25, (x) Euro zone, (xi) EU other than Euro zone, (xii) Extra- EU zone, (xiii) EFTA, (xiv) the OECD, (xv) NAFTA, (xvi) NICs, (xvii) the CIS countries, (xviii) the ASEAN countries, (xix) the OPEC countries, and (xx) offshore financial centers. These data are reported to Eurostat once a year with a timeliness of 9 months after the end of the reference period, together with revised data for the previous two years. However, the data are not disseminated because of confidentiality constraints.

The coverage of the data showing the geographic breakdowns for the direct investment income and for the equity capital financial flows disseminated in the national publications differs from the coverage of the data reported to Eurostat for publication. The geographic breakdowns of the direct investment income data disseminated in the national publications cover only reinvested earnings and dividends paid and those for the direct investment financial flows cover only equity capital. The data showing geographic breakdowns reported to Eurostat cover other capital financial flows and related income, in addition to the items covered by the data disseminated in the national publications.

The data showing the geographic breakdowns disseminated in the national publications and reported to Eurostat are compiled from an annual enterprise survey and therefore differ from the monthly (quarterly) aggregate data

on direct investment income and direct investment financial flows reported to the IMF for publication, which are primarily compiled from an ITRS.

Industrial Classification

Annual data showing breakdowns by industrial activity are compiled by the BSI for both the direct investment income data and the direct investment financial flows data. The data are disseminated once a year with a timeliness of 9 months after the end of the reference period on the BSI website <http://www.bsi.si> under the publications section (on the investments page). The data show a breakdown for up to 59 industrial activities, although the actual number of activities may vary because of confidentiality constraints. The classification used is based on the activities level of NACE, the classification system used by Eurostat that 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 enterprise. The five industrial activities with the largest amount of direct investment income from investment in Slovenia during 2002 (in descending order) were: (i) manufacturing of chemicals, (ii) financial intermediation, (iii) manufacturing of rubber and plastics, (iv) manufacturing of machinery, and (v) sale and repair of motors. The five industrial activities with the largest amount of direct investment financial flows into Slovenia during 2002 (in descending order) were: (i) manufacturing of chemicals, (ii) financial intermediation, (iii) other business activities, (iv) manufacturing of pulp and paper products, and (v) wholesale and commission activities.

In addition, annual data are compiled by the BSI 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. Data for selected regions/economic zones are disseminated with a timeliness of 9 months after the end of the reference period and the data for all regions/economic zones are reported to Eurostat. Annual data are also compiled by the BSI for both the direct investment income data and the direct investment financial flows data showing breakdown by both industrial activity and partner country. Data showing the breakdown by both industrial activity and partner country are reported to Eurostat for the EU-15 countries. However, none of the data showing the breakdown by both industrial activity and partner country are disseminated because of confidentiality constraints.

The coverage of the data showing the industrial activity breakdowns for the direct investment income and for the equity capital financial flows disseminated in the national publications differs from the coverage of the data reported to Eurostat for publication. The industrial activity breakdowns of the direct investment income data disseminated in the national publications cover only reinvested earnings and dividends paid and those for the direct investment financial flows cover only equity capital. The data showing industrial activity breakdowns reported to Eurostat cover other capital financial flows and related income, in addition to the items covered by the data disseminated in the national publication.

The data showing the industrial activity breakdowns for the direct investment income and for the equity capital financial flows disseminated in the national publications and reported to Eurostat for publication are compiled from an annual enterprise survey and therefore differ from the monthly (quarterly) aggregate data on direct investment income and direct investment financial flows reported to the IMF for publication, which are primarily compiled from an ITRS.

B. Methodology

Definition of Direct Investment Enterprises in Slovenia

In accordance with the international standards, the basic criterion for defining direct investment enterprises in Slovenia 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. (The use of the 10 percent

criterion for all data was introduced in 1999. Prior to 1997 all transactions involving shares and equity were defined in the monthly data as direct investment, and between 1997 and 1999 the percentage ownership used to define direct investment enterprises in the monthly data was 50 percent. The percentage used in the annual data obtained from the enterprise survey has always been 10 percent.) 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. 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. The only transactions with indirectly owned enterprises that are included in the data are other capital (inter-company debt) transactions involving a "first level" indirectly owned enterprise, that is, a direct investment enterprise that is owned by a directly owned enterprise.

Enterprises in Slovenia are required by law to (i) produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, and (ii) identify all transactions with the parent company. However, the requirement to produce consolidated accounts applies only to those associated companies where the owner has an important impact on the management of the directly-owned company, or a majority equity holding.

Measurement of Direct Investment Earnings

Contrary to the international standards, the "Current Operating Performance Concept" (COPC) is not used to calculate earnings of direct investment enterprises. In accordance with the COPC, (i) deductions are made 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, and (iii) debt repayments receivable/payable are excluded. Contrary to the COPC, (i) deductions are not made for the depreciation of capital in the monthly data reported to the IMF (although these deductions are made in the annual data disseminated in the national publications and reported to Eurostat), and (ii) interest receivable/payable is not included, only interest paid/received. However, there are plans to possibly include interest receivable/payable by the end of 2007.

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 are recorded gross of any withholding taxes, (ii) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries (SPEs primarily engaged in financial intermediation for a group of related enterprises have not been occurred to date), 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 paid, rather than the date they are payable.

Treatment of Reinvested Earnings and Undistributed Branch Profits

The data on reinvested earnings and undistributed branch profits cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) reinvested earnings and undistributed branch profits are recorded in the period in which they are earned, (ii) the data include reinvested earnings and undistributed branch profits between nonfinancial direct investment enterprises and affiliated financial intermediaries (SPEs primarily engaged in financial intermediation for a group of related enterprises have not occurred to date), (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks, and (iv) when a direct investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings.

Treatment of Income on Debt (Interest)

Separately identifiable data on income on debt (interest) are not compiled and are instead classified indistinguishably under the Other Investment income category in the balance of payments statistics. The data cover both incorporated enterprises and unincorporated enterprises and include interest on (i) long-term loans, (ii) short-term loans, and (iii) financial leases. The data do not include interest on (i) bonds and money market instruments, and (ii) trade credits. 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 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 (SPEs primarily engaged in financial intermediation for a group of related enterprises have not occurred to date) 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 recorded 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). In addition, the annual data disseminated in the national publications and reported to Eurostat include noncash acquisitions of equity, such as through the provision of capital equipment. However, since 2002 these acquisitions have not been included in the monthly (quarterly) data reported to the IMF because the administrative source used to obtain this information is no longer available. 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 (SPEs primarily engaged in financial intermediation for a group of related enterprises have not occurred to date), and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, non-participating preference stocks (shares) are included under equity capital, rather than under other capital.

Treatment of Other Capital

The other capital transactions data cover: (i) long-term loans, (ii) short-term loans, and (iv) financial leases. In addition, the annual data disseminated in the national publications and reported to Eurostat include trade credits—these are excluded from the monthly (quarterly) data reported to the IMF. The data do not include bonds and money market instruments. In accordance with the international standards, the data exclude (i) financial derivatives, (ii) loan/debt guarantees provided by direct investors or related direct investment enterprises, (iii) changes in insurance company technical reserves, and (iv) transactions between affiliated banks 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 (SPEs primarily engaged in financial intermediation for a group of related enterprises have not occurred to date), (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 loans made for a period of five or more years with a view to establishing or maintaining lasting economic links, provided that such loans have the nature of subordinated debt and that they have been made between associated persons.) Contrary to the international standards, non-participating preference stocks (shares) are included under equity capital, rather than under other capital.

In 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, the entire amount of the loan/debt guarantee outstanding is treated as “Other Investment: Increase in Liabilities: Loans”, rather than as direct investment in Slovenia. However, if the direct investor that assumed the debt liability decides to treat the liability as an equity injection into the defaulting direct investment enterprise, rather than as a loan, then the entire amount is classified as “Direct Investment in Slovenia: Equity Capital: Increase in Liabilities to Direct Investors” at the time the guarantee is invoked.

Treatment of Reverse Investment

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

Assuming that the direct investment enterprise is a resident of Slovenia 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". Contrary to the international standards, loan transactions are treated as "Direct Investment in Slovenia: Other Capital: Increase in Claims on Direct Investor", rather than as "Direct Investment Abroad: Other Capital: Increase in Claims on Affiliated Enterprises".

Assuming that the direct investment enterprise is a resident of Slovenia and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, contrary to the international standards, equity transactions are recorded as "Portfolio Investment: Increase in Assets: Equity Securities", rather than as "Direct Investment in Slovenia: Equity Capital: Increase in Claims on Direct Investors". However, a recent investigation by the BSI found that such transactions were statistically insignificant. In accordance with the international standards, loan transactions are recorded as "Direct Investment in Slovenia: Other Capital: Increase in Claims on Direct Investors", and 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 of construction enterprises in Slovenia by nonresidents. Quasi-corporations arising from the operation in Slovenia by nonresidents of mobile equipment, such as ships, aircraft, and drilling rigs are not applicable as such activities have not occurred to date.

Treatment of Offshore Enterprises

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

Treatment of Special Purpose Entities (SPEs)

Not applicable. There are no SPEs established in Slovenia 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 Slovenia by nonresident enterprises. Contrary to the international standards, the data do not include purchases and sales of land and buildings in Slovenia by nonresident individuals because of difficulties in obtaining the data. Land and buildings purchased in Slovenia by nonresident enterprises on long-term leases have not been identified to date.

Treatment of Natural Resources Exploration

Not applicable. Expenditure related to natural resources exploration in Slovenia by nonresidents has not occurred to date.

Exchange Rate Conversion

All transactions in the monthly data, with the exception of the data on reinvested earnings, are converted to the unit of account at the exchange rate prevailing on the day of the transaction. The data on reinvested earnings, and the annual data on dividends and on equity capital are converted at the average exchange rate for the year in which the transactions are recorded.

DIRECT INVESTMENT IN SLOVENIA

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 Slovenia (BSI) within the international investment position (IIP) framework on (a) equity capital and reinvested earnings, and (b) other capital. These inward position data are disseminated with a timeliness of 9 months after the end of the reference year on the BSI website <http://www.bsi.si> under the financial data section, on the page for economic and financial data. (Prior to 2004 the timeliness of the data was 6 months after the end of the reference year.) The data are also reported to the IMF for publication.

Revision Practices

The data are preliminary when first released. The data are revised once, one year after their first release, to reflect additional data obtained from an annual enterprise survey, and the revised data are disseminated at the time of the release of the data for the latest year. At that time the data are considered to be final – that is, 21 months after their first release.

The general public are informed of the reasons for the revisions through footnotes to the data tables, and the revised status of the data is clearly identified in the disseminated data. There have been no major changes in methodology or data collection systems to date, and minor changes in methodology are indicated in footnotes to the data tables.

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

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 are compiled from an annual enterprise survey of direct investment enterprises resident in Slovenia. The perpetual inventory method (a method for deriving position data from transactions data) is not used.

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

A business register of enterprises involved in direct investment is used to compile the inward position data. The register is maintained by the BSI and is updated using information from (i) the international trade system's list of exporters/importers, (ii) the ITRS's list of transactors, (iii) other statistical collection forms, (iv) a register maintained by the stock exchange authorities, (v) a debt register, (vi) the financial press, and (vii) a compulsory annual direct investment survey. The register is updated on an annual basis for the information obtained from the annual enterprise survey and on an irregular basis for information obtained from all other sources. The same business register is used to compile the inward transactions and position data and the outward transactions and position data.

Geographic Classification

Annual data showing breakdowns by country are compiled by the BSI for the inward position data. These data cover all countries and are disseminated once a year with a timeliness of 9 months after the end of the reference period on the BSI website <http://www.bsi.si> under the financial data section (on the page for economic and financial data). The data are also reported to Eurostat for publication. Bilateral data are not used in the compilation of the data.

The data are compiled on an immediate country basis. The five countries with the largest amount of direct investment in Slovenia as at the end of 2002 (ranked in descending order) were: Austria, Switzerland, France, Germany, and Italy.

In addition, annual data are compiled by the BSI showing breakdowns for the following regions or economic zones: (i) Europe, (ii) Africa, further broken down into North Africa and Other, (iii) America, further broken down into North America, Central America, and South America, (iv) Asia, further broken down into the Near and Middle East, and other Asian Countries, (v) Oceania and Polar Regions, (vi) the EU-15, (vii) Extra EU-15, (viii) EU-25, (ix) Extra EU-25, (x) Euro zone, (xi) EU other than Euro zone, (xii) Extra- EU zone, (xiii) EFTA, (xiv) the OECD, (xv) NAFTA, (xvi) NICs, (xvii) the CIS countries, (xviii) the ASEAN countries, (xix) the OPEC countries, and (xx) offshore financial centers. These data are reported to Eurostat once a year with a timeliness of 9 months after the end of the reference period. However, the data are not disseminated because of confidentiality constraints.

There are no differences in the data sources, coverage etc, between the inward position data showing the geographic breakdowns disseminated in the national publications, and reported to Eurostat, and the aggregate inward position data reported to the IMF for publication.

Industrial Classification

Annual data showing breakdowns by industrial activity are compiled by the BSI for the inward position data and are disseminated once a year with a timeliness of 9 months after the end of the reference period on the BSI website <http://www.bsi.si> under the financial data section (on the page for economic and financial data). The data show a breakdown for up to 59 industrial activities, although the actual number of activities may vary because of confidentiality constraints. The classification used is based on the activities level of NACE, the classification system used by Eurostat that broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC).

The 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 Slovenia as at the end of 2002 (in descending order) were: (i) manufacturing of chemicals, (ii) financial intermediation, (iii) other business activities, (iv) manufacturing of pulp and paper products, and (v) wholesale and commission activities.

In addition, annual data are compiled by the BSI for the inward position data showing a breakdown by both industrial activity and region/economic zone. Data for selected regions/economic zones are disseminated with a timeliness of 9 months after the end of the reference period and the data for all regions/economic zones are reported to Eurostat. Annual data are also compiled by the BSI for the inward position data showing a breakdown by both industrial activity and partner country. Data showing the breakdown by both industrial activity and partner country are reported to Eurostat for the EU-15 countries. However, none of the data showing the breakdown by both industrial activity and partner country are disseminated because of confidentiality constraints.

There are no differences in the data sources, coverage etc, between the inward position data showing industrial activity breakdowns disseminated in the national publications, and reported to Eurostat, and the aggregate inward position data reported to the IMF for publication.

B. Methodology

Definition of Direct Investment Enterprises in Slovenia

In accordance with the international standards, the basic criterion for defining direct investment enterprises in Slovenia 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. Specifically, the data do not include (i) the relevant share of the reinvested earnings of indirectly-owned direct investment enterprises, and (ii) 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. The only positions with indirectly owned enterprises that are included in the data are other capital (inter-company debt) positions involving a “first level” indirectly owned enterprise, that is, a direct investment enterprise that is owned by a directly owned enterprise.

Enterprises in Slovenia are required by law to (i) produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, and (ii) identify all transactions with the parent company. However, the requirement to produce consolidated accounts applies only to those associated companies where the owner has an important impact on the management of the directly-owned company, or a majority equity holding.

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 (SPEs primarily engaged in financial intermediation for a group of related enterprises have not occurred to date), and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, non-participating preference stocks (shares) are included under equity capital, rather than under other capital.

The reinvested earnings data cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) reinvested earnings are recorded in the period in which they are earned, (ii) when a direct investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings, (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks, and (iv) the data include positions between nonfinancial direct investment enterprises and affiliated financial intermediaries. (SPEs primarily engaged in financial intermediation for a group of related enterprises have not occurred to date.) (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 Slovenia.)

Treatment of Other Capital

The other capital position data cover (i) long-term loans, (ii) short-term loans, (iii) trade credits, and—since the data for 1999—(iv) financial leases. The data do not include bonds and money market instruments. In accordance with the international standards, the data exclude (i) financial derivatives, (ii) loan/debt guarantees provided by direct investors or related direct investment enterprises, (iii) changes in insurance company technical reserves, and (iv) positions between affiliated banks 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 (SPEs primarily engaged in financial intermediation for a group of related enterprises have not occurred to date), (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 loans made for a period of five or more years with a view to establishing or maintaining lasting economic links, provided that such loans have the nature of subordinated debt and that they have been made between associated persons.) Contrary to the international standards, non-participating preference stocks (shares) are included under equity capital, rather than under other capital.

In 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, the entire amount of the loan/debt guarantee outstanding is treated as "Liabilities: Other Investment: Loans", rather than as direct investment in Slovenia. However, if the direct investor that assumed the debt liability decides to treat the liability as an equity injection into the defaulting direct investment enterprise, rather than as a loan, then the entire amount is classified as "Liabilities: Direct Investment in Slovenia: Equity Capital: Liabilities to Direct Investors" at the time the guarantee is invoked.

Treatment of Reverse Investment

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

Assuming that the direct investment enterprise is a resident of Slovenia 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". Contrary to the international standards, loan positions are treated as "Liabilities: Direct Investment in Slovenia: Other Capital: Claims on Direct Investor", rather than as "Assets: Direct Investment Abroad: Other Capital: Claims on Affiliated Enterprises".

Assuming that the direct investment enterprise is a resident of Slovenia and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, contrary to the international standards, equity positions are recorded as "Assets: Portfolio Investment: Equity Securities", rather than as "Liabilities: Direct Investment in Slovenia: Equity Capital: Claims on Direct Investors". However, a recent investigation by the BSI found that such positions were statistically insignificant. In accordance with the international standards, loan positions are recorded as "Liabilities: Direct Investment in Slovenia: Other Capital: Claims on Direct Investors", and 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 of construction enterprises in Slovenia by nonresidents. Quasi-corporations arising from the operation in Slovenia by nonresidents of mobile equipment, such as ships, aircraft, and drilling rigs, are not applicable as such activities have not occurred to date.

Treatment of Offshore Enterprises

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

Treatment of Special Purpose Entities (SPEs)

Not applicable. There are no SPEs established in Slovenia 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 Slovenia by nonresident enterprises. Contrary to the international standards, the data do not include ownership of land and buildings in Slovenia by nonresident individuals because of difficulties in obtaining the data. No instances of ownership on long-term leases of land and buildings in Slovenia by nonresident enterprises have been identified to date.

Treatment of Natural Resources Exploration

Not applicable. Expenditure related to natural resources exploration in Slovenia by nonresidents has not occurred to date.

Valuation of Assets and Liabilities

The data on equity capital for both listed and unlisted enterprises are recorded at book values, defined as being the interim adjusted price, which takes account of depreciation and revaluations.

The data on other capital are recorded at nominal values.

The book values used are the values 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 monthly data are compiled by the Bank of Slovenia (BSI) within the balance of payments framework on (a) the following two components of direct investment income: (i) income on equity, (dividends and distributed branch profits), and (ii) reinvested earnings, and (b) on the components of direct investment financial flows (i) equity capital, and (ii) other capital. The data for all items are available on request with a timeliness of 7 weeks. The data are also reported to the IMF for publication (quarterly rather than monthly). In addition, aggregate data on direct investment income and direct investment financial flows are disseminated in the BSI's *Monthly Bulletin*, available on the BSI website <http://www.bsi.si> under the publications section (on the financial data page).

The data on other capital began to be compiled in 2002 for the reference year 2001 onwards. (Prior to that date these data were included under the Other Investment category in the Financial Account of the balance of payments statistics.)

Separately identifiable data on income on debt (interest) are not compiled and are instead classified indistinguishably under the Other Investment income category of the balance of payments statistics.

In addition, separate annual (calendar year) data are compiled for (i) income on equity (dividends and distributed branch profits), (ii) reinvested earnings, and (iii) equity capital. These data are disseminated 9 months after the end of the reference year on the BSI website under the publications section (on the investments page). These data are reported to Eurostat, but not to the IMF for publication.

Revision Practices

The monthly data are preliminary when first released. The data for all months of the current calendar year are revised monthly to take account of revised source data and the revised aggregates are disseminated monthly in the BSI's *Monthly Bulletin* on the BSI website. The data for the previous year are also subject to revision as needed. The data are considered to be final 21 months after their first release.

The general public are informed of the reasons for any major revisions through a press conference and methodological notes in the *Monthly Bulletin*. However, such revisions are not common. The revised status of the data is clearly identified in the disseminated data. There have been no major changes in methodology or data collection systems to date.

The quarterly data reported to the IMF for publication are revised to ensure consistency with the monthly data disseminated in the national publications.

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.

Data Collection Method

The data are collected using a mixture of an individual transactions basis and an aggregate basis. (The monthly data are collected on an individual transactions basis, while the annual data on equity capital are collected on an aggregate basis.) The reporting requirements are compulsory.

Data Sources

The monthly data for all components except reinvested earnings are compiled primarily from an international transactions reporting system (ITRS), which covers cash transactions made through the domestic banking system, cash transactions made through foreign bank accounts of enterprises, and noncash transactions. A debt register is used as a secondary data source for the most timely data on other capital. The monthly data on reinvested earnings are estimates based on the annual data obtained from the annual enterprise survey of the previous year, which are then divided into 12 equal amounts, or the five year monthly average.

There are no differences in the data sources in the monthly data disseminated in the national publications monthly (quarterly) and the data reported to the IMF for publication.

The annual data for income on equity (dividends and distributed branch profits), reinvested earnings, and equity capital that are reported to Eurostat are compiled from an annual enterprise survey of direct investors resident in Slovenia.

A business register of enterprises involved in direct investment abroad is used to compile the outward direct investment transactions data. The register is maintained by the BSI and is updated using information from (i) the international trade system's list of exporters/importers, (ii) the ITRS's list of transactors, (iii) other statistical collection forms, (iv) a register maintained by the stock exchange authorities, (v) a debt register, (vi) the financial press, and (vii) a compulsory annual direct investment survey. The register is updated on an annual basis for the information obtained from the annual enterprise survey and on an irregular basis for information obtained from all other sources. The same business register is used to compile the outward transactions and position data and the inward transactions and position data.

Geographic Classification

Annual data showing breakdowns by country are compiled by the BSI for both the direct investment income data, and the direct investment financial flows data. These data cover all countries and are disseminated annually with a timeliness of 9 months after the end of the reference period on the BSI website <http://www.bsi.si> under the publications section (on the investments page). The data are also reported to Eurostat for publication. Bilateral data are not used in the compilation of the data.

The debtor/creditor principle is used as the basis for the geographic allocation of the data. The five countries with the largest amount of direct investment income from investment abroad by residents of Slovenia during 2002 (ranked in descending order) were: Austria, Macedonia, Cyprus, Poland, and Slovakia. The five countries with the largest amount of direct investment financial flows from Slovenia during 2002 (ranked in descending order) were: the Netherlands, Croatia, Bosnia and Herzegovina, Serbia and Montenegro, and Austria.

In addition, annual data are compiled by the BSI showing breakdowns of both the direct investment income and direct investment financial flows for the following regions or economic zones: (i) Europe, (ii) Africa, further broken down into North Africa and Other, (iii) America, further broken down into North America, Central America, and South America, (iv) Asia, further broken down into the Near and Middle East, and other Asian Countries, (v) Oceania and Polar Regions, (vi) the EU-15, (vii) Extra EU-15, (viii) EU-25, (ix) Extra EU-25, (x) Euro zone, (xi) EU other than Euro zone, (xii) Extra- EU zone, (xiii) EFTA, (xiv) the OECD, (xv) NAFTA, (xvi) NICs, (xvii) the CIS countries, (xviii) the ASEAN countries, (xix) the OPEC countries, and (xx) offshore financial centers. These data are reported to Eurostat once a year with a timeliness of 9 months after the end of the reference period, together with revised data for the previous two years. However, the data are not disseminated because of confidentiality constraints.

The coverage of the data showing the geographic breakdowns for the direct investment income and for the equity capital financial flows disseminated in the national publications differs from the coverage of the data reported to Eurostat for publication. The geographic breakdowns of the direct investment income data disseminated in the national publications cover only reinvested earnings and dividends paid and those for the direct investment financial flows cover only equity capital. The data showing geographic breakdowns reported to Eurostat cover other capital financial flows and related income, in addition to the items covered by the data disseminated in the national publications.

The data showing the geographic breakdowns disseminated in the national publications and reported to Eurostat are compiled from an annual enterprise survey and therefore differ from the monthly (quarterly) aggregate data

on direct investment income and direct investment financial flows reported to the IMF for publication, which are primarily compiled from an ITRS.

Industrial Classification

Annual data showing breakdowns by industrial activity are compiled by the BSI for both the direct investment income data and the direct investment financial flows data. The data are disseminated once a year with a timeliness of 9 months after the end of the reference period on the BSI website <http://www.bsi.si> under the publications section (on the investments page). The data show a breakdown for up to 59 industrial activities, although the actual number of activities may vary because of confidentiality constraints. The classification used is based on the activities level of NACE, the classification system used by Eurostat that 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 five industrial activities with the largest amount of direct investment income from investment abroad by residents of Slovenia during 2002 (in descending order) were: (i) manufacturing of tobacco products, (ii) support and transport services, (iii) manufacturing of chemicals, (iv) computers and related activities, and (v) sale and repair of motors. The five industrial activities with the largest amount of direct investment financial flows from Slovenia during 2002 (in descending order) were: (i) other business activities, (ii) manufacturing of chemicals, (iii) retail trade, (iv) sale and repair of motors, and (v) financial intermediation.

In addition, annual data are compiled by the BSI 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. Data for selected regions/economic zones are disseminated with a timeliness of 9 months after the end of the reference period and the data for all regions/economic zones are reported to Eurostat. Annual data are also compiled by the BSI for both the direct investment income data and the direct investment financial flows data showing breakdown by both industrial activity and partner country. Data showing the breakdown by both industrial activity and partner country are reported to Eurostat for the EU-15 countries. However, none of the data showing the breakdowns by both industrial activity and partner country are disseminated because of confidentiality constraints.

The coverage of the data showing the industrial activity breakdowns for the direct investment income and for the equity capital financial flows disseminated in the national publications differs from the coverage of the data reported to Eurostat for publication. The industrial activity breakdowns of the direct investment income data disseminated in the national publications cover only reinvested earnings and dividends paid and those for the direct investment financial flows cover only equity capital. The data showing industrial activity breakdowns reported to Eurostat cover other capital financial flows and related income, in addition to the items covered by the data disseminated in the national publication.

The data showing the industrial activity breakdowns for the direct investment income and for the equity capital financial flows disseminated in the national publications and reported to Eurostat for publication are compiled from an annual enterprise survey and therefore differ from the monthly (quarterly) aggregate data on direct investment income and direct investment financial flows reported to the IMF for publication, which are primarily compiled from an ITRS.

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. 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. The only transactions with indirectly owned enterprises that are included in the data are other capital (inter-company debt) transactions involving a "first level" indirectly owned enterprise, that is, a direct investment enterprise that is owned by a directly owned enterprise.

Enterprises in Slovenia are required by law to (i) produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, and (ii) identify all transactions with the parent company. However, the requirement to produce consolidated accounts applies only to those associated companies where the owner has an important impact on the management of the directly-owned company, or a majority equity holding.

Measurement of Direct Investment Earnings

Contrary to the international standards, the "Current Operating Performance Concept" (COPC) is not used to calculate earnings of direct investment enterprises. In accordance with the COPC, (i) deductions are made 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, and (iii) debt repayments receivable/payable are excluded. Contrary to the COPC, (i) deductions are not made for the depreciation of capital in the monthly data reported to the IMF (although these deductions are made in the annual data disseminated in the national publications and reported to Eurostat), and (ii) interest receivable/payable is not included, only interest paid/received. However, there are plans to possibly include interest receivable/payable by the end of 2007.

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 are recorded gross of any withholding taxes, (ii) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries (SPEs primarily engaged in financial intermediation for a group of related enterprises have not been occurred to date), 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, dividends and distributed branch profits for both incorporated and unincorporated enterprises are recorded on the date they are paid, rather than the date they are payable.

Treatment of Reinvested Earnings and Undistributed Branch Profits

The data on reinvested earnings and undistributed branch profits cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards (i) reinvested earnings and undistributed branch profits are recorded in the period in which they are earned, (ii) the data include reinvested earnings and undistributed branch profit between nonfinancial direct investment enterprises and affiliated financial intermediaries (SPEs primarily engaged in financial intermediation for a group of related enterprises have not occurred to date), (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks, and (iv) when a direct investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings.

Treatment of Income on Debt (Interest)

Separately identifiable data on income on debt (interest) are not compiled and are instead classified indistinguishably under the Other Investment income category of the balance of payments statistics. The data on

income on debt (interest) cover both incorporated enterprises and unincorporated enterprises. The data include interest on (i) long-term loans, (ii) short-term loans, and (iii) financial leases. The data do not include interest on (i) bonds and money market instruments, and (ii) trade credits. 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 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 (SPEs primarily engaged in financial intermediation for a group of related enterprises have not occurred to date), 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 recorded 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). In addition, the annual data disseminated in the national publications and reported to Eurostat include noncash acquisitions of equity, such as through the provision of capital equipment. However, since 2002 these acquisitions have not been included in the monthly (quarterly) data reported to the IMF because the administrative source used to obtain this information is no longer available. 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 (SPEs primarily engaged in financial intermediation for a group of related enterprises have not occurred to date), and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, non-participating preference stocks (shares) are included under equity capital, rather than under other capital.

Treatment of Other Capital

The other capital transactions data cover: (i) long-term loans, (ii) short-term loans, (iii) trade credits, and (iv) financial leases. In addition, the annual data disseminated in the national publications and reported to Eurostat include trade credits—these are excluded from the monthly (quarterly) data reported to the IMF. The data do not include bonds and money market instruments. In accordance with the international standards, the data exclude (i) financial derivatives, (ii) loan/debt guarantees provided by direct investors or related direct investment enterprises, (iii) changes in insurance company technical reserves, and (iv) transactions between affiliated banks 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 (SPEs primarily engaged in financial intermediation for a group of related enterprises have not occurred to date), (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of affiliated other 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 loans made for a period of five or more years with a view to establishing or maintaining lasting economic links, provided that such loans have the nature of subordinated debt and that they have been made between associated persons.) Contrary to the international standards, non-participating preference stocks (shares) are included under equity capital, rather than under other capital.

In instances when a loan/debt guarantee provided by a direct investor is invoked following default by a direct investment enterprise, the entire amount of the loan/debt guarantee outstanding is treated as “Other Investment: Increase in Assets: Loans”, rather than as direct investment abroad. However, if the direct investor that assumed the debt liability decides to treat the liability as an equity injection into the defaulting direct investment enterprise, rather than as a loan, then the entire amount is classified as “Direct Investment Abroad: Equity Capital: Increase in Claims on Affiliated Enterprises” at the time the guarantee is invoked.

Treatment of Reverse Investment

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

Assuming that the direct investment enterprise is a resident of Slovenia 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". Contrary to the international standards, loan transactions are treated as "Direct Investment in Slovenia: Other Capital: Increase in Claims on Direct Investor", rather than as "Direct Investment Abroad: Other Capital: Increase in Claims on Affiliated Enterprises".

Assuming that the direct investment enterprise is a resident of Slovenia and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, contrary to the international standards, equity transactions are recorded as "Portfolio Investment: Increase in Assets: Equity Securities", rather than as "Direct Investment in Slovenia: Equity Capital: Increase in Claims on Direct Investors". However, a recent investigation by the BSI found that such transactions were statistically insignificant. In accordance with the international standards, loan transactions are recorded as "Direct Investment in Slovenia: Other Capital: Increase in Claims on Direct Investors", and 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 of construction enterprises by residents of Slovenia. Quasi-corporations arising from the operation abroad of mobile equipment, such as ships, aircraft, and drilling rigs, by residents of Slovenia are not applicable as such activities have not occurred to date.

Treatment of Offshore Enterprises

Not applicable. There are no offshore enterprises established abroad by residents of Slovenia at present.

Treatment of Special Purpose Entities (SPEs)

Not applicable. No SPEs established abroad by residents of Slovenia have been identified to date.

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 resident in Slovenia. Contrary to the international standards, the data do not include purchases and sales of land and buildings abroad by individuals resident in Slovenia because of difficulties in obtaining the data. Land and buildings purchased abroad by enterprises resident in Slovenia on long-term leases have not been identified to date.

Treatment of Natural Resources Exploration

Not applicable. Expenditure related to natural resources exploration abroad by residents of Slovenia has not occurred to date.

Exchange Rate Conversion

All transactions in the monthly data, with the exception of the data on reinvested earnings, are converted to the unit of account at the exchange rate prevailing on the day of the transaction. The data on reinvested earnings, and the annual data on dividends and on equity capital are converted at the average exchange rate for the year in which the transactions are recorded.

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 Slovenia (BSI) within the international investment position (IIP) framework on (a) equity capital and reinvested earnings, and (b) other capital. These outward position data are disseminated with a timeliness of 9 months after the end of the reference year on the BSI website <http://www.bsi.si> under the financial data section, on the page for economic and financial data. (Prior to 2004 the timeliness of the data was 6 months after the end of the reference year.) The data are also reported to the IMF for publication.

Revision Practices

The data are preliminary when first released. The data are revised once, one year after their first release to reflect additional data obtained from an annual enterprise survey, and the revised data are disseminated at the time of the release of the data for the latest year. At that time the data are considered to be final – that is, 21 months after their first release.

The general public are informed of the reasons for the revisions through footnotes to the data tables, and the revised status of the data is clearly identified in the disseminated data. There have been no major changes in methodology or data collection systems to date, and minor changes in methodology are indicated in footnotes to the data tables.

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

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 are compiled from an annual enterprise survey of direct investors resident in Slovenia. The perpetual inventory method (a method for deriving position data from transactions data) is not used.

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 abroad is used to compile the inward position data. The register is maintained by the BSI and is updated using information from (i) the international trade system's list of exporters/importers, (ii) the ITRS's list of transactors, (iii) other statistical collection forms, (iv) a register maintained by the stock exchange authorities, (v) a debt register, (vi) the financial press, and (vii) a compulsory annual direct investment survey. The register is updated on an annual basis for the information obtained from the annual enterprise survey and on an irregular basis for information obtained from all other sources. The same business register is used to compile the outward transactions and position data and the inward transactions and position data.

Geographic Classification

Annual data showing breakdowns by country are compiled by the BSI for the outward position data. These data cover all countries and are disseminated once a year with a timeliness of 9 months after the end of the reference period on the BSI website <http://www.bsi.si> under the financial data section (on the page for economic and financial data). The data are also reported to Eurostat for publication. Bilateral data are not used in the compilation of the data.

The data are compiled on an immediate country basis. The five countries with the largest amount of direct investment from Slovenia as at the end of 2002 (ranked in descending order) were: Croatia, Bosnia and Herzegovina, the Netherlands, Serbia and Montenegro, and Austria.

In addition, annual data are compiled by the BSI showing breakdowns for the following regions or economic zones: (i) Europe, (ii) Africa, further broken down into North Africa and Other, (iii) America, further broken down into North America, Central America, and South America, (iv) Asia, further broken down into the Near and Middle East, and other Asian Countries, (v) Oceania and Polar Regions, (vi) the EU-15, (vii) Extra EU-15, (viii) EU-25, (ix) Extra EU-25, (x) Euro zone, (xi) EU other than Euro zone, (xii) Extra- EU zone, (xiii) EFTA, (xiv) the OECD, (xv) NAFTA, (xvi) NICs, (xvii) the CIS countries, (xviii) the ASEAN countries, (xix) the OPEC countries, and (xx) offshore financial centers. These data are reported to Eurostat once a year with a timeliness of 9 months after the end of the reference period. However, the data are not disseminated because of confidentiality constraints.

There are no differences in the data sources, coverage etc, between the outward position data showing the geographic breakdowns disseminated in the national publications, and reported to Eurostat, and the aggregate outward position data reported to the IMF for publication.

Industrial Classification

Annual data showing breakdowns by industrial activity are compiled by the BSI for the outward position data and are disseminated once a year with a timeliness of 9 months after the end of the reference period on the BSI website <http://www.bsi.si> under the financial data section (on the page for economic and financial data). The data show a breakdown for up to 59 industrial activities, although the actual number of activities may vary because of confidentiality constraints. The classification used is based on the activities level of NACE, the classification system used by Eurostat that broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC).

The data are classified on the basis of the industrial activity of the resident direct investor. The five industrial activities with the largest amount of direct investment from Slovenia as at the end of 2002 (in descending order) were: (i) other business activities, (ii) manufacturing of chemicals, (iii) financial intermediation, (iv) retail trade, and (v) manufacturing of food products.

In addition, annual data are compiled by the BSI for the outward position data showing a breakdown by both industrial activity and region/economic zone. Data for selected regions/economic zones are disseminated with a timeliness of 9 months after the end of the reference period and the data for all regions/economic zones are reported to Eurostat. Annual data are also compiled by the BSI for the outward position data showing a breakdown by both industrial activity and partner country. Data showing the breakdown by both industrial activity and partner country are reported to Eurostat for the EU-15 countries. However, none of the data showing the breakdown by both industrial activity and partner country are disseminated because of confidentiality constraints.

There are no differences in the data sources, coverage etc, between the outward position data showing industrial activity breakdowns disseminated in the national publications, and reported to 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. Specifically, the data do not include (i) the relevant share of the reinvested earnings of indirectly-owned direct investment enterprises, and (ii) 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. The only positions with indirectly owned enterprises that are included in the data are other capital (inter-company debt) positions involving a “first level” indirectly owned enterprise, that is, a direct investment enterprise that is owned by a directly owned enterprise.

Enterprises in Slovenia are required by law to (i) produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, and (ii) identify all transactions with the parent company. However, the requirement to produce consolidated accounts applies only to those associated companies where the owner has an important impact on the management of the directly-owned company, or a majority equity holding.

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 (SPEs primarily engaged in financial intermediation for a group of related enterprises have not occurred to date), and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, non-participating preference stocks (shares) are included under equity capital, rather than under other capital.

The reinvested earnings data cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) reinvested earnings are recorded in the period in which they are earned, (ii) when a direct investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings, (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) include positions between nonfinancial direct investment enterprises and affiliated financial intermediaries. (SPEs primarily engaged in financial intermediation for a group of related enterprises have not occurred to date.) (See also the section on the *Measurement of Direct Investment Earnings* in the metadata on the Balance of Payments [transactions] data on Direct Investment Abroad.)

Treatment of Other Capital

The other capital position data cover: (i) long-term loans, (ii) short-term loans, (iii) trade credits, and—since the data for 1999—(iv) financial leases. The data do not include bonds and money market instruments. In accordance with the international standards, the data exclude (i) financial derivatives, (ii) loan/debt guarantees

provided by direct investors or related direct investment enterprises, (iii) changes in insurance company technical reserves, and (iv) positions between affiliated banks 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 (SPEs primarily engaged in financial intermediation for a group of related enterprises have not occurred to date), (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 loans made for a period of five or more years with a view to establishing or maintaining lasting economic links, provided that such loans have the nature of subordinated debt and that they have been made between associated persons.) Contrary to the international standards, non-participating preference stocks (shares) are included under equity capital, rather than under other capital.

In instances when a loan/debt guarantee provided by a direct investor is invoked following default by a direct investment enterprise, the entire amount of the loan/debt guarantee outstanding is treated as "Assets: Other Investment: Loans", rather than as direct investment abroad. However, if the direct investor that assumed the debt liability decides to treat the liability as an equity injection into the defaulting direct investment enterprise, rather than as a loan, then the entire amount is classified as "Assets: Direct Investment Abroad: Equity Capital: Claims on Affiliated Enterprises" at the time the guarantee is invoked.

Treatment of Reverse Investment

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

Assuming that the direct investment enterprise is a resident of Slovenia 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". Contrary to the international standards, loan positions are treated as "Liabilities: Direct Investment in Slovenia: Other Capital: Claims on Direct Investor", rather than as "Assets: Direct Investment Abroad: Other Capital: Claims on Affiliated Enterprises".

Assuming that the direct investment enterprise is a resident of Slovenia and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, contrary to the international standards, equity positions are recorded as "Assets: Portfolio Investment: Equity Securities", rather than as "Liabilities: Direct Investment in Slovenia: Equity Capital: Claims on Direct Investors". However, a recent investigation by the BSI found that such positions were statistically insignificant. In accordance with the international standards, loan positions are recorded as "Liabilities: Direct Investment in Slovenia: Other Capital: Claims on Direct Investors", and 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 of construction enterprises abroad by residents of Slovenia. Quasi-corporations arising from the operation abroad by residents of Slovenia of mobile equipment, such as ships, aircraft, and drilling rigs are not applicable as such activities have not occurred to date.

Treatment of Offshore Enterprises

Not applicable. There are no offshore enterprises established abroad by residents of Slovenia at present.

Treatment of Special Purpose Entities (SPEs)

Not applicable. No SPEs established abroad by residents of Slovenia have been identified to date.

Treatment of Land and Buildings

In accordance with the international standards, the equity capital data include ownership of land and buildings abroad by enterprises resident in Slovenia. Contrary to the international standards, the data do not include ownership of land and buildings abroad by individuals resident in Slovenia because of difficulties in obtaining the data. No instances of ownership on long-term leases of land and buildings abroad by residents of Slovenia have been identified to date.

Treatment of Natural Resources Exploration

Not applicable. Expenditure related to natural resources exploration abroad by residents of Slovenia has not occurred to date.

Valuation of Assets and Liabilities

The data on equity capital for both listed and unlisted enterprises are recorded at book values, defined as being the interim adjusted price, which takes account of depreciation and revaluations.

The data on other capital are recorded at nominal values.

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