

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.

## **Thailand:**

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

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#### **Direct Investment in Thailand**

- **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 THAILAND

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

#### A. Compilation Practices and Data Sources

##### Data Availability

Separately identifiable monthly data are compiled by the Bank of Thailand (BOT) within the balance of payments framework on the components of direct investment financial flows: (i) equity capital, and (ii) other capital. These data are disseminated with a timeliness of 2 months after the end of the reference period on the following BOT website <http://www.bot.or.th/bothomepage/databank/EconData/Econ&Finance/index03e.htm>. The data (quarterly rather than monthly) are also reported to the IMF for publication.

Monthly data on two of the three components of direct investment income: (i) income on equity (dividends and distributed branch profits), and (ii) income on debt (interest), are compiled with a timeliness of 2 months after the end of the reference period, but are disseminated indistinguishably under total investment income in the balance of payments statistics. Data on reinvested earnings are not compiled.

##### Revision Practices

The data are preliminary when first released. The data are revised quarterly for six months to take account of revised data and the results of a quarterly enterprise survey in the case of the data for other capital, and the revised data are disseminated together with the preliminary data for the latest month. The data become final 6 months after their first release.

The revised status of the data is clearly identified in the disseminated data. However, the general public are not informed of the reasons for the revisions. It is intended that the historical data will be revised in instances of major changes in methodology or data collection systems, as far back as appropriate, normally 3-5 years. However, no such revisions have been made to date.

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 using a mixture of an individual transactions basis (that is, an international transactions reporting system (ITRS) and an aggregate basis (that is, an enterprise survey). The reporting requirements for the ITRS are compulsory, but the reporting requirements for the enterprise surveys are voluntary.

##### Data Sources

The data for all components are compiled primarily from an international transactions reporting system (ITRS), which covers cash transactions made through the domestic banking system, but not cash transactions made through the foreign bank accounts of enterprises, or noncash transactions. Quarterly enterprise surveys of resident enterprises are used as a secondary data source for the data on other capital.

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 not used to compile the inward direct investment transactions data.

### **Geographic Classification**

Monthly data showing breakdowns by country for the direct investment financial flows data are compiled by the BOT and disseminated monthly with a timeliness of 2 months after the end of the reference period on the following BOT website <http://www.bot.or.th/bothomepage/databank/EconData/Econ&Finance/index03e.htm>. The data cover 34 countries and bilateral data are not used in the compilation of the data.

Separately identifiable data on direct investment income are not compiled.

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 financial flows into Thailand during 2002 (ranked in descending order) were: Singapore, Japan, the United Kingdom, Taiwan ROC, and Ireland.

In addition to the data showing country breakdowns, monthly data are compiled by the BOT showing breakdowns of direct investment financial flows for the following regions/economic zones: (i) the EU15, and (ii) the ASEAN countries. These data are disseminated monthly with a timeliness of 2 months after the end of the reference period on the BOT website specified above

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

### **Industrial Classification**

Monthly data showing breakdowns by industrial activity for direct investment financial flows are compiled by the BOT and are disseminated monthly with a timeliness of 2 months after the end of the reference period on the following BOT website <http://www.bot.or.th/bothomepage/databank/EconData/Econ&Finance/index03e.htm>. The data show a breakdown for 18 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).

Separately identifiable data on direct investment income are not compiled.

The data on direct investment financial flows are classified on the basis of the industrial activity of the resident direct investment enterprises. The five industrial activities with the largest amount of direct investment financial flows into Thailand during 2002 (in descending order) were: (i) trade, (ii) food and sugar, (iii) other industry, (iv) investment, and (v) electronic appliances.

Annual data are compiled by the BOT for the direct investment financial flows data showing a breakdown by both industrial activity and main partner country, with a timeliness of 3 months after the end of the reference period. These data are not disseminated but are available on request. The five highest ranking partner countries during 2002 (ranked in descending order) for which breakdowns by industrial activity are disseminated were: Singapore, Japan, the United Kingdom, Taiwan ROC, and Ireland.

Data showing a breakdown by both industrial activity and region/economic zone are not compiled.

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

## **B. Methodology**

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

In accordance with the international standards, the basic criterion for defining direct investment enterprises in Thailand 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 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 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 Thailand are generally not required by law to (i) produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic, or (ii) identify all transactions with the parent company. However, some listed and unlisted public enterprises are required by law to produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic.

#### **Measurement of Direct Investment Earnings**

Contrary to the international standards, the "Current Operating Performance Concept" (COPC) is not fully used to calculate direct investment earnings. In accordance with the COPC, (i) deductions are made for depreciation of capital, and for provisions for host-country income and corporation taxes, (ii) realized and unrealized capital gains and losses, write-offs, and realized and unrealized exchange rate gains and losses are excluded, and (iii) interest receivable/payable is included. (Prior to 2001, realized and unrealized capital gains and losses, write-offs, and realized and unrealized exchange rate gains and losses were not excluded.) Contrary to the COPC, debt repayments receivable/payable are not excluded.

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

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

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

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

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

Data on income on debt (interest) are compiled but are disseminated indistinguishably under total investment income in the balance of payments statistics. 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. The data do not include interest on 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 and financial intermediation activities between affiliated banks and affiliated financial intermediaries. In accordance with the international standards, (i) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related

enterprises, and (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, the data are recorded on a paid basis, rather than on an accrual basis.

### **Treatment of Equity Capital**

The equity capital transactions data cover (i) listed voting stocks (shares), and (ii) unlisted voting stocks (shares). The data do not include (i) participating preference [preferred] shares, and (ii) other non-voting stocks (shares), which are instead classified under Portfolio Investment in the balance of payments statistics. The data also do not cover noncash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, (i) the data include equity transactions between affiliated banks and between affiliated financial intermediaries, (ii) the data include equity transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks.

### **Treatment of Other Capital**

The other capital transactions data cover: (i) long-term loans, (ii) short-term loans, and (iii) bonds and money market instruments. The data do not cover (i), trade credits, and (ii) financial leases. The data also do not cover nonparticipating preference shares, which are instead classified under Portfolio Investment in the balance of payments statistics. 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, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks, and (iii) the data include transactions associated with permanent debt between affiliated banks and between affiliated financial intermediaries. (Permanent debt is defined as being loan capital representing a permanent or lasting interest.)

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, no transaction is recorded in the balance of payment statistics, as the assumption of the liability by the guarantor is shown as an "other change in volume" in the position data.

### **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 Thailand 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 Thailand 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 Thailand: Equity Capital: Increase in Claims on Direct Investors", and loan transactions are recorded as "Other Investment: Increase in Assets: Loans", rather than as "Direct Investment in Thailand: Other Capital: Increase in Claims on Direct Investors".

**Treatment of Quasi-corporations**

Not applicable. Quasi-corporations involving the operation in Thailand by nonresidents of (i) construction enterprises, and (ii) mobile equipment, such as ships, aircraft, and drilling rigs, have not occurred to date.

**Treatment of Offshore Enterprises**

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

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

Not applicable. There are no SPEs established in Thailand 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 Thailand by nonresident enterprises and nonresident individuals. However, under existing laws nonresidents are not permitted to purchase land and buildings except for condominium units and similar structures. Land and buildings purchased in Thailand by nonresident enterprises and nonresident individuals on long-term leases are not included.

**Treatment of Natural Resources Exploration**

In accordance with the international standards, expenditure related to natural resources exploration in Thailand by nonresidents is included in the equity capital data. Contrary to the international standards, 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 Thailand by nonresidents for natural resource exploration, no transactions are shown in the balance of payments statistics.

**Exchange Rate Conversion**

All transactions, except some transactions involving income on debt (interest), are converted to the unit of exchange at the average exchange rate for the period. Some income on debt transactions are converted at the exchange rate prevailing on the day of the transaction.

## DIRECT INVESTMENT IN THAILAND

### 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 Thailand (BOT) 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 Bank of Thailand's website <http://www.bot.or.th>. The data are also reported to the IMF for publication. (Prior to 2002 data on equity capital and reinvested earnings were not compiled, and the data on other capital were not disseminated in the national publications.)

##### Revision Practices

The data are preliminary when first released. The data are revised to take account of late responses to the annual enterprises surveys, and are released once a year at the end of September. At that time they are considered to be final, that is, one year after their first release.

The revised status of the data is clearly identified in the disseminated data. However, the general public are not informed of the reasons for the revisions. There have been no major changes in methodology or data collection systems since annual data began to be compiled and disseminated in 2002. However, if such changes were to occur in the future, the BOT would revise the historical data back as far as possible, and inform the public of the changes.

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. (Prior to 2002 the data covered only the banking sector.)

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. The reporting requirements are compulsory for the banking sector, and voluntary for the non-bank private sector.

##### Data Sources

The data for all components are compiled primarily from (i) reports from commercial banks, (ii) reports from government and state enterprises, (iii) annual enterprise surveys of resident enterprises, and (iv) information obtained from a quarterly external debt survey. Secondary data sources for the equity capital data are (i) stock data obtained from the stock exchange, (ii) information obtained from the Department of Commercial Registration, and (iii) the financial press combined with direct confirmations from the relevant enterprises. The perpetual inventory method (a method for deriving position data from transactions data) is not used for the compilation of the data.

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

A business register of enterprises involved in direct investment is used to compile the inward direct investment position data. The register is maintained by the BOT and is updated on an annual basis using information from (i)

the ITRS's list of transactors, (ii) registers maintained by the government licensing and regulatory authorities, corporate affairs authorities, and the stock exchange authorities, (iii) the financial press, and (iv) voluntary direct investment surveys. The same register is used for the inward and outward direct investment position data.

### **Geographic Classification**

Annual (calendar year) data showing breakdowns by country for the inward direct investment position data are compiled by the BOT and disseminated once a year with a timeliness of 9 months after the end of the reference period on the BOT website <http://www.bot.or.th>. The data cover 46 countries. Bilateral data are not used in the compilation of the data.

In accordance with the international standards, the data are compiled on an "immediate country" basis. The five countries with the largest amount of direct investment in Thailand as at the end of 2002 (ranked in descending order) were: Japan, the United States, Singapore, the Netherlands, and Hong Kong SAR.

Data showing breakdowns of the inward direct investment position data by regions/economic zones are not compiled. However, data may be able to be compiled on request on a case-by-case basis.

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

### **Industrial Classification**

Annual (calendar year) data showing breakdowns by industrial activity for the inward direct investment position data are compiled by the BOT with a timeliness of 9 months after the end of the reference period. The data are not disseminated but are available on request. The data show a breakdown for 34 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).

The inward position data are classified on the basis of the industrial activity of the resident direct investment enterprises. The five industrial activities with the largest amount of direct investment in Thailand as at the end of 2002 (in descending order) were: (i) electrical appliances, (ii) chemicals, (iii) transport equipment, (iv) other services, and (v) metal products.

Data showing breakdowns 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 disseminated in the national publications and the aggregate inward position data reported to the IMF for publication.

## **B. Methodology**

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

In accordance with the international standards, the basic criterion for defining direct investment enterprises in Thailand 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 not 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.

Enterprises in Thailand are generally not required by law to (i) produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic, or (ii) identify all transactions with the parent company. However, some listed and unlisted public enterprises are required by law to produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic.

### **Treatment of Equity Capital and Reinvested Earnings**

The equity capital position data cover (i) listed voting stocks (shares), and (ii) unlisted voting stocks (shares). The data do not include (i) participating preference [preferred] shares, and (ii) other non-voting stocks (shares), which are instead classified under Portfolio Investment in the IIP statistics. The data also do not cover noncash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, (i) the data include equity 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) reinvested earnings are recorded in the period in which they are earned, (ii) the data include positions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, when a direct investment enterprise makes a net loss, that net loss is not recorded as negative reinvested earnings. (See also the section on the *Measurement of Direct Investment Earnings* in the metadata on the Balance of Payments [transactions] data on Direct Investment in Thailand.)

Prior to 2002 inward position data on equity capital and reinvested earnings were not compiled.

### **Treatment of Other Capital**

The other capital position data cover: (i) long-term loans, (ii) short-term loans, and (iii) bonds and money market instruments. The data do not cover (i) trade credits, and (ii) financial leases. The data also do not cover nonparticipating preference shares, which are instead classified under Portfolio Investment in the IIP data. 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, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks, and (iii) the data include positions associated with permanent debt between affiliated banks and between affiliated financial intermediaries. (Permanent debt is defined as being loan capital representing a permanent or lasting interest.)

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

is invoked, or (ii) the entire amount of the loan/debt guarantee outstanding may be treated as direct investment lending by the guarantor and recorded under “Liabilities: Direct Investment in Thailand: Other Capital: Liabilities to Direct Investors” at the time the guarantee is invoked, or (iii) the periodic payments of principal and interest made by the guarantor may be treated as direct investment equity capital injections by the guarantor and recorded under “Liabilities: Direct investment in Thailand: Equity Capital: Liabilities to Direct Investors” at the time the periodic payments are made, or (iv) the periodic payments of principal and interest made by the guarantor may be treated as direct investment lending by the guarantor and recorded under “Liabilities: Direct investment in Thailand: Other Capital: Liabilities to Direct Investors” at the time the periodic payments are made.

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

Assuming that the direct investment enterprise is a resident of Thailand 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 Thailand: Equity Capital: Claims on Direct Investors”, and loan positions are recorded as “Liabilities: Direct Investment in Thailand: Other Capital: Claims on Direct Investors” and are reported as such to the IMF. However, the amounts involved have been zero, or too small to be reported to the IMF.

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

Not applicable. Quasi-corporations involving the operation in Thailand by nonresidents of (i) construction enterprises, and (ii) mobile equipment, such as ships, aircraft, and drilling rigs, have not occurred to date.

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

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

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

Not applicable. There are no SPEs established in Thailand 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 Thailand by nonresident enterprises. Contrary to the international standards, the equity capital data do not include ownership of land and buildings in Thailand by nonresident individuals. Land and buildings owned in Thailand by nonresident enterprises and nonresident individuals on long-term leases are not included.

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

In accordance with the international standards, expenditure related to natural resources exploration in Thailand by nonresidents is included in the equity capital data. Contrary to the international standards, 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. Instances of the shutdown of a direct investment enterprise established in Thailand by nonresidents for natural resource exploration have not occurred to date.

### **Valuation of Assets and Liabilities**

The data on equity capital for listed enterprises are recorded at market values, and in the case of listed enterprises with temporary suspension from regular trading, the most recently traded price is used as the proxy for market values. The data on equity capital for unlisted enterprises are recorded at the net asset value, which is defined as total assets less non-equity liabilities.

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

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

### **Exchange Rate Conversion**

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

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

**A. Compilation Practices and Data Sources**

**Data Availability**

Separately identifiable monthly data are compiled by the Bank of Thailand (BOT) within the balance of payments framework on the components of direct investment financial flows: (i) equity capital, and (ii) other capital. These data are disseminated with a timeliness of 2 months after the end of the reference period on the following BOT website <http://www.bot.or.th/bothomepage/databank/EconData/Econ&Finance/index03e.htm>. The data (quarterly rather than monthly) are also reported to the IMF for publication.

Monthly data on two of the three components of direct investment income: (i) income on equity (dividends and distributed branch profits), and (ii) income on debt (interest), are compiled with a timeliness of 2 months after the end of the reference period, but are disseminated indistinguishably under total investment income in the balance of payments statistics. Data on reinvested earnings are not compiled.

**Revision Practices**

The data are preliminary when first released. The data are revised quarterly for six months to take account of revised data and the results of a quarterly enterprise survey in the case of the data for other capital, and the revised data are disseminated together with the preliminary data for the latest month. The data become final 6 months after their first release.

The revised status of the data is clearly identified in the disseminated data. However, the general public are not informed of the reasons for the revisions. It is intended that the historical data will be revised in instances of major changes in methodology or data collection systems, as far back as appropriate, normally 3-5 years. However, no such revisions have been made to date.

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 individual transactions basis and the reporting requirements are compulsory.

**Data Sources**

The data for all components are compiled from an international transactions reporting system (ITRS), which covers cash transactions made through the domestic banking system, but not cash transactions made through the foreign bank accounts of enterprises, or noncash transactions.

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 not used to compile the outward direct investment transactions data.

## **Geographic Classification**

Monthly data showing breakdowns by country for the direct investment financial flows data are compiled by the BOT and disseminated monthly with a timeliness of 2 months after the end of the reference period on the following BOT website <http://www.bot.or.th/bothomepage/databank/EconData/Econ&Finance/index03e.htm>. The data cover 34 countries and bilateral data are not used in the compilation of the data.

Separately identifiable data on direct investment income are not compiled.

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 financial flows from Thailand during 2002 (ranked in descending order) were: Singapore, the United States, China, Hong Kong SAR, and Vietnam.

In addition to the data showing country breakdowns, monthly data are compiled by the BOT showing breakdowns of direct investment financial flows for the following regions/economic zones: (i) the EU15, and (ii) the ASEAN countries. These data are disseminated monthly with a timeliness of 2 months after the end of the reference period on the BOT website specified above.

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

## **Industrial Classification**

Monthly data showing breakdowns by industrial activity for direct investment financial flows are compiled by the BOT and are disseminated monthly with a timeliness of 2 months after the end of the reference period on the following BOT website <http://www.bot.or.th/bothomepage/databank/EconData/Econ&Finance/index03e.htm>. The data show a breakdown for 18 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).

Separately identifiable data on direct investment income are not compiled.

The data on 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 financial flows from Thailand during 2002 (in descending order) were: (i) services, (ii) trade, (iii) machinery and transport equipment, (iv) other industry, and (v) metal and non-metallic products.

Annual data are compiled by the BOT for the direct investment financial flows data showing a breakdown by both industrial activity and main partner country with a timeliness of 2 months after the end of the reference period. These data are not disseminated but are available on request. The five highest ranking partner countries during 2002 (ranked in descending order) for which breakdowns by industrial activity are disseminated were: Singapore, the United States, China, Hong Kong SAR, and Vietnam.

Data showing a breakdown by both industrial activity and region/economic zone are not compiled.

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

## **B. Methodology**

### **Definition of Direct Investors**

In accordance with the international standards, the basic criterion for defining resident direct investors is 10 percent ownership by a resident investor of an enterprise abroad, regardless of whether the investor has an effective voice in management—that is, enterprises abroad in which the resident direct investor owns 10 percent or more but does not have an effective voice in management are included, while enterprises abroad in which the resident investor owns less than 10 percent but has an effective voice in management are not included. (Prior to 2002, the basic criterion for defining resident direct investors was 25 percent ownership by a resident investor of

an enterprise abroad.) 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 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 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 Thailand are generally not required by law to (i) produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic, or (ii) identify all transactions with the parent company. However, some listed and unlisted public enterprises are required by law to produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic.

#### **Measurement of Direct Investment Earnings**

Contrary to the international standards, the "Current Operating Performance Concept" (COPC) is not fully used to calculate direct investment earnings. In accordance with the COPC, (i) deductions are made for depreciation of capital, and for provisions for host-country income and corporation taxes, (ii) realized and unrealized capital gains and losses, write-offs, and realized and unrealized exchange rate gains and losses are excluded, and (iii) interest receivable/payable is included. (Prior to 2001, realized and unrealized capital gains and losses, write-offs, and realized and unrealized exchange rate gains and losses were not excluded.) Contrary to the COPC, debt repayments receivable/payable are not excluded.

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

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

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

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

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

Data on income on debt (interest) are compiled but are disseminated indistinguishably under total investment income in the balance of payments statistics. 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. The data do not include interest on 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 and financial intermediation activities between affiliated banks and affiliated financial intermediaries. In accordance with the international standards, (i) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related

enterprises, and (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, the data are recorded on a paid basis, rather than on an accrual basis.

### **Treatment of Equity Capital**

The equity capital transactions data cover (i) listed voting stocks (shares), and (ii) unlisted voting stocks (shares). The data do not include (i) participating preference [preferred] shares, and (ii) other non-voting stocks (shares), which are instead classified under Portfolio Investment in the balance of payments statistics. The data also do not cover noncash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, (i) the data include equity transactions between affiliated banks and between affiliated financial intermediaries, (ii) the data include equity transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks.

### **Treatment of Other Capital**

The other capital transactions data cover: (i) long-term loans, and (ii) short-term loans. The data do not cover (i) bonds and money market instruments, (ii) trade credits, and (ii) financial leases. The data also do not include non-participating preference shares, which are instead classified under Portfolio Investment in the balance of payments statistics. 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, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks, and (iii) the data include transactions associated with permanent debt between affiliated banks and between affiliated financial intermediaries. (Permanent debt is defined as being loan capital representing a permanent or lasting interest.)

In instances when a loan/debt guarantee provided by a direct investor is invoked following default by a direct investment enterprise, no transaction is recorded in the balance of payment statistics, as the assumption of the liability by the guarantor is shown as an "other change in volume" in the position data.

### **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 Thailand 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 Thailand 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 Thailand: Equity Capital: Increase in Claims on Direct Investors", and loan transactions are recorded as "Other Investment: Increase in Assets: Loans", rather than as "Direct Investment in Thailand: Other Capital: Increase in Claims on Direct Investors".

**Treatment of Quasi-corporations**

Not applicable. Quasi-corporations involving the operation abroad by residents of Thailand of (i) construction enterprises, and (ii) mobile equipment, such as ships, aircraft, and drilling rigs, have not occurred to date.

**Treatment of Offshore Enterprises**

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

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

Not applicable. There are no SPEs established abroad by residents of Thailand 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 abroad by enterprises and individuals resident in Thailand. However, the coverage of the data on resident individuals is considered to be poor as transactions are recorded only if they are settled through a domestic bank. Land and buildings purchased abroad by enterprises and individuals resident in Thailand 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 Thailand is not included in the equity capital data, and (ii) expenditure on bonus payments made by residents of Thailand 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 Thailand for natural resource exploration, no transactions are shown in the balance of payments statistics.

**Exchange Rate Conversion**

All transactions, except some transactions involving income on debt (interest), are converted to the unit of exchange at the average exchange rate for the period. Some income on debt transactions are converted at the exchange rate prevailing on the day of the transaction.



## DIRECT INVESTMENT ABROAD

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

#### A. Compilation Practices and Data Sources

##### Data Availability

Separately identifiable annual data are compiled by the Bank of Thailand (BOT) 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 Bank of Thailand's website <http://www.bot.or.th>. The data are also reported to the IMF for publication. (Prior to 2002 data on other capital and reinvested earnings were not compiled, and the data on equity capital were not disseminated in the national publications.)

##### Revision Practices

The data are preliminary when first released. The data are revised in September of the following year to take account of revised data, and are disseminated together with the preliminary data for the latest year. At that time they are considered to be final, that is, one year after their first release.

The revised status of the data is clearly identified in the disseminated data. However, the general public are not informed of the reasons for the revisions. There have been no major changes in methodology or data collection systems since annual data began to be compiled and disseminated in 2002. However, if such changes were to occur in the future, the BOT would revise the historical data back as far as possible, and inform the public of the changes.

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. (Prior to 2002 the data covered only the banking sector.)

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. The reporting requirements are compulsory for the banking sector, and voluntary for the non-bank private sector.

##### Data Sources

The data for all components are compiled primarily from annual enterprise surveys of resident enterprises. Secondary data sources for the equity capital data are (i) stock data obtained from the stock exchange, (ii) information obtained from the Department of Commercial Registration, and (iii) the financial press combined with direct confirmations from the relevant enterprises. The perpetual inventory method (a method for deriving position data from transactions data) is not used for the compilation of the data.

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

A business register of enterprises involved in direct investment is used to compile the outward direct investment position data. The register is maintained by the BOT and is updated on an annual basis using information from (i) the ITRS's list of transactors, (ii) registers maintained by the government licensing and regulatory authorities, corporate affairs authorities, and the stock exchange authorities, (iii) the financial press, and (iv) voluntary direct investment surveys. The same register is used for the inward and outward direct investment position data.

### **Geographic Classification**

Annual (calendar year) data showing breakdowns by country for the outward direct investment position data are compiled by the BOT and disseminated once a year with a timeliness of 9 months after the end of the reference period on the BOT website <http://www.bot.or.th>. The data cover 36 countries. Bilateral data are not used in the compilation of the data.

In accordance with the international standards, the data are compiled on an “immediate country” basis. The five countries with the largest amount of direct investment from Thailand as at the end of 2002 (ranked in descending order) were: The British Virgin Islands, Singapore, China, Myanmar, and Vietnam.

Data showing breakdowns of the outward direct investment position data by regions/economic zones are not compiled. However, data may be able to be compiled on request on a case-by-case basis.

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

### **Industrial Classification**

Annual (calendar year) data showing breakdowns by industrial activity for the outward direct investment position data are compiled by the BOT with a timeliness of 6 months after the end of the reference period. The data are not disseminated but are available on request. The data show a breakdown for 34 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).

The outward position data are classified on the basis of the industrial activity of the resident direct investors. The five industrial activities with the largest amount of direct investment from Thailand as at the end of 2002 (in descending order) were: (i) food and beverages, (ii) investment, (iii) other trade, (iv) other services, and (v) financial intermediaries.

Data showing breakdowns 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 disseminated in the national publications 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. (Prior to 2002, the basic criterion for defining resident direct investors was 25 percent ownership by a resident investor of an enterprise abroad.) 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 not 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.

Enterprises in Thailand are generally not required by law to (i) produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic, or (ii) identify all transactions with the parent company. However, some listed and unlisted public enterprises are required by law to produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic.

### **Treatment of Equity Capital and Reinvested Earnings**

The equity capital position data cover (i) listed voting stocks (shares), and (ii) unlisted voting stocks (shares). The data do not include (i) participating preference [preferred] shares, and (ii) other non-voting stocks (shares), which are instead classified under Portfolio Investment in IIP statistics. The data also do not cover noncash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, (i) the data include equity 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) reinvested earnings are recorded in the period in which they are earned, (ii) the data include positions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, when a direct investment enterprise makes a net loss, that net loss is not recorded as negative reinvested earnings. (See also the section on the *Measurement of Direct Investment Earnings* in the metadata on the Balance of Payments [transactions] data on Direct Investment Abroad.)

### **Treatment of Other Capital**

The other capital position data cover: (i) long-term loans, (ii) short-term loans, (iii) bonds and money market instruments, (iv) trade credits, and (v) financial leases. The data do not cover non-participating preference shares, which are instead classified under Portfolio Investment in the IIP data. 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, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks, and (iii) the data include positions associated with permanent debt between affiliated banks and between affiliated financial intermediaries. (Permanent debt is defined as being loan capital representing a permanent or lasting interest.)

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

treated as direct investment equity capital injections by the guarantor and recorded under “Assets: Direct Investment Abroad: Equity Capital: Claims on Affiliated Enterprises” at the time the periodic payments are made, or (iv) the periodic payments of principal and interest made by the guarantor may be treated as direct investment lending by the guarantor and recorded under “Assets: Direct Investment Abroad: Other Capital: Claims on Affiliated Enterprises” at the time the periodic payments are made.

Prior to 2002 outward position data on other capital were not compiled.

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

Assuming that the direct investment enterprise is a resident of Thailand 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 Thailand: Equity Capital: Claims on Direct Investors”, and loan positions are recorded as “Liabilities: Direct Investment in Thailand: Other Capital: Claims on Direct Investors” and are reported as such to the IMF. However, the amounts involved have been zero, or too small to be reported to the IMF.

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

Not applicable. Quasi-corporations involving the operation abroad by residents of Thailand of (i) construction enterprises, and (ii) mobile equipment, such as ships, aircraft, and drilling rigs, have not occurred to date.

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

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

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

Not applicable. There are no SPEs established abroad by residents of Thailand at present.

#### **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 Thailand. Contrary to the international standards, the equity capital data do not include ownership of land and buildings abroad by individuals resident in Thailand. Land and buildings owned abroad by enterprises and individuals resident in Thailand on long-term leases are not included.

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

In accordance with the international standards, expenditure related to natural resources exploration abroad by residents of Thailand is included in the equity capital data. Contrary to the international standards, expenditure on bonus payments made by residents of Thailand 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. Instances of the shutdown of a direct investment enterprise established abroad by residents of Thailand for natural resource exploration have not occurred to date.

#### **Valuation of Assets and Liabilities**

The data on equity capital for listed enterprises are recorded at market values, and in the case of listed enterprises with temporary suspension from regular trading, the most recently traded price is used as the proxy

for market values. The data on equity capital for unlisted enterprises are recorded at the net asset value, which is defined as total assets less non-equity liabilities.

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

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

#### **Exchange Rate Conversion**

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