

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.

South Africa:

Direct Investment Compilation Practices, Data Sources and Methodology

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Direct Investment in South Africa

- **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 SOUTH AFRICA
BALANCE OF PAYMENTS (“TRANSACTIONS” DATA”)

A. Compilation Practices and Data Sources

Data Availability

Separately identifiable quarterly data are compiled by the South African Reserve Bank (SARB) within the balance of payments framework on (a) the components of direct investment income: (i) income on equity [dividends and distributed branch profits], (ii) reinvested earnings, and (iii) income on debt [interest]; and (b) the components of direct investment financial flows: (i) equity capital, and (ii) other capital.

Separately identifiable quarterly data for (i) income on equity, (ii) income on debt, and (iii) total direct investment financial flows are disseminated with a timeliness of 3 months after the end of the reference period in the quarterly publication *South African Reserve Bank Quarterly Bulletin*, and on the SARB website www.reservebank.co.za. Separately identifiable quarterly data on (i) equity capital, and (ii) other capital are not disseminated in the national publications. The quarterly data for all components except reinvested earnings, that is, including separately identifiable data on equity capital and other capital, are reported to the IMF for publication.

Data on reinvested earnings are not disseminated and are not available on request.

Revision Practices

The data are preliminary when first released. The data are revised once at the end of the year to take account of late respondents to the enterprises survey, and the revised data are disseminated in the March issue of the quarterly *South African Reserve Bank Quarterly Bulletin*. At that time the data are generally considered to be final, that is, up to 9 months after their first release, although the publication indicates that the data for the previous four years can be subject to further revision.

The revised status of the data is not clearly identified in the disseminated data and the general public are not informed of the reasons for the revisions. The historical data are revised as far back as the new data are available in instances of major changes in methodology or data collection systems.

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

Data Coverage

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 national publications and those reported to the IMF for publication.

Data Collection Method

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

Data Sources

The data for all components are compiled primarily from a quarterly enterprise survey of direct investment enterprises resident in South Africa. Secondary data sources for all components are (i) 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, (ii) information from the exchange control authorities, (iii) information from the investment approval authorities, which are based on approvals and investments actually made, and (iv) press reports. Published sources, such as the company accounts of resident direct investment enterprises, are used as an additional data source for all components.

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 transactions data. The register is maintained by the SARB and is updated on an ongoing basis 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 government licensing and regulatory authorities, (v) the financial press, and (vi) compulsory direct investment surveys. Periodic censuses of foreign transactions, liabilities, and assets are also used to update the register. The same business register is used to compile the inward transactions and position data and the outward direct investment transactions and position data.

Geographic Classification

Not applicable. Data showing geographic breakdowns are not compiled for the inward direct investment transactions data. However, there are plans to begin to compile data showing breakdowns by regions/economic zones for the direct investment income and financial flows in the future.

Industrial Classification

Not applicable. Data showing breakdowns by industrial activity are not compiled for the inward direct investment transactions data. However, there are plans to begin to compile data showing breakdowns by industrial activity for the direct investment income and financial flows in the future.

B. Methodology

Definition of Direct Investment Enterprises in South Africa

In accordance with the international standards, the basic criterion for defining direct investment enterprises in South Africa 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 fully applied. Specifically, (i) the direct investment earnings data include the relevant share of all indirectly-owned direct investment enterprises, and (ii) the direct investment financial flows data include all equity and other capital transactions made directly between resident enterprises of a related group as defined in the FCS and nonresident enterprises of the same group without consideration of the percentage of equity directly held by these enterprises in each other, and including those enterprises that share a common direct investor but have no ownership in each other.

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

Measurement of Direct Investment Earnings

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

receivable/payable is included. Contrary to COPC, (i) realized capital gains and losses and realized exchange rate gains are included, and (ii) and losses debt repayments receivable/payable are not excluded.

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

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

Treatment of Reinvested Earnings and Undistributed Branch Profits

Separately identifiable data on reinvested earnings and undistributed branch profits are compiled but not disseminated. 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, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks, and (iv) when a direct investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings.

Treatment of Income on Debt (Interest)

The data on income on debt (interest) cover both incorporated enterprises and unincorporated enterprises. The data include interest on (i) long-term loans, (ii) short-term loans, (iii) bonds and money market instruments, (iv) trade credits, and (v) financial leases. In accordance with the international standards, (i) the data do not include interest on financial derivatives, (ii) the data do not include interest on deposits, loans, and other claims and liabilities related to usual banking and financial intermediation activities between affiliated banks and affiliated financial intermediaries, (iii) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (iv) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks, and (iv) the data are recorded on an accrual basis.

Treatment of Equity Capital

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

Treatment of Other Capital

The other capital transactions data cover: (i) long-term loans, (ii) short-term loans, (iii) bonds and money market instruments, (iv) trade credits and (v) financial leases. In accordance with the international standards, the data exclude (i) financial derivatives, (ii) loan/debt guarantees provided by direct investors or related direct investment enterprises, (iii) changes in insurance company technical reserves, and (iv) transactions between affiliated banks 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 debt that forms part of the initial investment in the enterprises that does not have a maturity structure.) Contrary to the international standards, non-participating preference shares are not classified under other capital, but instead under equity capital. However, transactions involving these shares occur infrequently.

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 periodic payments of principal and interest made by the guarantor are treated as direct investment lending by the guarantor and recorded under "Direct Investment in South Africa: Other Capital: Increase in Liabilities to Direct Investors" at the time the periodic payments are made.

Treatment of Reverse Investment

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

Assuming that the direct investment enterprise is a resident of South Africa 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 South Africa and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, contrary to international standards equity transactions are recorded as "Direct Investment in South Africa: Equity Capital: Decrease in Liabilities to Direct Investors", rather than as "Direct Investment in South Africa: Equity Capital: Increase in Claims on Direct Investors", and loan transactions are recorded as "Direct Investment Abroad: Other Capital: Increase in Claims on Affiliated Enterprises, rather than as "Direct Investment in South Africa: Other Capital: Increase in Claims on Direct Investors".

Treatment of Quasi-corporations

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

Treatment of Offshore Enterprises

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

Treatment of Special Purpose Entities (SPEs)

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

Treatment of Land and Buildings

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

Treatment of Natural Resources Exploration

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

Exchange Rate Conversion

Most transactions are converted into the unit of account using the exchange rate prevailing on the day of the transactions. However, some transactions are converted into the unit of account using the average exchange rate in the period in which the transactions are recorded.

DIRECT INVESTMENT IN SOUTH AFRICA
INTERNATIONAL INVESTMENT POSITION (“POSITION DATA”)

A. Compilation Practices and Data Sources

Data Availability

Separately identifiable annual (calendar year) data are compiled by the South African Reserve Bank (SARB) within the international investment position (IIP) framework on (a) equity capital and reinvested earnings, and (b) other capital. These data are disseminated with a timeliness of 12 months after the end of the reference year in the quarterly publication *South African Reserve Bank Quarterly Bulletin*, and on the following website www.reservebank.co.za. The data are also reported to the IMF for publication.

Revision Practices

The data are generally considered to be final when first released. However, the data can be subject to revision to take account of additional information obtained from periodic censuses of foreign transactions, liabilities and assets. (There have been six such censuses to date—conducted by the SARB in 1956, 1973, 1980, 1989, 1995, and 2001.)

The revised status of the data is not clearly identified in the disseminated data and the general public are not informed of the reasons for the revisions. Revisions of historical data have not occurred to date as there have been no instances of major changes in methodology or data collection systems since the adoption of the methodology in the fifth edition of the *Balance of Payments Manual*.

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 national publications and those reported to the IMF for publication.

Data Collection Method

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

Data Sources

The data for all components are compiled primarily from annual enterprise surveys of direct investment enterprises resident in South Africa. Information from quarterly enterprise surveys and published sources, such as the company accounts of resident direct investment enterprises are used as secondary data sources for all components. Other data sources used to compile the data for all components are information from the exchange control authorities, and information from the investment approval authorities, which are based on approvals and investments actually made. Data 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, are used for cross-checking the data. 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 is used to compile the inward direct investment position data. The register is maintained by the SARB and is updated on an ongoing basis 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 government licensing and regulatory authorities, (v) the financial press, (vi) compulsory direct investment surveys, and (vii) periodic censuses of foreign transactions, liabilities, and assets. 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 SARB for the inward position data. These data are disseminated once a year with a timeliness of 12 months in the *South African Reserve Bank Quarterly Bulletin*. The data cover 30 countries, and bilateral data are used from time to time for comparison purposes.

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 South Africa as at the end of 2002 (ranked in descending order) were: the United Kingdom, the United States, Germany, the Netherlands, and Malaysia.

In addition to the data showing country breakdowns, annual data are compiled by the SARB showing breakdowns for the following regions or economic zones: (i) Europe, (ii) North and South America, (iii) Africa, (iv) Asia, and (v) Oceania.

There are no differences in the data sources, coverage 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 data showing breakdowns by industrial activity are compiled by the SARB for inward position data and are disseminated once a year with a timeliness of 12 months in the *South African Reserve Bank Quarterly Bulletin*. The data show a breakdown for 9 industrial activities. The classification used is the Statistics South Africa’s Standard Industrial Classification of all Economic Activities, 1993, which 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 enterprise. The five industrial activities with the largest amount of direct investment in South Africa as at the end of 2002 (in descending order) were: (i) Finance, insurance, real estate, and business services, (ii) mining and quarrying, (iii) manufacturing, (iv) wholesale and retail trade, catering and accommodation, and (v) transport storage and communication.

Period annual data showing breakdowns by (i) both industrial activities and regional/economic zones, and (ii) industrial activities and partner countries, are compiled by the SARB. These data disseminated with a timeliness of 12 months after the end of the relevant census of foreign transactions, liabilities and assets in a supplementary publication accompanying the relevant issue of the *South African Reserve Bank Quarterly Bulletin* following the completion of the census. (There have been six such censuses to date—conducted by the SARB in 1956, 1973, 1980, 1989, 1995, and 2001.)

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

B. Methodology

Definition of Direct Investment Enterprises in South Africa

In accordance with the international standards, the basic criterion for defining direct investment enterprises in South Africa 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 fully applied. Specifically, the data 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 South Africa are required by law to produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic, but are not required by law to identify all transactions with the parent company.

Treatment of Equity Capital and Reinvested Earnings

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

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

Treatment of Other Capital

The other capital position data cover (i) long-term loans, (ii) short-term loans, (iii) bonds and money market instruments, (iv) trade credits, and (v) financial leases. In accordance with the international standards, the data exclude (i) financial derivatives, (ii) loan/debt guarantees provided by direct investors or related direct investment enterprises, (iii) changes in insurance company technical reserves, and (iv) positions between affiliated banks and 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 debt that forms part of the initial investment in the enterprises that does not have a maturity structure.) Contrary to the international standards, non-participating preference shares are not classified under other capital, but instead under equity capital. However, positions involving these shares occur infrequently.

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 periodic payments of principal and interest made

by the guarantor are treated as direct investment lending by the guarantor and recorded under “Liabilities: Direct Investment in South Africa: Other Capital: Liabilities to Direct Investors” at the time the periodic payments are made.

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 South Africa 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 South Africa and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, contrary to international standards, equity positions are recorded as “Liabilities: Direct Investment in South Africa: Equity Capital: Liabilities to Direct Investors”, rather than as “Liabilities: Direct Investment in South Africa: Equity Capital: Claims on Direct Investors”, and loan positions are recorded as “Assets: Direct Investment Abroad: Other Capital: Claims on Affiliated Enterprises”, rather than as “Liabilities: Direct Investment in South Africa: Other Capital: Claims on Direct Investors”.

Treatment of Quasi-corporations

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

Treatment of Offshore Enterprises

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

Treatment of Special Purpose Entities (SPEs)

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

Treatment of Land and Buildings

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

Treatment of Natural Resources Exploration

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

Valuation of Assets and Liabilities

Most of the data on the equity capital of listed enterprises are recorded at market values. However, some data are recorded at book values, which are the net asset values, defined as being assets minus liabilities. The data on the equity capital of unlisted enterprises are recorded at book values, which are the net asset values, defined as being assets minus liabilities.

Most of the data on other capital are recorded at book values, which are the nominal values. However, some positions are recorded at market 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 using the exchange rate prevailing on the day to which the position data relate.

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

A. Compilation Practices and Data Sources

Data Availability

Separately identifiable quarterly data are compiled by the South African Reserve Bank (SARB) within the balance of payments framework on (a) the components of direct investment income: (i) income on equity [dividends and distributed branch profits], (ii) reinvested earnings, and (iii) income on debt [interest]; and (b) the components of direct investment financial flows: (i) equity capital, and (ii) other capital.

Separately identifiable quarterly data for (i) income on equity, (ii) income on debt, and (iii) total direct investment financial flows are disseminated with a timeliness of 3 months after the end of the reference period in the quarterly publication *South African Reserve Bank Quarterly Bulletin*, and on the SARB website www.reservebank.co.za. Separately identifiable quarterly data on (i) equity capital, and (ii) other capital are not disseminated in the national publications. The quarterly data for all components except reinvested earnings, that is, including separately identifiable data on equity capital and other capital, are reported to the IMF for publication.

Data on reinvested earnings are not disseminated and are not available on request.

Revision Practices

The data are preliminary when first released. The data are revised once at the end of the year to take account of late respondents to the enterprises survey, and the revised data are disseminated in the March issue of the quarterly *South African Reserve Bank Quarterly Bulletin*. At that time the data are generally considered to be final, that is, up to 9 months after their first release, although the publication indicates that the data for the previous four years can be subject to further revision.

The revised status of the data is not clearly identified in the disseminated data and the general public are not informed of the reasons for the revisions. The historical data are revised as far back as the new data are available in instances of major changes in methodology or data collection systems.

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

Data Coverage

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 national publications and those reported to the IMF for publication.

Data Collection Method

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

Data Sources

The data for all components are compiled primarily from a quarterly enterprise survey of direct investors resident in South Africa. Secondary data sources for all components are (i) 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, (ii) information from the exchange control authorities, (iii) information from the investment approval authorities, which are based on approvals and investments actually made, and (iv) press reports. Published sources, such as the company accounts of the resident direct investor are also used as a data source.

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 transactions data. The register is maintained by the SARB and is updated on an ongoing basis 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 government licensing and regulatory authorities, (v) the financial press, (vi) compulsory direct investment surveys, and (vii) periodic censuses of transactions, liabilities and assets. The same business register is used to compile the outward transactions and position data and the inward transactions and position data.

Geographic Classification

Not applicable. Data showing geographic breakdowns are not compiled for the outward direct investment transactions data. However, there are plans to begin to compile data showing breakdowns of direct investment income and financial flows by regions/economic zones in the future.

Industrial Classification

Not applicable. Data showing breakdowns by industrial activity are not compiled for the outward direct investment transactions data. However, there are plans to begin to compile these data in the future.

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 fully applied. Specifically, (i) the direct investment earnings data include the relevant share of all indirectly-owned direct investment enterprises, and (ii) the direct investment financial flows data include all equity and other capital transactions made directly between resident enterprises of a related group as defined in the FCS and nonresident enterprises of the same group, without consideration of the percentage of equity directly held by these enterprises in each other, and including those enterprises that share a common direct investor but have no ownership in each other.

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

Measurement of Direct Investment Earnings

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

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

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

Treatment of Reinvested Earnings and Undistributed Branch Profits

Separately identifiable data on reinvested earnings and undistributed branch profits are compiled but not disseminated. 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, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks, and (iv) when a direct investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings.

Treatment of Income on Debt (Interest)

The data on income on debt (interest) cover both incorporated enterprises and unincorporated enterprises. The data include interest on (i) long-term loans, (ii) short-term loans, (iii) bonds and money market instruments, (iv) trade credits and (v) financial leases. In accordance with the international standards, (i) the data do not include interest on financial derivatives, (ii) the data do not include interest on deposits, loans, and other claims and liabilities related to usual banking and financial intermediation activities between affiliated banks and affiliated financial intermediaries, (iii) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (iv) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks, and (v) the data are recorded on an accrual basis.

Treatment of Equity Capital

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

Treatment of Other Capital

The other capital transactions data cover (i) long-term loans, (ii) short-term loans, (iii) bonds and money market instruments, (iv) trade credits, and (v) financial leases. In accordance with the international standards, the data exclude (i) financial derivatives, (ii) loan/debt guarantees provided by direct investors or related direct investment enterprises, (iii) changes in insurance company technical reserves, and (iv) transactions between affiliated banks 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 debt that forms part of the initial investment in the enterprises that does not have a maturity structure.) Contrary to the international standards, non-participating preference shares are not classified under other capital, but instead under equity capital. However, transactions involving these shares occur infrequently.

In instances when a loan/debt guarantee provided by a direct investor is invoked following default by a direct investment enterprise, the periodic payments of principal and interest made by the guarantor are treated as direct investment lending by the guarantor and recorded under "Direct Investment Abroad: Other Capital: Increase in Claims on Affiliated Enterprises" at the time the periodic payments are made.

Treatment of Reverse Investment

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

Assuming that the direct investment enterprise is a resident of South Africa 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 South Africa and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, contrary to international standards equity transactions are recorded as "Direct Investment in South Africa: Equity Capital: Decrease in Liabilities to Direct Investors", rather than as "Direct Investment in South Africa: Equity Capital: Increase in Claims on Direct Investors", and loan transactions are recorded as "Direct Investment Abroad: Other Capital: Increase in Claims on Affiliated Enterprises, rather than as "Direct Investment in South Africa: Other Capital: Increase in Claims on Direct Investors".

Treatment of Quasi-corporations

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

Treatment of Offshore Enterprises

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

Treatment of Special Purpose Entities (SPEs)

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

Treatment of Land and Buildings

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

Treatment of Natural Resources Exploration

In accordance with the international standards, (i) expenditure related to natural resources exploration abroad made by residents of South Africa is included in the equity capital data, (ii) expenditure on bonus payments

made by residents of South Africa to the host country for the right to undertake exploration for natural resources is included in the equity capital data when there is a clear intention to establish a direct investment enterprise, and (iii) in instances of the shutdown of a direct investment enterprise established abroad by residents of South Africa for natural resource exploration, no transactions are recorded in the balance of payments statistics.

Exchange Rate Conversion

Most transactions are converted into the unit of account using the exchange rate prevailing on the day of the transactions. However, some transactions are converted into the unit of account using the average exchange rate in the period in which the transactions are recorded.

DIRECT INVESTMENT ABROAD
INTERNATIONAL INVESTMENT POSITION (“POSITION DATA”)

A. Compilation Practices and Data Sources

Data Availability

Separately identifiable annual (calendar year) data are compiled by the South African Reserve Bank (SARB) within the international investment position (IIP) framework on (a) equity capital and reinvested earnings, and (b) other capital. These data are disseminated with a timeliness of 12 months after the end of the reference year in the quarterly publication *South African Reserve Bank Quarterly Bulletin*, and on the following website www.reservebank.co.za. The data are also reported to the IMF for publication.

Revision Practices

The data are generally considered to be final when first released. However, the data can be subject to revision to take account of additional information obtained from periodic censuses of foreign transactions, liabilities and assets. (There have been six such censuses to date—conducted by the SARB in 1956, 1973, 1980, 1989, 1995, and 2001.)

The revised status of the data is not clearly identified in the disseminated data and the general public are not informed of the reasons for the revisions. Revisions of historical data have not occurred to date as there have been no instances of major changes in methodology or data collection systems since the adoption of the methodology in the fifth edition of the *Balance of Payments Manual*.

There are no differences in the revision practices between those 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 national publications and reported to the IMF for publication.

Data Collection Method

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

Data Sources

The data for all components are compiled primarily from annual enterprise surveys of direct investors resident in South Africa. Information from quarterly enterprise surveys and published sources, such as the company accounts of the resident direct investors, are used as secondary data sources for all components. Other data sources used to compile the data for all components are information from the exchange control authorities, and (i) information from the investment approval authorities, which are based on approvals and investment actually made. Data 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, is used for cross-checking the data. 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 publications.

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 SARB and is updated on an ongoing basis 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 government licensing and regulatory authorities, (v) the financial press, (vi) compulsory direct investment surveys and (v) periodic censuses of foreign transactions, liabilities, and assets. The same business register is used to compile the outward direct investment transactions data and the inward transactions and position data.

Geographic Classification

Annual data showing breakdowns by country are compiled by the SARB for the outward position data. These data are disseminated once a year with a timeliness of 12 months after the end of the reference year in the quarterly publication *South African Reserve Bank Quarterly Bulletin*. The data cover 24 countries and bilateral data are used from time to time for comparison purposes.

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 South Africa as at the end of 2002 (ranked in descending order) were: Luxembourg, the United Kingdom, Austria, the United States, and Belgium.

In addition to the data showing country breakdowns, annual data are compiled by the SARB showing breakdowns for the following regions/economic zones: (i) Europe, (ii) North and South America, (iii) Africa, (iv) Asia, and (v) Oceania.

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

Industrial Classification

Not applicable. Data showing breakdowns by industrial activity are not compiled for the outward position data. However, there are plans to begin to compile these data in the future.

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 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 fully applied. Specifically, the data 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 South Africa are required by law to produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic, but are not required by law to identify all transactions with the parent company.

Treatment of Equity Capital and Reinvested Earnings

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

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 reinvested earnings between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks, and (iv) when a direct investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings. (See also the section on the *Measurement of Direct Investment Earnings* in the metadata on the Balance of Payments [transactions] data on Direct Investment Abroad).

Treatment of Other Capital

The other capital position data cover: (i) long-term loans, (ii) short-term loans, (iii) bonds and money market instruments, (iv) trade credits, and (v) financial leases. In accordance with the international standards, the data exclude (i) financial derivatives, (ii) loan/debt guarantees provided by direct investors or related direct investment enterprises, (iii) changes in insurance company technical reserves, and (iv) positions between affiliated banks and 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 debt that forms part of the initial investment in the enterprises that does not have a maturity structure.) Contrary to the international standards, non-participating preference shares are not classified under other capital, but instead under equity capital. However, positions involving these shares occur infrequently.

In instances when a loan/debt guarantee provided by a direct investor is invoked following default by a direct investment enterprise, the periodic payments of principal and interest made by the guarantor are 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.

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 South Africa 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 South Africa and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, contrary to international standards, equity positions are recorded as "Liabilities: Direct Investment in South Africa:

Equity Capital: Liabilities to Direct Investors”, rather than as “Liabilities: Direct Investment in South Africa: Equity Capital: Claims on Direct Investors”, and loan positions are recorded as “Assets: Direct Investment Abroad: Other Capital: Claims on Affiliated Enterprises”, rather than as “Liabilities: Direct Investment in South Africa: Other Capital: Claims on Direct Investors”.

Treatment of Quasi-corporations

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

Treatment of Offshore Enterprises

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

Treatment of Special Purpose Entities (SPEs)

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

Treatment of Land and Buildings

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

Treatment of Natural Resources Exploration

In accordance with the international standards, (i) expenditure on exploration for natural resources abroad by residents of South Africa is included in the equity capital data, and (ii) expenditure on bonus payments made by residents of South Africa to the host country for the right to undertake exploration for natural resources is included in the equity capital data when there is a clear intention to establish a direct investment enterprise. Contrary to the international standards, no adjustment is made to the assets data to reflect instances of the shutdown of a direct investment enterprise established abroad by residents of South Africa for natural resource exploration, as such instances cannot be identified from the present data sources.

Valuation of Assets and Liabilities

Most of the data on the equity capital of listed enterprises are recorded at market values. However, some data are recorded at book values, which are the net asset values, defined as being assets minus liabilities. The data on the equity capital of unlisted enterprises are recorded at book values, which are the net asset values, defined as being assets minus liabilities.

Most of the data on other capital are recorded at book values, which are the nominal values. However, some positions are recorded at market 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 using the exchange rate prevailing on the day to which the position data relate.