

This metadata describes the compilation practices, sources and methodology in use in 2001. Please refer to the contact person below for details of any changes that may have been introduced by the country since that time.

Indonesia:

Direct Investment Compilation Practices, Data Sources and Methodology

Contact person:

Mr. Hendar
Manager
Balance of Payments Division
Directorate of Economic and Monetary Statistics
Bank Indonesia
Jl. M.H. Thamrin No. 2, B. Building, 14th Floor
Jakarta 10010
Indonesia

Telephone: (62-21) 381-8322
Fax: (62-21) 380-0134
E-mail: hendar@bi.go.id

Direct Investment in Indonesia

- **Balance of Payments (“Transactions Data”)**
- **International Investment Position (“Position Data”)**

Direct Investment Abroad

- **Balance of Payments (“Transactions Data”)**
- **International Investment Position (“Position Data”)**

[Glossary of Direct Investment Terms and Definitions](#)

DIRECT INVESTMENT IN INDONESIA
BALANCE OF PAYMENTS (“TRANSACTIONS DATA”)

A. Compilation Practices and Data Sources

Data Availability: Preliminary quarterly data on (i) direct investment income (income on equity, and income on debt [interest] only), and (ii) direct investment financial flows (equity capital and other capital), are disseminated with a timeliness of 6 months after the end of the reference period. Consideration is being given to improving the timeliness to 3 months in the future. Data on reinvested earnings are not compiled at present.

Revision Policy: The data are considered to be final 12 months after their first release.

Data Coverage: The oil and gas sector is not covered by the data.

Data Collection Methods: Data are collected on an individual transactions basis, and reporting requirements are compulsory.

Data Sources: The data on income on debt and other capital are compiled from the monthly External Debt Report. The data on income on equity (dividends and distributed branch profits) are estimates, that also include data obtained from the Bank Monthly Report on resident foreign banks' profit transfers to their head offices. The data on equity capital are estimates derived using the assumption (based on a benchmark sample survey of direct investment enterprises in Indonesia undertaken in 1996) that nonresident direct investors maintain a equity/debt ratio of 30-70 percent in their direct investment enterprises in Indonesia. There are plans to use a recently-introduced enterprise survey of direct investment enterprises in Indonesia as the main data source in the future. A business register of enterprises involved in direct investment is maintained. This register is updated on an ongoing basis using information from registers maintained by Bank Indonesia.

Geographic Classification: Not applicable. Data showing country breakdowns or breakdowns by regions or economic zones are not compiled at present

Industrial Classification: Not applicable. Data showing breakdowns by industrial sectors are not compiled at present.

B. Methodology

Definition of Direct Investment Enterprises in Indonesia: In accordance with the international standards, the basic criterion for defining direct investment enterprises in Indonesia is 10 percent ownership by a nonresident investor, regardless of whether the investor has an effective voice in management. Enterprises in which the nonresident investor owns less than 10 percent but has an effective voice in management are not included. No value threshold is used to identify direct investment enterprises, and unincorporated enterprises are not treated differently from incorporated enterprises. However, the direct investment data derived from the External Debt Reports (that is, the data on (i) income on debt, and (ii) other capital) are based on the criterion of foreign enterprises used by the Investment Board. (A foreign enterprise is a joint venture company that has a minimum of 20 percent ownership by an Indonesian resident, increasing to at least 50 percent ownership within 20 years after the date that the enterprise began production.)

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 indirectly-owned direct investment enterprises, and (ii) the direct investment financial flows data do not include the equity and other capital transactions between resident enterprises and nonresident enterprises of the same group of related enterprises. Enterprises in Indonesia are not required by law to (i) produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, or (ii) identify all transactions with the parent company.

Measurement of Direct Investment Earnings: Contrary to the international standards, the “Current Operating Performance Concept” (COPC) is not used to calculate earnings of direct investment enterprises. Instead, dividends and branch profits are estimates, and the profits of resident foreign banks are those reported in the Bank Monthly Report. Contrary to the international standards, when a direct investment enterprise makes a loss,

the net loss is not recorded as negative reinvested earnings. (Data on reinvested earnings are not compiled at present.)

Treatment of Income on Equity (Dividends and Distributed Branch Profits): The data cover both incorporated enterprises and unincorporated enterprises. Contrary to the international standards, dividends and distributed branch profits are recorded (i) on the date the balance of payments statistics are compiled, rather than on the date the dividends and distributed branch profits are payable, and (ii) net, rather than gross, of any withholding taxes.

Treatment of Reinvested Earnings and Undistributed Branch Profits: Not applicable. Data on reinvested earnings and undistributed branch profits are not compiled at present.

Treatment of Income on Debt (Interest): The data cover interest income from: (i) bonds and money market instruments, (ii) long-term loans, and (iii) short-term loans. The data do not cover interest income from trade credits. In accordance with the international standards, the data do not include interest from: (i) financial derivatives, and (ii) deposits, loans and other claims and liabilities related to usual banking and financial intermediation activities between affiliated banks and affiliated financial intermediaries. Contrary to the international standards, the data are compiled primarily on a paid basis, rather than on an accrual basis. (The only interest income compiled on an accrual basis are those transactions of enterprises that do not report their interest payments in the External Debt Report, the primary data source for the interest income.)

Treatment of Equity Capital: The data are estimated aggregates only. (See the section on *Data Sources* for more details.)

Treatment of Other Capital: The data cover: (i) bonds and money market instruments, (ii) long-term loans, and (iii) short-term loans extended by nonresidents to foreign-owned companies in Indonesia. The data do not cover: (i) financial leases, (ii) trade credits, and (iii) financial derivatives. In accordance with the international standards, the data exclude: (i) changes in insurance company technical reserves, and (ii) transactions between affiliated banks involving deposits, loans, and other claims and liabilities related to usual banking activities. Contrary to the international standards, the data include (i) loans merely guaranteed by direct investors or related direct investment enterprises, and (ii) transactions between affiliated financial intermediaries involving claims and liabilities related to usual financial intermediation activities. Contrary to the international standards, the data do not include transactions associated with permanent debt (that is, loan capital representing a permanent interest) between affiliated banks. In accordance with the international standards, the data include transactions associated with permanent debt between affiliated financial intermediaries.

Treatment of Reverse Investment: Not applicable. No instances of reverse investment involving loan transactions have been identified to date, and instances of reverse investment involving equity transactions cannot be identified at present.

Treatment of Quasi-corporations: Not applicable. Quasi-corporations arising from the operation in Indonesia by nonresidents of (i) mobile equipment, such as ships and aircraft, and (ii) construction enterprises cannot be identified at present.

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

Treatment of Special Purpose Entities (SPEs): Not applicable. Activities of SPEs established in Indonesia by nonresidents cannot be identified at present.

Treatment of Land and Buildings: Contrary to the international standards, the data do not include purchases and sales of land and buildings in Indonesia by nonresident enterprises and individuals.

Treatment of Natural Resources Exploration: Contrary to the international standards, the direct investment data do not include expenditure related to natural resources exploration in Indonesia by nonresidents.

Exchange Rate Conversion: Transactions are converted to the unit of account at the average exchange rate in the period in which the transactions are recorded.

DIRECT INVESTMENT IN INDONESIA
INTERNATIONAL INVESTMENT POSITION (“POSITION DATA”)

Not applicable. Position data on direct investment in Indonesia are not compiled at present.

INDONESIA: DIRECT INVESTMENT ABROAD
BALANCE OF PAYMENTS ("TRANSACTIONS DATA")

Not applicable. Transactions data on direct investment abroad are not compiled at present.

**INDONESIA: DIRECT INVESTMENT ABROAD
INTERNATIONAL INVESTMENT POSITION (“POSITION DATA”)**

Not applicable. Position data on direct investment abroad are not compiled at present.